

Nine Months Ended Report

March 31, 2019
(Un-audited)

DADEX

Dadex Eternit Limited

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Company Information

Board of Directors	Sikander Dada - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Shahzad M. Husain Syed Shahid Ali Bukhari Qazi Sajid Ali Danish Dada	(Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Independent Director) (Executive Director) (Executive Director)
Chief Executive Officer	Qazi Sajid Ali	
Chief Financial Officer	Muhammad Yousuf	
Company Secretary	Umar Rasheed	
Head of Internal Audit/ Secretary Board Audit Committee	Muhammad Ahsan	
Board Audit Committee	Syed Shahid Ali Bukhari - Chairman Maqbool H.H. Rahimtoola Shahzad M. Husain	
Human Resource and Remuneration Committee	Syed Shahid Ali Bukhari - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Qazi Sajid Ali	
Management Team	Qazi Sajid Ali Danish Dada Tanveer Saleem Muhammad Yousuf Munawar Abbas Syed Wasim Ahmed Lt. Cdr. (Retd.) Saeed Ahmed Khan Syed Shahrukh Mehdi	- Chief Executive Officer - CEO (International Division) - Chief Operating Officer (Technical & Operations) - Chief Financial Officer - Director Operations - General Manager Finance - General Manager Admin & HR - General Manager Sales
Auditors	BDO Ebrahim & Co., Chartered Accountants	
Bankers	National Bank of Pakistan The Bank of Punjab Bank Islami Pakistan Limited Sindh Bank Limited Al Baraka Bank (Pakistan) Limited Habib Metropolitan Bank Limited Standard Chartered Bank (Pakistan) Limited MCB Bank Limited United Bank Limited (UBL Ameen) Faysal Bank Limited Habib Bank Limited Askari Bank Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Silk Bank Limited	

Legal Advisor

Abrar Hasan & Co.
9 Mezzanine Floor, Beaumont Plaza,
near PIDC House, Karachi.

Registered Office

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Tel: (92-21) 111000789
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Email: info@dadex.com.pk

Share Registrar

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

Website

www.dadex.com

DIRECTORS' REVIEW

During the quarter ended March 31, 2019, the economic scenario remained extremely challenging. Shortage of funds for public sector development project and cautious spending by investors in private projects continued to adversely affect the company sales. Fuel prices have increased once again during the period along with further devaluation of Pak Rupee against US dollar, increased interest rate have led to increase in the prices of raw materials and utilities. Overall construction activities continued to remain depressed

Due to reasons mentioned above, the Company achieved net sales value of Rs. 2.017 billion, which remained 5.97% lower as compared to the corresponding period of the last year. Gross profit margin decreased by 35.26% which have resulted in a gross profit margin of 11.28%. The Company achieved operating profit of Rs. 12.42 million (March 2018: Operating profit of Rs. 140.50 million). Finance cost increased by 42.01%, which also contributed in a net loss before tax of Rs. 114.89 million (March 2018: Net profit before tax of Rs. 50.848 million). Net loss after tax was Rs. 147.81 million (March 2018: Net profit before tax of Rs. 15.68 million) resulting in loss per share of Rs. 13.73 (March 2018: Earning per share of Rs. 1.46).

The last quarter of the 2018-19 will remain challenging for the country in general and construction industry in particular. It is expected that recent IMF program for financial assistance will bring more burden for country in shape of increase in interest rates, tariff of gas and electricity, fuel prices and further devaluation of Pak Rupee. With looming large payments of circular debt, release of funds for Public Sector Development Program seems a challenging task for the Government which will continue to hamper Company's sales. In this challenging economic scenario, the management team will continue to focus on broadening customer base, exploring new markets and tightening of working capital management and control over total cost.

The Company is grateful to all its stakeholders, including our valued shareholders for their continued support and patronage in this challenging time. We expect that with the importunate and concerted efforts, the Company would achieve the improved results in the future.

On behalf of the Board

Karachi: April 29, 2019

Sikander Dada
Chairman

Qazi Sajid Ali
Chief Executive

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(UN-AUDITED)
AS AT MARCH 31, 2019**

ASSETS	Note	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
(Rupees in '000')			
NON - CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	1,768,711	1,755,395
Capital work in progress	7	35,551	9,229
Intangible assets		219	334
Investment property		37,437	39,338
Long-term investment	8	-	-
Long-term loans and advances		5,833	5,396
Long-term security deposits		33,772	29,245
Deferred tax asset		35,732	37,959
		<u>1,917,255</u>	<u>1,876,896</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		39,796	36,511
Stock-in-trade	9	681,169	815,537
Trade debts	10	317,190	184,711
Loans and advances		72,246	58,358
Trade deposits and short term prepayments		45,651	34,775
Other receivables		1,647	21,349
Taxation - net		205,539	278,447
Cash and bank balances		25,901	23,935
		<u>1,389,139</u>	<u>1,453,623</u>
		<u>3,306,394</u>	<u>3,330,519</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,000,000 (June 30, 2018: 12,000,000) ordinary shares of Rs. 10 each		120,000	120,000
8,000,000 (June 30, 2018: 8,000,000) 'B' class ordinary shares of Rs. 10 each		80,000	80,000
		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	11	107,640	107,640
Reserves		(501)	131,205
Surplus on revaluation of property, plant and equipment		1,021,627	1,039,885
		<u>1,128,766</u>	<u>1,278,730</u>
NON - CURRENT LIABILITIES			
Deferred income		3,651	7,294
Liabilities against assets subject to finance lease		85,564	57,430
		<u>89,215</u>	<u>64,724</u>
CURRENT LIABILITIES			
Trade and other payables	12	649,547	633,871
Short-term borrowings	13	1,323,319	1,272,612
Accrued markup		42,188	22,315
Current portion of deferred income		4,860	4,860
Current portion of liabilities against assets subject to finance lease		51,427	36,359
Unclaimed dividend		17,072	17,048
		<u>2,088,413</u>	<u>1,987,065</u>
		<u>3,306,394</u>	<u>3,330,519</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive Officer

Sikander Dada
Chairman

Muhammad Yousuf
Chief Financial Officer

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

	Note	Nine months ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
----- (Rupees in `000) -----					
Sales - gross		2,394,451	2,537,069	712,745	854,884
Sales tax		(377,804)	(392,411)	(111,634)	(132,638)
Sales - net	15	2,016,647	2,144,658	601,111	722,246
Cost of sales	16	(1,789,657)	(1,794,059)	(538,175)	(601,364)
Gross profit		226,990	350,599	62,936	120,882
Distribution cost		(130,307)	(119,780)	(35,859)	(42,817)
Administrative expenses		(111,681)	(108,966)	(35,508)	(33,700)
Other expenses		(40,685)	(31,903)	(12,397)	(16,041)
Other income	17	68,102	50,550	12,988	24,521
Operating profit / (loss)		12,419	140,500	(7,840)	52,845
Finance costs		(127,311)	(89,652)	(51,073)	(32,571)
(Loss) / profit before taxation		(114,892)	50,848	(58,913)	20,274
Taxation					
Current		(30,691)	(31,174)	(9,648)	(13,337)
Deferred		(2,228)	(3,990)	-	(4,123)
		(32,919)	(35,164)	(9,648)	(17,460)
Net (loss) / profit for the period		(147,811)	15,684	(68,561)	2,814
Earnings per share -					
basic and diluted (Rupees)	18	(13.73)	1.46	(6.37)	0.26

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive Officer

Sikander Dada
Chairman

Muhammad Yousuf
Chief Financial Officer

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

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- (Rupees in `000) -----			
(Loss) / profit for the period	(147,811)	15,684	(68,561)	2,814
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(147,811)	15,684	(68,561)	2,814

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive Officer

Sikander Dada
Chairman

Muhammad Yousuf
Chief Financial Officer

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

	Note	Nine months ended	
		March 31, 2019	March 31, 2018
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	19	77,326	371,811
Finance cost paid - net		(107,439)	(87,745)
Taxes refundable / (paid)		42,216	(57,253)
Net cash (used in) / generated from operating activities		12,103	226,813
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(99,135)	(42,450)
Proceeds from sale of property, plant and equipment		1,711	1,877
Long term security deposits		(4,527)	(2,447)
Interest received		34	27
Net cash used in investing activities		(101,917)	(42,993)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		43,202	(8,933)
Long-term financing		-	(56,666)
Short term borrowings - net		23,823	(117,419)
Dividend paid		(2,129)	(6,567)
Net cash generated from / (used in) financing activities		64,896	(189,585)
Net (decrease) / increase in cash and cash equivalents		(24,918)	(5,765)
Cash and cash equivalents at the beginning of the period		(647,240)	(643,150)
Cash and cash equivalents at the end of the period		(672,158)	(648,915)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		25,901	50,689
Short-term borrowings		(698,059)	(699,604)
		(672,158)	(648,915)

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive Officer

Sikander Dada
Chairman

Muhammad Yousuf
Chief Financial Officer

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

Issued, subscribed and paid-up capital	Reserves				Total	Grand Total
	Capital reserve		Revenue reserves			
	Share premium	Revaluation surplus	General reserve	Accumulated losses		

----- (Rupees in `000) -----

Balance as at July 1, 2017	107,640	5,655	1,064,230	160,000	(57,297)	1,172,588	1,280,228
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	-	-	-	-	-	-	-
Transferred from surplus on revaluation of fixed asset on account of incremental depreciation	-	-	(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	<u>107,640</u>	<u>5,655</u>	<u>1,045,972</u>	<u>160,000</u>	<u>(30,136)</u>	<u>1,181,491</u>	<u>1,289,131</u>
Balance as at July 1, 2018	107,640	5,655	1,039,885	160,000	(34,450)	1,171,090	1,278,730
Total comprehensive loss for the nine months ended March 31, 2019							
Net loss for the period	-	-	-	-	(147,811)	(147,811)	(147,811)
Other comprehensive income	-	-	-	-	-	-	-
Transferred from surplus on revaluation of fixed asset on account of incremental depreciation	-	-	(18,258)	-	18,258	-	-
Final dividend of 2018: Rs. 0.2 per share	-	-	-	-	(2,153)	(2,153)	(2,153)
Balance as at March 31, 2019	<u>107,640</u>	<u>5,655</u>	<u>1,021,627</u>	<u>160,000</u>	<u>(166,156)</u>	<u>1,021,126</u>	<u>1,128,766</u>

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive Officer

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, 2019

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 repealed Companies Ordinance, 1984 (now Companies Act, 2017) and its ordinary shares are listed on Pakistan Stock Exchange Limited. 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, Sikander (Private) Limited (the Holding Company) holds 6,800,648 ordinary shares representing 63.18% shareholding.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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 which are located at the following locations:

- DEH # 21-22, Manghopir, Karachi
- Badin Road, Hyderabad
- Sunder Industrial Estate, Multan Road, Raiwind, District, Lahore

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

This condensed interim financial information has 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 (IAS) 34, Interim Financial Reporting, 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.

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, 2018, 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 declared financial statements.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2018, 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, 2018.

3.2 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

3.3 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.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers" as detailed in note 4.1.

4.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has assessed that significant performance obligation in contracts with customers are closely related and, therefore, are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

4.2 Applicability of IFRS 9 - Financial Instruments

On July 24, 2017, the International Accounting Standards Board (IASB) published IFRS 9 'Financial Instruments'. This standard was adopted locally by the Securities and Exchange Commission of Pakistan (SECP) through its S.R.O. 1007(I)/2017 dated October 04, 2017 and became effective for accounting periods beginning on or after July 1, 2018. Subsequent to the balance sheet date, SECP through its S.R.O. 229 (I)/2019 deferred the adoption of this standard and modified the effective date for applicability of this standard as reporting period / year ending on or after June 30, 2019. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard will replace IAS 39 Financial Instruments: Recognition and Measurement.

5 ESTIMATES AND JUDGEMENT

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, 2018.

	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
Note	----- (Rupees in '000) -----	
6 OPERATING FIXED ASSETS		
Opening net book value (NBV)	1,755,395	1,778,065
Additions / transfers during the period / year at cost	6.1 <u>72,811</u>	<u>62,623</u>
	1,828,206	1,840,688
Disposals during the period / year at NBV	6.2 (85)	(1,926)
Depreciation charge for the period / year	(59,410)	(83,367)
	(59,495)	(85,293)
Closing net book value (NBV)	<u>1,768,711</u>	<u>1,755,395</u>

6.1 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	14,337	37,960
Vehicles and transportation equipments	-	181
Office and factory equipments	185	1,942
Furniture and fixtures	229	511

Leased

Plant and machinery	57,929	8,698
Vehicles and transportation equipments	131	12,367
	<u>72,811</u>	<u>62,623</u>

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

Owned

Plant and machinery	-	1,869
Vehicles and transportation equipments	-	57
Office and factory equipments	85	-
	<u>85</u>	<u>1,926</u>

7 CAPITAL WORK IN PROGRESS

Buildings on leasehold land	1,006	1,006
Plant and machinery	33,693	8,223
Office and factory equipments	852	-
	<u>35,551</u>	<u>9,229</u>

		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
7.1 Movement of carrying amount is as follows:	Note	----- (Rupees in '000) -----	
Opening balance		9,229	10,065
Additions (at cost) during the period / year		<u>99,133</u>	<u>61,831</u>
		108,362	71,896
Transfer to operating fixed assets during the period / year		<u>(72,811)</u>	<u>(62,667)</u>
Closing balance		<u>35,551</u>	<u>9,229</u>
8 LONG-TERM INVESTMENT			
Investment in associate		5,000	5,000
Less: Impairment in value		<u>(5,000)</u>	<u>(5,000)</u>
	8.1	<u>-</u>	<u>-</u>
8.1	The Company has 48.04 percent (June 30 2018: 48.04 percent) shareholding i.e 625,000 (June 30, 2018: 625,000) ordinary shares of Rs.10/- each of Berdex Construction Chemicals (Private) Limited.		
		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
9 STOCK-IN-TRADE	Note	----- (Rupees in '000) -----	
Raw materials			
in hand		98,231	191,324
in transit		<u>162,967</u>	<u>182,746</u>
		261,198	374,070
Work-in-process		133,180	114,926
Finished goods			
manufactured		<u>248,615</u>	<u>262,519</u>
trading		<u>38,176</u>	<u>64,022</u>
	9.1	<u>286,791</u>	<u>326,541</u>
		<u>681,169</u>	<u>815,537</u>
9.1	Finished goods are net off provision of Rs. 77.907 million (June 30, 2018: Rs.81.835 million).		
10 TRADE DEBTS			
(Unsecured - considered good)			
Due from associated undertakings		760	104
Others			
Export		244	244
Local		<u>316,186</u>	<u>184,363</u>
		317,190	184,711
(Unsecured - considered doubtful)			
Due from Turnkey project		<u>17,414</u>	<u>17,414</u>
Due from Others		<u>96,299</u>	<u>123,633</u>
		113,713	141,047
Provision for doubtful debts		430,903	325,758
Turnkey project		<u>(17,414)</u>	<u>(17,414)</u>
Others	10.1	<u>(96,299)</u>	<u>(123,633)</u>
		<u>(113,713)</u>	<u>(141,047)</u>
		<u>317,190</u>	<u>184,711</u>

	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
Note	----- (Rupees in '000) -----	
10.1 Provision for doubtful debts - others		
Opening balance	123,633	123,316
Charge during the period	11,299	317
Written off	(38,633)	-
Closing balance	<u>96,299</u>	<u>123,633</u>

11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)			
Number of Shares					
1,714,264	1,714,264		Ordinary shares of		
			Rs.10/-each issued for cash	17,143	17,143
476,386	476,386		Issued for consideration		
			other than cash	4,764	4,764
8,573,309	8,573,309		Issued as fully paid		
			bonus shares	85,733	85,733
<u>10,763,959</u>	<u>10,763,959</u>			<u>107,640</u>	<u>107,640</u>

11.1 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.

11.2 The Holding Company holds 6,800,648 (June 30, 2018: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2018: 63.18 percent) shareholding as at the balance sheet date.

		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
----- (Rupees in '000) -----			
12 TRADE AND OTHER PAYABLES			
Trade creditors	12.1	357,976	397,234
Accrued liabilities		65,461	84,756
Advance from customers		123,634	75,887
Advance from tenants		11,854	5,536
Security deposits from distributors and others		13,860	10,766
Workers' Profit Participation Fund payable		883	5,939
Workers' Welfare Fund		5,928	4,005
Infrastructure cess payable		38,407	39,813
Sales tax and excise duty		14,179	-
Others		17,365	9,935
		<u>649,547</u>	<u>633,871</u>

		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
13 SHORT TERM BORROWINGS			
Secured			
Karobar finance	13.1	250,000	250,000
Running finance	13.2	698,059	671,175
Finance against trust receipts	13.3	199,943	187,694
Tijarah finance	13.4	100,000	100,000
Murabaha and Istisna finance	13.4	50,317	63,743
Unsecured			
Loan from Director	13.5	25,000	-
		<u>1,323,319</u>	<u>1,272,612</u>

- 13.1** This facility has been obtained from Islamic bank aggregating to Rs.250 million (June 30, 2018: 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, 2018: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 9.43 to 13.84 percent (June 30, 2018: 9.13 to 9.16 percent) per annum.
- 13.2** These facilities have been obtained from various commercial banks aggregating to Rs. 700 million (June 30, 2018: Rs. 700 million) out of which Rs. 1.941 million (June 30, 2018: Rs. 28.825 million) remains unutilized as at the date of statement of financial position. 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, 2018: 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 9.17 to 14.05 percent (June 30, 2018: 8.30 to 9.62 percent) per annum.
- 13.3** This represent working capital facilities availed from a commercial bank carrying markup of 6 months KIBOR plus 1.75% (June 30, 2018: 6 months KIBOR plus 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.
- 13.4** An overall facility of Rs. 300 million has been obtained from Al-Baraka Bank of Rs.100 million each under Tijarah finance, Murabaha financing and Istisna financing. The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property plant and equipment (Sundar factory) located at Lahore and company's stock in trade. The financing facility carries markup at 3 months KIBOR plus 3% (June 30, 2018: KIBOR plus 2%). The Company has not utilized the amount of Rs. 149.683 million (June 30, 2018: Rs. 136.25 million).
- 13.5** The loan is interest free and there are no fixed terms of repayment.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 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 High Court of Sindh in favor of the Company. Subsequent to the judgment, on appeal filed by the SSGCL, the High Court of Sindh suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable High Court of Sindh. The financial exposure of the Company up to March 31, 2019 amounts to Rs. 67.262 million, however, no provision in the financial statements has been made as the Company believes based on legal advice that the amount shall not be payable.

14.1.2 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 complainant 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 Honorable 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 these financial statements.

14.1.3 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 20.583 million (June 30, 2018: Rs. 14.117 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.

14.1.4 The Company entered into Technology Licensing Agreement with Wavin Overseas B.V. (WOBV) dated October 22, 2012 for a period of five years which expired on October 21, 2017. WOBV granted the Company a personal, exclusive and non-transferable license to use the 'Know-how' and 'Patents' to manufacture, apply and sell the Products in the Territory defined in the agreement along with the provision of related assistance and training to the Company as per the agreement. Against these service, the Company had to pay fixed annual royalty of Euro 60,000 per year.

In prior years, the Company served a notice for termination of the agreement dated August 19, 2015 which was not responded by WOBV. The Company had been making a provision in respect of royalty payments as per the terms of agreement up till June 30, 2017, as a matter of prudence and abundant caution since termination notice was not responded by WOBV, which amounted to Rs. 28.696 million as at the June 30, 2018. During the period, the Company, based on legal advice, has written back the provision made in respect of royalty payments amounting to Rs. 28.696 million, however, no formal settlement agreement has been signed.

March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
----- (Rupees in '000) -----	

14.2 Commitments

Outstanding letters of credit	48,379	350,308
Outstanding letter of guarantee	97,053	97,053
Postdated cheques	246,306	133,284
Outstanding contracts	311,731	238,539
Duties payable on goods in transit	345,210	299,565
	<u>1,048,679</u>	<u>1,118,749</u>

15 SALES

	Nine month ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- (Rupees in `000) -----			
	----- (Un-audited) -----			
Local sales	2,378,374	2,528,905	699,036	846,720
Export sales	16,077	8,164	13,709	8,164
Gross sales	2,394,451	2,537,069	712,745	854,884
Less:				
Sales tax	(377,804)	(392,411)	(111,634)	(132,638)
	<u>2,016,647</u>	<u>2,144,658</u>	<u>601,111</u>	<u>722,246</u>

16 COST OF SALES

	Nine month ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- (Rupees in `000) -----			
	----- (Un-audited) -----			
Manufactured goods				
Raw materials consumed				
Opening stock	374,070	379,552	283,426	280,870
Purchase	1,246,576	1,321,274	353,084	466,367
Closing stock	(261,198)	(278,815)	(261,198)	(278,815)
Raw materials consumed	1,359,448	1,422,011	375,312	468,422
Manufacturing overheads				
Stores and spares consumed	44,450	43,744	14,072	14,856
Salaries, wages and other benefits	96,816	97,405	30,893	32,694
Procured services	51,042	59,491	15,436	19,110
Fuel, water and power	79,516	87,013	25,807	29,339
Insurance	3,993	2,469	629	823
Travelling	472	129	24	42
Communication	1,001	874	403	231
Depreciation	35,346	42,288	12,302	11,345
Rent, rates and taxes	4,181	8,379	1,638	4,904
Repairs and maintenance	26,736	24,535	7,061	8,845
Printing and stationary	811	604	335	268
Other expenses	1,919	2,147	625	591
	346,283	369,078	109,225	123,048
	1,705,731	1,791,089	484,537	591,470
Work-in-process				
Opening stock	114,925	122,179	129,274	119,393
Closing stock	(133,180)	(117,265)	(133,180)	(117,265)
Cost of goods manufactured	1,687,476	1,796,003	480,631	593,598
Finished goods				
Opening stock	262,520	190,736	273,811	212,062
Closing stock	(248,615)	(207,823)	(248,615)	(207,823)
	1,701,381	1,778,916	505,827	597,837
Trading goods				
Opening stock	64,021	21,808	49,096	21,650
Purchase	62,431	14,425	21,428	2,967
Closing stock	(38,176)	(21,090)	(38,176)	(21,090)
	88,276	15,143	32,348	3,527
	1,789,657	1,794,059	538,175	601,364

17 OTHER INCOME

This includes liabilities no longer payable written back in respect of provision made against royalty payments amounting to Rs. 28.696 million as detailed in note 14.1.4 in the condensed interim financial information.

18 EARNING PER SHARE - BASIC AND DILUTED

Nine month ended		Quarter ended	
March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
----- (Rupees in `000) -----			
----- (Un-audited) -----			

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

Net (loss) / profit for the period	(147,811)	15,684	(68,561)	2,814
Weighted average number of ordinary shares	10,764	10,764	10,764	10,764
Earnings / loss per share - basic and diluted (Rupees)	(13.73)	1.46	(6.37)	0.26

	Note	Nine months ended	
		March 31, 2019	March 31, 2018
		----- (Rupees in '000) ----- (Un-audited)	
19 CASH GENERATED FROM OPERATIONS			

(Loss) / profit before taxation		(114,892)	50,848
Adjustment for non-cash and other items			
Depreciation			
Property, plant and equipment		59,412	64,591
Investment property		1,903	1,903
Amortization		115	105
Gain on disposal of property, plant and equipment		(1,626)	50
Interest income		(34)	(27)
Finance costs		127,311	89,652
Amortization of deferred income		(3,645)	(3,645)
Provision against doubtful debts		9,796	729
Working capital changes	19.1	(1,014)	167,605
		77,326	371,811

19.1 Working capital changes

(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(3,285)	(2,098)
Stock in trade		134,368	89,282
Trade debts		(142,275)	(29,148)
Loans and advances		(14,325)	(13,233)
Trade deposits and short-term prepayment		(10,876)	3,139
Other receivable		19,702	(24,743)
		(16,691)	23,199
(Decrease) / increase in current liabilities			
Trade and other payable		15,677	144,406
		(1,014)	167,605

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.

20.1 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	Nine months ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
----- (Rupees in `000) -----					
----- (Un-audited) -----					
Holding Company	Rent paid	931	745	-	-
Associated Companies / Undertakings	Sales of goods	1,429	8,113	678	242
	Purchase of goods	330	875	-	44
Provident fund	Contribution to staff retirement benefit plans	7,542	6,753	2,478	2,336
Key management personnel	Remuneration and other benefits	31,465	29,069	9,867	9,628
				March 31, 2019	June 30, 2018
				----- (Rupees in '000) -----	
				(Un-audited)	(Audited)

20.2 Period / year end balances

Receivable from associated companies / undertakings	760	-
Payable to related parties	-	164
Short term borrowing from Director	25,000	-

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

	Chrysofile Cement	Plastic	Others	Total
	----- (Rupees in '000) -----			
21 OPERATING SEGMENTS				
21.1 Segment Analysis				
Nine months ended March 31, 2019 (Unaudited)				
Turnover	<u>681,771</u>	<u>1,334,876</u>	<u>-</u>	<u>2,016,647</u>
Segment result	<u>(34,455)</u>	<u>19,457</u>	<u>-</u>	<u>(14,998)</u>
Unallocated expenses				
Other operating expenses				(40,685)
Other income				68,102
Finance costs				(127,311)
Taxation				<u>(32,919)</u>
Loss for the period				<u>(147,811)</u>
Nine months ended March 31, 2018 (Unaudited)				
Turnover	<u>769,151</u>	<u>1,375,507</u>	<u>-</u>	<u>2,144,658</u>
Segment result	<u>51,948</u>	<u>69,905</u>	<u>-</u>	<u>121,853</u>
Unallocated expenses				
Other operating expenses				(31,903)
Other income				50,550
Finance costs				(89,652)
Taxation				<u>(35,164)</u>
Net profit for the period				<u>15,684</u>
21.2 Segment assets and liabilities				
March 31, 2019 (Un-audited)				
Segment assets	<u>408,375</u>	<u>815,858</u>	<u>199,665</u>	<u>1,423,898</u>
Unallocated corporate assets				<u>1,882,496</u>
Total assets				<u>3,306,394</u>
Segment liabilities	<u>249,918</u>	<u>322,377</u>	<u>12,744</u>	<u>585,039</u>
Unallocated corporate liabilities				<u>1,592,589</u>
Total liabilities				<u>2,177,628</u>
June 30, 2018 (Audited)				
Segment assets	<u>391,856</u>	<u>700,277</u>	<u>52,076</u>	<u>1,144,209</u>
Unallocated corporate assets				<u>2,186,310</u>
				<u>3,330,519</u>
Segment liabilities	<u>196,917</u>	<u>366,519</u>	<u>12,333</u>	<u>575,769</u>
Unallocated corporate liabilities				<u>1,476,020</u>
Total liabilities				<u>2,051,789</u>

22 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, 2018.

23 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 statement of financial statement date, no financial instruments of the Company are carried at fair value.

Transfers during the period

During the nine months period ended March 31, 2019, 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.

24 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 29, 2019 by the Board of Directors of the Company.

25 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 period.

26 GENERAL

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

Qazi Sajid Ali
Chief Executive Officer

Sikander Dada
Chairman

Muhammad Yousuf
Chief Financial Officer

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