

Financial Statements

FOR THE NINE
(9) MONTHS ENDED
MARCH 31, 2020

(UNAUDITED)

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/ Head of Internal Audit	Umar Rasheed	
Board Audit Committee	Syed Shahid Ali Bukhari – Chairman Shahzad M. Husain Maqbool H.H. Rahimtoola	
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 Danish Dada Tanveer Saleem Syed Wasim Ahmed Muhammad Yousuf Lt. Cdr. (Retd.) Saeed Ahmed Khan Syed Shahrukh Mehdi	- Chief Executive Officer - CEO (International Division) - Chief Operating Officer (Technical & Operations) - Director Finance and Corporate Affairs - Chief Financial Officer - General Manager Admin & HR - General Manager Sales
Auditors	BDO Ebrahim & Co., Chartered Accountants	
Bankers	National Bank of Pakistan Bank Islami Pakistan Limited Habib Metropolitan Bank Limited MCB Bank Limited Sindh Bank Limited The Bank of Punjab United Bank Limited (UBL Ameen) Standard Chartered Bank (Pakistan) Limited Faysal Bank Limited Habib Bank Limited Askari Bank Limited Al-Baraka Bank (Pakistan) Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited	
Legal Advisor	Abrar Hasan & Co. 9 Mezzanine 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 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

The Directors are pleased to present their review together with the financial statements of the Company for nine months ended March 31, 2020.

During the period under review, business activities across country started gaining some momentum as compared to last two quarters, Company's business also started showing improvement but the sudden outbreak of pandemic COVID19 throughout the globe has also affected Pakistan. Business activities throughout the country were suspended with effect from March 24, 2020 due to lockdown announced by the Provincial Governments to combat the spread of this deadly virus, which has adversely affected sales volume and production activities of the Company as operational activities at all three production facilities were suspended.

The Company achieved a gross sales of Rs. 2,374.52 million (March 2019: Rs. 2,394.45 million) during the nine months. Net sales achieved during the period was Rs. 2,008.78 million (March 2019: Rs. 2,016.65 million) being slightly lower than the last year. Cost of sales decreased by 2.22%. The Company achieved gross profit of Rs. 258.8 million (March 2019: 226.9 million) being 14.02% higher than the last year. Distribution expenses decreased by 16.19%, Administrative costs decreased slightly by 2.08% as compared to last year. Company earned operating profit of Rs. 58.36 million (March 2019: Operating Profit of Rs. 12.42 million) being 369.95% higher than the last year. Due to increased markup rate, finance charges increased by 28.20%, resulting in a net loss after tax of Rs. 147.60 million (March 2019: net loss after tax of 147.81 million) being at same level as last year, the main factor contributing to this loss is the exchange loss which occurred in the end of March 2020 because of sudden devaluation of Pak rupees against foreign currencies due to COVID-19. This has resulted in loss per share of Rs. 13.71 (March 2019: Loss per share of Rs. 13.73).

This sudden outbreak of pandemic COVID19 followed by lockdown across Country and substantial depreciation of Pak-Rupee against foreign currencies will have negative effect on the operations of the Company during the last quarter. Government in order to support the business community has announced different relief packages, which include reduction of interest rate from 13.25% to 9%, deferment of principal repayments to another one year and refinance of 3 months salaries/wages expenses upto two years will have positive impact on the profitability and liquidity of the Company. Prime minister's decision to open Construction sector in the Country will also have positive impact on the business. It is hoped that the Government will control the situation and provide the workable conditions to the industries for the continuity of the business activities in the country.

The Company is committed to withstand the challenges of this uncertain situation by taking appropriate measures for achieving the stability and growth in sales volume and profitability. The Directors and Management deeply appreciate the continued support and commitment of all our stakeholders in this challenging period.

Karachi: April 28, 2020

On Behalf of the Board of Directors

Qazi Sajid Ali
Chief Executive

Abu Talib H.K. Dada
Director

Condensed Interim Statement of Financial Position

AS AT MARCH 31, 2020 (Un-audited)

	Note	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
ASSETS			
----- (Rupees in '000) -----			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	7	1,760,877	1,805,036
Capital work in progress	8	18,315	4,226
Intangible assets		132	204
Investment property		34,899	36,799
Long-term investment	9	-	-
Long-term loans and advances		1,836	3,070
Long-term security deposits		28,709	36,812
Deferred tax asset		75,387	78,386
		<u>1,920,155</u>	<u>1,964,533</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		43,431	45,491
Stock in trade	10	595,506	654,276
Trade debts	11	309,456	348,689
Loans and advances		247,023	80,851
Trade deposits and short term prepayments		43,588	41,371
Other receivables		7,217	5,104
Taxation - net		147,821	205,629
Cash and bank balances		52,662	30,310
		<u>1,446,704</u>	<u>1,411,721</u>
		<u>3,366,859</u>	<u>3,376,254</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,000,000 (June 30, 2019: 12,000,000) ordinary shares of Rs. 10 each		120,000	120,000
8,000,000 (June 30, 2019: 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	12	107,640	107,640
Reserves		(171,144)	(42,131)
Surplus on revaluation of property, plant and equipment		1,022,795	1,041,382
		<u>959,291</u>	<u>1,106,891</u>
NON - CURRENT LIABILITIES			
Deferred income		-	2,432
Liabilities against assets subject to finance lease		31,013	72,574
		<u>31,013</u>	<u>75,006</u>
CURRENT LIABILITIES			
Trade and other payables	13	1,022,110	734,705
Short-term borrowings	14	1,229,620	1,346,272
Accrued markup		53,056	40,231
Current portion of deferred income		3,650	4,862
Current portion of liabilities against assets subject to finance lease		51,412	51,412
Unclaimed dividend		16,707	16,875
		<u>2,376,555</u>	<u>2,194,357</u>
		<u>3,366,859</u>	<u>3,376,254</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	15		

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

Qazi Sajid Ali
Chief Executive

Abu Talib H.K. Dada
Director

Muhammad Yousuf
Chief Financial Officer

Condensed Interim Statement of Profit or Loss

FOR THE NINE MONTHS ENDED MARCH 31, 2020 (Un-audited)

	Note	Nine months ended		Quarter-ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Rupees in '000)					
Sales - gross		2,374,515	2,394,451	773,345	712,745
Sales tax		(365,731)	(377,804)	(118,426)	(111,634)
Sales - net	16	2,008,784	2,016,647	654,919	601,111
Cost of sales	17	(1,749,970)	(1,789,657)	(581,956)	(538,175)
Gross profit		258,814	226,990	72,963	62,936
Distribution cost		(109,214)	(130,307)	(38,887)	(35,859)
Administrative expenses		(109,358)	(111,681)	(34,423)	(35,508)
Other expenses		(23,553)	(40,685)	(21,510)	(12,397)
Other income		41,674	68,102	(7,955)	12,988
Operating profit / (loss)		58,363	12,419	(29,812)	(7,840)
Finance costs		(163,213)	(127,311)	(54,667)	(51,073)
(Loss) / profit before taxation		(104,850)	(114,892)	(84,479)	(58,913)
Taxation					
Current		(35,750)	(30,691)	(11,743)	(9,648)
Prior		(4,000)	-	(4,000)	-
Deferred		(3,000)	(2,228)	-	-
		(42,750)	(32,919)	(15,743)	(9,648)
Net (loss) / profit for the period		(147,600)	(147,811)	(100,222)	(68,561)
Earnings per share - basic and diluted					
(Rupees)	18	(13.71)	(13.73)	(9.31)	(6.37)

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

Qazi Sajid Ali
Chief Executive

Abu Talib H.K. Dada
Director

Muhammad Yousuf
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income

FOR THE NINE MONTHS ENDED MARCH 31, 2020 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Rupees in '000).....			
(Loss) / profit for the period	(147,600)	(147,811)	(100,222)	(68,561)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(147,600)</u>	<u>(147,811)</u>	<u>(100,222)</u>	<u>(68,561)</u>

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

Qazi Sajid Ali
Chief Executive

Abu Talib H.K. Dada
Director

Muhammad Yousuf
Chief Financial Officer

Condensed Interim Statement of Cash Flows

FOR THE NINE MONTHS ENDED MARCH 31, 2020 (Un-audited)

	Note	Nine Months Ended	
		March 31, 2020	March 31, 2019
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	19	338,143	77,326
Finance cost paid - net		(150,388)	(107,439)
Taxes refundable / (paid)		18,057	42,216
Net cash (used in) / generated from operating activities		205,812	12,103
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(33,219)	(99,135)
Proceeds from sale of property, plant and equipment		-	1,711
Long term security deposits		8,103	(4,527)
Interest received		37	34
Net cash used in investing activities		(25,079)	(101,917)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		(41,561)	43,202
Long-term financing		-	-
Short term borrowings - net		(117,972)	23,823
Dividend paid		(168)	(2,129)
Net cash generated from / (used in) financing activities		(159,701)	64,896
Net (decrease) / increase in cash and cash equivalents		21,032	(24,918)
Cash and cash equivalents at the beginning of the period		(667,685)	(647,240)
Cash and cash equivalents at the end of the period		(646,653)	(672,158)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		52,662	25,901
Short-term borrowings		(699,315)	(698,059)
		(646,653)	(672,158)

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

Qazi Sajid Ali
Chief Executive

Abu Talib H.K. Dada
Director

Muhammad Yousuf
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

FOR THE NINE MONTHS ENDED MARCH 31, 2020 (Un-audited)

Issued, subscribed and paid-up capital	Reserves				Total	Grand total	
	Capital reserve		Revenue reserve				
	Share premium	Revaluation surplus	General reserve	Accumulated losses			
----- (Rupees in '000) -----							
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 assets on account of incremental depreciation - net of tax	-	-	(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	107,640	5,655	1,021,627	160,000	(166,156)	1,021,126	1,128,766
Balance as at July 1, 2019	107,640	5,655	1,041,382	160,000	(207,786)	999,251	1,106,891
Transferred from general reserve to unappropriated profit	-	-	-	(160,000)	160,000	-	-
Total comprehensive loss for the nine months ended March 31, 2020							
Net (loss) for the period	-	-	-	-	(147,600)	(147,600)	(147,600)
Other comprehensive income	-	-	-	-	-	-	-
Transferred from Surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	-	-	(18,587)	-	18,587	-	-
Balance as at March 31, 2020	107,640	5,655	1,022,795	160,000	(336,799)	851,651	959,291

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

Notes to The Condensed Interim Financial Statements

FOR THE NINE MONTHS ENDED MARCH 31, 2020 – Un-audited

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. 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 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, 2019, 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, 2019, whereas the comparative condensed interim statement of profit or loss, 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, 2019.

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 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, 2019, except as disclosed in note 4.1 to this condensed interim financial information.

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, 2019. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information, except as disclosed in note 4.1.

4.1 IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 with a date of initial application of July 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

On adoption of IFRS 16, the Company recognised a right-of-use asset and lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company used its incremental borrowing rate as the discount rate as at July 01, 2019.

The right of use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination

option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Transition method and practical expedients utilised

The Company applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 01, 2019), without restatement of comparative figures.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Company recognised right-to-use assets and lease liabilities on the date of initial application as follows;

	July 01, 2019 (Rupees in '000)
Property, plant and equipment	
Right-of-use assets - Buildings	1,764
Lease liabilities	
Non-current	724
Current	1,040
	1,764

5 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, 2019.

6 TAXATION

The provisions for taxation for the nine months and quarter ended March 31, 2020, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate is 29% for the Tax Year 2020 as stipulated through Finance Act 2019.

	Note	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
	(Rupees in '000).....	
7 OPERATING FIXED ASSETS			
Fixed assets	7.1	1,641,747	1,639,723
Right-of-use assets	7.2	119,130	165,313
		1,760,877	1,805,036

	Note	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
7.1 Fixed assets		(Rupees in '000)	
Opening net book value (NBV)		1,639,723	1,643,419
Revaluation surplus		-	25,842
Transfer during the period from right-of-use assets		29,582	-
Additions / transfers during the period / year at cost	7.1.1	17,304	24,473
		1,686,609	1,693,734
Disposals during the period / year at NBV	7.1.2	-	(85)
Depreciation charge for the period / year		(44,862)	(53,926)
		(44,862)	(54,011)
Closing net book value (NBV)		1,641,747	1,639,723

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

	Note	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
Owned		(Rupees in '000)	
Freehold land		-	-
Factory building on freehold and leasehold land	110	-	-
Plant and machinery		16,805	23,416
Vehicles and transportation equipments		-	131
Office and factory equipments		389	697
Furniture and fixtures		-	229
Leased			
Plant and machinery		-	-
Vehicles and transportation equipments		-	-
		17,304	24,473

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

Owned			
Office and factory equipments		-	85
		-	85

7.2 Right-of-use assets

Opening net book value		165,313	111,975
Addition during the period		1,764	79,300
Transfer during the period to own assets		(29,582)	-
Depreciation charge during the period / year		(18,365)	(25,962)
Closing net book value		119,130	165,313

8 CAPITAL WORK IN PROGRESS

Buildings on leasehold land		-	2,885
Plant and machinery		18,183	1,341
Office and factory equipments		132	-
		18,315	4,226

8.1 Movement of carrying amount is as follows:

Opening balance		4,226	9,229
Additions (at cost) during the period / year		31,452	98,795
		35,678	108,024
Transfer to operating fixed assets during the period / year		(17,363)	(103,798)
Closing balance		18,315	4,226

9 LONG-TERM INVESTMENT	Note	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
.....(Rupees in '000).....			
Investment in associate		5,000	5,000
Less: Impairment in value		(5,000)	(5,000)
	9.1	<u>-</u>	<u>-</u>
9.1 The Company has 48.04 percent (June 30 2019: 48.04 percent) shareholding i.e 625,000 (June 30, 2019: 625,000) ordinary shares of Rs.10/- each of Berdex Construction Chemicals (Private) Limited.			
10 STOCK-IN-TRADE	Note	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
.....(Rupees in '000).....			
Raw materials			
in hand		92,266	113,565
in transit		4,356	101,400
		<u>96,622</u>	<u>214,965</u>
Work-in-process		165,897	141,342
Finished goods			
manufactured		263,235	196,481
trading		69,752	101,488
	10.1	<u>332,987</u>	<u>297,969</u>
		<u>595,506</u>	<u>654,276</u>
10.1 Finished goods are net off provision of Rs. 86.342 million (June 30, 2019: Rs.81.835 million).			
11 TRADE DEBTS	Note	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
.....(Rupees in '000).....			
(Unsecured - considered good)			
Due from associated undertakings		31	-
Others		-	244
Export		309,425	348,445
Local		<u>309,456</u>	<u>348,689</u>
(Unsecured - considered doubtful)			
Due from Turnkey project		17,414	17,414
Due from Others		150,399	130,535
		<u>167,813</u>	<u>147,949</u>
		477,269	496,638
Provision for expected credit losses			
Turnkey project		(17,414)	(17,414)
Others	11.1	(150,399)	(130,535)
		<u>(167,813)</u>	<u>(147,949)</u>
		<u>309,456</u>	<u>348,689</u>
11.1 Provision for expected credit losses - others			
Opening balance		130,535	123,633
Charge during the period		19,864	44,031
Written off		-	(37,129)
Closing balance		<u>150,399</u>	<u>130,535</u>

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

March 31, 2020 (Un-audited)	June 30, 2019 (Audited)		March 31, 2020 (Un-audited)	June 30, 2019 (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>

12.1 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.

12.2 The Holding Company holds 6,800,648 (June 30, 2019: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2019: 63.18 percent) shareholding as at the balance sheet date.

	Note	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
(Rupees in '000)			
13 TRADE AND OTHER PAYABLES			
Trade creditors	13.1	623,803	447,863
Accrued liabilities		148,917	102,762
Advance from customers		123,982	100,832
Advance from tenants		10,792	3,093
Security deposits from distributors and others		13,860	13,860
Workers' Profit Participation Fund payable		883	883
Workers' Welfare Fund		5,971	6,369
Infrastructure cess payable		38,707	38,789
Sales tax and excise duty		53,619	18,641
Others		1,576	1,613
		<u>1,022,110</u>	<u>734,705</u>
14 SHORT TERM BORROWINGS			
Secured			
Karobar finance	14.1	240,000	250,000
Running finance	14.2	699,186	697,995
Finance against trust receipts	14.3	140,666	199,383
Tijarah finance	14.4	100,000	100,000
Murabaha and Istisna finance	14.4	49,639	98,894
		<u>1,229,620</u>	<u>1,346,272</u>

14.1 This facility has been obtained from Islamic bank aggregating to Rs.250 million (June 30, 2019: Rs. 250 million) out of which Rs. 10 million (June 30, 2019: Nil) remains unutilized as at the date of statement of financial position. 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, 2019: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 13.46 to 16.46 percent (June 30, 2019: 9.42 to 16.08 percent) per annum.

14.2 These facilities have been obtained from various commercial banks aggregating to Rs. 700 million (June 30, 2019: Rs. 700 million) out of which Rs. 0.685 million (June 30, 2019: Rs. 2.005 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, 2019: 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 13.55 to 17.05 percent (June 30, 2019: 9.17 to 14.49 percent) per annum.

14.3 This represent working capital facilities availed from a Bank of Punjab of Rs. 200 million (June 30, 2019: Rs. 200 million) out of which Rs. 59.334 million (June 30, 2019: 0.617 million) remains unutilized as at the date of statement of financial position carrying markup of 6 months KIBOR + 1.75% (June 30, 2019: 6 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.

14.4 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, 2019: 3 months KIBOR plus 3%). The Company has not utilized the amount of Rs. 50.361 million under Murabaha finance and Rs. 100 million under Istisna financing. (June 30, 2019: Rs. 1.106 million).

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 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 Honourable High Court of Sindh. The financial exposure of the Company up to March 31, 2020 amounts to Rs. 85.533 million, however, no provision in the condensed interim financial information has been made as the Company believes based on legal advice that the amount shall not be payable.

15.1.2 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 compliant were taken coram non judge 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 this condensed interim financial information.

15.1.3 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 20.583 million (June 30, 2019: Rs. 15.517 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.

15.2 Commitments	Note	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
		(Rupees in '000)	
Outstanding letters of credit		171,576	285,836
Outstanding letter of guarantee		96,742	93,053
Postdated cheques		207,352	276,175
Outstanding contracts		417,572	349,789
Duties payable on goods in transit		16,488	82,651
		<u>909,730</u>	<u>1,087,504</u>

16 SALES

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in thousands)			
	(Un-audited)			
Local sales	2,343,466	2,378,374	758,518	699,036
Export sales	31,049	16,077	14,827	13,709
Gross sales	<u>2,374,515</u>	<u>2,394,451</u>	<u>773,345</u>	<u>712,745</u>
Less:				
Sales tax	(365,731)	(377,804)	(118,426)	(111,634)
	<u>2,008,784</u>	<u>2,016,647</u>	<u>654,919</u>	<u>601,111</u>

17 COST OF SALES

Manufactured goods

Raw materials consumed

Opening stock	214,965	374,070	231,110	283,426
Purchase	1,278,562	1,246,576	331,831	353,084
Closing stock	(96,622)	(261,198)	(96,622)	(261,198)
Raw materials consumed	<u>1,396,905</u>	<u>1,359,448</u>	<u>466,319</u>	<u>375,312</u>

Manufacturing overheads

Stores and spares consumed	46,450	44,450	18,272	14,072
Salaries, wages and other benefits	88,871	96,816	28,098	30,893
Procured services	35,909	51,042	13,872	15,436
Fuel, water and power	123,635	79,516	43,753	25,807
Insurance	2,946	3,993	630	629
Travelling	146	472	9	24
Communication	1,047	1,001	377	403
Depreciation	39,201	35,346	13,300	12,302
Rent, rates and taxes	5,198	4,181	2,177	1,638
Repairs and maintenance	22,575	26,736	6,506	7,061
Printing and stationary	688	811	238	335
Other expenses	1,688	1,919	572	625
	<u>368,354</u>	<u>346,283</u>	<u>127,804</u>	<u>109,225</u>
	<u>1,765,259</u>	<u>1,705,731</u>	<u>594,123</u>	<u>484,537</u>

Work-in-process

Opening stock	141,342	114,925	174,092	129,274
Closing stock	(165,897)	(133,180)	(165,897)	(133,180)
Cost of goods manufactured	<u>1,740,704</u>	<u>1,687,476</u>	<u>602,318</u>	<u>480,631</u>

Finished goods

Opening stock	196,480	262,520	232,333	273,811
Closing stock	(263,235)	(248,615)	(263,235)	(248,615)
	<u>1,673,949</u>	<u>1,701,381</u>	<u>571,416</u>	<u>505,827</u>

Trading goods

Opening stock	101,487	64,021	66,989	49,096
Purchase	44,286	62,431	13,303	21,428
Closing stock	(69,752)	(38,176)	(69,752)	(38,176)
	<u>76,021</u>	<u>88,276</u>	<u>10,540</u>	<u>32,348</u>
	<u>1,749,970</u>	<u>1,789,657</u>	<u>581,956</u>	<u>538,175</u>

18 EARNING PER SHARE - BASIC AND DILUTED

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

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in thousands)			
	(Un-audited)			
Net (loss) / profit for the period	(147,600)	(147,811)	(100,222)	(68,561)
Weighted average number of ordinary shares	10,764	10,764	10,764	10,764
Earnings per share - basic and diluted (Rupees)	(13.71)	(13.73)	(9.31)	(6.37)

19 CASH GENERATED FROM OPERATIONS

	Note	Nine Months Ended	
		March 31, 2020	March 31, 2019
		(Rupees in '000)	
(Loss) / profit before taxation		(104,850)	(114,892)
Adjustment for non-cash and other items			
Depreciation			
Property, plant and equipment		63,230	59,412
Investment property		1,900	1,903
Amortization		131	115
Gain on disposal of property, plant and equipment		-	(1,626)
Interest income		(37)	(34)
Finance costs		163,213	127,311
Amortization of deferred income		(3,644)	(3,645)
Provision against doubtful debts		21,436	9,796
Working capital changes	19.1	196,764	(1,014)
		338,143	77,326

19.1 Working capital changes

(Increase) / decrease in current assets			
Stores, spare parts and loose tools		2,060	(3,285)
Stock in trade		58,770	134,368
Trade debts		17,797	(142,275)
Loans and advances		(164,938)	(14,325)
Trade deposits and short-term prepayment		(2,217)	(10,876)
Other receivable		(2,113)	19,702
		(90,641)	(16,691)
(Decrease) / increase in current liabilities			
Trade and other payable		287,405	15,677
		196,764	(1,014)

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, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		(Rupees in thousands)			
		(Un-audited)			
Holding Company	Rent paid	1,024	931	93	-
Associated Companies / Undertakings	Sales of goods	-	1,429	-	678
	Purchase of goods	173	330	68	-
Provident fund	Contribution to staff retirement benefit plans	6,972	7,542	2,221	2,478
Key management personnel	Remuneration and other benefits	29,471	31,465	9,582	9,867

20.2 Period / year end balances	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
	(Rupees in '000)	
Receivable from associated companies / undertakings	104	104
Payable to related parties	(173)	-

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

21 Operating Segments

21.1 Segment Analysis

	Chrysotile Cement	Plastic	Others	Total
(Rupees in '000)				
Nine months ended March 31, 2020				
(Unaudited)				
Turnover	<u>667,463</u>	<u>1,341,321</u>	<u>-</u>	<u>2,008,784</u>
Segment result	<u>(29,962)</u>	<u>70,204</u>	<u>-</u>	<u>40,242</u>
Unallocated expenses				
Other operating expenses				(23,553)
Other income				41,674
Finance costs				(163,213)
Taxation				(42,750)
Loss for the period				<u>(147,600)</u>
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				(32,919)
Net loss for the period				<u>(147,811)</u>

21.2 Segment assets and liabilities

March 31, 2020

Segment assets	<u>530,466</u>	<u>621,180</u>	<u>130,991</u>	<u>1,282,637</u>
Unallocated corporate assets				<u>2,084,222</u>
Total assets				<u>3,366,859</u>
Segment liabilities	<u>579,687</u>	<u>486,036</u>	<u>13,759</u>	<u>1,079,482</u>
Unallocated corporate liabilities				<u>1,328,086</u>
Total liabilities				<u>2,407,568</u>

June 30, 2019 (Audited)

Segment assets	<u>414,562</u>	<u>687,001</u>	<u>103,867</u>	<u>1,205,430</u>
Unallocated corporate assets				<u>2,170,824</u>
Total assets				<u>3,376,254</u>
Segment liabilities	<u>266,220</u>	<u>382,804</u>	<u>12,744</u>	<u>661,768</u>
Unallocated corporate liabilities				<u>1,607,595</u>
Total liabilities				<u>2,269,363</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, 2019.

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

24 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 28, 2020 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.

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