

FOR THE NINE
(9) MONTHS ENDED
MARCH 31, 2021

(UNAUDITED)

Financial Statements

**TIMES
ARE TOUGH
BUT SO
ARE WE**

DADEX
Dadex Eternit Limited

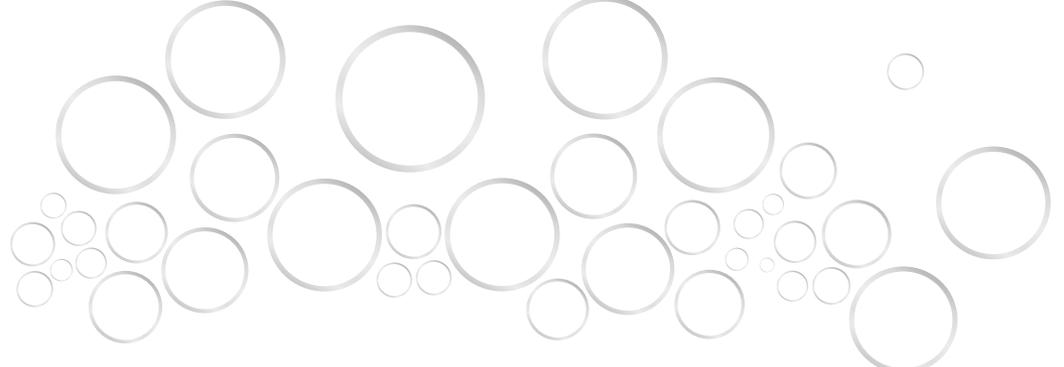


Contents

Company Information	2
Directors' Review	4
Condensed Interim Statement of Financial position	5
Condensed Interim Statement of Profit or Loss	6
Condensed Interim Comprehensive Income	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Notes to the Condensed Interim Financial Statements	10

Company Information

Board of Directors	Sikander Dada - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Shahzad M. Husain Syed Shahid Ali Bukhari Amber Ahmed Motiwala Ayesha Allawala	(Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Independent Director) (Independent Director) (Independent 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 Shahzad M. Husain Maqbool H.H. Rahimtoola Amber Ahmed Motiwala	
Human Resource and Remuneration Committee	Ayesha Allawala – Chairperson Maqbool H.H. Rahimtoola Abu Talib H.K. Dada	
Management Team	Qazi Sajid Ali Danish Dada Tanveer Saleem Syed Wasim Ahmed Muhammad Yousuf Lt. Cdr. (Retd.) Saeed Ahmed Khan Syed Shahrulk Mehdi	- Chief Executive Officer - CEO (International Division) - Chief Operating Officer (Technical & Operations) - Director Finance & 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 of your company are pleased to present their review together with the financial statements of the Company for the nine months ended March 31, 2021.

Pakistan, like rest of the world, is also facing challenges imposed by the third wave of COVID19. To counter the damages, the Government have implemented smart lockdowns in the most affected areas only across the Country to keep the economic activities on track. As a result, Pakistan's economy witnessed positive signs during the period as remittances grew by 24.1%, foreign direct investment (FDI) rose 9.1%, tax collection went up by 6 %. Pak rupee has gained strength against US dollar with the reduction in trade deficit and current account deficit.

During the period, the Company continued to perform better and achieved satisfactory results as compared to the corresponding period last year. The Company achieved a net turnover of Rs. 2,160.93 million (March 2020: Rs. 2,008.78 million), being 7.04 % higher than the same period of last year. Better management of resources and cost reduction measures taken by the management has resulted in the improvement of gross profit margin which improved to 14.46% as compared to 12.88% during the corresponding period last year.

The management reduced the distribution cost, administrative expenses, Other income have increased by 74.01% resulting in operating profit of Rs. 230.49 million (March 2020: Operating profit of Rs. 58.36 million). Financial cost decreased by 35.49% as compared to corresponding period. This resulted in a net profit after tax of Rs. 59.72 million (March 2020: Net loss of Rs. 147.60 million). Resultantly, we achieved earnings per share of Rs. 5.55 compared with the per share loss of Rs. 13.71 for the same period last year.

The management in view of cost minimization and operational efficiencies has decided to close down the CC Sheet Plant, PM2 Plant and Finishing Plant at the Karachi Factory, the production and sales requirement of CC products will be met by Hyderabad Factory, impact of which will be reflected in the last quarter results. The company will continue to expand its customer base to achieve positive results.

The Directors would like to extend their thanks to the management team and appreciate the continued support and commitment of all the stakeholders and all cadres of employees of the Company for their continued hard and sincere work and expect them to put in extra efforts in the coming quarter to help the Company to achieve positive results.

Karachi: April 28, 2021

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, 2021

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	7	1,511,979	1,569,762
Capital work in progress	8	7,990	7,683
Intangible assets		240	88
Investment property		32,361	34,260
Long-term investment	9	-	-
Long-term loans and advances		1,591	2,423
Long-term security deposits		23,348	28,709
Deferred tax asset		144,781	156,981
		<u>1,722,290</u>	<u>1,799,906</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		43,703	50,669
Stock-in-trade	10	432,801	597,668
Trade debts	11	352,444	268,897
Loans and advances		126,980	85,360
Trade deposits and short term prepayments		64,367	65,686
Other receivables		5,444	9,046
Taxation - net		147,992	145,757
Cash and bank balances		38,635	25,010
Non - current assets held for sale		358,800	358,800
		<u>1,571,166</u>	<u>1,606,893</u>
		<u>3,293,456</u>	<u>3,406,799</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,000,000 (June 30, 2020: 12,000,000) ordinary shares of Rs. 10 each		120,000	120,000
8,000,000 (June 30, 2020: 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		(300,556)	(378,866)
Surplus on revaluation of property, plant and equipment		1,175,687	1,194,276
		<u>982,771</u>	<u>923,050</u>
NON - CURRENT LIABILITIES			
Deferred income		978	6,536
Long-term financing		36,571	41,151
GIDC payable		29,836	50,954
Liabilities against assets subject to finance lease		20,203	43,291
		<u>87,588</u>	<u>141,932</u>
CURRENT LIABILITIES			
Trade and other payables	13	977,066	1,033,279
Short-term borrowings	14	1,122,062	1,159,018
Accrued markup		64,593	67,427
Current portion of deferred income		2,630	2,434
Current portion of long term financing		16,442	16,442
Current portion of liabilities against assets subject to finance lease		23,537	30,585
Taxation-net		-	15,919
Unclaimed dividend		16,767	16,713
		<u>2,223,097</u>	<u>2,341,817</u>
		<u>3,293,456</u>	<u>3,406,799</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, 2021 (Un-audited)

	Note	Nine months ended		Quarter-ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
(Rupees in '000)					
Sales - gross		2,548,307	2,374,515	908,091	773,345
Sales tax		(387,379)	(365,731)	(138,859)	(118,426)
Sales - net	16	2,160,928	2,008,784	769,232	654,919
Cost of sales	17	(1,848,539)	(1,749,970)	(640,566)	(581,956)
Gross profit		312,389	258,814	128,666	72,963
Distribution cost		(108,719)	(109,214)	(36,773)	(38,887)
Administrative expenses		(104,228)	(109,358)	(32,293)	(34,423)
Other expenses		(29,282)	(23,553)	(13,462)	(21,510)
Other income		160,326	41,674	28,405	(7,955)
Operating profit / (loss)		230,486	58,363	74,543	(29,812)
Finance costs		(120,462)	(163,213)	(41,190)	(54,667)
Profit / (loss) before taxation		110,024	(104,850)	33,353	(84,479)
Taxation					
Current		(38,103)	(35,750)	(13,583)	(11,743)
Prior		-	(4,000)	-	(4,000)
Deferred		(12,200)	(3,000)	(7,200)	-
		(50,303)	(42,750)	(20,783)	(15,743)
Net profit / (loss) for the period		59,721	(147,600)	12,570	(100,222)
Earnings per share - basic and diluted (Rupees)	18	5.55	(13.71)	1.17	(9.31)

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, 2021 (Un-audited)

	Nine months ended		Quarter-ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
(Rupees in '000).....			
Profit / (Loss) for the period	59,721	(147,600)	12,570	(100,222)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	59,721	(147,600)	12,570	(100,222)

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, 2021 (Un-audited)

	Note	Nine months ended	
		March 31, 2021	March 31, 2020
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	19	248,209	338,143
Finance cost paid - net		(123,296)	(150,388)
Taxes refundable / (paid)		(40,338)	18,057
Net cash generated from / (used in) operating activities		84,575	205,812
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(4,501)	(33,160)
Addition to intangible assets		(227)	(59)
Long term security deposits		5,361	8,103
Interest received		35	37
Net cash used in investing activities		668	(25,079)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		(30,136)	(41,561)
Long-term financing		(4,580)	-
Short term borrowings - net		(97,075)	(117,972)
Dividend paid		54	(168)
Net cash generated from / (used in) financing activities		(131,737)	(159,701)
Net (decrease) / increase in cash and cash equivalents		(46,494)	21,032
Cash and cash equivalents at the beginning of the period		(607,403)	(667,685)
Cash and cash equivalents at the end of the period		(653,897)	(646,653)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		38,635	52,662
Short-term borrowings		(692,532)	(699,315)
		(653,897)	(646,653)

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, 2021 (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, 2019	107,640	5,655	1,041,382	160,000	(207,786)	999,251	1,106,891
Transfer from general reserve to unappropriated profit	-	-	-	(160,000)	160,000	-	-
Total comprehensive loss for the nine months ended March 31, 2020	-	-	-	-	(147,600)	(147,600)	(147,600)
Net (loss) for the period	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	(147,600)	(147,600)	(147,600)
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	-	(176,799)	851,651	959,291
Balance as at July 1, 2020	107,640	5,655	1,194,276	-	(384,521)	815,410	923,050
Total comprehensive profit for the nine months ended March 31, 2021	-	-	-	-	59,721	59,721	59,721
Net profit for the period	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	59,721	59,721	59,721
Transferred from Surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	(18,589)	-	18,589	-	-
Balance as at March 31, 2021	107,640	5,655	1,175,687	-	(306,211)	875,131	982,771

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

Notes to The Condensed Interim Financial Statements

FOR THE NINE MONTHS ENDED MARCH 31, 2021 (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, Sikander (Private) Limited (the Holding Company) holds 6,800,648 ordinary shares representing 63.18% shareholding.

2 GEOGRAPHICAL LOCATION AND ADDRESS 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, 2020, 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, 2020, 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, 2020.

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, 2020.

4.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2021, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

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 judgements 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, 2020.

6. TAXATION

The provisions for taxation for the nine months and quarter ended March 31, 2021, 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 2021 as stipulated through Finance Act 2019.

		March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
7 OPERATING FIXED ASSETS	Note		
	(Rupees in '000).....	
Fixed assets	7.1	1,421,493	1,436,220
Right-of-use assets	7.2	90,486	133,542
		<u>1,511,979</u>	<u>1,569,762</u>
7.1 Fixed assets			
Opening net book value (NBV)		1,436,220	1,639,723
Revaluation surplus		-	177,678
Transfer during the period from right-of-use assets		31,897	-
Additions / transfers during the period / year at cost	7.1.1	4,188	39,874
		<u>1,472,305</u>	<u>1,857,275</u>
Disposals during the period / year at NBV	7.1.2	-	(35)
Depreciation charge for the period / year		(50,812)	(62,220)
Transfer to non-current assets held for sale		-	(358,800)
		<u>(50,812)</u>	<u>(421,055)</u>
Closing net book value (NBV)		<u>1,421,493</u>	<u>1,436,220</u>

10 STOCK-IN-TRADE		March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	 (Rupees in '000)	
Raw materials in hand		69,318	125,994
in transit		1,559	16,529
		70,877	142,523
Work-in-process		105,106	141,612
Finished goods manufactured		213,531	249,918
trading		43,287	63,615
	10.1	256,818	313,533
		432,801	597,668

10.1 Finished goods are net off provision of Rs. 89.835 million (June 30, 2020: Rs.98.296 million).

11 TRADE DEBTS		March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	 (Rupees in '000)	
(Unsecured - considered good)		-	-
Export		352,444	268,897
Local		352,444	268,897
(Unsecured - considered doubtful)		17,414	17,414
Due from Turnkey project		174,088	218,103
Due from Others		191,502	235,517
		543,946	504,414
Provision for expected credit losses		(17,414)	(17,414)
Turnkey project		(174,088)	(218,103)
Others	11.1	(191,502)	(235,517)
		352,444	268,897

11.1 Provision for expected credit losses - others		March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	 (Rupees in '000)	
Opening balance		218,103	130,535
Charge during the period		10,458	87,568
Reversal of the provision		(54,473)	-
Written off		-	-
Closing balance		174,088	218,103

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	March 31, 2021	June 30, 2020 (Rupees in '000)	
	Number of shares			
	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
	10,763,959	10,763,959	107,640	107,640
		Ordinary shares of Rs.10/- each issued for cash		
		Issued for consideration other than cash		
		Issued as fully paid bonus shares		

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, 2020: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2020: 63.18 percent) shareholding as at the balance sheet date.

13 TRADE AND OTHER PAYABLES	Note	March 31,	June 30,
		2021 (Un-audited)	2020 (Audited)
.....(Rupees in '000).....			
Trade creditors		623,490	696,787
Accrued liabilities		104,028	85,680
Advance from customers		122,300	140,150
Advance from tenants		7,575	1,932
Security deposits from distributors and others		13,860	13,860
Workers' Profit Participation Fund payable		6,955	932
Workers' Welfare Fund		9,175	6,766
Infrastructure cess payable		40,387	40,387
Sales tax and excise duty		40,648	8,619
Current portion of GIDC payable		7,328	36,395
Others		1,320	1,771
		977,066	1,033,279
14 SHORT TERM BORROWINGS			
Secured			
Karobar finance	14.1	215,000	240,000
Running finance	14.2	692,532	632,413
Finance against trust receipts	14.3	64,891	136,966
Tijarah finance	14.4	149,639	100,000
Murabaha and Istisna finance	14.4	-	49,639
		1,122,062	1,159,018

14.1 This facility has been obtained from Islamic bank aggregating to Rs.250 million (June 30, 2020: Rs. 250 million) out of which Rs. 35 million (June 30, 2020: 10 million) 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, 2020: 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, 2020: 13.75 to 14.25 percent) per annum.

14.2 These facilities have been obtained from various commercial banks aggregating to Rs. 700 million (June 30, 2020: Rs. 700 million) out of which Rs. 7.468 million (June 30, 2020: Rs. 60.364 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. 667 million (June 30, 2020: Rs. 667 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 10.04 to 10.79 percent (June 30, 2020: 13.47 to 17.35 percent) per annum.

14.3 This represent working capital facilities availed from the Bank of Punjab of Rs. 150 million (June 30, 2020: Rs. 150 million) out of which Rs. 85.109 million (June 30, 2020: 13.03 million) remains unutilized as at the date of statement of financial position carrying markup of 6 months KIBOR + 1.75% (June 30, 2020: 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. 149.639 million has been obtained from Al-Baraka Bank under Tijarah 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 6 months KIBOR plus 3% (June 30, 2020: 6 months KIBOR plus 3%).

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 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.

15.1.2 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 14.301 million (June 30, 2020: Rs. 14.301 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, 2021 (Un-audited)	June 30, 2020 (Audited)
	(Rupees in '000)	
Outstanding letters of credit		153,753	139,502
Outstanding letter of guarantee		96,742	96,742
Postdated cheques		147,761	271,681
Outstanding contracts		338,745	425,385
Duties payable on goods in transit		1,520	35,205
		<u>738,521</u>	<u>968,515</u>

16 SALES

	Nine months ended		Quarter-ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
(Rupees in '000)			
(Un-audited)			
Local sales	2,515,568	2,343,466	894,105	758,518
Export sales	32,739	31,049	13,986	14,827
Gross sales	<u>2,548,307</u>	<u>2,374,515</u>	<u>908,091</u>	<u>773,345</u>
Less:				
Sales tax	<u>(387,379)</u>	<u>(365,731)</u>	<u>(138,859)</u>	<u>(118,426)</u>
	<u>2,160,928</u>	<u>2,008,784</u>	<u>769,232</u>	<u>654,919</u>

17 COST OF SALES	Nine months ended		Quarter-ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Manufactured goods	(Rupees in '000)			
	(Un-audited)			
Raw materials consumed				
Opening stock	142,523	214,965	206,560	231,110
Purchase	1,296,135	1,278,562	259,375	331,831
Closing stock	(70,877)	(96,622)	(70,877)	(96,622)
Raw materials consumed	1,367,781	1,396,905	395,058	466,319
Manufacturing overheads				
Stores and spares consumed	51,957	46,450	25,472	18,272
Salaries, wages and other benefits	119,378	88,871	37,418	28,098
Procured services	21,210	35,909	7,257	13,872
Fuel, water and power	112,316	123,635	30,251	43,753
Insurance	3,178	2,946	1,010	630
Travelling	49	146	14	9
Communication	750	1,047	227	377
Depreciation	39,546	39,201	12,690	13,300
Rent, rates and taxes	6,003	5,198	2,644	2,177
Repairs and maintenance	24,906	22,575	7,018	6,506
Printing and stationary	530	688	128	238
Other expenses	1,708	1,688	397	572
	381,531	368,354	124,526	127,804
	1,749,312	1,765,259	519,584	594,123
Work-in-process				
Opening stock	141,612	141,342	141,081	174,092
Closing stock	(105,106)	(165,897)	(105,106)	(165,897)
Cost of goods manufactured	1,785,818	1,740,704	555,559	602,318
Finished goods				
Opening stock	249,918	196,480	289,318	232,333
Closing stock	(213,531)	(263,235)	(213,531)	(263,235)
	1,822,205	1,673,949	631,346	571,416
Trading goods				
Opening stock	63,615	101,487	51,629	66,989
Purchase	6,006	44,286	878	13,303
Closing stock	(43,287)	(69,752)	(43,287)	(69,752)
	26,334	76,021	9,220	10,540
	1,848,539	1,749,970	640,566	581,956

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees in '000)			
	(Un-audited)			
Net (loss) / profit for the period	59,721	(147,600)	12,570	(100,222)
Weighted average number of ordinary shares	10,764	10,764	10,764	10,764
Earnings per share - basic and diluted (Rupees)	5.55	(13.71)	1.17	(9.31)

19 CASH GENERATED FROM OPERATIONS	Nine months ended	
	March 31, 2021	March 31, 2010
	(Rupees in '000)	
	(Un-audited)	
Profit / (Loss) before taxation	110,024	(104,850)
Adjustment for non-cash and other items		
Depreciation		
Property, plant and equipment	61,973	63,230
Investment property	1,903	1,900
Amortization	75	131
Gain on disposal of property, plant and equipment	-	-
Interest income	(35)	(37)
Finance costs	120,462	163,213
Amortization of deferred income	(3,645)	(3,644)
Provision against doubtful debts	(10,458)	21,436
Working capital changes	(32,090)	196,764
	248,209	338,143
19.1 Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	6,966	2,060
Stock in trade	164,867	58,770
Trade debts	(73,089)	17,797
Loans and advances	(40,788)	(164,938)
Trade deposits and short-term prepayment	1,319	(2,217)
Other receivable	3,602	(2,113)
	62,877	(90,641)
(Decrease) / increase in current liabilities		
Trade and other payable	(94,967)	287,405
	(32,090)	196,764

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		(Rupees in '000)			
		(Un-audited)			
Holding Company	Rent paid	1,127	1,024	-	93
Associated Companies / Undertakings	Sales of goods	-	-	-	-
	Purchase of goods	295	173	-	68
Provident fund	Contribution to staff retirement benefit plans	6,438	6,972	2,047	2,221
Key management personnel	Remuneration and other benefits	28,927	29,471	8,268	9,582

20.2 Period / year end balances	March 31, 2021	June 30, 2020
	(Un-audited)	(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

	Chrysofile Cement	Plastic	Others	Total
Nine months ended March 31, 2021 (Unaudited)	------(Rupees in thousands)-----			
Turnover	<u>610,716</u>	<u>1,550,212</u>	<u>-</u>	<u>2,160,928</u>
Segment result	<u>15,872</u>	<u>83,570</u>	<u>-</u>	<u>99,442</u>
Unallocated expenses				
Other operating expenses				(29,282)
Other income				160,326
Finance costs				(120,462)
Taxation				(50,303)
Profit for the period				<u>59,721</u>
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>

21.2 Segment assets and liabilities

March 31, 2021 (Un-audited)				
Segment assets	<u>357,058</u>	<u>587,787</u>	<u>124,623</u>	1,069,468
Unallocated corporate assets				2,223,988
Total assets				<u>3,293,456</u>
Segment liabilities	<u>292,845</u>	<u>547,619</u>	<u>7,702</u>	848,166
Unallocated corporate liabilities				1,462,519
Total liabilities				<u>2,310,685</u>
June 30, 2020 (Audited)				
Segment assets	<u>445,159</u>	<u>554,406</u>	<u>126,659</u>	1,126,224
Unallocated corporate assets				2,280,575
Total assets				<u>3,406,799</u>
Segment liabilities	<u>441,061</u>	<u>487,583</u>	<u>12,744</u>	941,388
Unallocated corporate liabilities				1,542,361
Total liabilities				<u>2,483,749</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, 2020.

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, 2021 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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Eternit
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