

A better
world ahead...

2021

FOR THE THREE
(3) MONTHS ENDED
SEPTEMBER 30, 2021

(UNAUDITED)

DADEX

COMPANY INFORMATION

Board of Directors	Sikander Dada - Chairman	(Non - Executive Director)
	Abu Talib H.K. Dada	(Non - Executive Director)
	Maqbool H.H. Rahimtoola	(Non - Executive Director)
	Shahzad M. Husain	(Non - Executive Director)
	Syed Shahid Ali Bukhari	(Independent Director)
	Amber Ahmed Motiwala	(Independent Director)
	Ayesha Tariq Allawala	(Independent Director)

Chief Executive Officer	Samad Dada
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Chief Financial Officer	Muhammad Yousuf
Company Secretary/ Head of Internal Audit	Dabeer Ullah Sheikh

Board Audit Committee	Syed Shahid Ali Bukhari – Chairman
	Shahzad M. Husain
	Maqbool H.H. Rahimtoola
	Amber Ahmed Motiwala

Human Resource and Remuneration Committee	Ayesha Tariq Allawala – Chairperson
	Maqbool H.H. Rahimtoola
	Abu Talib H.K. Dada

Management Team	Samad Dada - Chief Executive Officer
	Tanveer Saleem- Chief Operating Officer (Technical & Operations)
	Syed Wasim Ahmed – Director Finance
	Muhammad Yousuf – Chief Financial Officer
	Lt. Cdr. (Retd.) Saeed Ahmed Khan – General Manager Admin & HR
	Naeem Feroze - Director Security & Corporate Affairs

Auditors	BDO Ebrahim & Co., Chartered Accountants
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Bankers	National Bank of Pakistan
	Bank Islami Pakistan Limited
	Habib Metropolitan Bank Limited
	Bank AlBaraka
	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
	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



DADEX

Directors Review

The Directors are pleased to present their review together with the financial statements of the Company for the three months period ended September 30, 2021.

During the period under review Company achieved net sales of Rs. 341.318 million being 40.45% lower than the sales achieved last year. Main reason for the decline in sales was due to closure of Karachi Factory.

Cost of sales remained at almost same level as compared to last year. Distribution and Administrative expenses decreased by 32.31 % and 16.70 % respectively, as compared to last year. Company earned operating loss of Rs. 13.205 million. Due to recent decrease in the markup rate finance charges decreased by 28.91 %, resulting in a net loss after tax of Rs. 48.421 million (September 2020: net loss after tax of 40.799 million). This has resulted in loss per share of Rs. 4.50 (September 2020: Loss per share of Rs. 3.79).


The Company anticipates demand for its products to remain reasonably strong due to ongoing activity in the construction sector. The management will continue to explore new sources of raw material and strict control on working capital. The management team will continue to focus on broadening customer base and explore new markets to achieve positive results.


The volatility in raw material pricing coupled with fluctuations in the value of the rupee against international currencies also creates uncertainty. The Company however, remain confident and focused on minimizing the negative impact and delivering positive results by leveraging its strong brand name.

We wish to record our appreciation of continued commitment of our employees and patronage of our customers and all stakeholders who supported the Company in these challenging times.

On behalf of the Board

Karachi: November 26, 2021


Director


Chief Executive

DADEX ETERNIT LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2021

		September 30, 2021	June 30, 2021
		(Un-audited)	(Audited)
	Note	(Rupees in '000')	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	7	1,478,721	1,495,189
Capital work in progress	8	4,036	6,778
		<u>1,482,757</u>	<u>1,501,967</u>
Intangible assets		187	214
Investment property		31,091	31,725
Long-term investment	9	-	-
Long-term loans and advances		1,346	1,127
Long-term security deposits		23,011	23,011
Deferred tax asset		<u>163,597</u>	<u>163,597</u>
		<u>1,701,989</u>	<u>1,721,641</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		44,861	44,785
Stock in trade	10	442,355	460,667
Trade debts	11	125,738	140,686
Loans and advances		151,498	67,528
Trade deposits and short term prepayments		124,889	99,497
Other receivables		6,241	14,166
Income tax refund due from Government		129,838	129,838
Taxation - net		55,790	49,007
Cash and bank balances		29,784	32,701
Non-current assets held for sale		<u>358,800</u>	<u>358,800</u>
		<u>1,469,794</u>	<u>1,397,675</u>
TOTAL ASSETS		<u><u>3,171,783</u></u>	<u><u>3,119,316</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,000,000 (June 30, 2021: 12000,000) ordinary shares of Rs. 10 each		120,000	120,000
8,000,000 (June 30, 2021: 8000,000) '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		(435,314)	(393,089)
Surplus on revaluation of property, plant and equipment		<u>1,163,294</u>	<u>1,169,490</u>
		<u>835,620</u>	<u>884,041</u>
NON - CURRENT LIABILITIES			
Long term financing		8,016	15,612
Liabilities against assets subject to finance lease		10,710	16,218
Deferred income		0	421
GIDC payable		<u>24,709</u>	<u>24,662</u>
		43,435	56,913
CURRENT LIABILITIES			
Trade and other payables	13	1,167,008	1,048,543
Accrued markup		70,882	53,452
Short-term borrowings	14	975,335	1,005,334
Current portion of deferred income		1,638	2,434
Current portion of liabilities against assets subject to finance lease		22,203	22,203
Current portion of long-term financing		38,896	29,630
Unclaimed dividend		<u>16,766</u>	<u>16,766</u>
		<u>2,292,728</u>	<u>2,178,362</u>
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		<u><u>3,171,783</u></u>	<u><u>3,119,316</u></u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

DADEX ETERNIT LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

	Note	Three months ended	
		September 30, 2021	September 30, 2020
----- (Rupees in '000') -----			
Sales - gross		404,914	675,349
Sales tax		(63,596)	(102,211)
Sales - net	16	341,318	573,138
Cost of sales	17	(294,238)	(497,498)
Gross profit		47,080	75,640
Distribution cost		(22,116)	(32,685)
Administrative expenses		(29,694)	(35,652)
Other expenses		(21,164)	(10,229)
Other income		12,689	13,691
Operating (loss)/profit		(13,205)	10,765
Finance costs		(29,225)	(41,104)
(loss) before taxation		(42,430)	(30,339)
Taxation			
Current		(5,991)	(10,460)
Deferred		-	-
		(5,991)	(10,460)
Net (loss) for the period		(48,421)	(40,799)
Earnings per share - basic and diluted (Rupees)	18	(4.50)	(3.79)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

DADEX ETERNIT LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

	Three months ended	
	September 30, 2021	September 30, 2020
	----- (Rupees in '000') -----	
(Loss) for the period	(48,421)	(40,799)
Other comprehensive income	-	-
Total comprehensive (loss) for the period	<u>(48,421)</u>	<u>(40,799)</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

DADEX ETERNIT LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

	Note	<u>Three months ended</u>	
		<u>September 30,</u> <u>2021</u>	<u>September 30,</u> <u>2020</u>
----- (Rupees in '000') -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	85,707	8,441
Finance cost paid		(11,795)	(50,582)
Taxes paid		(12,774)	(15,865)
Net cash generated from operating activities		<u>61,138</u>	<u>(58,006)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(7)	(1,311)
Addition to intangible assets		-	-
Long term security deposits		(219)	330
Interest received		8	11
Net cash used in investing activities		<u>(218)</u>	<u>(970)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(5,508)	(8,348)
Long-term financing - net		1,670	-
Repayment of long term Sponsors / Directors' loan		-	-
Short term borrowings - net		(30,000)	-
Dividend paid		-	-
Net cash used in financing activities		<u>(33,838)</u>	<u>(8,348)</u>
Net increase / (decrease) in cash and cash equivalents		27,082	(67,324)
Cash and cash equivalents at the beginning of the period		(659,830)	(607,403)
Cash and cash equivalents at the end of the period		<u>(632,748)</u>	<u>(674,727)</u>
CASH AND CASH EQUIVALENTS			
Cash and bank balances		29,784	24,920
Short-term borrowings		(662,532)	(699,667)
		<u>(632,748)</u>	<u>(674,747)</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

DADEX ETERNIT LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

	Reserves					Total	Grand total
	Capital reserve		Revenue reserve				
	General reserve	Revaluation surplus	General	Unappropriated profit / (accumulated losses)			
(Rupees in '000')							
Balance as at July 1, 2020	107,640	5,655	1,194,276	-	(384,521)	815,410	923,050
Transferred from general reserve to unappropriated profit			-	-	-	-	-
Total comprehensive (loss) for the three months ended September 30, 2020							
Net (loss) for the period	-	-	-	-	(40,799)	(40,799)	(40,799)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(40,799)	(40,799)	(40,799)
Transferred from Surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(6,196)	-	6,196	-	-
Balance as at September 30, 2020	107,640	5,655	1,188,080	-	(419,124)	774,611	882,251
Balance as at July 1, 2021	107,640	5,655	1,169,490	-	(398,744)	776,401	884,041
Total comprehensive (loss) for the three months ended September 30, 2021							
Net (loss) for the period	-	-	-	-	(48,421)	(48,421)	(48,421)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(48,421)	(48,421)	(48,421)
Transferred from Surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(6,196)	-	6,196	-	-
Balance as at September 30, 2021	107,640	5,655	1,163,294	-	(440,969)	727,980	835,620

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

DADEX ETERNIT LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

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 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, 2021, 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, 2021, 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 Three months ended September 30, 2021.

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, 2021.

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, 2021.

6 TAXATION

The provisions for taxation for the three months ended September 30, 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 2022 as stipulated through Finance Act 2021.

		September 30, 2021 (Un-audited) (Rupees in '000')	June 30, 2021 (Audited)
7	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	1,478,721	1,495,189
	Capital work-in-progress	4,036	6,778
		<u>1,482,757</u>	<u>1,501,967</u>
7.1	Operating fixed assets		
	Opening net book value (NBV)	1,495,189	1,569,762
	Revaluation surplus	-	-
	Additions / transfers during the period at cost	2,749	7,515
		<u>1,497,938</u>	<u>1,577,277</u>
	Depreciation charge for the period / year	(19,217)	(82,088)
		<u>(19,217)</u>	<u>(82,088)</u>
	Closing net book value NBV	<u>1,478,721</u>	<u>1,495,189</u>
7.1.1	Detail of additions (at cost) during the period / year are as follows:		
	Owned		
	Factory building on freehold and leasehold land	2,749	-
	Plant and machinery	-	4,402
	Office and factory equipment	-	1,616
	Right-of-use-assets		
	Building		1,497
		<u>2,749</u>	<u>7,515</u>
8	Capital work in progress		
	Buildings on leasehold land	2,688	5,437
	Plant and machinery	1,348	1,341
		<u>4,036</u>	<u>6,778</u>
8.1	Movement of carrying amount is as follows:		
	Opening balance	6,778	7,683
	Additions (at cost) during the period / year	7	5,342
		<u>6,785</u>	<u>13,025</u>
	Transfer to operating fixed assets during the period / year	(2,749)	(6,247)
	Written off	-	-
	Closing balance	<u>4,036</u>	<u>6,778</u>

		September 30, 2021 (Un-audited) (Rupees in '000')	June 30, 2021 (Audited)
9	LONG-TERM INVESTMENT		
	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 2021: 48.04 percent) shareholding i.e 625,000 (June 30, 2021: 625,000) ordinary shares of Rs.10/- each of Berdex Construction Chemicals (Private) Limited.

		September 30, 2021 (Un-audited) (Rupees in '000')	June 30, 2021 (Audited)
10	STOCK-IN-TRADE		
	Raw material in hand	107,272	96,811
	in transit	-	25,750
		<u>107,272</u>	<u>122,561</u>
	Work-in-process	84,055	97,816
	Finished goods		
	Manufactured	210,943	200,182
	Trading	40,085	40,108
		<u>251,028</u>	<u>240,290</u>
		<u>442,355</u>	<u>460,667</u>

10.1 Finished goods are net off provision of Rs. 93.603 million (June 30, 2021: Rs.93.603 million).

		September 30, 2021 (Un-audited) (Rupees in '000')	June 30, 2021 (Audited)
11	TRADE DEBTS		
	(Unsecured - considered good)	125,738	140,686
	(Unsecured - considered doubtful)		
	Due from Turnkey project	17,414	17,414
	Due from others	174,088	174,088
		<u>191,502</u>	<u>191,502</u>
		317,240	332,188
	Allowance for expected credit loss		
	Turnkey project	(17,414)	(17,414)
	Others	(174,088)	(174,088)
		<u>(191,502)</u>	<u>(191,502)</u>
		<u>125,738</u>	<u>140,686</u>

			September 30, 2021 (Un-audited) (Rupees in '000')	June 30, 2021 (Audited)
		Note		
12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
	September 30, 2021	June 30, 2021		
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, 2021: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2021: 63.18 percent) shareholding as at the balance sheet date.
- 12.3 The Company has more than one class of ordinary shares which carry no rights to fixed income. The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meeting of the Company. All shares rank equally with regard to the Company's residual assets.

13 TRADE AND OTHER PAYABLES

Trade creditors	654,324	647,903
Accrued liabilities	95,594	81,043
Advance from customers	277,669	204,621
Advance from tenants	6,960	2,399
Security deposits from distributors and others	14,090	13,860
Workers' Profit Participation Fund payable	932	932
Workers' Welfare Fund	7,557	7,557
Sales tax and excise duty payable	6,816	-
Payables to employees	15,244	15,244
Infrastructure cess payable	38,707	38,707
Current portion of GIDC payable	16,784	11,189
With holding tax	24,278	24,278
Others	8,053	810
	<u>1,167,008</u>	<u>1,048,543</u>

		September 30, 2021	June 30, 2021
		(Un-audited)	(Audited)
	Note	(Rupees in '000')	
14	SHORT TERM BORROWINGS		
	Secured		
	Karobar finance	14.1	212,803
	Running finance-I	14.2	499,760
	Running finance-II	14.3	142,772
	Tijarah finance	14.4	100,000
	Sponsors loan	14.5	-
		<u>975,335</u>	<u>1,005,334</u>

- 14.1 This facility has been obtained from Bank Islami Pakistan Limited aggregating to Rs. 216 million (June 30, 2021: Rs. 240 million) out of which Rs. 3.197 million (June 30, 2021: Rs. 27.197 million) remains unutilized as at the balance sheet date. 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, 2021: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rate 6 months KIBOR+3% (June 30, 2021: 6 months KIBOR+3%) per annum.
- 14.2 These financing facilities have been obtained from National Bank of Pakistan amounting to Rs. 500 million (June 30, 2021: Rs. 500 million) out of which Rs. 0.240 million (June 30, 2021: Rs. 0.240 million) remains unutilized as at the balance sheet date. These financing facilities are secured by creation of first pari-passu charge against hypothecation of the Company's stock in trade and trade debts of Rs. 1,448 million (June 30, 2021: Rs. 1,448 million), first exclusive mortgage charge of Rs. 934 million (June 30, 2021: Rs. 934 million) over land and building of the Company situated at 21-22 Manghopir Road, Tapo Manghopir, Karachi. these facilities carry mark-up rate 3 months KIBOR+2.75% (June 30, 2021: 3 months KIBOR+2.75%) per annum.
- 14.3 This financing facility has been obtained from Sindh Bank Limited amounting to Rs. 142.772 million (June 30, 2021: Rs. 192.778 million) out of which Rs. nil million (June 30, 2021: Rs. 0.007 million) remains unutilized at the balance sheet date. This facility is secured by creation of first pari-passu charge against hypothecation of the Company's plant and machinery of Rs. 114 million (June 30, 2021: Rs. 114 million), equitable mortgage of Rs. 153 million (June 30, 2021: Rs. 153 million) over property No. 36 and 37 located in Gulberg, Lahore. This facility carry mark-up at 3 months KIBOR+3.5% (June 30, 2021: 3 months KIBOR+3.5%) per annum.
- 14.4 The facility of Rs. 100 million has been obtained from Al-Baraka Bank Limited under Tijarah financing. The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property, plant and equipment (Sunder factory) located at Lahore and Company's stock in trade. Both of the financing facility carries markup at 6 months KIBOR+3% (June 30, 2021: 6 months KIBOR+3%) per annum.
- 14.5 The loan of Rs. 20 million has been obtained from sponsors. The facility carry no markup charge.

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 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.

15.1.2 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 14.983 million (June 30, 2021 : Rs. 14.983 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

Outstanding letters of credit	95,524	96,742
Outstanding letter of guarantee	96,742	159,796
Postdated cheques	142,646	162,943
Outstanding contracts	522,053	347,289
Duties payable on goods in transit	15,455	1,142
	<u>872,420</u>	<u>767,912</u>

16 SALES

	Three months ended	
	September 30,	September 30,
	2021	2020
	----- (Rupees in '000') -----	
Local sales	404,914	666,402
Export sales	-	8,947
Gross sales	<u>404,914</u>	<u>675,349</u>
Sales tax	<u>(63,596)</u>	<u>(102,211)</u>
	<u><u>341,318</u></u>	<u><u>573,138</u></u>

17 COST OF SALES

Manufactured goods		
Raw materials consumed		
Opening stock	122,561	142,523
Purchase	191,273	447,114
Closing stock	<u>(107,272)</u>	<u>(220,716)</u>
Raw materials consumed	206,562	368,921
Manufacturing overheads		
Stores and spares consumed	2,609	11,668
Salaries, wages and other benefits	14,219	36,226
Procured services	11,506	6,566
Fuel, water and power	14,535	36,463
Insurance	1,010	1,158
Travelling	31	20
Communication	260	277
Depreciation	13,186	13,487
Rent, rates and taxes	1,968	1,705
Repairs and maintenance	1,819	7,586
Printing and stationary	76	153
Other expenses	390	442
	<u>61,609</u>	<u>115,751</u>
	268,171	484,672
Work-in-process		
Opening stock	97,816	141,612
Closing stock	<u>(84,055)</u>	<u>(155,653)</u>
Cost of goods manufactured	281,932	470,631
Finished goods		
Opening stock	200,182	249,918
Closing stock	<u>(210,943)</u>	<u>(231,762)</u>
	271,171	488,787
Trading goods		
Opening stock	40,108	63,615
Purchase	23,044	2,231
Closing stock	<u>(40,085)</u>	<u>(57,135)</u>
	<u>23,067</u>	<u>8,711</u>
	<u><u>294,238</u></u>	<u><u>497,498</u></u>

18 EARNING PER SHARE - BASIC AND DILUTED

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

	Three months ended	
	September 30, 2021	September 30, 2020
	----- (Rupees in '000') -----	
Net profit for the year (in thousands)	(48,421)	(40,799)
Weighted average number of ordinary shares (in thousands)	10,764	10,764
Earnings per share - basic and diluted	(4.50)	(3.79)

19 CASH GENERATED FROM OPERATIONS

	Three months ended	
	September 30, 2021	September 30, 2020
	----- (Rupees in '000') -----	
Profit before taxation	(42,430)	(30,339)
Adjustment for non-cash and other items		
Depreciation		
Property, plant and equipment	19,217	21,665
Investment property	634	630
Amortization	27	21
Gain on disposal of property, plant and equipment	-	-
Interest income	(8)	(11)
Finance costs	29,225	41,104
Amortization of deferred income	(1,217)	(1,214)
Provision against doubtful debts	-	-
Working capital changes	80,259	(23,415)
	19.1	
	85,707	8,441

19.1 Working capital changes

	Three months ended	
	September 30, 2021	September 30, 2020
	----- (Rupees in '000') -----	
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(76)	2,036
Stock in trade	18,312	(67,598)
Trade debts	14,948	39,989
Loans and advances	(83,970)	(86,946)
Trade deposits and short-term prepayment	(25,392)	(64,407)
Other receivable	7,925	(2,386)
	(68,253)	(179,312)
Increase / (decrease) in current liabilities		
Trade and other payable	148,512	155,897
	80,259	(23,415)

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	Note	Three months ended	
			September 30, 2021	September 30, 2020
			----- (Rupees in '000') -----	
Sikander (Private) Limited (Holding Company)	Rent paid		1,296	1,127
Berger Paints Pakistan Limited (Associated Company)	Purchase of goods		77	226
Provident fund	Contribution to staff retirement benefit plans		1,337	2,172
Key management personnel	Remuneration and other benefits		3,636	9,973
			September 30, 2021	June 30, 2021
			(Un-audited)	(Audited)
			(Rupees in '000')	
20.2	Period / year end balances			
	Payable to related parties		(1,356)	-

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 '000)-----			
Three months ended September 30, 2021				
(Un-audited)				
Turnover	66,654	274,664		341,318
Segment result	(9,446)	4,716		(4,730)
Unallocated expenses				
Other operating expenses				(21,164)
Other income				12,689
Finance costs				(29,225)
Taxation				(5,991)
Net profit for the period				(48,421)
Three months ended September 30, 2020				
(Un-audited)				
Turnover	174,381	398,757		573,138
Segment result	2,699	4,604		7,303
Unallocated expenses				
Other operating expenses				(10,229)
Other income				13,691
Finance costs				(41,104)
Taxation				(10,460)
Net profit for the period				(40,799)
21.2 Segment assets and liabilities				
September 30, 2021 (Un-audited)				
Segment assets	457,521	517,307	115,971	1,090,799
Unallocated corporate assets				2,080,984
Total assets				3,171,783
Segment liabilities	376,322	428,005	11,469	815,796
Unallocated corporate liabilities				1,520,367
Total liabilities				2,336,163
June 30, 2021 (Audited)				
Segment assets	407,594	507,622	115,971	1,031,187
Unallocated corporate assets				2,088,129
Total assets				3,119,316
Segment liabilities	396,937	438,805	11,469	847,211
Unallocated corporate liabilities				1,388,064
Total liabilities				2,235,275

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, 2021.

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arms-length transaction other than in a forced or liquidation sale. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. None of the financial instruments of the Company are carried at fair

24 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on November 26, 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 year.

26 GENERAL

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER