

FOR THE THREE  
(3) MONTHS ENDED  
SEPTEMBER 30, 2020

(UNAUDITED)

**TIMES  
ARE TOUGH  
BUT SO  
ARE WE**

## Financial Statements



**DADEX**  
Dadex Eternit Limited

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# Company Information

<b>Board of Directors</b>	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)
<b>Chief Executive Officer</b>	Qazi Sajid Ali	
<b>Chief Financial Officer</b>	Muhammad Yousuf	
<b>Company Secretary/ Head of Internal Audit</b>	Umar Rasheed	
<b>Board Audit Committee</b>	Syed Shahid Ali Bukhari - Chairman Shahzad M. Husain Maqbool H.H. Rahimtoola Amber Ahmed Motiwala	
<b>Human Resource and Remuneration Committee</b>	Ayesha Allawala – Chairperson Maqbool H.H. Rahimtoola Abu Talib H.K. Dada	
<b>Management Team</b>	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



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**Auditors** BDO Ebrahim & Co., Chartered Accountants

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**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

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

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**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

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**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

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**Website** www.dadex.com

# 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, 2020.

During the period under review Company achieved net sales of Rs. 573.138 million being 13.86% lower than the sales achieved last year. Main reason for the decline in sales was due to the unprecedented and record breaking rainfall across the Country and especially in Karachi which has affected the sales and production activities during the month of August as it caused urban flooding in the city.

Cost of sales remained at almost same level as compared to last year. Distribution and Administrative expenses decreased by 9.59% and 6.56% respectively, as compared to last year. Company earned operating profit of Rs. 10.765 million. Due to recent decrease in the markup rate finance charges decreased by 26.16%, resulting in a net loss after tax of Rs. 40.799 million (September 2019: net loss after tax of 22.650 million). This has resulted in loss per share of Rs. 3.79 (September 2019: Loss per share of Rs. 2.10).

Being a manufacturer of building products in Pakistan, the Company sales also depend on the construction and other infrastructure activities taking place incountry. With the expected increase in demand as a consequence of the recently announced projects like 'Naya Pakistan' housing scheme, 'Construction Package', CPEC related projects and projects which will be part of Karachi package as announced by the Prime Minister, the Company expects to see a growth in its revenues.

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.

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.

Karachi: October 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 SEPTEMBER 30, 2020

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	1,548,097	1,569,762
Operating fixed assets	8	8,994	7,683
Capital work in progress		1,557,091	1,577,445
Intangible assets		67	88
Investment property		33,630	34,260
Long-term investment	9	-	-
Long-term loans and advances		2,093	2,423
Long-term security deposits		28,709	28,709
Deferred tax asset		156,981	156,981
		1,778,571	1,799,906
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		48,633	50,669
Stock in trade	10	665,266	597,668
Trade debts	11	228,908	268,897
Loans and advances		172,306	85,360
Trade deposits and short term prepayments		130,093	65,686
Other receivables		11,432	9,046
Taxation - net		151,162	145,757
Cash and bank balances		24,940	25,010
Non-current assets held for sale		358,800	358,800
		1,791,540	1,606,893
		3,570,111	3,406,799
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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
		200,000	200,000
Issued, subscribed and paid-up capital	12	107,640	107,640
Reserves		(413,469)	(378,866)
Surplus on revaluation of property, plant and equipment		1,188,080	1,194,276
		882,251	923,050
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		41,151	41,151
Liabilities against assets subject to finance lease		34,942	43,291
Deferred income		6,131	6,536
GDC payable		50,954	50,954
		133,178	141,932
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	1,189,176	1,033,279
Accrued markup		57,949	67,427
Short-term borrowings	14	1,226,272	1,159,018
Current portion of deferred income		1,625	2,434
Current portion of liabilities against assets subject to finance lease		30,586	30,585
Current portion of long-term financing		16,442	16,442
Taxation -net		15,919	15,919
Unclaimed dividend		16,713	16,713
		2,554,682	2,341,817
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>			
	15	3,570,111	3,406,799

The annexed notes from 1 to 26 form an integral part of these 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 THREE MONTHS ENDED SEPTEMBER 30, 2020

	Note	Three months ended	
		September 30, 2020	September 30, 2019
		(Rupees in '000)	
<b>Sales - gross</b>		<b>675,349</b>	787,725
Sales tax		<b>(102,211)</b>	(122,340)
<b>Sales - net</b>	16	<b>573,138</b>	665,385
Cost of sales	17	<b>(497,498)</b>	(573,952)
<b>Gross profit</b>		<b>75,640</b>	91,433
Distribution cost		<b>(32,685)</b>	(36,153)
Administrative expenses		<b>(35,652)</b>	(38,157)
Other expenses		<b>(10,229)</b>	(8,959)
Other income		<b>13,691</b>	39,662
<b>Operating profit</b>		<b>10,765</b>	47,826
Finance costs		<b>(41,104)</b>	(55,668)
<b>(Loss) before taxation</b>		<b>(30,339)</b>	(7,842)
Taxation			
Current		<b>(10,460)</b>	(11,808)
Deferred		<b>-</b>	(3,000)
		<b>(10,460)</b>	(14,808)
<b>Net (loss) for the period</b>		<b>(40,799)</b>	(22,650)
<b>Earnings per share - basic and diluted (Rupees)</b>	18	<b>(3.79)</b>	(2.10)

The annexed notes from 1 to 26 form an integral part of these 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 THREE MONTHS ENDED SEPTEMBER 30, 2020

	Three months ended	
	September 30, 2020	September 30, 2019
	(Rupees in '000)	
Note		
(Loss) for the period	<b>(40,799)</b>	(22,650)
Other comprehensive income	-	-
Total comprehensive (loss) for the period	<b><u>(40,799)</u></b>	<b><u>(22,650)</u></b>

The annexed notes from 1 to 26 form an integral part of these 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 THREE MONTHS ENDED SEPTEMBER 30, 2020

	Note	Three months ended	
		September 30, 2020	September 30, 2019
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	19	8,441	190,601
Finance cost paid		(50,582)	(40,527)
Taxes paid		(15,865)	(8,373)
<b>Net cash generated from / (used in) operating activities</b>		<b>(58,006)</b>	<b>141,701</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(1,311)	(4,939)
Addition to intangible assets		-	(59)
Long term security deposits		330	385
Interest received		11	9
<b>Net cash used in investing activities</b>		<b>(970)</b>	<b>(4,604)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of liabilities against assets subject to finance lease		(8,348)	(11,576)
Short term borrowings - net		-	(135,674)
Dividend paid		-	(44)
<b>Net cash used in financing activities</b>		<b>(8,348)</b>	<b>(147,294)</b>
Net increase / (decrease) in cash and cash equivalents		(67,324)	(10,197)
Cash and cash equivalents at the beginning of the period		(607,403)	(667,685)
Cash and cash equivalents at the end of the period		(674,727)	(677,882)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		24,920	16,662
Short-term borrowings		(699,667)	(694,544)
		(674,747)	(677,882)

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

# Condensed Interim Statement of Changes in Equity

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

	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
Transferred from general reserve to unappropriated profit	-	-	-	(160,000)	160,000	-	-
Total comprehensive (loss) for the three months ended September 30, 2019	-	-	-	-	(22,650)	(22,650)	(22,650)
Net (loss) for the period	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	(22,650)	(22,650)	(22,650)
Transferred from Surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	(6,196)	-	6,196	-	-
Balance as at September 30, 2019	107,640	5,655	1,035,186	-	(64,240)	976,601	1,084,241
<b>Balance as at July 1, 2020</b>	<b>107,640</b>	<b>5,655</b>	<b>1,194,276</b>	<b>-</b>	<b>(384,521)</b>	<b>815,410</b>	<b>923,050</b>
Total comprehensive (loss) for the three months ended September 30, 2020	-	-	-	-	(40,799)	(40,799)	(40,799)
Net (loss) for the period	-	-	-	-	-	-	-
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	-	-
<b>Balance as at September 30, 2020</b>	<b>107,640</b>	<b>5,655</b>	<b>1,188,080</b>	<b>-</b>	<b>(419,124)</b>	<b>774,611</b>	<b>882,251</b>

The annexed notes from 1 to 26 form an integral part of these 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 THREE MONTHS ENDED SEPTEMBER 30, 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, 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 Three months ended September 30, 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.

## 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, 2020.

## 6. TAXATION

The provisions for taxation for the three months ended September 30, 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 2021 as stipulated through Finance Act 2020.

		<b>September 30, 2020 (Un-audited)</b>	June 30, 2020 (Audited)
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>		
		.....(Rupees in '000).....	
Operating fixed assets	7.1	<b>1,548,097</b>	1,569,762
Capital work-in-progress	8	<b>8,994</b>	7,683
		<b>1,557,091</b>	<b>1,577,445</b>
<b>7.1 Operating fixed assets</b>			
Opening net book value (NBV)		<b>1,569,762</b>	1,805,036
Revaluation surplus		-	177,678
Additions / transfers during the period at cost	7.1.1	-	31,401
		<b>1,569,762</b>	<b>2,014,115</b>
Disposals during the period / year at NBV	7.1.2	-	(35)
Depreciation charge for the period / year		<b>(21,665)</b>	(85,518)
Transfer to non-current assets held for sale		-	(358,800)
		<b>(21,665)</b>	<b>(444,353)</b>
Closing net book value NBV		<b>1,548,097</b>	1,569,762
<b>7.1.1 Detail of additions (at cost) during the period / year are as follows:</b>			
<b>Owned</b>			
Factory building on freehold and leasehold land		-	110
Plant and machinery		-	29,070
Office and factory equipment		-	457
<b>Right-of-use-assets</b>			
Building		-	1,764
		-	31,401

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

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
.....(Rupees in '000).....			
Owned			
Vehicle & transportation equipment		-	35
		-	35
<b>8 CAPITAL WORK IN PROGRESS</b>			
Buildings on leasehold land		2,775	2,775
Plant and machinery		6,219	4,908
		<b>8,994</b>	<b>7,683</b>
<b>8.1 Movement of carrying amount is as follows:</b>			
Opening balance		7,683	4,226
Additions (at cost) during the period / year		1,311	33,529
		<b>8,994</b>	<b>37,755</b>
Transfer to operating fixed assets during the period / year		-	(30,072)
Written off		-	-
Closing balance		<b>8,994</b>	<b>7,683</b>
<b>9 LONG-TERM INVESTMENT</b>			
Investment in associate		5,000	5,000
Less: Impairment in value		(5,000)	(5,000)
	9.1	-	-
<b>9.1</b> The Company has 48.04 percent (June 30 2020: 48.04 percent) shareholding i.e 625,000 (June 30, 2020: 625,000) ordinary shares of Rs.10/- each of Berdex Construction Chemicals (Private) Limited.			
<b>10 STOCK-IN-TRADE</b>	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
.....(Rupees in '000).....			
Raw materials			
in hand		142,335	125,994
in transit		78,381	16,529
		<b>220,716</b>	<b>142,523</b>
Work-in-process		155,653	141,612
Finished goods			
manufactured		231,762	249,918
trading		57,135	63,615
	10.1	<b>288,897</b>	<b>313,533</b>
		<b>665,266</b>	<b>597,668</b>
<b>10.1</b> Finished goods are net off provision of Rs. 88.561 million (June 30, 2019: Rs.98.296 million).			
<b>11 TRADE DEBTS</b>	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
.....(Rupees in '000).....			
Considered good		228,908	268,897
Considered doubtful		235,517	235,517
		464,425	504,414
Provision for doubtful debts		(235,517)	(235,517)
		<b>228,908</b>	<b>268,897</b>

## 12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

September 30, 2020 (Un-audited)	June 30, 2020 (Audited)		September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
Number of shares			(Rupees in '000)	
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
<b>10,763,959</b>	<b>10,763,959</b>		<b>107,640</b>	<b>107,640</b>

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.

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

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		(Rupees in '000)	
Trade creditors		826,088	696,787
Accrued liabilities		70,609	85,680
Advance from customers		182,210	140,150
Advance from tenants		8,041	1,932
Security deposits from distributors and others		13,860	13,860
Workers' Profit Participation Fund payable		932	932
Workers' Welfare Fund		6,766	6,766
Sales tax and excise duty payable		2,936	8,619
Infrastructure cess payable		40,387	40,387
Current portion of GIDC payable		36,396	36,395
Others		951	1,771
		<b>1,189,176</b>	<b>1,033,279</b>

## 14 SHORT TERM BORROWINGS

	Note	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
		(Rupees in '000)	
<b>Secured</b>			
Karobar finance	14.1	240,000	240,000
Running finance	14.2	699,667	632,413
Finance against trust receipts	14.3	136,966	136,966
Tijarah finance	14.4	149,639	100,000
Murabaha finance	14.4	-	49,639
		<b>1,226,272</b>	<b>1,159,018</b>

14.1 This facility has been obtained from Bank Islami Pakistan Limited aggregating to Rs. 240 million (June 30, 2020: Rs. 240 million). The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property, plant and equipment of Rs. 333.33 million ( June 30, 2020: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 11.25 to 14.25 percent (June 30, 2020: 13.75 to 14.25 percent) per annum.

- 14.2** These facilities have been obtained from National Bank of Pakistan and Sindh Bank Limited aggregating to Rs. 700 million (June 30, 2020: Rs. 700 million) out of which Rs. 0.333 million (June 30, 2020: Rs. 67.587 million) remains unutilized as at the balance sheet date. These facilities are secured by creation of first pari-passu charge against hypothecation of the Company's stock in trade, trade debts and property, plant and equipment of Rs. 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 9.51 to 10.76 percent (June 30, 2020: 13.47 to 17.35 percent) per annum.
- 14.3** This represent working capital facilities availed from Bank of Punjab of Rs. 150 million (June 30, 2020: Rs. 150 million) 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** This facility of Rs.150 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 (Sunder factory) located at Lahore and company's stock in trade.

## 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 these financial statements.

- 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

	<b>September 30, 2020 (Un-audited)</b>	June 30, 2020 (Audited)
	.....(Rupees in '000).....	
Outstanding letters of credit	<b>460,360</b>	139,502
Outstanding letter of guarantee	<b>99,366</b>	96,742
Postdated cheques	<b>71,710</b>	271,681
Outstanding contracts	<b>437,678</b>	425,385
Duties payable on goods in transit	<b>28,356</b>	35,205
	<b>1,097,470</b>	968,515

## 16 SALES

	<b>Three months ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	.....(Rupees in '000).....	

Local sales	<b>666,402</b>	787,725
Export sales	<b>8,947</b>	-
Gross sales	<b>675,349</b>	787,725
Sales tax	<b>(102,211)</b>	(122,340)
	<b>573,138</b>	665,385

## 17 COST OF SALES

	<b>Three months ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	.....(Rupees in '000).....	

### Manufactured goods

Raw materials consumed		
Opening stock	<b>142,523</b>	214,965
Purchase	<b>447,114</b>	534,360
Closing stock	<b>(220,716)</b>	(282,769)
Raw materials consumed	<b>368,921</b>	466,556

### Manufacturing overheads

Stores and spares consumed	<b>11,668</b>	12,605
Salaries, wages and other benefits	<b>36,226</b>	29,741
Procured services	<b>6,566</b>	12,137
Fuel, water and power	<b>36,463</b>	41,799
Insurance	<b>1,158</b>	1,158
Travelling	<b>20</b>	8
Communication	<b>277</b>	302
Depreciation	<b>13,487</b>	12,877
Rent, rates and taxes	<b>1,705</b>	1,394
Repairs and maintenance	<b>7,586</b>	6,131
Printing and stationary	<b>153</b>	193
Other expenses	<b>442</b>	441
	<b>115,751</b>	118,786
	<b>484,672</b>	585,342

### Work-in-process

Opening stock	<b>141,612</b>	141,342
Closing stock	<b>(155,653)</b>	(145,465)
Cost of goods manufactured	<b>470,631</b>	581,219

### Finished goods

Opening stock	<b>249,918</b>	196,480
Closing stock	<b>(231,762)</b>	(236,746)
	<b>488,787</b>	540,953

### Trading goods

Opening stock	<b>63,615</b>	101,487
Purchase	<b>2,231</b>	(3,574)
Closing stock	<b>(57,135)</b>	(64,914)
	<b>8,711</b>	32,999
	<b>497,498</b>	573,952

## 18 EARNING PER SHARE - BASIC AND DILUTED

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

	<b>Three months ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	.....(Rupees in '000).....	

Net Loss for the year (in thousands)	<b>(40,799)</b>	(22,650)
Weighted average number of ordinary shares (in thousands)	<b>10,764</b>	10,764
Earnings per share basic and diluted	<b>(3.79)</b>	(2.10)



## 19 CASH GENERATED FROM OPERATIONS

	<b>Three months ended</b>	
	<b>September 30, 2020</b>	September 30, 2019
	..... (Rupees in '000) .....	
Loss before taxation	(30,339)	(7,842)
Adjustment for non-cash and other items		
Depreciation		
Property, plant and equipment	21,665	20,891
Investment property	630	631
Amortization	21	42
Gain on disposal of property, plant and equipment	-	-
Interest income	(11)	(9)
Finance costs	41,104	55,668
Amortization of deferred income	(1,214)	(1,215)
Provision against doubtful debts	-	-
Working capital changes	19.1 (23,415)	122,435
	<u>8,441</u>	<u>190,601</u>

### 19.1 Working capital changes

	<b>Three months ended</b>	
	<b>September 30, 2020</b>	September 30, 2019
	..... (Rupees in '000) .....	
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	2,036	(1,674)
Stock in trade	(67,598)	(75,618)
Trade debts	39,989	(90,533)
Loans and advances	(86,946)	(62,404)
Trade deposits and short-term prepayment	(64,407)	(3,178)
Other receivable	(2,386)	(1,735)
	<u>(179,312)</u>	<u>(235,142)</u>
Increase / (decrease) in current liabilities		
Trade and other payable	155,897	357,577
	<u>(23,415)</u>	<u>122,435</u>

## 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	<b>Three months ended</b>	
		<b>September 30, 2020</b>	September 30, 2019
		..... (Rupees in '000) .....	
Sikander (Private) Limited (Holding Company)	Rent Paid	<u>1,127</u>	<u>1,024</u>
Berger Paints Pakistan Limited (Associated Companies)	Purchase of goods	<u>226</u>	<u>-</u>
Provident fund	Contribution to staff retirement benefit plans	<u>2,172</u>	<u>2,426</u>
Key management personnel	Remuneration and other benefits	<u>9,973</u>	<u>10,137</u>
		<b>September 30, 2020</b>	June 30, 2020
		<b>(Un-audited)</b>	<b>(Audited)</b>

### 20.2 Period / year end balances

Receivable from associated companies / undertakings	<u>104</u>	104
Payable to related parties	<u>(1,497)</u>	<u>(173)</u>

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

	Chrysolite Cement	Plastic	Others	Total
(Rupees in '000)				
<b>Three months ended September 30, 2020 (Unaudited)</b>				
Turnover	174,381	398,757	-	573,138
Segment result	<u>2,699</u>	<u>4,604</u>	<u>-</u>	<u>7,303</u>
Unallocated expenses				
Other operating expenses				(10,229)
Other income				13,691
Finance costs				(41,104)
Taxation				<u>(10,460)</u>
Net loss for the period				<u>(40,799)</u>
<b>Three months ended September 30, 2019 (Unaudited)</b>				
Turnover	170,654	494,731	-	665,385
Segment result	<u>8,667</u>	<u>8,456</u>	<u>-</u>	<u>17,123</u>
Unallocated expenses				
Other operating expenses				(8,959)
Other income				39,662
Finance costs				(55,668)
Taxation				<u>(14,808)</u>
Net loss for the period				<u>(22,650)</u>

### 21.2 Segment assets and liabilities

#### September 30, 2020 (Un-audited)

Segment assets	<u>507,557</u>	<u>585,618</u>	<u>1,224,623</u>	2,317,798
Unallocated corporate assets				1,252,313
Total assets				<u>3,570,111</u>
Segment liabilities	<u>504,002</u>	<u>565,260</u>	<u>12,744</u>	1,082,026
Unallocated corporate liabilities				1,605,834
Total liabilities				<u>2,687,860</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

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 value as of the reporting date.

#### **24 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on October 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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Eternit  
Limited**

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