

A better
world ahead...

FINANCIAL STATEMENTS

2022

FOR THE NINE
(9) MONTHS ENDED
MARCH 31, 2022
(UNAUDITED)

DADEX

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COMPANY INFORMATION

Board of Directors	Abu Talib H.K Dada - Chairman	(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)
	Sikander Dada	(Chief Executive Officer)

Chief Financial Officer	Muhammad Yousuf
Company Secretary	Faisal Saeed Khan
Head of Internal Audit	Irfan Aziz

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	Sikander Dada - Chief Executive Officer
	Tanveer Saleem- Chief Operating Officer (Technical & Operations)
	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

Directors' Review

On behalf of the Board of Directors we take pleasure in presenting the unaudited accounts of the company for the nine months ended March 31st, 2022.

During the period under review, the Company went through some challenging issues with regard to liquidity. Dadex continues to have an extremely strong brand name in spite of the recent challenges. Massive devaluation of the Pak Rupee, supply and logistical issues due to the Ukrainian Crises, lockdown in China and Europe, increased bank interest rates, high fuel and transport prices were the main factors which affected the company.

Due to the above reasons, the company experienced relatively lower sales for these nine months in comparison to the corresponding period of last year. The Company had a net sales value of Rs. 1.270 billion, while Gross Profit decreased to Rs. 217.91 million. However, during the period under review the financial cost made a major impact of Rs. 93.76 million and led to contribute a net loss before taxation of Rs. 71.42 million, resulting in loss per share of Rs. 8.66.

The recent volatility in raw material prices, weakening of Pak Rupees against US Dollar posed serious challenges to the business. To mitigate these risks the Management is trying to explore new sources of raw material and strict control on working capital requirements. The Management team is continuing to focus on broadening customer base and explore new markets by minimizing the negative impact and trying to unfold all options for delivering positive results by leveraging its strong brand name to achieve a more profitable future. Rest assured that they are taking all reasonable measures to protect the company's profits

The Board of Directors kept a close eye on the business's performance, optimizing costs and processes to ensure continued growth, but the broader macroeconomic environment is more than a challenge to both the company and country, during these trying times.

We would like to express our gratitude for our employees' continued commitment and the patronage of our customers and all our stakeholders who have continuously supported the Company

Karachi: April 27, 2022,



Sikander Dada
Chief Executive Officer

On Behalf of the Board of Directors



Shahzad M. Husain
Director

DADEX ETERNIT LIMITED
Condensed Interim Statement of Financial Position
AS AT MARCH 31, 2022 (Un-audited)

DADEX

		March 31, 2022 (Un-audited) (Rupees in thousands)	June 30, 2021 (Audited)
ASSETS	Note		
NON - CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	7	1,441,605	1,495,189
Capital work in progress	8	2,667	6,778
Intangible assets		141	214
Investment property		29,821	31,725
Long-term loans and advances		1,107	1,127
Long-term security deposits		22,470	23,011
Deferred tax asset		163,597	163,597
		<u>1,661,408</u>	<u>1,721,641</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		46,154	44,785
Stock-in-trade	9	459,765	460,667
Trade debts	10	120,842	140,686
Loans and advances		108,056	67,528
Trade deposits and short term prepayments		78,050	99,497
Other receivables		11,947	14,166
Income tax refund due from Government		129,838	129,838
Taxation - net		64,724	49,007
Cash and bank balances		46,287	32,701
Non - current assets held for sale		358,800	358,800
		<u>1,424,463</u>	<u>1,397,675</u>
TOTAL ASSETS		<u>3,085,871</u>	<u>3,119,316</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,000,000 (June 30, 2021: 12,000,000) ordinary shares of Rs. 10 each		120,000	120,000
8,000,000 (June 30, 2021: 8,000,000) 'B' class ordinary shares of Rs. 10 each		80,000	80,000
		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	11	107,640	107,640
Reserves		(467,681)	(393,089)
Surplus on revaluation of property, plant and equipment		1,150,901	1,169,490
		<u>790,860</u>	<u>884,041</u>
NON - CURRENT LIABILITIES			
Deferred income		-	421
Long-term financing		-	15,612
GIIC payable		-	24,662
Liabilities against assets subject to finance lease		-	16,218
		-	<u>56,913</u>
CURRENT LIABILITIES			
Trade and other payables	12	1,100,785	1,048,543
Short-term borrowings	13	1,068,444	1,005,334
Accrued markup		33,500	53,452
Current portion of deferred income		-	2,434
Current portion of long term financing		30,982	29,630
Current portion of liabilities against assets subject to finance lease		19,604	22,203
Loan from directors		25,000	0
Unclaimed dividend		16,696	16,766
		<u>2,295,011</u>	<u>2,178,362</u>
TOTAL EQUITY AND LIABILITIES		<u>3,085,871</u>	<u>3,119,316</u>
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The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

DADEX ETERNIT LIMITED
Condensed Interim Statement of Profit or Loss
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (Un-audited)

		Nine months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Note		(Rupees in thousands)			
Sales - gross		1,509,152	2,548,307	527,140	908,091
Sales tax		(238,525)	(387,379)	(84,907)	(138,859)
Sales - net	15	1,270,627	2,160,928	442,233	769,232
Cost of sales	16	(1,052,713)	(1,848,539)	(364,283)	(640,566)
Gross profit		217,914	312,389	77,950	128,666
Distribution cost		(70,308)	(108,719)	(25,697)	(36,773)
Administrative expenses		(90,491)	(104,228)	(28,195)	(32,293)
Other expenses		(76,830)	(29,282)	(16,623)	(13,462)
Other income		42,049	160,326	14,943	28,405
Operating profit		22,334	230,486	22,378	74,543
Finance costs		(93,762)	(120,462)	(34,782)	(41,190)
(Loss) /profit before taxation		(71,428)	110,024	(12,404)	33,353
Taxation					
Current		(21,753)	(38,103)	(7,624)	(13,583)
Prior		-	-	-	-
Deferred		-	(12,200)	-	(7,200)
		(21,753)	(50,303)	(7,624)	(20,783)
Net (loss) /profit for the period		(93,181)	59,721	(20,028)	12,570
Earnings per share - basic and diluted (Rupees)	17	(8.66)	5.55	(1.86)	1.17

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

DADEX ETERNIT LIMITED
Condensed Interim Statement of Comprehensive Income
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousands)			
(Loss) / profit for the period	(93,181)	59,721	(20,028)	12,570
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(93,181)</u>	<u>59,721</u>	<u>(20,028)</u>	<u>12,570</u>

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER



DADEX ETERNIT LIMITED
Condensed Interim Statement of Cash Flows
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (Un-audited)

		Nine months ended	
		March 31, 2022	March 31, 2021
Note		(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash generated from operations	18 108,625	248,209
	Finance cost paid - net	(113,714)	(123,296)
	Taxes refundable / (paid)	(37,470)	(40,338)
	Net cash (used in) / generated from operating activities	(42,559)	84,575
CASH FLOWS FROM INVESTING ACTIVITIES			
	Capital expenditure	237	(4,501)
	Addition to intangible assets	-	(227)
	Proceeds from disposal of fixed assets	345	
	Long term security deposits / advances	561	5,361
	Interest received	39	35
	Net cash generated from investing activities	1,182	668
CASH FLOWS FROM FINANCING ACTIVITIES			
	Liabilities against assets subject to finance lease	(18,817)	(30,136)
	Long-term financing	(14,260)	(4,580)
	Short term borrowings - net	112,944	(97,075)
	Loan from Directors	25,000	-
	Dividend paid	(70)	54
	Net cash generated / (used in) from financing activities	104,797	(131,737)
	Net increase / (decrease) in cash and cash equivalents	63,420	(46,494)
	Cash and cash equivalents at the beginning of the period	(659,830)	(607,403)
	Cash and cash equivalents at the end of the period	(596,410)	(653,897)
CASH AND CASH EQUIVALENTS			
	Cash and bank balances	46,287	38,635
	Short-term borrowings	(642,697)	(692,532)
		(596,410)	(653,897)

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

DADEX ETERNIT LIMITED
Condensed Interim Statement of Changes in Equity
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (Un-audited)

DADEX

Issued, subscribed and paid-up capital	Reserves				Total	Grand total	
	Capital reserve		Revenue reserve				
	Share premium	Revaluation surplus	General reserve	Accumulated losses			
(Rupees in thousands)							
Balance as at July 1, 2020	107,640	5,655	1,194,276	-	(384,521)	815,410	923,050
Transfer from general reserve to unappropriated profit	-	-	-	-	-	-	-
Total comprehensive profit for the nine months ended March 31, 2021							
Net profit for the period	-	-	-	-	59,721	59,721	59,721
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
Balance as at July 1, 2021	107,640	5,655	1,169,490	-	(398,744)	776,401	884,041
Total comprehensive profit/(loss) for the nine months ended March 31, 2022							
Net loss for the period	-	-	-	-	(93,181)	(93,181)	(93,181)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(93,181)	(93,181)	(93,181)
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, 2022	107,640	5,655	1,150,901	-	(473,336)	683,220	790,860

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

DADEX ETERNIT LIMITED**Notes to The Condensed Interim Financial Statements****FOR THE NINE MONTHS ENDED MARCH 31, 2022 (Un-audited)****1 THE COMPANY AND ITS OPERATIONS**

- 1.1 Dadex Eternit Limited ("the Company") was incorporated in Pakistan as a public limited company on April 13, 1959 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and its ordinary shares are listed on Pakistan Stock Exchange. The principle business of the Company is to manufacture and sell construction material, which mainly includes piping systems and other allied products manufactured from chrysotile cement, rubber and plastics, merchandising of imported pipe fittings, accessories and other building product.
- 1.2 As at balance sheet date, Sikandar (Private) Limited (the Holding Company) holds 6,800,648 ordinary shares representing 63.18% shareholding.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at Dadex House, 34-A/1, Block 6, P.E.C.H.S, Sharah-e-Faisal, Karachi. The Company has three factories which are located at the following locations:

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

3 BASIS OF PREPARATION**3.1 Statement of compliance**

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

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 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 nine months ended March 31, 2022.

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.

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 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 nine months and quarter ended March 31, 2022, 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 2020.

		March 31, 2022 (Un-audited) (Rupees in thousands)	June 30, 2021 (Audited)
	Note		
7 OPERATING FIXED ASSETS			
Fixed assets	7.1	1,362,837	1,407,877
Right-of-use assets	7.2	78,768	87,312
		<u>1,441,605</u>	<u>1,495,189</u>
7.1 Fixed assets			
Opening net book value (NBV)		1,407,877	1,436,219
Revaluation surplus		-	-
Transfer during the period from right-of-use assets		1,172	-
Additions / transfers during the period / year at cost	7.1.1	<u>3,808</u>	<u>39,671</u>
		<u>1,412,857</u>	<u>1,475,890</u>
Disposals during the period / year at NBV	7.1.2	<u>(50,020)</u>	<u>-</u>
Depreciation charge for the period / year		<u>(50,020)</u>	<u>(68,013)</u>
Transfer to non-current assets held for sale		<u>-</u>	<u>-</u>
		<u>(50,020)</u>	<u>(68,013)</u>
Closing net book value (NBV)		<u>1,362,837</u>	<u>1,407,877</u>

March 31, June 30,
2020 2021
(Un-audited) (Audited)
(Rupees in thousands)

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

Owned

Freehold land	-	-
Factory building on freehold and leasehold land	2,749	-
Plant and machinery	93	35,605
Vehicles and transportation equipments	703	2,449
Office and factory equipments	263	1,617
Furniture and fixtures	-	-
	<u>3,808</u>	<u>39,671</u>

7.2 Right-of-use assets

Opening net book value	87,312	133,543
Addition during the period	-	1,497
Transfer during the period to own assets	(1,172)	(33,653)
Depreciation charge during the period / year	<u>(7,372)</u>	<u>(14,075)</u>
Closing net book value	<u>78,768</u>	<u>87,312</u>

8 CAPITAL WORK IN PROGRESS

Buildings on leasehold land	0	5,438
Plant and machinery	2,636	1,340
Office and factory equipments	31	-
	<u>2,667</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	<u>(303)</u>	<u>5,342</u>
	6,475	13,025
Transfer to operating fixed assets during the period / year	<u>(3,808)</u>	<u>(6,247)</u>
Closing balance	<u>2,667</u>	<u>6,778</u>

March 31, June 30,
2022 2021
(Un-audited) (Audited)
(Rupees in thousands)

9 STOCK-IN-TRADE

Raw materials		
in hand	116,054	96,811
in transit	44,693	25,750
	<u>160,747</u>	<u>122,561</u>
Work-in-process	78,325	97,816
Finished goods		
manufactured	164,905	200,182
trading	55,788	40,108
	<u>220,693</u>	<u>240,290</u>
9.1	<u>459,765</u>	<u>460,667</u>

9.1 Finished goods are net off provision of Rs. 101.355 million (June 30, 2021: Rs.93.603 million).

10 TRADE DEBTS

(Unsecured - considered good)		
Export	244	244
Local	120,598	140,442
	<u>120,842</u>	<u>140,686</u>
(Unsecured - considered doubtful)		
Due from Turnkey project	17,414	17,414
Due from Others	182,693	174,088
	<u>200,107</u>	<u>191,502</u>
	320,949	332,188
Provision for expected credit losses		
Turnkey project	(17,414)	(17,414)
Others	(182,693)	(174,088)
10.1	<u>(200,107)</u>	<u>(191,502)</u>
	<u>120,842</u>	<u>140,686</u>

	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
Note	(Rupees in thousands)	

10.1 Provision for expected credit losses - others

Opening balance	174,088	218,103
Charge during the period	8,605	-
Reversal of the provision	-	(44,015)
Written off	-	-
Closing balance	<u>182,693</u>	<u>174,088</u>

11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

March 31, 2022	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>

11.1 Ordinary shares include 4,090,536 shares of B class of Rs.10/- each converted into and deemed to be ordinary shares on disposal by a foreign shareholder, in prior years, in accordance with the Articles of Association of the Company.

11.2 The Holding Company holds 6,800,648 (June 30, 2021: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2021: 63.18 percent) shareholding as at the balance sheet date.

12 TRADE AND OTHER PAYABLES

Trade creditors	653,143	647,903
Accrued liabilities	108,742	81,043
Advance from customers	199,605	204,621
Advance from tenants	4,820	2,399
Security deposits from distributors and others	14,090	13,860

	March 31, 2022 (Un-audited) (Rupees in thousands)	June 30, 2021 (Audited)
Note		
Workers' Profit Participation Fund payable	932	932
Workers' Welfare Fund	7,557	7,557
Infrastructure cess payable	40,965	38,707
Payable to employees	15,244	15,244
Current portion of GIDC payable	30,425	11,189
Withholding tax	24,278	24,278
Others	984	810
	<u>1,100,785</u>	<u>1,048,543</u>

13 SHORT TERM BORROWINGS

Secured			
Karobar finance	13.1	214,100	212,803
Running finance	13.2	642,697	692,531
Tijarah finance	13.3	100,000	100,000
Istisna finance	13.4	111,647	-
		<u>1,068,444</u>	<u>1,005,334</u>

- 13.1 This facility has been obtained from Bank Islami aggregating to Rs. 216 million (June 30, 2021: Rs. 240 million) out of which Rs. 1.9 million (June 30, 2021: Rs. nil) remains unutilized as at the date of statement of financial position. The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property, plant and equipment of Rs. 333.33 million (June 30, 2021: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 12.05% to 15.05% (June 30, 2021: 10.68% to 16.58%) per annum.
- 13.2 These facilities have been obtained from National Bank of Pakistan and Sindh Bank Limited aggregating to Rs. 642.772 million (June 30, 2021: Rs. 692.778 million) out of which Rs. 0.075 million (June 30, 2021: Rs. 0.25 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, 2021: 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 10.54 to 14.04 percent (June 30, 2021: 13.47 to 17.35 percent) per annum.

- 13.3 An overall facility of Rs. 100 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, 2021: 6 months KIBOR plus 3%).
- 13.4 An overall facility of Rs. 150 million (June 30, 2021: nil) has been obtained from Habib Metropolitan Bank under Istisna financing. The facility is secured by 100% cash collateralized in shape of Lien on Islamic Naya Pakistan Certificate (INPC) place by three shareholders of the Company, of equivalent amount as proposed. The financing facility carries markup at 6 months KIBOR plus 2% (June 30, 2021: nil).

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- 14.1.1 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 judice 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.

14.1.2 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.

14.1.3 During the year ended June 30, 2021, the Company has created a provision amounting to Rs. 10.7 million in respect of compensation to the retrenched labor which might arise as a result of Complaint to Directorate of Labor (West Division) by Labor of the Company. However, the final liability depends on decision of relevant authority.

14.2 Commitments

	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	(Rupees in thousands)	
Outstanding letters of credit	15,071	159,796
Outstanding letter of guarantee	96,742	96,742
Postdated cheques	16,619	162,943
Outstanding contracts	550,505	347,289
Duties payable on goods in transit	27,920	1,142
	<u>706,857</u>	<u>767,912</u>

15 SALES

	Nine month ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	------(Rupees in thousands)-----			
	------(Un-audited)-----			
Local sales	1,509,152	2,515,568	527,140	894,105
Export sales	-	32,739	-	13,986
Gross sales	1,509,152	2,548,307	527,140	908,091
Less:				
Sales tax	(238,525)	(387,379)	(84,907)	(138,859)
	1,270,627	2,160,928	442,233	769,232

16 COST OF SALES

Manufactured goods				
Raw materials consumed				
Opening stock	122,561	142,523	191,087	206,560
Purchase	802,983	1,296,135	220,975	259,375
Closing stock	(160,747)	(70,877)	(160,747)	(70,877)
Raw materials consumed	764,797	1,367,781	251,315	395,058
Manufacturing overheads				
Stores and spares consumed	14,067	51,957	4,832	25,472
Salaries, wages and other benefits	38,459	119,378	12,422	37,418
Procured services	38,657	21,210	11,973	7,257
Fuel, water and power	48,675	112,316	16,151	30,251
Insurance	3,579	3,178	1,421	1,010
Travelling	70	49	13	14
Communication	484	750	114	227
Depreciation	39,330	39,546	13,039	12,690
Rent, rates and taxes	3,115	6,003	665	2,644
Repairs and maintenance	5,401	24,906	1,522	7,018
Printing and stationary	129	530	18	128
Other expenses	865	1,708	239	397
	192,831	381,531	62,409	124,526
	957,628	1,749,312	313,724	519,584
Work-in-process				
Opening stock	97,816	141,612	83,489	141,081
Closing stock	(78,325)	(105,106)	(78,325)	(105,106)
Cost of goods manufactured	977,119	1,785,818	318,888	555,559
Finished goods				
Opening stock	200,182	249,918	190,625	289,318
Closing stock	(164,905)	(213,531)	(164,905)	(213,531)
	1,012,396	1,822,205	344,608	631,346
Trading goods				
Opening stock	40,108	63,615	59,021	51,629
Purchase	55,997	6,006	16,442	878
Closing stock	(55,788)	(43,287)	(55,788)	(43,287)
	40,317	26,334	19,675	9,220
	1,052,713	1,848,539	364,283	640,566

17 EARNING PER SHARE - BASIC AND DILUTED

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

	Nine month ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	------(Rupees in thousands)-----			
	------(Un-audited)-----			
Net (loss) / profit for the period	(93,181)	59,721	(20,028)	12,570
Weighted average number of ordinary shares	10,764	10,764	10,764	10,764
Earnings per share - basic and diluted (Rupees)	(8.66)	5.55	(1.86)	1.17

		Nine months ended	
		<u>March 31,</u>	<u>March 31,</u>
		2022	2021
		(Rupees in thousands)	
		(Un-audited)	
18 CASH GENERATED FROM OPERATIONS	Note		
(Loss) / profit before taxation		(71,428)	110,024
Adjustment for non-cash and other items			
Depreciation			
Property, plant and equipment		50,020	50,814
Right of use asset		7,372	11,159
Investment property		1,904	1,903
Amortization		73	75
Gain on disposal of property, plant and equipment		(278)	-
Interest income		(39)	(35)
Finance costs		93,762	120,462
Amortization of deferred income		(2,856)	(3,645)
Provision against doubtful debts		(8,605)	(10,458)
Working capital changes	18.1	38,700	(32,090)
		108,625	248,209
		Nine months ended	
		<u>March 31,</u>	<u>March 31,</u>
		2022	2021
		(Rupees in thousands)	
		(Un-audited)	
18.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(1,369)	6,966
Stock in trade		902	164,867
Trade debts		28,449	(73,089)
Loans and advances		(40,528)	(40,788)
Trade deposits and short-term prepayment		21,447	1,319
Other receivable		2,219	3,602
		11,120	62,877
(Decrease) / increase in current liabilities			
Trade and other payable		27,580	(94,967)
		38,700	(32,090)

19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.

- 19.1 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	Nine months ended		Quarter ended	
			March 31,	March 31,	March 31,	March 31,
			2022	2021	2022	2021
			----- (Rupees in thousands) -----			
			----- (Un-audited) -----			
Holding Company	Rent paid		1,296	1,127	-	-
Associated Companies /	Sales of goods		-	-	-	-
Undertakings	Purchase of goods		77	295	-	-
Provident fund	Contribution to staff retirement benefit plans		4,194	6,438	1,507	2,047
Key management personnel	Remuneration and other benefits		13,397	28,927	4,861	8,268
					March 31,	June 30,
					2022	2021
					(Un-audited)	(Audited)
			(Rupees in thousands)			

19.2 Period / year end balances

Receivable from associated companies / undertakings	-	104
Payable to related parties	-	295

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

20 OPERATING SEGMENTS

20.1 Segment Analysis

	Chrysotile Cement	Plastic	Others	Total
	----- (Rupees in thousands) -----			
Nine months ended March 31, 2022 (Unaudited)				
Turnover	337,436	933,191	-	1,270,627
Segment result	(22,807)	79,922	-	57,115
Unallocated expenses				
Other operating expenses				(76,830)
Other income				42,049
Finance costs				(93,762)
Taxation				(21,753)
Loss for the period				(93,181)
Nine months ended March 31, 2021 (Unaudited)				
Turnover	610,716	1,550,212	-	2,160,928
Segment result	15,872	83,570	-	99,442
Unallocated expenses				
Other operating expenses				(29,282)
Other income				160,326
Finance costs				(120,462)
Taxation				(50,303)
Net profit for the period				59,721

20.2 Segment assets and liabilities

March 31, 2022 (Un-audited)				
Segment assets	401,356	527,409	115,369	1,044,134
Unallocated corporate assets				2,041,737
Total assets				3,085,871
Segment liabilities	404,356	421,325	12,070	837,751
Unallocated corporate liabilities				1,457,260
Total liabilities				2,295,011
June 30, 2021 (Audited)				
Segment assets	407,594	507,622	115,971	1,031,187
Unallocated corporate assets				2,088,129
				3,119,316
Segment liabilities	396,937	438,805	11,469	847,211
Unallocated corporate liabilities				1,388,064
Total liabilities				2,235,275

21 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.

22 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.

23 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 27, 2022 by the Board of Directors of the Company.

24 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.

25 GENERAL

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


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DIRECTOR
CHIEF FINANCIAL OFFICER

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