



**ANNUAL  
REPORT  
2022**

[www.dadex.com](http://www.dadex.com)

**DADEX**





# 63<sup>rd</sup> ANNUAL REPORT

for the year ended June 30, 2022

**DADEX**



# Building Blocks of Dadex Values

The guiding vision of Dadex encompasses all of the company's intrinsic values.

Each value is a fundamental building block of the company's existence and subsistence.

These values – referred to as the "Building Blocks of Dadex Values" – reflect the true spirit of the company and its employees and are now the foundation of all business practices.



## Customer Focus

Superior Customer Support -  
Magnified Focus.



## Innovation

Boundless Thinking.  
Timeless Innovation.



## Quality

Quality Assured is  
Quality Delivered.



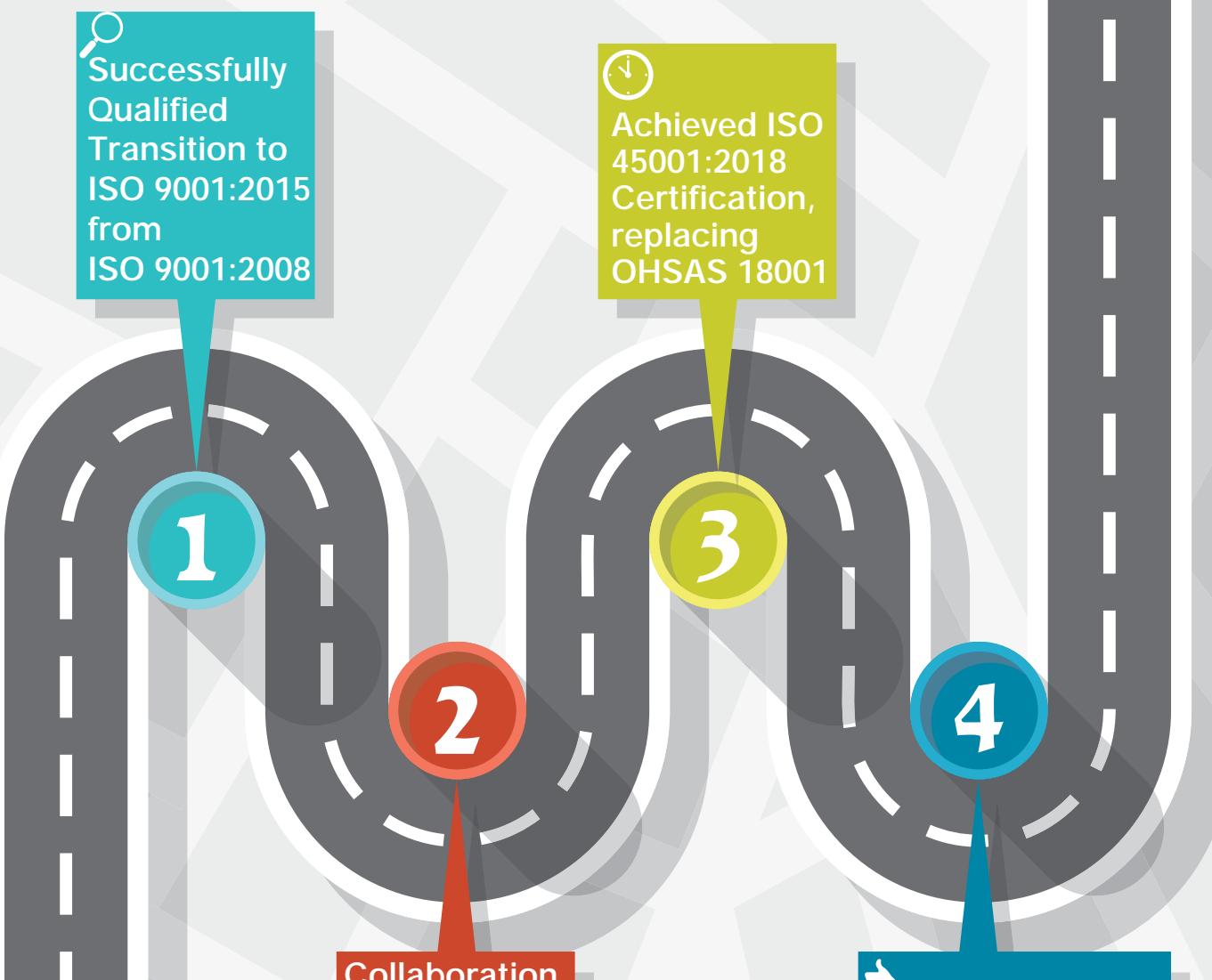
## Reliability

Reliability and Trust -  
A Secure Balance.



## Ethical Practices

Solid Links to  
Strong Principles.





**1**

### **Well-established in-house Quality Assurance Laboratory facility**

It's in our processes, Dadex in-house laboratories are in-line with global standards. With our state-of-the-art equipment, all our products are tested meticulously until perfection.

**2**

### **Collaboration with world's leading piping company**

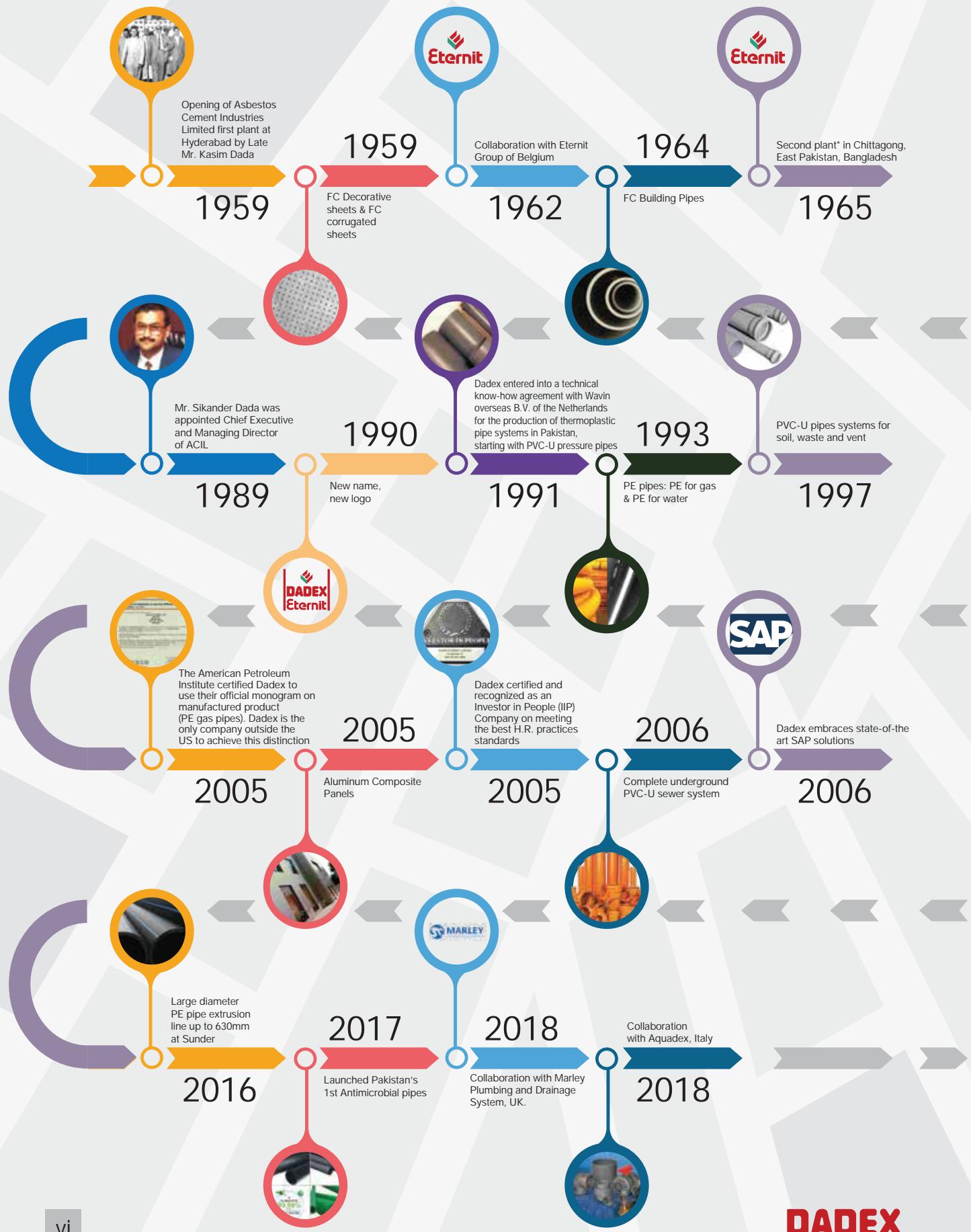
It's in our affiliations, Dadex represents Wavin (the world's largest plastic pipe company), Marley (the UK's leading plastic drainage company), and many other international companies, integrating ourselves in the global market.

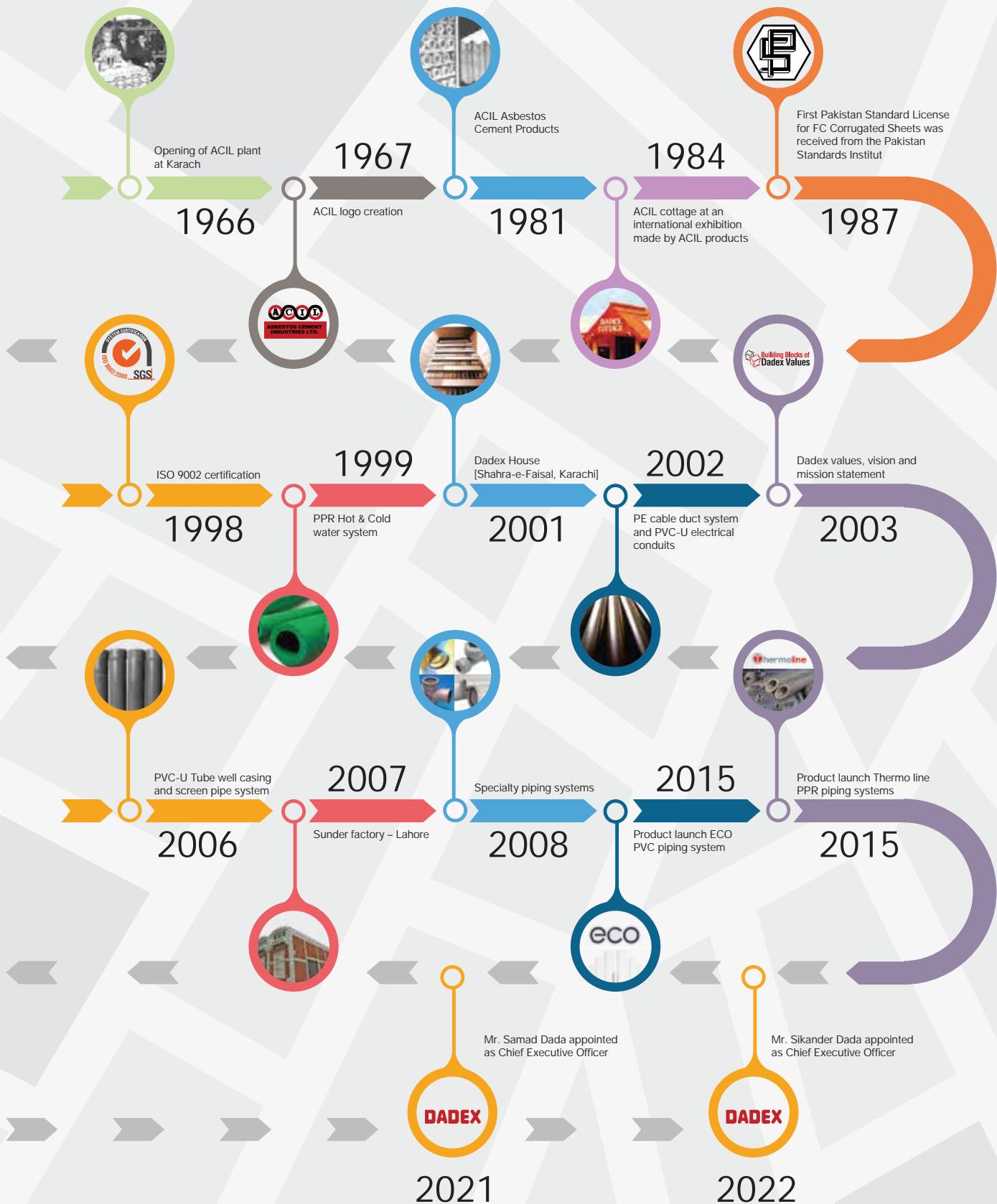
**3**

### **Always been ahead of the game**

Being the first company to manufacture pipes locally and go national with it, we know how to go the extra mile.

# DADEX History 1959 - 2022





# GEOGRAPHIC PRESENCE

Dadex is the leading building products manufacturing company. Our head office is situated at Karachi. We have 3 manufacturing facilities each at Karachi, Hyderabad & Lahore (Sundar Estate).

We have sales offices in Lahore, Multan, Faisalabad, Islamabad and Peshawar with a wide dealers / distributors network across the country.



# **DADEX**

## **PHILOSOPHY**

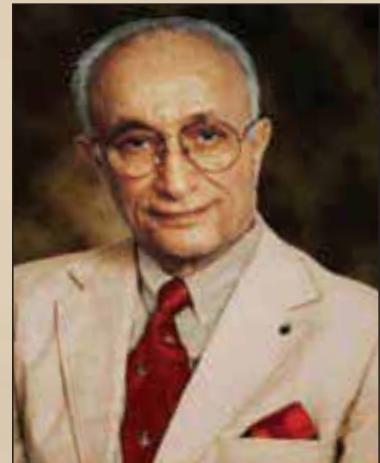
Our forte has been and continues to be, to manufacture and market innovative customer-oriented products. Focusing on superiority, reliability and durability - we believe that these characteristics must embody not just our products but also our business practices. We believe in transparency; integrity, sound business practices and in presenting the best products and services to customers at all times.

At Dadex, our aim is to continue to be an organization renowned for its principled approach in all spheres of work. Be it production of piping systems or roofing material or customer service - integrity is a force we believe in. And reliability is the foundation of all that we do.

63 years of existence has only strengthened our commitment. Excelling in piping systems, roofing materials, building products, irrigation systems and customer service - today, we stand poised to offer you the fundamentals upon which to build your future.

# FOUNDER CHAIRMAN

## KASSIM DADA (1919-2001)



### CHAIRMAN

Brooke Bond Pakistan Ltd.  
Berger Paints Pakistan Ltd.  
Dada Agencies Ltd.  
Dadex Eternit Limited  
Pakistan Welding Electrodes Ltd.  
Sikander (Pvt) Ltd.  
Smith Kline & French of Pakistan Ltd.  
J&N Pakistan Ltd.

### DIRECTOR

Adamjee Industries Ltd.  
Adamjee Sugar Mills Ltd.  
Adamjee Insurance Company Ltd.  
Central Chemical's (Pvt) Ltd.  
Dada (Pvt) Ltd.  
First International Investment Bank Ltd.  
First International Investment Fund Ltd.  
Habib Insurance Company Ltd.  
Mehran Jute Mills Ltd.  
Metropolitan Bank Ltd.  
State Bank of Pakistan.

Kassim Dada was an individual of principles. An astute businessman, a philanthropist, an avid traveller and a man committed to basic values – Kassim Dada's individuality influenced many to add meaning and significance to their lives.

Following the simple principle of fairness, clarity and sincere application to all things in life – he worked hard to make Dadex a company that would not only be recognized for its quality of work and products, but one which would be recognized for its integrity. As he wrote in his autobiography, A Ramble through Life,

“...the conduct towards others must be based on kindness, service, fairness, charity, justice, honesty and the sanctity of promise, pledge or agreement.”

The Dadex Vision signifies all those qualities that were an intrinsic part of existence for Kassim Dada. The strength and longevity of any successful company does not merely lie in the superiority of its products – but in how it conducts business.

Dadex has evolved into a company that upholds authenticity as a crucial factor in its business practices. Be it in serving customers, product quality or relationships with its clients – the underlying aim is the collective convergence of all values under the principle rule of truthfulness.

Dadex vision signifies Kassim Dada's legacy of fundamental righteousness in both business and personal life.

**DADEX**



# **DADEX**

## **COMMITMENT**

Dadex remains unchanged in its commitment to evolving, developing and offering the best in the industry. Unleashing innovation and aligning forces is where our forte lies. Our aim maintains its path - to bring forth quality products backed by international standards and to uphold our levels of excellence and advancement – both, in the product arena and customer service domain.

At Dadex, it has always and will always be about a commitment to you, our customers and shareholders.

# **VISION STATEMENT**

“... to be the most valued company for all stakeholders, renowned for customer focus, innovation, quality, reliability and ethical practices.”



# MISSION STATEMENT

- We shall provide **unparalleled service** and best value to our customers through dedicated, responsive and cost effective supply chain.
- We are committed to provide **quality products** by strict adherence to international standards and best practices through technical collaboration with leading global companies in markets we serve.
- We are committed to follow **business ethics**, comply with HSE standards and enhance our contribution to society.
- We shall strive to maximize our shareholders value through sustained **profitable growth**.
- We shall enhance existing employee productivity, hire, retain and develop best talent and provide them a **competitive environment** to excel and grow.
- We will aggressively focus on increasing our market penetration by **exploring new channels**.
- We shall continue to **set new trends** through innovative marketing and manufacturing.

# ABOUT DADEX

Dadex was established as a public limited company in 1959. We started with the manufacturing of FC roofing systems at our facilities in Hyderabad, and under the dynamic leadership of our Founder Chairman, Mr. Kassim Dada, later we ventured into manufacturing of FC pipe systems in 1966, setting up a dedicated manufacturing facility in Karachi. Being a forward-looking organization, we have kept upto date with the market, and now we produce a diverse number of products, which include thermoplastic pipe systems such as u-PVC, PPR and PE.

Headquartered in Karachi, our three manufacturing facilities based in Hyderabad, Karachi and Sunder Industrial Estate (near Lahore) are equipped with state of the art machinery. Our joint efforts have led Dadex to the ISO 9001, ISO 14001, ISO 45001 and PSQCA certifications. Dadex today is a hallmark of trust and reliability..

We believe that our strength lies in delighting our customers. That is why providing quality products backed by round the clock technical support services are the Dadex promise to all our valued customers.

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# Company Information

## **Board of Directors**

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

## **Chief Financial Officer Company Secretary Head of Internal Audit**

Mr. Muhammad Yousuf
Mr. Faisal Saeed Khan
Mr. Irfan Aziz

## **Board Audit Committee**

Syed Shahid Ali Bukhari	- Chairman
Mr. Shahzad M. Husain	- Member
Mr. Maqbool H.H. Rahimtoola	- Member
Mrs. Amber Ahmed Motiwala	- Member

## **Human Resource and Remuneration Committee**

Mrs. Ayesha Tariq Allawala	- Chairperson
Mr. Abu Talib H.K. Dada	- Member
Mr. Maqbool H.H. Rahimtoola	- Member

## **Management Team**

Mr. Sikander Dada	- Chief Executive Officer
Mr. Tanveer Saleem	- Chief Operating Officer (Technical & Operations)
Mr. Muhammad Yousuf	- Chief Financial Officer
Lt. Cdr. (Retd.) Saeed Ahmed Khan	- General Manager Admin & HR

## **Auditors**

BDO Ebrahim & Co., Chartered Accountants

## **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](http://www.dadex.com)



# Notice of 63rd Annual General Meeting

Notice is hereby given that the **63rd Annual General Meeting** of the **Dadex Eternit Limited** will be held on **Friday, November 25, 2022, at 10:30 am** at Dadex House, 34-A/1, Block-6, PECHS, Shahrah-e-Faisal, Karachi, to transact the following:

## **Ordinary Business:**

1. To receive, consider and adopt the following documents for the year ended June 30, 2022:
  - a) Audited Financial Statements and the Auditors' Report thereon; and
  - b) The Report of the Board of Directors.
2. To appoint auditors of the Company for the year ending June 30, 2023, and authorize the Directors to fix their remuneration. The Board of Directors recommends, based on the recommendation of the Audit Committee, the appointment of M/s. BDO Ibrahim & Co., Chartered Accountants, who have also offered themselves for re-appointment.

## **Special Business:**

The special business as set out in this notice is proposed for consideration by the members of Dadex Eternit Ltd. (the Company) to transact the following special business:

### **Agenda Item 3**

To consider and approve the extension of the date, from April 2023 to October 31, 2023, to complete the sale transaction of Karachi Factory with Land Building, and Plant & Machinery located at DEH # 21-22, Mangophir, Karachi 75890, called "Property and Assets" by passing the following resolution(s) as Special Resolution(s) with or without modification, addition, or deletion in accordance with section 183 (1) of the Companies Act 2017.

**"RESOLVED THAT** the consent of the shareholders be and is hereby accorded to the extension of the date starting from April 2023 to October 31, 2023, to complete the sale of the Karachi Factory with Land, Building, and Plant & Machinery located at DEH # 21-22, Mangophir, Karachi 75890."

**FURTHER RESOLVED THAT** the Company be and is hereby authorized to take all actions incidental or ancillary thereto concerning the "Property and Assets" sale, of aforementioned Karachi Factory.

**FURTHER RESOLVED THAT** the Board be and is hereby empowered to agree upon modifications in these resolutions that may be directed/required by the SECP/PSX or any other competent authority/regulator without the need for any further approval of the shareholders.

**RESOLVED FURTHER THAT** all actions hereafter taken by the Chairman and/or CEO and/or any Director or Authorized Person(s) on behalf of the Company in relation to the aforementioned matter are hereby confirmed, ratified, and adopted in full by the Company.

**ALSO RESOLVED THAT** the Chairman and/or, Chief Executive Officer and/or the Company Secretary of the Company be and are hereby severally authorized to sign and submit required statutory returns, announcements, e-filings with the Registrar of Companies, CRO, SECP, Pakistan Stock Exchange, and or any other authority or regulator and to do all such acts, deeds, and things as may be necessary to do in this regard.

**ALSO RESOLVED THAT** certified copies of resolutions as present form or modified by the Chairman/CEO/Company Secretary be communicated to the concerned authorities and shall remain in force until notice in writing to the contrary be given."

"A statement under Section 134(3) of the Companies Act, 2017, concerning the Special Resolutions, along with the Notice, was circulated to the members of the Company and was deemed an integral part thereof."

By Order of the Board  
**(Faisal Saeed Khan)**  
Company Secretary

Karachi: October 20, 2022

**NOTES:**

1. The Register of Members and the Share Transfer Books of the Company shall remain closed from **November 18, 2022, to November 25, 2022** (both days inclusive). Transfers received in order at the office of our Share Registrar, JWAFFS Registrar Services (Pvt.) Limited, 407 - 408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar Karachi by the close of business hours on **November 17, 2022**, will be treated in time for incorporating the change in the Register of Members as on **November 17, 2022**.
2. The entitlement to attend, participate and vote at the 63rd Annual General Meeting will be according to the Register of Members as on **November 17, 2022**.
3. In light of the COVID-19 situation, the Company ensures proper safety measures as defined by Securities & Exchange Commission of Pakistan (SECP) through its circular no. 5 dated March 17, 2020, and circular no. 25 dated August 31, 2020. Whereas the shareholders may send their comments & suggestions relating to the agenda items of the AGM at least two working days before the AGM, at the email address cs@dadex.com.pk. However, the financial statements of the company for the year ended June 30, 2022, would have been placed on the website of the company ([www.dadex.com.pk](http://www.dadex.com.pk)).
4. A member of the Company entitled to attend, and vote may appoint another member as his/her proxy to attend, speak and vote for him/her. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
5. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, certified true copy of the instrument authorizing the person to act as proxy shall be provided.
6. The Proxy Form, duly completed and signed, must be received at the Company Secretary Office, Dadex House, 34-A/1, Block-6, PECHS, Shahrah-e-Faisal, Karachi at least 48 hours before the time of holding the meeting.
7. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments shall be treated invalid. The proxy form shall be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers shall be mentioned on the form.

8. Copy of the CNIC or passport of the beneficial owners shall be furnished with the proxy form. The proxy shall produce their original CNIC or original passport at the time of attending the meeting.

**A. For Attending the Meeting:**

- i. In the case of individuals, the account holder or sub-account holder whose securities and registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.
- ii. In the case of a corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of attending the meeting.

**B. For Appointing Proxies:**

- i. In the case of individuals, the account holder or sub-account holder whose securities and registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In the case of a corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

**C. Change of Address**

9. Members holding shares in physical form are requested to promptly notify Shares Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.

**D. Submission of Copies of CNIC (Mandatory)**

10. As per SECP directives the payment of dividend to the shareholders whose CNICs are not available with the Share Registrar are being withheld. All shareholders having physical shareholding are, therefore, advised to submit a photocopy of their valid CNICs to our Share Registrar. In case of non-receipt of information, the Bank will be constrained to withhold payment of dividend to shareholders.
11. Accordingly, the shareholders, who have not yet submitted a copy of their valid CNIC or NTN, are once again requested to immediately submit the same to the Company's Share Registrar at JWAFFS Registrar Services (Pvt.) Limited, 407 - 408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar Karachi. Corporate entities are requested to provide their National Tax Number (NTN) and Folio Number along with the authorized representative's CNIC copy.

#### **E. Payment of Cash Dividend Electronically (e-Dividend)**

12. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company M/s. JWAFS Registrar Services (Pvt.) Limited, 407 - 408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar Karachi in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/ participant/CDC account services.

#### **F. Availability of Annual Audited Financial Statements**

13. In accordance with the provision of Section 223 of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2022, are available on the Company's website [www.dadex.com.pk](http://www.dadex.com.pk).
14. Any shareholder desires to get the hard copy of the Annual Audited Financial Statements 2022, the same shall be provided free of cost within seven working days of receipt of such request.
15. In pursuance of the directions given by SECP vide SRO 787 (1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a "Standard Request Form".
16. For convenience of shareholders, a "Standard Request Form" for provision of Annual Audited Financial Statements is available on the Company's website ([www.dadex.com.pk](http://www.dadex.com.pk)).

#### **G. Unclaimed Dividend / Shares**

17. Shareholders, who by any reason, could not claim their dividend or did not collect their physical shares, are advised to contact our Share Registrar M/s. JWAFS Registrar Services (Pvt.) Limited, 407 - 408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar Karachi to collect/enquire about their unclaimed dividend or pending shares, if any. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government /SECP and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan (SECP).

#### **H. Postal Ballot/E-voting**

18. In accordance with the Companies (Postal Ballot) Regulations, 2018, and Section 143 and 144 of the Companies Act 2017, shareholders will be allowed to exercise their right of vote through postal ballot i.e., by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.

#### **I. Conversion of Physical Securities into Book Entry Form**

19. As per Section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. Further, vide its letter dated March 26, 2021, SECP has directed all the listed companies to pursue its shareholder for conversion of their physical securities into book entry form. In light of the aforementioned directives, the Shareholders having physical shareholding are encouraged to open CDC account with CDS participant/CDC Investor Account Services and convert their existing physical securities into book entry form.

**J. Declaration as per Zakat &Usher Ordinance 1980**

20. Members are requested to submit declaration as per Zakat &Usher Ordinance 1980 for zakat exemption and to advise change in address, if any.

**K. Consent for Video Conference Facility**

21. In accordance with Section 132 and 134 of the Companies Act, 2017, members can also avail video conference facility.
22. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location other than the city of the Meeting, to participate in the meeting through video conference at least 7 days prior to the date of the Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the following form and submit the same to the registered address of the Company 7 days before holding of the Annual General Meeting.
23. The Company will intimate to members regarding the venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Dadex Eternit Limited, holder of \_\_\_\_\_ ordinary share (s) as per Registered Folio/CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member

## STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT 2017

### Special Business

#### Agenda Item No. 3

This statement sets out below the material facts concerning the special business to be transacted at the 63rd Annual General Meeting of the Dadex Eternit Ltd. (the Company), to be held in Karachi on Friday, November 25, 2022, at 10:30 am, at the Registered Office of the Company. The purpose of this statement is to set forth the material facts concerning special business:

The Board of Directors in its meeting held on October 20th, 2022, considered that shareholders had approved in the Extraordinary General Meeting (EOGM) of the Company held on May 17, 2022, thereby authorizing the Company to dispose of its Karachi Factory with Land and Building, including Plant and Machinery located at the Factory at DEH # 21-22, Manghopir, Karachi, 75802. The Karachi Factory covered a total area of 26 acres. Where the agenda item was passed as Special Business and all relevant facts were disclosed in accordance with S.R.O. 423 (I) /2018, dated April 3, 2018, for members' approval including all statutory compliance were adopted for effective approval from shareholders and implementation of the resolutions that were passed in the EOGM. Whereas, it was further disclosed that the sale proceeds would be used to restructure the company's financial obligations, thereby, improving the company's performance and providing it with additional liquidity to invest in profitable business opportunities.

The Board, also considered that, pursuant to section 183 (5) of the Companies Act 2017, the resolutions that were passed and adopted by the shareholders at the EOGM held on May 17th, 2022, if not implemented within one year from the date of passing, shall be deemed to have lapsed. Whereas, the sale of Karachi Factory was being expected to be completed by April 2023.

The Board performed all due diligence required to complete the transaction within the allotted time frame. Nonetheless, the Board anticipates that it may take more time to complete and finalize all pertinent documentation, as well as obtain necessary and ancillary approval / permission from relevant authorities. Therefore, the Board recommended requesting members' approval for a six-month extension from April 2023 to October 31, 2023.

#### Expected time of completion of the transactions

The Board is seeking shareholders' approval by extending time from the earlier approval. Therefore, it is expected that transactions will be completed by October 31, 2023.

#### Nature & extent of the interest of directors, directly or indirectly

There is no direct or indirect interest in the sale or disposal of the said property and plant & machinery of the Company.

# The Chairman's Review

I am pleased to present the 63rd Annual Report of your Company for the year ended June 30, 2022 together with the Auditors' Report.

## **Domestic Economy Overview**

Shrinking fiscal space, exchange rate pressure, rising current account deficits have all created challenges for the Company. After COVID-19, monetary-fiscal policy started reviving the economy. Monetary and fiscal stimulus boosted private investment and growth. The SBP's accommodative monetary policy in FY2021, the construction industry's slowly recovered, while stronger growth momentum all contributed to a more positive growth outlook for FY2022.

The recent flash floods have plunged Pakistan's economy into a severe economic and humanitarian crisis, adding to the country's existing challenges with inflationary and external sector pressures. As a result of the rupee's historic low point during the current fiscal year, our production costs have sharply increased. Raw material imports have strained cash reserves. Surging energy prices, tightening global financial conditions, political tensions, and policy lapses can cause more stress on macroeconomic imbalances.

## **Affect on Company due to global events**

The Russian-Ukrainian war seriously aggravated the damage from the COVID-19 pandemic. The Company was hit by shortage of raw materials, dramatic increase in prices of imported raw materials, sharp increase in shipping cost, increase in oil prices, and increase in energy cost.

Your Management is under strain but is determined to maximize opportunities and make all-out efforts to bounce back from this challenging time of the Company. We will continue to prioritize quality, productivity, and cut costs to increase our competitiveness and increase market share. The new Management has started to study the export market for its products which is a big boost to the Company.

## **Changes to the Board**

During the period under review, Mr. Samad Dada tendered his resignation from the post of Chief Executive of the Company. The Board approved appointment of Mr. Sikander Dada as CEO of the Company. Since Mr. Sikander Dada was serving as the Chairman of the Board. Therefore, the Board appointed Mr. Abu Talib H.K. Dada as an Interim Chairman. After his resignation, the Board appointed myself as Chairman of the Board on June 02, 2022. Mr. Abu Talib H.K. Dada continues to serve on the Board of the Company as a Non-Executive Director.

## **Appointment of New Chief Executive Officer**

Consequent to the resignation of Mr. Samad Dada as CEO, Mr. Sikander Dada was appointed as CEO with effect from April 14, 2022, till the remaining term. I am confident that Mr. Sikander Dada will bring in his vast experience and help the company achieve its past glory.

## **The Board's Performance**

Your Company's Board of Directors is in full compliance with any and all applicable rules and regulations. A professional corporate environment that encourages timely disclosures, accountability and high ethical standards has been established by the Board through the establishment of policies and procedures. The Audit Committee and the Human Resource and Remuneration Committee have, in a comparable manner, carried out their duties in accordance with the applicable laws.

The Board met seven times during the year and at least once every quarter to consider the operational results of the Company. The Board Committees greatly facilitated the overall working of the Board.

An annual evaluation of the Board of Directors of the Company was carried out in accordance with the requirements outlined in the Code of Corporate Governance. This evaluation was carried out keeping in view that the overall performance and effectiveness of the Company are in line with the goals that were established for the Company.

## **Acknowledgement**

I would like to express my gratitude to all stakeholders, including bankers, dealers, vendors, and shareholders. I also want to thank our customers for the trust they have placed in us, the Board of Directors for the direction they have provided, and the Management team, which includes all employees, for their sincere efforts they have made and continuing to make to revive the Company and the future promises to be much better.

Karachi: October 20, 2022



**SHAHZAD M. HUSAIN  
CHAIRMAN**

# Report of The Board of Directors

The Directors of the Company take pleasure in presenting this report, together with the Audited Financial Statements of the Company for the year ended June 30, 2022.

## **Principal Activities & Business Performance of The Company**

The principal business of the Company is to manufacture and sell building materials, which includes piping systems and other allied products manufactured from chrysotile fiber cement, rubber, and plastics, merchandising of imported pipe fittings, accessories, and other building products.

## **Business Environment**

During the period under review, the economic environment remained extremely challenging. The lack of funds for public sector development projects and investors' cautious spending on private projects seriously affected Company sales. Higher fuel prices during the period along with the fall of the PKR caused all our input prices to soar, and the Pakistani rupee plummeted to an all-time low against the US dollar, which has further led to huge exchange losses. Moreover, due to curtailed Government spending on infrastructure development projects, the overall slowdown of economic activities in the Country have negatively impacted the sales of the Company, the Company achieved gross sales revenue of Rs. 2011 million, which includes the export sale of Rs. 16.98 million.

Several things outside of the control of the Company's Management have hindered the Company's profit margins. The Company's financial performance has been affected due to financial costs and exchange loss on imported raw materials. Also, the prices of petroleum products and energy have been going up steadily, which has caused the prices of our raw materials to go up. This, along with the heavy exchange loss caused by the Pakistan Rupee's sharp drop in value, has led to a bigger loss than expected.

Due to these unfavorable factors and despite having other income of Rs. 80.607 million, the Company closed the year with an operating loss of Rs.21.208 million (2020/21: Operating profit of Rs. 152.008 million). Financial charges decreased by 12.07 percent as compared to last year have resulted in a loss before tax of Rs. 157.181 million (2020/21: Loss before tax of Rs.3.755 million). The Company closed the year with a loss after tax of Rs. 142.938 million, (2020/21: net loss of Rs. 39.009 million).

## **Operations**

Overall production capacity at three manufacturing locations was severely affected during the year under review. During the year, investments were made in the Rs. 0.214 million in Hyderabad Factory to improve the quality of our CC Sheets and improve its appearance. Decision was made to close the Karachi Factory and focus on Hyderabad and Sundaar for the future.

## **Disposal of Company Assets**

As per section 183(3)(a) of Companies Act 2017, the Company was required to convene an Extraordinary General Meeting (EOGM) for obtaining shareholders' approval, for selling of Lahore Office, Land & Building, and Karachi Factory with plant and machinery. The total area of Lahore Land is 8 Kanal 16 Marla 46 sqft equals 8.810 Kanals, and the total area of the Karachi Factory is 26 Acres. The Board of Directors had decided and recommended to the shareholders in its meeting held on April 07, 2022, for selling of Lahore Office and Karachi Factory of the Company.

The Board recommended this owing to the promising market demand for the Company's products, while, the Company is in the process of restructuring its management, finance, and operations. Whereas, the proposed manner for selling of Lahore Office and Karachi Factory were adopted through negotiations with the intended buyer. The proceeds were earmarked for restructuring the Company's financial obligations to help in reducing bank loans. Consequently, the financial cost will reduce which will improve the Company's performance and provides additional liquidity to the Company.

The Shareholders had approved the selling of the Lahore office and Karachi Factory, in its meeting held on 17th May 2022.

### **Statement of Compliance**

The Company strictly adheres to the principles of Corporate Governance mandated by the Securities and Exchange Commission of Pakistan and has implemented all the prescribed stipulations. The same has been summarized in the statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 duly reviewed by the auditors.

### **Internal controls and risk management**

The Company maintains sound internal control systems to provide reasonable assurance against efficiency and effective operations, reliability of financial reports, and compliance with applicable laws and regulations. Such systems are monitored effectively by the Management while the Board Audit Committee reviews the internal control systems based on the assessment of risks and reports to the Board of Directors.

### **Risk and Mitigation**

The Company is vulnerable to the following general risks, and in response to each risk that is currently confronted with, the Company has implemented the appropriate risk mitigation measures.

#### **1) Commercial Risk**

The company is facing the risk of an increase in the import of roofing. To mitigate this risk, the Company is lobbying to change Government import policies to protect the local industry.

The Company is also facing the risk of volatility in the raw material prices. To mitigate this risk the Company comprehensively monitors the price trends and takes strategic purchasing decisions to mitigate the effect of prices increase of resins and other raw materials.

#### **2) Financial Risk**

The Company can be exposed to financial risk through borrowing from financial institutions. To mitigate this risk, the Company will reduce the bank borrowing by selling the Lahore Land and the Karachi Factory Land.

#### **3) Compliance Risk**

The Company understands that non-compliance with laws and regulations may result in the imposition of penalties, debarment, blacklisting, license cancellation, etc. Hence, the Company has a zero-tolerance policy for non-compliance activities and behaviors. In addition, to mitigate such risks, a comprehensive and effective compliance function is in place in the Company.

### **Dividends and Appropriations**

The Company declared a final cash dividend of Rs. NIL per share i.e. NIL percent per share for the year under review.

The summary of profits/ (loss) available for appropriations is as follows:

	(Rupees in '000)
- Accumulated Loss as of July 01, 2021	(Rs.393,089)
- Surplus on revaluation of fixed assets on account of incremental Depreciation charged on related assets	Rs. 24,786
- Reversal of surplus on Revaluation of fixed assets due to disposal of non-current assets held for sale	Rs. 149,946
- Loss after taxation for the year ended June 30, 2022	(Rs. 142,938)
- Accumulated loss as at June 30, 2022	<u>(Rs. 361,295)</u>

The break-up value per share as at June 30, 2022, is Rs. 68.85 (2021: Rs.82.13).

### **Board of Directors and its Committees**

Owing to the resignation of Mr. Samad Dada, the Board re-appointed Mr. Sikander Dada as the new CEO of the Company with effect from April 14, 2022. Mr. Sikander Dada has been the CEO for many decades in the past as well.

Mr. Sikander Dada was the Chairman of the Board. On April 14, 2022, the Board appointed Mr. Abu Talib H.K. Dada as the interim Chairman of the Board. Due to the above, on June 2, 2022, the Board appointed Mr. Shahzad M. Husain as the new Chairman of the Board, in place of Mr. Abu Talib H.K Dada.

The Board of Directors met seven times during the year ended June 30, 2022. The Board consists of a good mix of experienced and skilled members.

The Board Audit Committee met four times and the Human Resource and Remuneration Committee met twice during the year ended June 30, 2022. The Board Committees greatly facilitated the overall working of the Board.

Syed Shahid Ali Bukhari, Independent Director is the Chairman of the Board Audit Committee and Mrs. Ayesha Tariq Allawala Independent Director is the Chairperson of the Board Human Resource and Remuneration Committee as required under the Code of Corporate Governance, Regulations 2019.

### **Composition of the Board**

The composition of the Board is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 applicable on listed entities which is given bellow:

#### **Total Number of Directors**

(a) Male	5
(b) Female	2

#### **Composition:**

(i)	Independent Directors	3
(ii)	Executive Director	1
(iii)	Non-Executive Directors	3

## Name of Directors

Mr. Shahzad M. Husain, Chairman  
Mr. Sikander Dada, Chief Executive  
Mr. Abu Talib H.K Dada  
Mr. Maqbool H.H Rahimtoola  
Syed Shahid Ali Bukhari-Independent Director  
Mrs. Amber Ahmed Motiwala-Independent Director  
Mrs. Ayesha Tariq Allawala-Independent Director

## Names of members of the Board's Committees:

### Board Audit Committee

Syed Shahid Ali Bukhari-Chairman (Independent Director)  
Mr. Shahzad M. Husain  
Mr. Maqbool H.H Rahimtoola  
Mrs. Amber Ahmed Motiwala

### Board Human Resource & Remuneration Committee

Mrs. Ayesha Tariq Allawala -Chairperson (Independent Director)  
Mr. Abu Talib H.K Dada  
Mr. Maqbool H.H Rahimtoola

## Attendance of Meetings during the Year

A number of meetings of the Board of Directors, and its Audit and the Human Resource and Remuneration Committees, together with attendance therein, is as follows:

Name of Director	Status	Board of Directors meeting		Board Audit Committee meeting		Board Human Resource and Remuneration Committee meeting	
		Held	Attended	Held	Attended	Held	Attended
Mr. Shahzad M. Husain <sup>1</sup>	Non- Executive Director	7	7	4	4	-	-
Mr. Sikander Dada <sup>2</sup>	Chief Executive Officer	7	7	-	-	-	-
Mr. Abu Talib H.K. Dada <sup>3</sup>	Non-Executive Director	7	6	-	-	2	2
Mr. Maqbool H.H. Rahimtoola	Non- Executive Director	7	7	4	4	2	2
Syed Shahid Ali Bukhari	Independent Director	7	7	4	4	-	-
Mrs. Amber Ahmed Motiwala	Independent Director	7	6	4	4	-	-
Mrs. Ayesha Tariq Allawala	Independent Director	7	7	-	-	2	2
Mr. Samad Dada <sup>2</sup>	Chief Executive Officer (Resigned)	7	6	-	-	-	-

1. Mr. Shahzad M. Husain was appointed as Chairman of the Board on June 02, 2022, in place of Mr. Abu Talib H.K Dada, who earlier was appointed as Chairman of the Board due to the appointment of Mr. Sikander Dada as CEO of the Company.
2. Mr. Samad Dada resigned from the post of CEO on April 07, 2022, subsequently, the Board appointed Mr. Sikander Dada new CEO of the Company on 14th April 2022.
3. Mr. Abu Talib H.K Dada was appointed as Chairman of the Board on April 14, 2022, in place of Mr. Sikander Dada. Mr. Abu Talib H.K Dada resigned as Chairman, however, he will continue to act as Director on the Board of Dadex Eternit Ltd.

## **BOARD'S PERFORMANCE EVALUATION AND DIRECTORS' TRAINING PROGRAM**

The Board performed its duties and responsibilities diligently by effectively guiding the Company in its strategic affairs. The Board also played an important role in overseeing the Management's performance and focusing on major risk areas.

The Board was fully involved and committed to ensuring high standards of Corporate Governance to safeguard stakeholders' value. All Directors, including Independent Directors, fully participated and contributed to the decision-making process of the Board.

The Company has an independent Internal Audit department which helps in highlighting areas of improvement in existing processes.

The Board carried out its self-evaluation and identified potential areas for further improvement in line with global best practices. The main focus remained on strategic growth, business opportunities, risk management, Board composition, and providing oversight to the Management.

The Company has already obtained approval for exemption from the Securities and Exchange Commission of Pakistan under Regulation 19 of the CCG for the following directors, Mr. Sikander Dada, Mr. Abu Talib H.K. Dada, Mr. Maqbool H.H. Rahimtoola, and Mr. Shahzad M. Husain. Syed Shahid Ali Bukhari is a certified Director. The remaining directors are planned to attend the directors' training programme if required within the time limit as allowed under the Listed Companies Code of Corporate Governance Regulations, 2019.

The Board members have diversified experience and are qualified professionals. They are well conversant with the laws and business practices in Pakistan. They have substantial experience in various sectors and brought their expertise and knowledge to the Company.

All Directors are fully conversant with their duties and responsibilities as Directors of a listed company.

### **Health, Safety, Environment, and Quality**

Dadex being a responsible manufacturer and aware of the situation has been continuously contributing by investing in the protection of the environment by controlling pollution, implementing of occupational health and safety standards for the employees and also for a nearby community.

The Company gives the highest priority to Health, Safety & Environment (HSE). The HSE program has been further consolidated at its Lahore (Sunder) and Hyderabad factories. Dadex has been successfully certified for the latest ISO 45001:2018 superseding earlier OHSAS 18001. The Company has successfully qualified for the latest ISO 9001:2015 from ISO 9001:2008. We achieved these certifications after stringent audits by certifying agencies and surveillance audits being carried out to keep the system effectively implemented across the manufacturing facilities.

HSE initiative is pro-active, compliant with local applicable laws and is fully aligned with guidelines from ILO / WHO & Chrysotile Institute - Canada.

### **Sustainable environment and energy consumption**

The Company is conscious of its responsibility and commitment to protect the environment and efficiently use resources. Pursuing our commitment, among other measures taken, we encourage recycling/rework, which accounts for significant raw material cost savings, along with environmental benefits.

The Company also encourages its employees to conserve electricity by switching off lighting, computer systems, and electronics equipment when not in use and all electrical equipment is properly maintained to save energy.

## **Directors' Remuneration**

The Board of Directors has approved the Directors' Remuneration. However, in terms of the Code of Corporate Governance, it is ensured that no Director takes part in deciding his/her remuneration. The Company shall not pay remuneration to its non-executive directors including independent directors. However, non-executive and independent directors are paid meeting fees for attending the Board of Directors and Board Committee Meetings. For information on the remuneration of Directors and CEO, please refer to note 44 of the Financial Statements.

## **Related Party Transactions**

The Company has executed all transactions with its related parties at an arm's length price except where it has been disclosed in the financial statements. The details of all related party transactions were placed before the Audit Committee and upon its recommendation, the same was approved by the Board of Directors.

## **Information Communication Technology**

In order to meet ICT ever growing needs to adapt itself to the dynamic era of information and communication technologies the ICT department of DADEX will update its existing software / hardware. The company uses information and communication technologies as a tool to remain upbeat in cut throat competition prevailing in the market thus making sure continuous improvement in business solutions and connectivity amongst its internal and external stakeholders.

The ICT Department is committed towards delivering cutting edge and consistent IT and SAP support services to its end users. The company is working on lines to develop enhanced controls and existing SAP processes, updating applications / software / hardware / data communication to achieve business targets.

## **Corporate Philanthropy and Community Welfare**

The Company during the year has made a Rs.Nil contribution to its CSR activities. (2021: Rs. 0.011 million).

## **Business Ethics and Anti-Corruption Measures**

The Company has a comprehensive code of ethics and business practices. All employees must avoid conflict of interest between their private financial activities and the conduct of the Company's business. All business transactions on behalf of the company must be reflected accordingly in the accounts of the Company.

Every employee shall be responsible to see that there is no violation of laws within his/her area of responsibility, which proper supervision could have prevented. The employee shall still be responsible if he/she delegates particular tasks.

The Company's philosophy and policy continue to be to follow sound corporate practices which provide consumer protection and ensure effective anti-corruption measures.

## **Contribution to The National Exchequer and The Economy of The Country**

The Company has contributed over Rs. 429 million (2021: Rs. 606 million) towards the National Exchequer in the form of income tax, sales tax, duties, levies, and other taxes.

## **Human Resource**

DADEX believes in Organization and People Development. Human Resource at DADEX is the most valuable asset that has played a vital role for the sustainability and growth of the Company. Our Company is committed to continually engage in developing and to take good care of its Human Resource in order to provide a safe and good working environment. Our HR philosophy depends on motivated and committed employees and to attract and retain the people, we recognize the need to invest in their development.

## **Employment of Special Persons**

To provide employment opportunities to special persons and to provide them a chance to earn a respectable living as useful members of society, the Company has the policy to employ such persons.

## **Compliance Statement**

The Company has duly complied with the rules and regulations as applicable to the Company in the following manner:

- The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows, and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements, and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements and any departures therefrom have been adequately disclosed and explained;
- The Board has set up an effective Internal Audit function by appointing a qualified and experienced head of internal audit that is well conversant with the policies and procedures of the Company. The system of internal controls and other procedures, which are in place, are being continuously reviewed by the Board's Audit Committee;
- The Board has a formal Remuneration Policy for the Directors. The main features include that every non-executive director including independent directors is entitled to a fixed fee as remuneration for attending meetings of the Board of Directors including a meeting of the sub-committees.

The Company incurred a net loss after tax for the year ended June 30, 2022, amounting to Rs. 142.938 million (2021: loss Rs. 39.009 million), and its accumulated Profit /losses as at June 30, 2022, amounting to Rs. 361.295 million (2021: Rs. 393.089 million). The Company's total current liabilities amounting to Rs. 2102.405 million (2021: Rs. 2,178.362 million) exceeded the current assets by Rs. 207.806 million (2021: Rs. 780.687 million).

During the year, the Company vacated its charge registered with SECP of Sindh Bank Ltd., on 31st May 2022. To manage its current assets/liability position and availability of funds for operations, the Company is depending on successful negotiation renewal of credit facility with NBP, as disclosed in note 31.1 of these financial statements. Operations of one of the factories, as mentioned in note 1.3 have been closed down during the year because of a labor dispute.

The Company's financial statements for the year ended June 30, 2022, are being prepared on a going concern basis, as the Management has plans to increase profitability by introducing new marketing strategies and cutting down operational expenses which will improve profitability and meet working capital requirements.

The Company has already obtained approval of shareholders to dispose of the Lahore Office with Land & Building and Karachi Factory with plant & machinery in its EOGM of the Company held on May 17, 2022. The objective was to ease financial obligations by reducing its bank loans and improve bottom line profitability which subsequently improves shareholders' value of the Company.

The Company carried out transactions with its related parties. Details of these transactions are disclosed in note 45 to financial statements.

There has been no material departure from the best practices of corporate governance, as detailed in the applicable PSX Regulations.

## **Operating and Financial Data**

The summary of the key operating and financial data of the Company, spanning the last six years is annexed with this Report;

Taxes and levies are as disclosed in the Notes to the Accounts.

The following is the value of investments, held by the Provident Fund based on the latest audited accounts as at June 30, 2022:

2022	2021
(Rupees in '000')	
128,396	232,833

A separate statement of compliance signed by the Directors is annexed to this Annual Report.

### Holding Company

M/s. Sikander (Private) Limited is the holding company of Dadex Eternit Limited under its 63.18% shareholding in the Company.

### Auditors

The present auditors M/s. BDO Ebrahim & Co., Chartered Accountants shall retire after the 63rd Annual General Meeting. Being eligible, they have offered themselves for re-appointment. As required by the Code of Corporate Governance, the Board Audit Committee has recommended their re-appointment as auditors of the Company for the financial year ending June 30, 2023, and the Board agreed with the recommendation of the Board Audit Committee and therefore has recommended their re-appointment to the Shareholders of the Company.

### Pattern of Shareholding

The detailed pattern and categories of its shareholding including shares held by directors and executives, if any, are annexed to the Annual Report.

### Material Changes

There have been no material changes and commitments affecting the financial position since June 30, 2022, to the date of this report, which has an impact on the financial statements of the Company.

### Future Prospects and Challenges

Pakistan is currently facing several severe challenges: accelerating inflation, high external deficits, exchange rate depreciation, declining foreign exchange reserves, and mounting uncertainty. Measures to offset the impact of higher international commodity and oil prices due to the Russia-Ukraine conflict took a significant toll on revenue and expenditures.

We foresee that the current record-high commodity prices and global supply chain disruptions will continue in 2022, which is likely to keep inflation at an elevated level.

Despite all the challenges, the Company remains cautiously optimistic about staying on course on its recovery journey in the coming year capitalizing on strong brand equity and a highly committed workforce supported by continuous initiatives for operational excellence.

The Management will continue to explore new sources of raw material and strict control on working capital and continue to focus on broadening the customer base and exploring new markets to achieve positive results.

### Acknowledgements

The Directors would like to acknowledge the efforts of the Dadex team for working tirelessly in these challenging economic conditions. We would like to take this opportunity to thank all its shareholders and other stakeholders including suppliers, service providers, banks / financial institutions, and insurers for supporting the Company in these financially challenging conditions and look forward to their continued support to the Company.

Karachi: October 20, 2022

On behalf of the Board of Directors

Sikander Dada  
Chief Executive Officer

Shahzad M. Husain  
Director

اجناس کی موجودہ ریکارڈ بلند تیشیں اور عالمی سپلائی چین میں خلل 2022 میں جاری رہنے کی توقع ہے جس سے افراطی زکوبلند سطح پر رکھنے کا امکان ہے۔ چیلنج کے باوجود کمپنی محتاط انداز میں امید کرتی ہے کہ وہ مضبوط برائنا کیوٹی اور آپریشنل کارکردگی کے لیے مسلسل اقدامات کے ذریعے انتہائی پر عزم افرادی قوت سے فائدہ اٹھاتے ہوئے آنے والے سال میں بحالی کا اپنا سفر جاری رکھے گی۔

کمپنی کی انتظامیہ خام مال کے نئے ذرائع کی تلاش اور درکنگ کمپیٹل پر سخت کثروں کا عمل جاری رکھے گی اور مشیت نتائج حاصل کرنے کے لیے کشمیر میں کو وسیع کرنے اور نئی مددیوں کی تلاش پر توجہ مرکوز رکھے گی۔

### اظہار تشك

ڈائریکٹر مشکل معاشری حالات میں انٹکھ مخت کیلئے ڈائیکس کی ٹیم کی کوششوں کا اعتراف کرتے ہیں۔ ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے تمام حصص یافتگان اور دیگر سٹیک ہولڈرز بشوں سپلائز، سروں فرائم کنندہ، بینکوں امالیاتی اداروں اور انسورنس کمپنیوں سے ان مالی طور پر آزمائش سے بھرے حالات میں کمپنی کی مدد کرنے پر اظہار تشك کرتے ہیں اور کمپنی پر ان کا اعتماد بدستور برقرار رہنے کی امید رکھتے ہیں۔

منجوب بورڈ آف ڈائریکٹر

کراچی: 20، اکتوبر 2022

  
شہزاد ایم حسین  
ڈائریکٹر

  
سکندر ردادا  
چینف ایگزیکٹو آفیسر

## آپرینگ اور مالی اعدادات

گزشتہ چھ سالوں میں محيط کمپنی کے اہم آپرینگ اور مالی اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ مسلک ہے۔

☆ لیکن اور محصولات کا اکاؤنٹس کے نوٹس میں اکشاف کیا گیا ہے۔

☆ ذیل میں پروڈیٹ فنڈ کے ذریعے 30 جون، 2022 تک سرمایہ کاری مالیت ہے، جو تازہ ترین آڈٹ شدہ اکاؤنٹ پرمنی ہے۔

2021	2022
(روپے 000 میں)	
232,833	128,396

ڈائریکٹر کا دستخط شدہ تجھیل کا ایک علیحدہ بیان اس سالانہ رپورٹ کے ساتھ مسلک ہے۔

## ہولڈنگ کمپنی

میسرز سکندر (پرائیویٹ) لیمیٹڈ آڈیکس ائیرنٹ کی 18.63 فیصد شیر ہولڈنگ کی بدولت اس کی ہولڈنگ کمپنی ہے۔

## آڈیٹر

موجودہ آڈیٹر، میسرز BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹس 63 ویں سالانہ جلاس عام کے اختتام پر یہاں ہو جائیں گے۔ اہل ہونے کی بنا پر انہوں نے خود کو دوبارہ تقریلیت پیش کیا ہے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کا تقاضا ہے، بورڈ آڈٹ کمیٹی نے 30 جون، 2023 کو ختم ہونے والے مالی سال کیلئے کمپنی کے آڈیٹر کی حیثیت سے ان کی دوباری تقریر کی سفارش کی ہے اور بورڈ آڈٹ کمیٹی کی سفارش سے اتفاق کرتا ہے لہذا اس نے کمپنی کے شیر ہولڈر ز سے ان کی دوبارہ تقریر کی سفارش کی ہے۔

## پیشہ آف شیر ہولڈنگ

تفصیلی پیشہ اور اس کی شیر ہولڈنگ کی لیکنر یہ بیشمول ڈائریکٹر اور اگر کوئی ہوں، سالانہ رپورٹ سے مسلک ہیں۔

## مالی تبدیلیاں

مالی سال 30 جون، 2022 کے اختتام اور اس رپورٹ کی تاریخ کے ماہین کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی ٹھوس تبدیلیاں اور معابدے نہیں ہوئے ہیں۔

## مستقبل کے امکانات اور چیلنجز

پاکستان کو بلند افراط از، بلند خارجی خسارے، زر مبادلہ کی شرح میں کمی، غیر ملکی زر مبادلہ کے ذخائر میں کمی اور برہتی ہوئی غیر یقینی صورتحال کے باعث متعدد ٹکنیکیں چیلنجز کا سامنا ہے۔ روں یوکرین تباہی کی وجہ سے بین الاقوامی اجتناس اور تیل کی قیمتیوں میں اضافے کے اثرات کو دور کرنے کے اقدامات نے محصولات اور اخراجات پر نمایاں اثر ڈالا۔

## خصوصی افراد کی ملازمت

خصوصی افراد کو زگار کے موقع فراہم کرنے اور انہیں معاشرے کے کار آمد ارکان کے طور باعزم زندگی گزارنے کا موقع فراہم کرنے کیلئے کمپنی ایسے افراد کو ملازمت دینے کی پالیسی کی حامل ہے۔

### تفصیل کا بیانیہ

کمپنی نے درج ذیل طریقے سے کمپنی پر لاگو ہونے والے قواعد و ضوابط کی تفصیل کی:

☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے امور کار، اس کی سرگرمیوں کے نتائج، کیش فلو، اور ایکوئی میں تید بیلوں کو منصفانہ طور پر پیش کرتے ہیں۔

☆ کمپنی کے حساب کتاب کے کھاتے مناسب انداز میں برقرار رکھے گئے ہیں۔

☆ مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے اور شماریاتی تجھیے مناسب اور معقول نظریات پر مبنی ہیں۔

☆ ان مالیاتی گوشواروں کی تیاری میں انٹریشنل فناشل رپورٹنگ اسٹینڈرڈز (آئی ایف آر ایس)، جہاں تک وہ پاکستان میں قابل اطلاق ہیں پیروی کی گئی ہے اور ان سے کسی بھی انحراف کو مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔

بورڈ نے کو الیقا یہ اور تجربہ کارہیڈ آف انٹریشنل آڈٹ مقرر کر کے جو کمپنی کی پالیسیوں اور طریقہ کارہیڈ خوبی تجویز ہیں، ایک موثر انٹریشنل آڈٹ فناشن قائم کیا ہے۔ انٹریشنل کٹرولر کیسٹم اور اس قسم کے دیگر پروسیجرز کا، جو خوبی کر رہے ہیں، بورڈ کی آڈٹ کمیٹی کی طرف سے مسلسل جائزہ لیا جاتا ہے۔

☆ بورڈ کے پاس ڈائریکٹرز کیلئے باضافہ معاوضہ کی پالیسی ہے۔ اہم خصوصیات میں یہ بھی شامل ہے کہ آزاد ڈائریکٹر سمیت ہر نان ایگزیکٹو ڈائریکٹر زیلی کمیٹیوں کے اجلاس سمیت بورڈ آف ڈائریکٹرز کے اجلاسوں میں شرکت کرنے کے معاویے کے طور پر ایک مقررہ فیس کے مستحق ہیں۔

☆ کمپنی کو 30 جون، 2022 کو ختم ہونے والے سال کیلئے بعدازٹکس خالص نقصان ہوا جس کی مالیت 142.938 142 ملین روپے ہے (2021: 39.009 ملین روپے کا نقصان) اور 30 جون، 2022 تک اس کے جمع شدہ نقصانات کی مالیت 361.295 ملین روپے تھی (2021: 393.089 ملین روپے)۔ کمپنی کے موجودہ واجبات مجموعی طور پر 2102.405 ملین روپے ہیں (2021: 2178.362 ملین روپے) جو موجودہ اثاثوں سے 207.806 ملین روپے سے زائد ہیں (2021: 780.687 ملین روپے)

سال کے دوران کمپنی کی 31 مئی، 2022 کو ایس ای سی پی کے ساتھ ریچرڈ سنڈھ بینک لمبینڈ کے چارج سے ملاصی ہوئی۔ کمپنی اپنے کرنٹ اثاثوں / واجبات کو سنپھالا دینے اور کمپنی کے آپریشنل معاملات کے لئے فنڈر زکی فراہمی کیلئے کمپنی کا انحصار نیشنل بینک کے ساتھ کامیاب مذاکرات اور قرض کی سہولیات کی بحالی پر محصر ہے جس کی تفصیل مالیاتی گوشواروں کے نوٹ نمبر 31.1 بیان کی گئی ہے۔ فیکٹریوں میں سے ایک کا آپریشن، جیسا کہ نوٹ نمبر 1.3 میں بتایا گیا ہے، مزدوروں کے تنازع کی وجہ سے سال کے دوران بند کر دیا گیا ہے۔

30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے مالیاتی گوشواروں کو گوئنگ لنسرن کی بنیاد پر تیار کیا جا رہا ہے، کیونکہ انتظامیہ نے مارکیٹنگ کی نئی حکمت عمليوں کو متعارف کرتے ہوئے اور آپریشنل اخراجات کو کم کر کے منافع میں اضافہ کرنے کا منصوبہ بنایا ہے جس سے منافع میں بہتری آئے گی اور درکنگ کلپیٹل کی ضروریات پوری ہوں گی۔

کمپنی نے 17 مئی 2022 کو ہونے والے غیر معمولی اجلاس عام میں لاہور آفس مع زمین اور عمارت اور کراچی فیکٹری کو منصوبہ پلانٹ اور مشینری کو فروخت کرنے کیلئے حصہ یافتگان کی منتظریہ پہلے ہی حاصل کر لی ہے۔ اس کا مقصد منافع کو بہتر بنانا جو بعد میں کمپنی کے شیئر ہولڈر زکی قدر کو بہتر بناتا ہے۔ اس کا مقصد بینک کے قرضوں کو کم کر کے مالیاتی ذمہ داریوں کو کم کرنا اور بالآخر منافع کو بہتر بنانا تھا جو بعد میں کمپنی کے حصہ یافتگان کی قدر کو بہتر بناتا ہے۔

☆ کمپنی نے متعلقہ پارٹیوں کے ساتھ لین دین کیا جن کی تفصیل مالی گوشواروں کے نوٹ 45 میں بیان کی گئی ہے۔

☆ کارپوریٹ گورننس کے بہترین طریقوں سے جیسا کہ پی ایس ایکس کے قبل اطلاق ضابطوں میں تفصیل بیان کی گئی ہے، کوئی مادی انحراف نہیں کیا گیا۔

نان ایگر کیٹھ اور آزاد ڈائریکٹرز کو بورڈ آف ڈائریکٹرز اور بورڈ کمیٹی کے اجلاسوں میں شرکت کی فیس ادا کی جاتی ہے۔ ڈائریکٹرز اوری ای اور کے مشاہیر کی معلومات کیلئے مالی گوشاروں کا نوٹ 44 ملاحظہ فرمائیں۔

### متعلقہ پارٹی کے ساتھ لین دین

کمپنی نے متعلقہ پارٹیوں کے ساتھ تمام لین دین دین معمول کی قیمت پر انعام دیا سوائے اس کے جن کا اظہار مالی گوشاروں میں کیا گیا۔ متعلقہ پارٹیوں کے ساتھ تمام لین دین آڈٹ کمیٹی کے سامنے پیش کیا گیا اور کمیٹی کی سفارشات پر بورڈ آف ڈائریکٹرز نے اس کی منظوری دی۔

### انفارمیشن کمپنی نیکیشن ٹیکنالوجی

آئی سی ٹی کی مسلسل بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے خود کا انفارمیشن اور کمپنی نیکیشن ٹیکنالوجیز کے متحرک دور کے مطابق ڈھانے کیلئے ڈاؤنیکس کا آئی سی ٹی کا شعبہ اپنے تمام موجودہ سافت ویئر زیبراڈ ویئر کو اپ ڈیٹ کیا۔ کمپنی مارکیٹ میں زبردست مقابله میں سبقت کو برقرار رکھنے کیلئے انفارمیشن اور کمپنی نیکیشن ٹیکنالوجیز کو بطور آلام استعمال کرتی ہے تاکہ کاروبار حل میں بہتری اور داخلی اور خارجہ استیک ہولڈرز کے مابین مسلسل رابطے فراہم کیا جاسکیں۔ آئی سی ٹی ڈیپارٹمنٹ اپنے صارفین کو جدید ترین اور مسلسل آئی ٹی اور SAP سپورٹ سرویسز کرنے کیلئے پر عزم ہے۔ کمپنی بہتر کنفرانس اور موجودہ SAP پر اس سر تیار کرنے کے لیے کام کر رہی ہے، کاروباری اہداف حاصل کرنے کے لیے اپلی کیٹھری/ سافٹ ویئر/ ہارڈ ویئر/ ڈیتا کمپنی نیکیشن کو اپ ڈیٹ کر رہی ہے۔

### کاروباری محیط سرگرمیاں اور کمپنی کی فلاخ و بہبود

کمپنی نے سال کے دوران اپنے سی ایس آر سرگرمیوں کیلئے صفر روپے خرچ کئے (0.011:2021)

### کاروباری اخلاقیات اور انسداد بد عنوانی کے اقدامات

کمپنی اخلاقیات اور کاروباری طریقوں کا ایک جامع صابھر کھتی ہے۔ تمام ملازمین کو اپنی مالی سرگرمیوں اور کمپنی کے کاروبار کو چلانے کے مابین معادلات کے تصادم سے گریز کرتا ہے۔ کمپنی کی طرف سے تمام کاروباری لین دین کو اسی کے مطابق کمپنی کے کھاتوں میں ظاہر کیا جاتا ہے۔ ہر ملازم ذمہ دار ہوتا ہے کہ وہ دیکھے کہ اس کی ذمہ داری کے شعبے میں قوانین کی کوئی خلاف ورزی نہیں ہو رہی، جس کی مناسب نگرانی سے روک تھام ہو سکتی تھی۔ ملازم اگر کوئی مخصوص کام کی کوسو نپے تو وہ بدستور اس کا ذمہ دار ہو گا اسکے باوجود اس کی مخصوصیت۔ کمپنی کا فلسفہ اور پالیسی یہ ہے کہ عمدہ کاروباری اطوار کی پیروی کی جائے جو صارفین کو تحفظ فراہم کرتے ہیں اور انسداد بد عنوانی کے موثر اقدامات کو یقینی بناتے ہیں۔

### قومی خزانے اور ملکی معيشت میں حصہ

کمپنی نے انکمپنیس، بیلریکس، ڈیوٹریز، محصولات اور دیگر نیکسوس کی مدد میں قومی خزانے میں 429 ملین روپے سے زائد جمع کرائے (606 ملین روپے)

### انسانی وسائل

ڈاؤنیکس ادارہ اور افراد کی ترقی پر یقین رکھتا ہے۔ انسانی وسائل ڈاؤنیکس کا ایک قیمتی اثاثہ ہے جو کمپنی کی پائیداری اور ترقی میں اہم کردار کرتا ہے۔ ہماری کمپنی کام کا محفوظ اور بہتر ماحول فراہم کرنے کیلئے اپنے انسانی وسائل کو بہت زیادہ خیال کرتی ہے۔ ہمارے ایچ آر کا فلسفہ متحرک اور پر عزم ملازمین پر مختص ہے اور افراد کو ادارے میں راغب کرنے اور انہیں برقرار رکھنے کیلئے ہمیں ان کی ترقی میں سرمایہ کاری کی ضرورت کا درکار ہے۔

## **کمپنی کا ایک آزاد انٹرل آڈٹ شعبہ ہے جو موجودہ طریقہ کاروں میں بہتری کے شعبوں کو اجاگر کرتا ہے۔**

بورڈ نے اپنی خود تشخیص کی اور بہترین عالمی طریقوں کے مطابق مزید بہتری لانے کیلئے مکنہ پہلوؤں کی نشاندہی کی۔ مرکزی فوجہ تزویری اتنی نمو، کاروباری موقع، رسمک میتمبٹ، بورڈ کی تشکیل اور انتظامیہ کو رہنمائی فراہم کرنے پر مرکوز رہی۔

کمپنی نے جتاب سکندر دادا، جتاب ابوطالب اتچ کے دادا، مقول اتچ انج رحمت اللہ اور جتاب شہزاد ایم حسین کے لئے سی جی کی ریگولیشن 19 کی پیروی میں سیکورٹیز اسٹینڈ اپ چینج آف پاکستان سے پہلے ہی اسٹینڈ کیلئے منظوری حاصل کر کھی ہے۔ سید شاہد علی بخاری ایک سرٹینیز ڈائریکٹر ہیں۔ باقی ڈائریکٹر لیڈر کمپنیز کوڈ آف کار پوریٹ گورننس ریگولیشن، 2019 کے تحت دیے گئے وقت میں، اگر درکار ہے، ڈائریکٹر کی ٹریننگ میں شرکت کا ارادہ رکھتے ہیں۔

بورڈ کے اراکین متنوع تجربہ کے حامل ہیں اور کوایقا نیڈ پروفیشنل ہیں۔ وہ سب پاکستانی قوانین اور کاروباری معمولات سے بنوبی آگاہ ہیں۔ وہ مختلف شعبوں میں معقول تجربہ رکھتے ہیں اور کمپنی میں اپنی مہارت اور علم ساتھ لائے ہیں۔

تمام ڈائریکٹر ایک لیڈر کمپنی کے ڈائریکٹر زکی حیثیت سے اپنے فرائض اور ذمہ داریوں سے مکمل آگاہ ہیں۔

## **صحت، حفاظت، ماحول اور کواٹی**

ڈاؤنیکس ایک ذمہ دار اور حالات سے آگاہ ادارہ ہونے کی حیثیت سے صورتحال سے آگاہ ہے اور آلو دگی پر قابو پانے، اپنے ملازمین اور قریبی آبادی کیلئے پیشہ و رانہ صحت اور حفاظت کے معیاروں کے ذریعے ماحولیات کے تحفظ کیلئے سرمایہ کاری کے ذریعے مسلسل اپنا کردار ادا کر رہا ہے۔

کمپنی صحت، حفاظت اور ماحول (اتچ ایس ای) کو بہت زیادہ ترجیح دیتی ہے۔ اتچ ایس ای پروگرام کو لاہور (سندر) اور جیور آباد فیکٹریوں میں مزید مریوط بنایا گیا ہے۔

ڈاؤنیکس نے 18001 OHSAS سے تازہ ترین 2018: ISO 45001 میں کامیابی کے ساتھ کوایقا نیڈ کیا ہے۔ ہم نے یہ سرٹیکلیشن تصدیق کنندہ ایجنسیوں اور نگران آڈٹس کی طرف سے سخت آڈٹ کے بعد حاصل کی ہیں جن پر سٹم کو تمام میتوپیکر نگ سائیٹس میں موثر طریقے سے نافذ کرنے کیلئے عمل درآمد کیا جا رہا ہے۔

اتچ ایس ای نوعیت کے اعتبار سے فعال مقامی مرجو قوانین کے تابع اور WHO & Chrysotile Institute / ILO کی نیڈ اکے رہنمائخطوٹ کے ساتھ مکمل طور پر ہم آہنگ ہے۔

## **پائیدار ماحول اور تووانائی کا استعمال**

کمپنی ماحول کی حفاظت اور وسائل کو موثر انداز سے استعمال کرنے کیلئے اپنی ذمہ داری اور عزم سے آگاہ ہے۔ ہم اپنے عزم پر عمل پیرا ہوتے ہوئے باقی اقدامات کے علاوہ رہی سائیکلنگ اسی ورکنگ کی حوصلہ فراہم کرتے ہیں۔ جو ماحولیاتی فوائد کے ساتھ اہم خام مال کی لاگت میں بچت کا بھی ذریعہ بتاتا ہے۔

کمپنی اپنے ملازمین کو ترغیب دیتی ہے کہ استعمال میں نہ ہونے والی بیتیاں، کپیوٹر سٹم، بر قی آلات کو بیندر کر بھیلی پچائیں اور تووانائی کی بچت کیلئے تمام بر قی آلات کو ٹھیک حالت میں رکھا جائے۔

## **ڈائریکٹر کا معاوضہ**

بورڈ آف ڈائریکٹر نے ڈائریکٹر کے معاوضہ کی منتظری دی ہے۔ تاہم کوڈ آف کار پوریٹ گورننس کے تناظر میں اس بات کو لیکنی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضہ کے فیصلہ میں شریک نہیں ہو۔ کمپنی اپنے نان ایگزیکٹو ڈائریکٹر نے مول آزاد ڈائریکٹر کو معاوضہ ادا نہیں کرتی۔

## بورڈ انسانی وسائل اور مشاہیر کمپنی

مسٹر عائشہ طارق اللہ والا۔ چیئر پرنسن (آزاد ائرکیسٹر)

جناب ابوطالب ایج کے دادا

جناب مقبول ایج رحمت اللہ

## سال کے دوران اجلاسوں کی حاضری

بورڈ آف ڈائریکٹر زور اس کی آڈٹ کمپنی، انسانی وسائل اور مشاہیر کمپنیوں کے اجلاسوں کی تعداد میں ان میں حاضری درج ذیل ہے۔

انسانی وسائل مشاہرہ کمپنی کا اجلاس		بورڈ آڈٹ کمپنی کا اجلاس		بورڈ آف ڈائریکٹر زک اجلاس		حیثیت	ڈائریکٹر کا نام
شرکت	معتقد	شرکت	معتقد	شرکت	معتقد		
-	-	4	4	7	7	نان ایگزیکٹو ڈائریکٹر	جناب شہزاد ایم حسین <sup>1</sup>
-	-	-	-	7	7	چیف ایگزیکٹو آفیسر	جناب سکندر دادا <sup>2</sup>
2	2	-	-	6	7	نان ایگزیکٹو ڈائریکٹر	جناب ایوالیب ایج کے دادا <sup>3</sup>
2	2	4	4	7	7	نان ایگزیکٹو ڈائریکٹر	جناب مقبول ایج رحمت اللہ
-	-	4	4	7	7	آزاد ائرکیسٹر	جناب سید شاہد علی بخاری
-	-	4	4	6	7	آزاد ائرکیسٹر	مسر امیر احمد موتی والا
2	2	-	-	7	7	آزاد ائرکیسٹر	مسٹر عائشہ طارق اللہ والا
-	-	-	-	6	7	چیف ایگزیکٹو آفیسر (مستعفی)	جناب محمد دادا

1۔ جناب شہزاد ایم۔ حسین کو 2 جون، 2022 کو جناب ابوطالب ایج کے دادا کی جگہ پر بورڈ کا چیئر مین مقرر کیا گیا۔ جناب ایوالیب ایج کے دادا کو سکندر دادا کی بطوری ای اور تعیناتی کی وجہ سے بورڈ کا چیئر مین مقرر کیا گیا تھا۔

2۔ جناب محمد دادا نے 7 اپریل، 2022 کو ای اور کے عہدے سے استغفاری دیا جس کے نتیجے میں بورڈ نے 14 اپریل، 2022 کو جناب سکندر دادا کو کمپنی کا نیا ای اور مقرر کیا۔

3۔ جناب ایوالیب ایج کے دادا کو 14 اپریل، 2022 کو جناب سکندر دادا کی جگہ پر بورڈ کا چیئر مین مقرر کیا گیا۔ جناب ایوالیب ایج کے دادا نے چیئر مین کی حیثیت سے استغفاری دیا تاہم وہ ڈاؤنیس ایٹریٹ لمبینڈ کے بورڈ ڈائریکٹر کے طور پر خدمات سرانجام دیتے رہیں گے۔

## بورڈ کی کارکردگی کا تجزیہ اور ڈائریکٹر کا ٹریننگ پروگرام

بورڈ نے کمپنی کو اس کے تذویراتی امور میں موثر انداز میں رہنمائی فراہم کر کے اپنے فرائض اور ذمہ داریوں کو پوری تندی سے ادا کیا ہے۔ بورڈ نے میتھنست کی کارکردگی کی نگرانی اور بڑے خطرہ والے شعبوں پر توجہ دینے میں بھی اہم کردار ادا کیا۔

بورڈ اسٹیکپ ہولڈرز کی قدر کے تفظیلی کیلئے کارپوریٹ گورننس کے اعلیٰ میعاد کو لیٹنی بنانے میں پر عزم رہا۔ بورڈ کے فیصلہ سازی کے عمل میں آزاد ائرکیسٹر سمیت تمام ڈائریکٹر ز نے مکمل طور پر حصہ لیا اور اپنی ذمہ داری بھائی۔

## یورڈ کی تشكیل

یورڈ کی تشكیل لٹکپنیٹر (کوڈ آف کار پریٹ گو نس) ریگولیشنز 2019 جو سہداروں پر قبل اطلاق ہے کے تقاضوں کے مطابق کی جاتی ہے جو مندرجہ ذیل ہے۔

## ڈائریکٹر کی کل تعداد

5	(اے) مرد
2	(بی) خواتین

## تشكیل

3	(i) آزادوڈاٹریکٹر
1	(ii) ایگزیکٹوڈاٹریکٹر
3	(iii) نان ایگزیکٹوڈاٹریکٹر

## ڈائریکٹر کے نام

جناب شہزادیم حسین، چیریمن

جناب سکندر دادا، چیف ایگزیکٹو

جناب ایوب طالب ایچ کے دادا

جناب مقبول ایچ ایچ رحمت اللہ

سید شاہد علی بخاری۔ آزادوڈاٹریکٹر

مسرزمبر احمد موتی والا۔ آزادوڈاٹریکٹر

مسرزاکشمہ طارق اللہ والا۔ آزادوڈاٹریکٹر

## یورڈ کمیٹیوں کے ارکین کے نام

### یورڈ آڈٹ کمیٹی

سید شاہد علی بخاری۔ چیریمن (آزادوڈاٹریکٹر)

جناب شہزادیم حسین

جناب مقبول ایچ ایچ رحمت اللہ

مسرزمبر احمد موتی والا

## (2) مالی خطرہ

کمپنی مالیاتی اداروں سے قرضوں کے حصول کے ذریعے مالی خطرے کا شکار ہو سکتی ہے اس لئے اس خطرے کو کم کرنے کیلئے کمپنی لاہور کی زمین اور کراچی فیکٹری کو فروخت کر کے پینکوں سے قرضوں کو کم کرے گی۔

## (3) ضوابط کی تقلیل سے متعلق خطرات

کمپنی اس بات کا ادراک رکھتی ہے کہ قوانین و ضوابط کی عدم تقلیل کا نتیجہ جرمانے کے اطلاق، ناابلی، بلیک لسٹنگ، لائنس کی منسوخی وغیرہ کی صورت میں نکل سکتا ہے۔ لہذا عدم تقلیل کی سرگرمیوں اور روپوں کیلئے صفر برداشت کی پالیسی رکھتی ہے۔ مزید بال ایسے خطرات کو کم کرنے کیلئے کمپنی میں ایک انتہائی جامع اور موثر نظام تقلیل موجود ہے۔

## ڈیویڈنڈ اور منقص کردہ رقم

کمپنی نے زیر جائزہ مدت کیلئے صفر پر ہے فی حصہ یعنی صفر فیصد حصہ تمی نقد منافع منقصہ کا اعلان کیا ہے۔ منقص کرنے کیلئے دستیاب منافع جات / (خسارہ) کا خلاصہ درج ذیل ہے:

(روپے'000 میں)

(393,089)	بematlab کم جولائی، 2021 مجموعی خسارہ
24,786	متعلقہ اثاثہ جات پر چارج کئے گئے تدریجی فرسودگی کی مدد میں فکسٹ اثاثوں کی ازسرنو تیعنی شدہ مالیت میں اضافہ
149,946	فروخت کیلئے رکھے گئے غیر موجودہ اثاثوں کی فروخت کے باعث فکسٹ اثاثوں کی ازسرنو تیعنی مالیت میں اضافہ کی واپسی
(142,938)	30 جون 2022 کو ختم ہونے والے سال کے بعد ایکس خسارہ
<u>(361,295)</u>	<u>30 جون، 2022 کو تیغ شدہ خسارہ</u>

بematlab 30 جون، 2022 فی حصہ بریک اپ ویلو 68.85 روپے (2021 82.13 روپے) ہے

## یورڈ آف ڈائریکٹریز اور اس کی کمیٹیاں

جناب صمدداد اکے ستعفی کے باعث یورڈ نے جتاب سکندردادا کو 14 اپریل، 2022 سے کمپنی کا دوبارہ نیاسی ای او مقرر کیا۔ جتاب سکندردادا کی عشروں سے کمپنی کے سی ای اور ہے ہیں۔

جناب سکندردادا یورڈ کے چیئر مین تھے۔ 14 اپریل، 2022 کو یورڈ نے جتاب ایو طالب ایچ کے دادا کو یورڈ کا عبوری چیئر مین مقرر کیا۔ مذکورہ بالا کی وجہ سے 2 جون، 2022 کو یورڈ نے جتاب شہزاد ایم حسین کو جتاب ایو طالب ایچ کے دادا کی جگہ پر یورڈ کا چیئر مین مقرر کیا۔

یورڈ آف ڈائریکٹریز کے 30 جون، 2022 کو ختم ہونے والے سال کے دوران سات اجلاس ہوئے۔ یورڈ تجربہ کار اور ماہر ارکین پر مشتمل ہے۔

30 جون، 2022 کو ختم ہونے والے سال کے دوران یورڈ آڈٹ کمیٹی کے چار اور انسانی وسائل اور مشاہیر کمیٹی کے دو اجلاس منعقد ہوئے۔ یورڈ کی کمیٹیوں نے یورڈ کی کارگزاری میں زبردست معاونت فراہم کی۔

سید شاہد علی بخاری، آزاد ڈائریکٹر یورڈ آڈٹ کمیٹی کے چیئر مین ہیں اور مستر عائشہ طارق اللہ والا، آزاد ڈائریکٹر انسانی وسائل اور مشاہیر کمیٹی کی چیئر پرسن ہیں جیسا کہ کوڈ آف کارپوریٹ گورننس، ریگولیشن 2019 کا تقاضا ہے۔

## کمپنی کے اٹاؤں کی فروخت

کمپنیز ایک 2017 کے سیشن(a)(3) 183 کے مطابق کمپنی کا لاہور آفس، زین اور عمارت اور کراچی فیکٹری کو مع پلانٹ اور مشینی فروخت کرنے کی غرض سے حصہ یافتگان کی منظوری حاصل کرنے کیلئے غیر معمولی اجلاس عام (ای او جی ایم) بلا یا۔ لاہور قطعہ اراضی کا کل رقبہ 8 کنال 16 مرلہ 46 سکواڑ فٹ مساوی 8.810 کنال ہے جبکہ کراچی فیکٹری کا کل رقبہ 26 اکیٹر ہے۔ بورڈ آف ڈائریکٹرز نے 7 اپریل، 2022 کو منعقدہ اجلاس میں لاہور آفس اور کراچی فیکٹری کو فروخت کرنے کا فیصلہ اور حصہ یافتگان کو سفارش کی۔

بورڈ نے کمپنی کی مصروفات کی امید افزاء مارکیٹ طلب کے باعث اس کی سفارش کی، کمپنی اپنی انتظامیہ، فناں اور آپریشن کی اس تشكیل کے مرحلہ میں ہے جبکہ لاہور آفس اور کراچی فیکٹری کی فروخت کا مجموعہ طریقہ لمحہ رکھنے والے خریدار سے گفت و شنید کے ذریعے اختیار کیا گیا۔ یہ رقم پینک کے قرضوں کو مم کرنے میں مدد کے لیے کمپنی کی مالی ذمہ داریوں کی تیزی کی گئی تھی۔ نتیجتاً، مالیاتی لائگت کم ہو جائے گی جس سے کمپنی کی کارکردگی بہتر ہو گی اور کمپنی کو اضافی لیکو یڈیٹی ملے گی۔ حصہ یافتگان نے 17 مئی، 2022 کو منعقدہ اجلاس میں لاہور آفس اور کراچی فیکٹری کو فروخت کرنے کی منظوری دی۔

## تمیل کا اعلامیہ

کمپنی سیکورٹری اینڈ آئیکس چینج کمیشن آف پاکستان کی طرف سے لا گوکار پوریٹ گورننس کے اصولوں پرحتی سے عمل کرتی ہے۔ کمپنی نے تمام متعلقہ شرائط کو نافذ کیا ہے جس کا خلاصہ ملک کمپنیز (کوڈ آف کار پوریٹ گورننس) ریگولیشن، 2019 کے ساتھ تمیل کے اعلامیہ میں بیان کیا گیا ہے۔

## انٹرل کنٹرولز اور رسک میجمنٹ

کمپنی کے پاس موثر انٹرل کنٹرول سسٹم موجود ہے جو کارکردگی، موثر آپریشنز، قاتک اعتبار مالی گوشواروں، موجودہ نیشن اور رضائیوں کی تمیل کے حوالے سے مناسب نگرانی کرتا ہے۔ اس طرح کے سسٹم کی میجمنٹ کی طرف سے موثر نگرانی کی جاتی ہے جبکہ بورڈ کی آڈٹ کمیٹیاں خطرات کے جائزے اور بورڈ آف ڈائریکٹرز کی روپورٹ کی بنیاد پر انٹرل کنٹرول سسٹم کا جائزہ لیتی ہیں۔

## در پیش خطرات اور کمی کے اقدامات

کمپنی کو مندرجہ ذیل عمومی خطرات لاحق ہو سکتے ہیں جبکہ کمپنی نے موجودہ خطرات کو کم کرنے کیلئے مناسب اقدامات اٹھائے ہیں۔

## (1) تجارتی خطرہ

کمپنی کو روونگ کی درآمد میں اضافہ کے خطرے کے سماں ہے۔ اس خطرے کو کم کرنے کیلئے کمپنی حکومتی درآمدی پالیسیوں میں تبدیلی کیلئے لابنگ کر رہی ہے تاکہ مقامی افادہ سٹری کو تحفظ حاصل ہو۔

کمپنی کو خام مال کی قیتوں میں اضافہ کے خطرے کا بھی سماں ہے۔ اس خطرے کو کم کرنے کیلئے کمپنی قیتوں کے رجحان کی مانٹرنگ کرتی ہے اور خریداری کے حوالے سے تذویراتی فیصلے لیتی ہے تاکہ resins اور دیگر خام مال کی بڑتی ہوئی قیتوں کے اثر کو کم کیا جاسکے۔

کمپنی کے ڈائریکٹر کیلئے 30 جون، 2022 کو ختم ہونے والے سال کیلئے رپورٹ میں پڑتاں شدہ مالی گوشوارے پیش کرنا باعثِ مسرت ہے۔

## کمپنی کی بنیادی سرگرمیاں اور کاروباری کارکردگی

کمپنی کا بنیادی کاروبار تغیراتی سامان کی تیاری اور فروخت ہے جس میں بنیادی طور پر پائپنگ سسٹم اور کرسوٹائل فائبر سیمنٹ، ربڑ اور پلاسٹک سے تیار کردہ متعلقہ مصنوعات، درآمد شدہ پاپ فلٹنگز، لوازم اور دیگر لوازم اور دیگر عمارتی مصنوعات کی فروخت شامل ہے۔

## کاروباری ماحول

زیرِ جائزہ مدت کے دوران معاشری صورتحال چیلنجز سے بھر پورہ ہی۔ پیک سیکٹر ڈیلپیٹ پر جیکش کیلئے نہذ زکی اور سرمایہ کاروں کی طرف سے نجی منصوبوں پر سرمایہ کاری میں احتیاط کے باعث کمپنی کی فروخت بری طری متاثر ہوئی۔ مدت کے دوران نیوں کی بلند قیتوں کے ساتھ ساتھ پاکستانی روپے کی بقدری سے کمپنی کی لاگتوں میں اضافہ ہوا، پاکستانی روپے کی امریکی ڈالر کے مقابلے میں قدر میں انتہائی گراوٹ سے زر مبادلہ کو بھارتی نقصان پہنچا۔ مزید برآں حکومت کی طرف سے انفارسٹریکٹ کی ترقیاتی منصوبوں کے اخراجات میں کمی اور معاشری سرگرمیوں کی مجموعی ست روی سے کمپنی کی فروخت پر متفقی اثر مرتب ہوا۔ نتیجتاً کمپنی کی فروخت سے حاصل ہونے والی مجموعی آمدنی 2011 میں روپے رہی جس میں 16.98 میلین روپے ایکسپورٹ میزبانی شامل ہے۔

بہت سارے یورپی عوامل جو کمپنی کی میتھنٹ کے کشوں سے باہر تھے، کمپنی کے منافع میں رکاوٹ کا باعث بنے۔ مالی لاگتوں اور درآمد شدہ خام مال پر زر مبادلہ کے نقصان کی وجہ سے کمپنی کی مالی کارکردگی متاثر ہوئی۔ اس کے علاوہ پڑویں مصنوعات اور تو انائی کی قیتوں میں مسلسل اضافہ کی وجہ سے ہمارے خام مال کی قیمتیں بڑھ رہی ہیں۔ اس کے ساتھ ساتھ پاکستانی روپے کی قدر میں زبردست گراوٹ کی وجہ سے ہونے والے زر مبادلہ کے بھارتی نقصان کی وجہ سے توقع سے زیادہ نقصان ہوا ہے۔

مذکورہ بالا غیر موزوں عوامل اور 80.607 میلین روپے دیگر آمدنی کے باوجود کمپنی کا سال کے اختتام پر آپریٹنگ نقصان 21.208 میلین روپے رہا (21/2020): آپریٹنگ منافع 152.008 میلین)۔ فناں چار جز میں گز شش سال کے مقابلے میں 12.07 فیصد کی ہوئی جس کے نتیجے میں قبل از ایکس نقصان 157.181 میلین روپے رہا (21/2020) قبل از ایکس نقصان 3.755 میلین)۔ سال کے اختتام پر کمپنی کا بعد از ایکس نقصان 142.938 میلین روپے رہا (21/2020) خاص نقصان 39.009 میلین روپے)

## آپریٹر

زیرِ جائزہ سال کے دوران تین فیکٹریوں میں مجموعی بیداری صلاحیت بری طرح متاثر ہوئی۔ سال کے دوران سی تی شیٹس کے معیار اور اس کی ظاہر شکل کو ہترینانے حیدر آباد فیکٹری میں 0.214 میلین روپے کی سرمایہ کاری کی گئی۔ اسی طرح کراچی فیکٹری کو بند کر کے حیدر آباد اور سندھ کی فیکٹریوں پر مستقبل میں توجہ مرکوز کرنے کا فیصلہ کیا گیا۔

# Key Operating and Financial Data

	2022	2021	2020	2019	2018	2017
----- ( Rupees in 000' ) -----						
<b>Summary of Profit or Loss</b>						
Sales - gross	<b>2,011,487</b>	2,880,728	2,806,696	3,339,398	3,456,206	2,825,761
Sales tax	(314,640)	(436,189)	(432,586)	(525,878)	(534,491)	(434,170)
Sales - net	<b>1,696,847</b>	2,444,539	2,374,110	2,813,520	2,921,715	2,391,591
Cost of Goods Sold	(1,449,027)	(2,133,655)	(2,139,045)	(2,492,215)	(2,462,941)	(1,964,982)
Gross Profit	<b>247,820</b>	310,873	235,065	321,305	458,774	426,609
Operating (Loss)/Profit	(21,208)	152,008	(158,738)	(16,821)	180,116	181,751
Finance Cost	(135,973)	(155,763)	(213,533)	(178,715)	(121,530)	(117,741)
Share of Profit / (loss) on investment in an associate	-	-	-	-	-	-
Profit / (loss) before tax	(157,181)	(3,755)	(372,271)	(195,536)	58,586	64,010
Profit / (loss) after tax	(142,938)	(39,009)	(361,519)	(195,528)	5,283	16,844
<b>Financial Position</b>						
Share Capital	<b>107,640</b>	107,640	107,640	107,640	107,640	107,640
Reserves	(361,295)	(393,089)	(378,866)	(42,131)	131,205	108,358
Surplus on revaluation of Fixed Assets	<b>1,054,892</b>	1,169,490	1,194,276	1,041,382	1,039,885	1,064,230
Total Non- Current Liabilities	<b>2,915</b>	56,913	141,932	75,006	64,724	93,256
Total Current Liabilities	<b>2,102,405</b>	2,178,362	2,341,817	2,194,357	1,987,066	1,811,896
Total Non- Current Assets	<b>1,011,958</b>	1,721,641	1,799,906	1,964,533	1,876,896	1,913,769
Total Current Assets	<b>1,171,394</b>	1,038,875	1,606,893	1,411,721	1,453,623	1,271,611
<b>Ratios</b>						
Gross profit margin ratio	<b>14.60%</b>	12.72%	9.90%	11.42%	15.70%	17.84%
Operating profit margin (EBIT)	<b>-1.25%</b>	6.22%	-6.69%	-0.60%	6.16%	7.60%
Pre Tax Profit Margin	<b>-9.26%</b>	-0.15%	-15.68%	-6.96%	2.01%	2.68%
Net profit margin ratio	<b>-8.42%</b>	-1.60%	-15.23%	-6.96%	0.18%	0.70%
Return on Equity Gross	<b>-17.84%</b>	-4.41%	-39.17%	-6.95%	5.41%	5.70%
Current Ratio	<b>0.56</b>	0.48	0.69	0.64	0.73	0.70
Quick Ratio	<b>0.63</b>	0.45	0.56	0.48	0.46	0.46
Receivables collection period	<b>27</b>	23	35	30	20	20
Inventory turn-over Days	<b>105</b>	89	105	108	113	114
Payables payment period	<b>155</b>	113	96	100	86	61
Debt equity ratio	<b>0.01</b>	-0.20	-0.52	1.14	0.27	0.43
Interest coverage ratio	<b>-0.16</b>	0.98	-0.74	-0.09	1.50	1.54
Earning per share - in Rupees	<b>-13.28</b>	-3.62	-33.59	-18.16	0.49	1.56
Share Price - in Rupees	<b>77.2</b>	43.8	29.3	29.3	44.7	100.0
P/E Ratio	<b>-5.81</b>	-12.1	-0.9	-1.6	91.0	63.9



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Pakistan

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DADEX ETERNIT LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of DADEX ETERNIT LIMITED for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

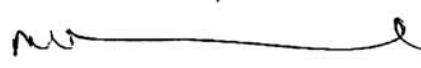
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S. No.	Paragraph reference	Description
(i)	31(7) &(8)	All companies shall ensure that internal audit reports are provided for the review of external auditors. The auditors shall discuss any major findings in relation to the reports with the audit committee, which shall report matters of significance to the Board. However, the internal audit reports have not been shared with external auditors.

KARACHI

  
CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

DATED: October 26, 2022  
UDIN: CR202210067IDzBXjq57

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# **Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019**

The Company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are 07 as per the following:-

a. Male: 05  
b. Female: 02

2. The composition of the Board is as follows:

<b>Category</b>	<b>Name</b>
Independent Directors	Syed Shahid Ali Bukhari Mrs. Amber Ahmed Motiwala Mrs. Ayesha Tariq Allawala
Other Non-Executive Directors	Mr. Abu Talib H.K. Dada Mr. Maqbool H.H. Rahimtoola Mr. Shahzad M. Husain
Executive Director	Mr. Sikander Dada

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Four out of Seven Directors have confirmed that they possess requisite educational and directorship experience on the board of listed companies and hence are exempted from the requirement of attending Directors' Training Program. One Director has already attended Directors' Training Program. Remaining two directors will attend Directors' Training in coming fiscal year.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below.-

**a) Board Audit Committee**

Chairman:	Syed Shahid Ali Bukhari
Members:	Mr. Shehzad M. Husain Mr. Maqbool H.H. Rahimtoola Mrs. Amber Ahmed Motiwala

**b) Board HR and Remuneration Committee**

Chairperson:	Mrs. Ayesha Tariq Allawala
Members:	Mr. Maqbool H.H. Rahimtoola Mr. Abu Talib H.K. Dada

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committees were as per following:-
  - a) Board Audit Committee four meetings (Quarterly)
  - b) Board HR and Remuneration Committee two meetings (Yearly)
15. The board has set up an effective internal audit function comprising of personnel who are considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanations for internal audit reporting under Regulation 31 (7) is as follows:
  - a) Regulation 31 (7) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 stipulates that, all companies shall ensure that internal audit reports are provided for the review of external auditors. The Company is reorganizing its Management and improving its internal audit function. Due to constraints of financial and human resource, an internal audit reporting deficiency has been identified and will be remedied during the current fiscal year.

Karachi: October 20, 2022



**SHAHZAD M. HUSAIN**  
CHAIRMAN

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DADEX ETERNIT LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of DADEX ETERNIT LIMITED, (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss and its other comprehensive loss, its cash flows and the changes in equity for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty relating to Going Concern

The Company incurred net loss after tax for the year ended June 30, 2022 amounting to Rs. 142.936 million and its accumulated losses as at June 30, 2022 amounted to Rs. 366.948 million. The Company's current liabilities aggregating to Rs. 2,102.405 million exceeded the current assets by Rs. 208.807 million at the reporting date. Moreover, during the previous year, the Company received demand notice from National Bank of Pakistan (NBP) for repayment / settlement of their liabilities / credit facility. To manage its liquidity position and availability of funds for operations, the Company is depending on successful negotiation/renewal/repayment of credit facility with NBP besides, the firm commitment by directors for any required financial support. These conditions as set forth in note 1.3 and note 30.1 respectively indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Provision for obsolescence in stock-in-trade</b></p> <p>As disclosed in note 14 and 15 to the financial statements, the Company has net inventories of Rs. 42.996 million and Rs. 386.121 million as at June 30, 2022 for stores, spares and loose tools and stock in trade, respectively.</p> <p>The total inventories represented significant portion of the Company's total assets.</p> <p>The Company estimates the provision for slow moving and obsolete inventory of stock in trade based on the inventory ageing and sales performance of individual stock categories and make specific provisions by individual stock categories. The Company also writes down the value of such inventories based on the net realizable value of inventories.</p> <p>Further, the provision for all slow moving and obsolete inventories of stores, spares and loose tools are based on the inventory days and specific identification of inventories through verification by management.</p> <p>We focused on this area as the estimation for provisioning involve a high level of management judgement which could result in measurement uncertainty and possibility for management bias.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We evaluated the significant assumptions and methodologies applied by management to identify and provide for slow moving and obsolete inventory categories.</li> <li>• We compared the ageing and provisioning percentages used by management in the current year to those applied in prior years and checked the reasonableness of provisioning basis using our understanding of industry practices.</li> <li>• We reviewed the year to year movement in provision for each category of inventory considering subsequent write offs, reversals on re-use and disposals. We also compared the cost of inventories as at June 30, 2022 to their net realisable value subsequent to year end.</li> <li>• We performed a recalculation of the inventory provision made to an individual inventory category based on the system generated inventory ageing report. Further, we checked for damaged and obsolete inventory that were physically identifiable during stock count observation.</li> </ul>
2.	<p><b>Valuation of trade debts</b></p> <p>As disclosed in note 16 to the accompanying financial statements of the Company for the year ended June 30, 2022, the Company has a trade debt balance amounting to Rs. 113.407 million, which represents a significant element of Statement of financial position.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• We tested the design and effectiveness of internal controls implemented by the Company through the trade receivables cycle.</li> </ul>

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S. No	Key audit matters	How the matter was addressed in our audit
	<p>A discrepancy in the valuation or existence of trade debt could cause the assets to be materially misstated, which would impact the Company's reported financial position as the valuation of aforesaid head is one of the main driver of movements in the assets of the Company.</p> <p>Management considers certain specific factors including the age of the balance, recent payment patterns, historical defaults and forward-looking information on macro-economic factors and other available information with respect to credit worthiness and reliability of the counterparties. Management uses this information to determine whether a provision for impairment is required at a specific or overall balance level.</p> <p>In view of the significance of trade debts in relation to the total assets of the Company, we considered impairment of trade receivables as a key audit matter due to the significant management judgment involved in determining the allowance for expected credit losses and that the existence and carrying value of trade receivables could be material to the performance of the company.</p>	<ul style="list-style-type: none"> <li>We examined on a sample basis, evidence related to post year-end cash receipts and performed invoice testing for post year-end non cash receipt samples.</li> <li>We circulated confirmations to the sample of debtors along with the outstanding balance at the year-end.</li> <li>We obtained an understanding of the requirements of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts.</li> <li>We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.</li> <li>We evaluated the relevance, completeness, and accuracy of the source data used for computation of ECL.</li> <li>We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. The adequacy of the disclosures presented in the financial statements regarding allowance for ECL was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.</li> </ul>
3.	<b>Borrowings and financing facilities</b>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> <li>Discussed with management and obtained an understanding of requirements of borrowings and financing facilities.</li> </ul>

S. No	Key audit matters	How the matter was addressed in our audit	
	<p>We focused on this area as the Company is heavily relying on borrowings and related facilities to finance its operations and managing working capital.</p> <p>At the reporting date, the Company has adverse net current liability position and having difficulty in managing its credit facilities and prone to a higher risk premium.</p> <p>The Company has a finite cash resource to fund operational activities and access to short term borrowings and their renewal is challenging due to a significant gap in working capital requirements and operational cash flows to maintain sufficient liquidity.</p>	<ul style="list-style-type: none"> <li>Reviewed correspondence with the bankers discussed with management on continuity of currently available credit facilities;</li> <li>Reviewed the terms associated with the financing agreements and the amount of the facilities available for drawdown;</li> <li>Reviewed management's assessment of the cash flow requirements of the Company over the next 12 months, based on budgets and forecasts;</li> <li>Reviewed minutes of the Board of Directors to note discussion made by management on funding the operations and managing credit facilities; and</li> <li>Obtained representations from the Sponsors for assurance to finance the business and to fill the gap in working capital requirements.</li> </ul>	
4.	<b>Control environment relating to the financial reporting process and related IT systems</b>	<p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the statement of profit or loss account and statement of financial position.</p>



#### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 20 OCT 2022

BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

UDIN: AR202210067LD4lbyNUc



# **FINANCIAL STATEMENTS**

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**DADEX**

# Statement of Financial Position

As at June 30, 2022

	Note	2022	2021
		----- Rupees in thousand -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	760,674	1,495,189
Operating fixed assets	7	1,932	6,778
Capital work in progress			
		762,606	1,501,967
Intangible assets	8	117	214
Investment property	9	29,186	31,725
Long-term investment	10	-	-
Long-term loans	11	915	1,127
Long-term deposits	12	20,081	23,011
Deferred tax asset	13	199,053	163,597
		1,011,958	1,721,641
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	14	42,966	44,785
Stock-in-trade	15	386,121	460,667
Trade debts	16	113,407	140,686
Loans and advances	17	97,232	67,528
Trade deposits and short term prepayments	18	58,620	99,497
Other receivables	19	198,452	14,166
Income tax refund due from Government		129,838	129,838
Taxation - net	20	84,308	49,007
Cash and bank balances	21	60,450	32,701
		1,171,394	1,038,875
Non-current assets held for sale	22	723,205	358,800
		2,906,557	3,119,316
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
12,000,000 (2020: 12,000,000)			
ordinary shares of Rs. 10 each		120,000	120,000
8,000,000 (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	23	107,640	107,640
Reserves	24	(361,295)	(393,089)
Surplus on revaluation of property, plant and equipment		1,054,892	1,169,490
		801,237	884,041
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	25	-	15,612
Lease liabilities	26	2,915	16,218
Deferred income	28	-	421
GIDC Payable	29	-	24,662
		2,915	56,913
<b>CURRENT LIABILITIES</b>			
Trade and other payables	30	1,072,486	1,048,543
Short-term borrowings	31	925,567	1,005,334
Accrued markup	32	26,375	53,452
Current portion of deferred income	28	421	2,434
Current portion of long-term financing	25	22,965	29,630
Current portion of lease liabilities	26	12,899	22,203
Loan from directors	27	25,000	-
Dividend payable		16,692	16,766
		2,102,405	2,178,362
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>	33	2,906,557	3,119,316

The annexed notes from 1 to 52 form an integral part of these financial statements.



Sikander Dada  
Chief Executive



Shahzad M. Husain  
Director



Muhammad Yousuf  
Chief Financial Officer

# Statement of Profit or Loss

For the Year Ended June 30, 2022

	Note	2022	2021
		----- Rupees in thousand -----	
<b>Sales - gross</b>		<b>2,011,487</b>	2,880,728
Sales tax		(314,640)	(436,189)
<b>Sales - net</b>	34	<b>1,696,847</b>	2,444,539
Cost of sales	35	(1,449,027)	(2,133,666)
<b>Gross profit</b>		<b>247,820</b>	310,873
Distribution costs	36	(103,294)	(133,560)
Administrative expenses	37	(131,924)	(137,347)
Other expenses	38	(114,417)	(32,690)
Other income	39	80,607	144,732
<b>Operating (loss)/ income</b>		(21,208)	152,008
Finance cost	40	(135,973)	(155,763)
Loss before taxation		(157,181)	(3,755)
Taxation			
Prior	41	-	201
Current		(21,213)	(42,071)
Deferred		35,456	6,616
<b>Net loss for the year</b>		<b>14,243</b>	(35,254)
<b>Loss per share - basic and diluted (Rupees)</b>	42	<b>(13.28)</b>	<b>(3.62)</b>

The annexed notes from 1 to 52 form an integral part of these financial statements.



Sikander Dada  
Chief Executive



Shahzad M. Husain  
Director



Muhammad Yousuf  
Chief Financial Officer

# Statement of Comprehensive Income

For the Year Ended June 30, 2022

2022	2021
----- Rupees in thousand -----	

Net loss for the year	(142,938)	(39,009)
<b>Other comprehensive income</b>		
Items that will not be reclassified subsequently to statement of profit or loss:		
Revaluation of property, plant and equipment	60,134	-
Total comprehensive loss for the year	<u>(82,804)</u>	<u>(39,009)</u>

The annexed notes from 1 to 52 form an integral part of these financial statements.



**Sikander Dada**  
Chief Executive



**Shahzad M. Husain**  
Director



**Muhammad Yousuf**  
Chief Financial Officer

# Statement of Cash Flows

For the Year Ended June 30, 2022

	Note	2022	2021
		----- Rupees in thousand -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	43	3,141	470,839
Finance cost paid		(163,050)	(169,738)
Taxes paid		(56,514)	(90,881)
<b>Net cash (used in) / generated from operating activities</b>		<b>(216,423)</b>	<b>210,220</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		579	(6,837)
Proceeds from sale of property, plant and equipment		345	-
Proceeds from disposal of non-current assets held for disposal		340,000	-
Long term security deposits		2,930	5,698
Interest received		44	47
<b>Net cash generated from / (used in) investing activities</b>		<b>343,898</b>	<b>(1,092)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(22,607)	(35,455)
Repayment of long term loans		(22,277)	(12,351)
Short term borrowings	43.2.1	113,004	(213,802)
Loan form Directors		25,000	-
Dividend (paid) / reversed		(74)	53
<b>Net cash generated from / (used in) from financing activities</b>		<b>93,046</b>	<b>(261,555)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>220,521</b>	<b>(52,427)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(659,830)</b>	<b>(607,403)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>(439,309)</b>	<b>(659,830)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	21	60,450	32,701
Running Finance	31	(499,760)	(692,531)
		<b>(439,310)</b>	<b>(659,830)</b>

The annexed notes from 1 to 52 form an integral part of these financial statements.



Sikander Dada  
Chief Executive



Shahzad M. Husain  
Director



Muhammad Yousuf  
Chief Financial Officer

# **Statement of Changes in Equity**

## **For the Year Ended June 30, 2022**

Issued, subscribed and paid-up capital	Reserves		Total	Capital reserve	Revaluation surplus	Grand total				
	Capital reserve									
	Share premium	Accumulated losses								
----- Rupees in thousand -----										
<b>Balance as at July 1, 2020</b>	107,640	5,655	(384,521)	(378,866)	1,194,276	923,050				
Total comprehensive income	-	-	(39,009)	(39,009)	-	(39,009)				
Loss for the year	-	-	-	-	-	-				
Other comprehensive income	-	-	(39,009)	(39,009)	-	(39,009)				
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	24,786	24,786	(24,786)	-				
<b>Balance as at June 30, 2021</b>	107,640	5,655	(398,744)	(393,089)	1,169,490	884,041				
<b>Balance as at July 1, 2021</b>	107,640	5,655	(398,744)	(393,089)	1,169,490	884,041				
Total comprehensive income	-	-	(142,938)	(142,938)	-	(142,938)				
Loss for the year	-	-	-	-	60,134	60,134				
Other comprehensive income	-	-	(142,938)	(142,938)	60,134	(82,804)				
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	24,786	24,786	(24,786)	-				
Reversal of Surplus on revaluation of fixed assets due to disposal of non current asset held for sale	-	-	149,946	149,946	(149,946)	-				
<b>Balance as at June 30, 2022</b>	107,640	5,655	(366,950)	(361,295)	1,054,892	801,237				

The annexed notes from 1 to 52 form an integral part of these financial statements.



**Sikander Dada**  
Chief Executive



**Shahzad M. Husain**  
Director



**Muhammad Yousuf**  
Chief Financial Officer

# **Notes to the Financial Statements**

## **For the Year Ended June 30, 2022**

### **1 STATUS AND NATURE OF BUSINESS**

- 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 the reporting date, Sikandar (Private) Limited (the Holding Company) holds 6,800,648 ordinary shares representing 63.18% shareholding.
- 1.3** The Company has incurred net loss after tax for the year ended June 30, 2022 amounting to Rs. 142.936 million (2021: Rs. 39.009 million) and its accumulated losses as at June 30, 2022 are amounting to Rs. 366.948 million (2021: Rs. 398.744 million). The Company's total current liabilities amounting to Rs. 2,102 million (2021: Rs. 2,178.362 million) exceeded the current assets by Rs. 207.807 million (2021: Rs. 780.687 million) at the reporting date.

During 2021, the Company received demand notices from bank i.e. National Bank of Pakistan (NBP) for repayment/settlement of their liabilities / credit facility. To manage its current assets/liability position and availability of funds for operations, the Company is depending on successful negotiation renewal of credit facility with NBP, as disclosed in note 30.1 of these financial statements.

One of the Company's factories, which is located at Deh-22, Manghopir, Karachi, has been closed since March 2021. The factory was closed as dispute arose between management and labor union regarding retrenchment of some labor working at chrysotile cement roofing and pipe plant which is used to manufacture chrysotile cement roofing and pipes but the labor union went on strike as a result whole factory was shut down. The Company has filed a case in the High Court of Sindh in 2021. The Company has created a provision amounted to Rs.15.166 million in respect of compensation to the retrenched labor which might arise as a result of court's decision. Subject to some conditions of High Court Order, which resultantly led the Company to remove raw materials, moveable assets and finished goods lying at the factory to sell and the proceeds thereof shall be utilized for paying the legitimate dues of the workers. The Company has classified the property as held for sale during the year to settle the demand of NBP loan repayment and to meet the working capital requirements.

During the reporting period, the Company disposed of Lahore's office land & building which was classified as held for sale in 2020, at a force sales value of Rs. 340 million to Saphire Retail Limited. The Company has incurred loss of Rs.18.800 million which is disclosed in the note 37.

These conditions indicate the existence of material uncertainty which may cast significant doubts about the Company's ability to continue as a going concern. The Company's financial statements for the year ended June 30, 2022 have been prepared on a going concern basis, as the management has plans to increase profitability by introducing new marketing strategies and cutting down operational expenses which will improve profitability and meet working capital requirements. Besides, on the strength of commitment by directors for any required financial support, management believes that future profits shall wipe out the accumulated losses and the Company shall be able to meet all its obligations as become due.

## **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**

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### **3.2 Basis of measurement**

These financial statements have been prepared under the historical cost basis, except for recognition of certain staff retirement benefits at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flows information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 5.26.

### **3.3 Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pakistani Rupees ('Rupees' or 'Rs.') which is the Company's functional and presentation currency.

## **4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

### **4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have material impact on the financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

#### **4.2 New accounting standards, amendments and interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1      First Time Adoption of International Financial Reporting Standards; and
- IFRS 17      Insurance Contracts.

## **5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### **5.1 Property, plant and equipment**

#### **a) Operating fixed assets**

##### **Owned**

These are stated at cost less accumulated depreciation and impairment except for land. Freehold land are stated at revalued amounts less accumulated impairment and leasehold land is stated at revalued amount less accumulated depreciation and impairment.

Depreciation is charged to statement of profit or loss using the straight-line method over their estimated useful lives at the rates disclosed in note 6 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset are calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Gains and losses on disposal of assets are taken to the Statement of profit or loss in the year the assets are derecognised. When revalued assets are sold, the remaining surplus is transferred directly to retained earnings.

Assets residual values, useful lives and method of depreciation are reviewed, and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised.

##### **Right-of-use asset**

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

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

#### **b) Capital work-in-progress**

Capital work-in-progress are stated at cost and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

## **5.2 Intangible assets**

These are stated at cost less accumulated amortisation and impairment. Amortisation is charged to the statement of profit or loss using the straight-line method over their estimated useful lives.

## **5.3 Investment property**

These are assets held for capital appreciation and for rental earnings and are measured under the cost model. These are stated at cost less accumulated depreciation and impairment.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposals and carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition.

Transfers are made to or from the investment property only when there is a change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

Depreciation is charged to the statement of profit or loss using the straight-line method over their estimated useful lives at the rates disclosed in note 9 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised.

## **5.4 Impairment of non-financial assets**

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each reporting date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the statement of profit and loss.

## **5.5 Stores, spares and loose tools**

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the weighted average cost method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

The Company reviews the carrying amount of stores and spares on a periodic basis and provision is made for slow moving and obsolescence on periodic basis.

## **5.6 Stock-in-trade**

Stock-in-trade, except goods-in-transit, is stated at the lower of net realizable values and cost determined as follows:

Raw and packing materials - Moving average basis.

Work-in-process - Cost of direct materials plus conversion cost is valued on the basis of equivalent production units.

Finished goods - Cost of direct materials plus conversion cost is valued on time proportion basis.

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the reporting date.

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their net realizable values.

## **5.7 Trade debts and other receivables**

Trade debts are recognized initially at the amount of the consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method. Impairment of trade debts is disclosed in note 5.16.1.

## **5.8 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is also recognized in other comprehensive income or directly in equity respectively.

### **a) Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or Minimum Tax on Turnover or Alternate Corporate Tax, whichever is higher in accordance with the provisions of Income Tax Ordinance, 2001.

### **b) Deferred**

Deferred tax is accounted for using the liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in future years to utilize deductible temporary differences, unused tax losses and tax credits.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted up to the reporting date and are expected to apply to the periods when the differences reverse.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The Company takes into account decisions taken by the taxation authorities. For instance where the Company's view differs from the income tax department at the assessment stage, the disputed amounts are shown as contingent liabilities.

## **5.9 Cash and bank balances**

Cash in hand and at banks are carried at nominal amount.

## **5.10 Non current assets held for sale**

The Company classifies non-current assets (principally investment property) as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

## **5.11 Surplus on revaluation of property, plant and equipment**

Any revaluation increase arising on the revaluation of land is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

Any decrease in carrying amount arising on the revaluation of land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

## **5.12 Trade and other payables**

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and subsequently measured at amortised cost. Exchange gains and losses arising on transaction in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

## **5.13 Borrowings**

Borrowings are recognised initially at fair value net of transaction cost incurred. Borrowing cost are subsequently carried at amortised cost. Any difference between the proceeds received net of transaction cost and the redemption value is recognised in the Statement of profit or loss over the period of the borrowings using the effective interest method.

Finance cost are accounted for on accrual basis and are shown as interest and markup is accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowing cost on long term finances and short term borrowings which are obtained for the acquisition of qualifying assets are capitalized as part of cost of that asset. All other borrowing costs are charged to the statement of profit or loss in the period in which these are incurred.

## **5.14 Provisions**

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of that obligation can be measured reliably. Provisions are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

## **5.15 Contingencies**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

## **5.16 Financial instruments**

### **5.16.1 Financial assets**

Financial assets are recognized at the time when the Company becomes the party to the contractual provisions of the instruments.

#### **Recognition and measurement**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at reporting date are carried at amortized cost.

#### **Derecognition**

Derecognized when the Company losses control of the contractual rights that comprises the financial assets. Any gain or loss on derecognition of financial assets are recognized in statement of profit or loss.

#### **Amortized cost**

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## **Impairment**

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs only for trade debts or contract assets

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

### **5.16.2 Financial liabilities**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

### **5.16.3 Recognition and measurement**

All financial liabilities are initially measured at cost, which is the fair value of the consideration received and subsequently measured at amortised cost.

### **5.16.4 Derecognition**

The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain / loss on the recognition and derecognition of the liabilities is included in the statement of profit or loss for the period in which it arises.

### **5.16.5 Offsetting of financial assets and financial liabilities**

Financial asset and financial liability are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set-off the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

## **5.17 Foreign currency translation**

Transactions in foreign currencies are converted into Pakistani Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

## **5.18 Retirement benefits**

The Company contributes to an approved contributory provident fund scheme for all its permanent employees. Equal monthly contributions, both by the Company and the employees are made to the fund, at the rate of 11% of the basic salary plus cost of living allowance. All regular employees are eligible for provident fund upon their confirmation. Obligation for contributions to defined contribution plan by the Company is recognized as an expense in the statement of profit or loss. Prepaid contribution are recognized as an asset to the extent that cash refund or reduction in future payment is available.

## **5.19 Revenue recognition**

### **Sale of goods**

Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled performance obligation that could affect the customer's acceptance of the products.

### **Others**

- Scrap sales are recorded on receipt basis.
- Profit on bank accounts is recorded using effective interest rate.
- Rental income is recorded on accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.

## **5.20 Cash and cash equivalents**

Cash and cash equivalents comprise of cash, cheques in hand and balances with banks. Short-term borrowing facilities which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

## **5.21 Share capital**

Share capital is classified as equity and recognized at the face value. Incremental costs, net of tax, directly attributable to the issue of new shares are shown as a deduction in equity.

## **5.22 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## **5.23 Dividend and appropriation to reserves**

Dividend is recognized as a liability in the period in which it is declared by Board of Directors. Appropriations to reserves are recognized in the year in which these are approved by the Company's shareholders at the Annual General Meeting.

## **5.24 Related party transactions**

Transactions with related parties are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

## **5.25 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## **5.26 Significant accounting judgments and critical accounting estimates / assumptions**

The preparation of financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to consider industry practices and exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

**a) Property, plant and equipment**

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

**b) Stock-in-trade**

The Company reviews the net realisable values of stock in trade to assess any diminution in the respective carrying values. Net realisable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

**c) Trade debts**

The Company uses a provision matrix to calculate ECLs for trade receivables and other receivables.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

**d) Income taxes**

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. With regard to deferred taxation, the Company applies various assumptions on future projections and applicability of different tax regime, as well as recoverability of various deferred tax assets.

**e) Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information estimates the value of contingent assets and liabilities which may differ on the occurrence /non-occurrence of the uncertain future events.

## 6 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Owned								Right-of-use-assets			
	Freehold land	Leasehold land	Factory building on freehold and leasehold land	Buildings on freehold land other than factory	Plant and machinery	Furniture and fixtures	Vehicles and transportation equipment	Office and factory equipment	Building	Plant and machinery	Vehicles and transportation equipment	Total
----- Rupees in thousand -----												
<b>Year ended June 30, 2022</b>												
<b>Net carrying value basis</b>												
Opening book value	62,101	1,169,709	3,664	21,689	143,928	426	2,334	4,026	1,654	84,036	1,622	1,495,189
Additions / transfer	-	-	-	2,748	15,068	-	1,874	440	-	(14,247)	(1,171)	4,712
Revaluation surplus	-	60,134	-	-	-	-	-	-	-	-	-	60,134
Transfer to non-current asset held for sale	-	(720,000)	(506)	(2,699)	-	-	-	-	-	-	-	(723,205)
Disposal	-	-	-	-	-	-	-	(66)	-	-	-	(66)
Depreciation charge	-	(29,418)	(1,431)	(1,996)	(30,299)	(130)	(2,250)	(1,087)	(428)	(8,600)	(451)	(76,090)
Closing net book value	62,101	480,425	1,727	19,742	128,697	296	1,958	3,313	1,226	61,189	-	760,674
<b>Gross carrying value basis</b>												
Cost/Revalued amount	62,101	590,851	143,199	38,930	946,411	11,217	21,738	41,269	3,261	139,886	48,499	2,047,362
Accumulated depreciation	-	(110,426)	(141,472)	(19,186)	(817,714)	(10,921)	(19,780)	(37,957)	(2,036)	(78,697)	(48,499)	(1,286,688)
Net book value	62,101	480,425	1,727	19,744	128,697	296	1,958	3,312	1,225	61,189	-	760,674
<b>Year ended June 30, 2021</b>												
<b>Net carrying value basis</b>												
Opening net book value	62,101	1,199,127	5,034	23,640	137,018	575	5,234	3,490	998	126,175	6,370	1,569,762
Additions / transfer	6.1	-	-	-	35,605	-	2,449	1,617	1,497	(31,202)	(2,451)	7,515
Depreciation charge		-	(29,418)	(1,370)	(1,951)	(28,695)	(149)	(5,349)	(1,081)	(841)	(10,937)	(2,297)
Closing net book value	62,101	1,169,709	3,664	21,689	143,928	426	2,334	4,026	1,654	84,036	1,622	1,495,189
<b>Gross carrying value basis</b>												
Cost/Revalued amount	62,101	1,399,222	201,462	47,348	931,342	11,217	19,865	40,829	3,261	139,886	48,499	2,905,032
Accumulated depreciation	-	(229,513)	(197,798)	(25,659)	(787,414)	(10,791)	(17,531)	(36,803)	(1,607)	(55,850)	(46,877)	(1,409,843)
Net book value	62,101	1,169,709	3,664	21,689	143,928	426	2,334	4,026	1,654	84,036	1,622	1,495,189
<b>Depreciation rate % per annum</b>	0%	1% to 2.5%		10%	5%	10%	10%	20%	10% to	33.3% to	10% to	10% to
									33.3%	50%	33.3%	33.3%

**6.1** This addition includes amount transferred from capital work in progress.

**6.2 Particulars of immovable property in the name of Company are as follows:**

Details	Location	Total area
Free hold land	Plot No: 561-561A, Sunder Industrial Estate, Multan Road, Raiwind, Distt. Lahore.	26,111 Sq-yard
Lease hold land	34-A/1, Block-6, P.E.C.H.S. Shahrah-e-Faisal, Karachi-75400,	1249 Sq-yard
Lease hold land	DEH # 21-22, Manghopir, Karachi 75890	125,840 Sq-yard
Lease hold land	P.O. Box No. 10, Badin Road, Hyderabad.	48,932 Sq-yard

**6.3** The cost of fully depreciated assets which are still in use as at June 30, 2022 is Rs. 957.377 million (2021: Rs. 899.51 million).

Note

2022

2021

----- Rupees in thousand -----

- 6.4** The depreciation charge for the year has been allocated as follows:

Cost of sales	35	52,024	53,419
Selling and distribution expenses	36	2,815	6,383
General and administrative expenses	37	21,251	22,286
		<b>76,090</b>	<b>82,088</b>

- 6.5** The Company has revalued its freehold and leasehold land on January 23, 2012, February 13, 2012, August 29, 2015, January 22, 2016 and June 28, 2020 by an independent valuer M/s. Iqbal A.Nanjee and Co, KG Traders (Private) Limited, Oceanic Surveyors (Private) Limited and Fairwater Property Valuers and Surveyors (Private) Limited on the basis of market value. The incremental value of the leasehold land so revalued are being depreciated over the remaining useful lives of these assets at the date of revaluation.

- 6.6** Had there been no revaluation the carrying amount of freehold land, leasehold land at June 30, 2022 would have been as under:

2022			2021		
Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
----- Rupees in thousand -----					
Free-hold land	62,101	-	62,101	62,101	-
Lease-hold land	1,400,849	(231,140)	1,169,709	1,400,849	(231,140)
	<b>1,462,950</b>	<b>(231,140)</b>	<b>1,231,810</b>	<b>1,462,950</b>	<b>(231,140)</b>

- 6.7** The forced sales value of leasehold land which was subject to revaluation by Fairwater Property Valuers and Surveyors (Private) Limited is Rs. 602.951 million (2021: Rs. 602.951 million).

Details of Company's free-hold and lease-hold land and information about the fair value hierarchy as at the end of the reporting period are as follows:

June 30, 2022		
Level 2	Level 3	Total
----- Rupees in thousand -----		
Free-hold land	242,706	-
Lease-hold land	1,179,911	-
	<b>1,422,617</b>	<b>-</b>

June 30, 2021		
Level 2	Level 3	Total
----- Rupees in thousand -----		
Free-hold land	242,706	-
Lease-hold land	1,179,911	-
	<b>1,422,617</b>	<b>-</b>

## 6.8 Fair value measurement

**6.8.1** Fair value of property, plant and equipment are based on the valuations carried out by an independent valuer M/s Fairwater Property Valuers and Surveyors (Private) Limited on the basis of market value.

**6.8.2** Fair value of freehold land and leasehold land are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation.

### Valuation techniques used to derive level 2 fair values - freehold land and leasehold land

Fair values have been derived using a sales comparison approach. Sale prices of comparable lands in close proximity are adjusted for differences in key attributes such as location and size of the land. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

**6.8.3** There were no transfers between level 2 and 3 for recurring fair value measurements during the year (2021: none).

	Note	2022	2021
----- Rupees in thousand -----			
<b>7 CAPITAL WORK IN PROGRESS</b>			
Buildings on leasehold land		-	5,438
Plant and machinery		1,832	1,341
Intangibles		68	-
Office and factory equipment		32	-
		<b>1,932</b>	<b>6,779</b>
<b>7.1 Movement of carrying amount is as follows:</b>			
Opening balance		6,778	7,683
Additions (at cost) during the year		5,153	5,342
		<b>11,931</b>	<b>13,025</b>
Transfer to operating fixed assets / intangible assets during the year		(9,999)	(6,247)
Closing balance		<b>1,932</b>	<b>6,778</b>
<b>8 INTANGIBLE ASSETS</b>			
Intangible assets - Software	8.1	<b>117</b>	<b>214</b>

	Note	2022	2021
		----- Rupees in thousand -----	
<b>8.1 Net carrying value basis</b>			
Opening net book value		<b>214</b>	88
Additions		-	227
Amortization charge	37	(97)	(101)
Closing net book value		<b>117</b>	<b>214</b>
<b>Gross carrying value basis</b>			
Cost		<b>21,520</b>	21,520
Accumulated amortization		(21,404)	(21,307)
Net book value		<b>117</b>	<b>214</b>
Amortization rate % per annum		<b>33.33</b>	<b>33.33</b>

## 9 INVESTMENT PROPERTY

	COST		DEPRECIATION			NET BOOK VALUE		
	As at July 1, 2021	Additions	As at June 30, 2022	As at July 1, 2021	Depreciation for the year	As at June 30, 2022	Net book value As at June 30, 2022	Rate %
----- Rupees in thousand -----								
<b>Building on lease hold land</b>								
2022	50,762	-	50,762	19,037	2,539	21,576	29,186	5
2021	50,762	-	50,762	16,498	2,539	19,037	31,725	5

- 9.1** The fair value of investment property as of June 30, 2022 amounted to Rs. 129.611 million (2021: Rs. 129.611 million) as determined by an independent valuer. Forced sales value of the investment property as determined by an independent valuer is Rs. 103.657 million (2021: Rs. 103.657 million).

	Note	2022	2021
		----- Rupees in thousand -----	
<b>10 LONG-TERM INVESTMENT</b>			
Investment in associate		<b>5,000</b>	5,000
Less: Impairment in value		(5,000)	(5,000)
	10.1	-	-

- 10.1** The Company has 48.04 percent (2021: 48.04 percent) shareholding i.e 625,000 (2021: 625,000) ordinary shares of Rs.10 each of Berdex Construction Chemicals (Private) Limited.

	Note	2022	2021
		----- Rupees in thousand -----	
<b>11 LONG-TERM LOANS</b>			
(Secured - considered good)			
Long-term loans to employees	11.1	<b>915</b>	<b>1,127</b>
<b>11.1 Long-term loans to employees</b>			
Due from employees	11.3	<b>1,194</b>	<b>1,227</b>
Current portion shown under current assets	17	<b>(279)</b>	<b>(100)</b>
	11.2	<b>915</b>	<b>1,127</b>
<b>11.2</b> Chief Executive Officer and Directors of the Company have not taken any loans and advances from the Company.			
<b>11.3</b> This represents loan provided to employees by the Company for the purchase of motor vehicle (cars and motorcycle). These are repayable over the period ranging from 4 months to 5 years and are secured by way of registration of vehicles purchased in the name of the Company.			
<b>12 LONG-TERM DEPOSITS</b>			
Long term security deposit		<b>20,081</b>	<b>23,011</b>
<b>12.1</b> This includes deposits that do not carry any interest or mark-up and are not recoverable within one year. IFRS 9 requires long-term non interest bearing financial assets to be discounted at average borrowing rate of the Company. Majority of the long-term deposits are not financial instrument as per IFRS 9 and other relates to deposits given to government utility departments with undetermined life period for the impact of discounting hence these are not remeasured.			
	Note	2022	2021
		----- Rupees in thousand -----	
<b>13 DEFERRED TAXATION</b>			
Tax effects of temporary differences relating to:			
Accelerated tax depreciation		<b>(22,632)</b>	<b>(37,442)</b>
Lease liabilities		<b>(14,695)</b>	<b>2,739</b>
Provisions		<b>66,555</b>	<b>87,506</b>
Unabsorbed tax losses		<b>236,258</b>	<b>197,503</b>
Deferred income		<b>122</b>	<b>797</b>
Minimum tax	13.1	<b>265,608</b>	<b>251,103</b>
		<b>71,121</b>	<b>96,853</b>
		<b>336,729</b>	<b>347,956</b>
Less:			
Deferred tax asset not expected to be recovered with reasonable certainty	13.1	<b>137,676</b>	<b>184,359</b>
		<b>199,053</b>	<b>163,597</b>

- 13.1** Total deferred tax asset arising due to timing difference calculated at applicable tax rates as at the reporting date amounted to Rs. 336.729 million (2021: Rs. 347.956 million). Out of this, deferred tax asset of Rs. 137.676 million (2021: Rs. 184.395 million) has not been recognized in these financial statements in accordance with the stated accounting policy of the Company.

	Note	2022	2021
----- Rupees in thousand -----			
<b>14 STORES, SPARES AND LOOSE TOOLS</b>			
Stores in hand in transit		<b>6,723</b>	5,349
		-	-
Spares		<b>6,723</b>	5,349
Loose tools		<b>38,400</b>	39,956
		<b>10,153</b>	11,790
		<b>55,276</b>	57,095
Provision for slow moving stores and spares	14.1	<b>(12,310)</b>	(12,310)
	14.2	<b>42,966</b>	44,785
<b>14.1 Provision for slow moving stores and spares comprises:</b>			
Balance at the beginning of the year		<b>12,310</b>	12,330
Reversals during the year		-	(20)
Balance at the end of the year		<b>12,310</b>	12,310

- 14.2** Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

	Note	2022	2021
----- Rupees in thousand -----			
<b>15 STOCK-IN-TRADE</b>			
Raw materials - in hand - in transit		<b>120,238</b>	96,811
		<b>19,476</b>	25,750
		<b>139,714</b>	122,561
Work-in-process	15.1	<b>25,728</b>	97,816
Finished goods - manufactured - trading	15.2 15.3	<b>179,474</b> <b>41,205</b> <b>220,679</b> <b>386,121</b>	<b>200,182</b> <b>40,108</b> <b>240,290</b> <b>460,667</b>

- 15.1** These are stated at cost less provision for slow moving stock.

	Note	2022	2021
----- Rupees in thousand -----			
<b>15.2 Finished goods - manufactured</b>			
Manufactured goods - at cost Provision for slow moving stock	15.2.1	<b>191,939</b> <b>(27,900)</b> <b>164,039</b>	228,956 (28,774) 200,182

Note	2022	2021
----- Rupees in thousand -----		

#### 15.2.1 Provision for slow moving and obsolete - finished goods:

Balance at beginning of the year	<b>28,774</b>	35,747
Provision for the year	-	-
Reversal for the year	<b>(874)</b>	(6,973)
Balance at end of the year	<b>27,900</b>	<b>28,774</b>

#### 15.3 Finished goods - trading goods

Trading goods - at cost	15.3.1	<b>129,149</b>	104,937
Provision for slow moving stock		<b>(72,509)</b>	(64,829)
		<b>56,640</b>	<b>40,108</b>

#### 15.3.1 Provision for slow moving and obsolete - trading goods:

Balance at beginning of the year	<b>64,829</b>	62,549
Provision for the year	<b>7,680</b>	2,280
Reversal for the year	-	-
Balance at end of the year	<b>72,509</b>	<b>64,829</b>

#### 16 TRADE DEBTS

(Unsecured - considered good)			
Export		<b>244</b>	244
Local		<b>113,163</b>	140,442
		<b>113,407</b>	140,686
(Unsecured - considered doubtful)			
Due from Turnkey project	16.1	<b>17,414</b>	17,414
Due from Others		<b>155,969</b>	174,088
		<b>173,383</b>	191,502
		<b>286,790</b>	332,188
Allowance for expected credit loss			
Turnkey project	16.2	<b>(17,414)</b>	(17,414)
Others	16.3	<b>(155,969)</b>	(174,088)
		<b>(173,383)</b>	(191,502)
		<b>113,407</b>	<b>140,686</b>

- 16.1** Turnkey projects refer to the Company undertaking projects relating to laying down water lines for various government projects. The Company was not only responsible for providing pipes for that project but also was responsible for excavation and installation of said pipes. The amount receivable from turnkey projects comprises majorly of retention money to be received after checking was performed on their installed pipes. The said amount is fully provided as it has been outstanding for more than 15 years. Moreover, the Company has discontinued its practice of undertaking project based works.

	Note	2022	2021
		----- Rupees in thousand -----	
<b>16.2 Allowance for expected credit losses- Turnkey</b>			
Allowance for turnkey projects		<b>17,414</b>	<b>17,414</b>
<b>16.3 Allowance for expected credit losses- Other than Turnkey</b>			
Balance at beginning of the year		<b>174,088</b>	<b>218,103</b>
Reversal	39	<b>(18,119)</b>	<b>(44,015)</b>
Balance at end of the year		<b>155,969</b>	<b>174,088</b>

#### **16.4 Aging of receivable**

Trade debts are normally on 30 days term. Aging analysis of trade debts is as follows:

Aging days					
Neither past due nor impaired	30 days upto 90 days	90 days upto 180 days	180 days upto 360 days	Above 360 days	Total Amount
----- Rupees in thousand -----					
2022	<b>26,622</b>	<b>16,705</b>	<b>14,492</b>	<b>11,963</b>	<b>217,006</b>
2021	64,968	31,686	26,196	42,518	166,820

- 16.5** The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs. nil million (2021: Rs. 0.104 million).

	Note	2022	2021
		----- Rupees in thousand -----	
<b>17 LOANS AND ADVANCES</b>			
(Secured - considered good)			
Loans to employees			
Current portion of long-term loans to employees	11	<b>279</b>	100
(Unsecured - considered good)			
Advances			
to employees	17.1	-	
to suppliers / contractors	17.2	<b>96,690</b>	<b>67,163</b>
others		<b>263</b>	<b>265</b>
		<b>96,953</b>	<b>67,428</b>
(Unsecured - considered doubtful)			
Advances			
to suppliers / contractors		<b>500</b>	<b>500</b>
Provision for doubtful advances		<b>(500)</b>	<b>(500)</b>
	17.3	-	-
		<b>97,232</b>	<b>67,528</b>

- 17.1** This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred. These advances do not carry any interest or mark-up.
- 17.2** This represents advances to suppliers in the normal course of business and does not carry any interest or mark-up.
- 17.3** Chief Executive Officer and Directors of the Company have not taken any loans and advances from the Company.

Note	2022	2021
	----- Rupees in thousand -----	

## 18 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits - (considered good)	<b>35,259</b>	67,296
Tender deposits	<b>22,995</b>	31,528
Margin deposits	<b>58,254</b>	98,824
Short term prepayments	<b>366</b>	673
	<b>58,620</b>	99,497
Considered doubtful		
Trade deposits	<b>5,182</b>	5,182
Allowance for expected credit losses	<b>(5,182)</b>	(5,182)
	<b>-</b>	-
	<b>58,620</b>	99,497

**18.1** This represents short term deposits in the normal course of business and does not carry any interest or mark-up.

Note	2022	2021
	----- Rupees in thousand -----	
<b>19 OTHER RECEIVABLES</b>		
(Considered good)		
Provident fund	19.1	-
Others	19.2	14,166
	<b>198,452</b>	<b>14,166</b>
(Considered doubtful)		
Receivable from K-Electric Limited	<b>10,227</b>	10,227
Allowance for expected credit losses	<b>(10,227)</b>	<b>(10,227)</b>
	<b>-</b>	<b>-</b>
	<b>198,452</b>	<b>14,166</b>

### 19.1 Provident fund

The Company has contributory provident fund scheme for benefit of all its permanent employees. The fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees.

The Trustees have intimated that the size of the Fund as at June 30, 2022 was Rs. 173.184 million (2021: Rs. 253.104 million). Details are as follows:

	(audited)	(audited)
Size of the fund	<b>173,184</b>	253,104
Cost of investment made	<b>128,396</b>	151,183
Fair value of investment	19.1.1	147,294
Percentage of investment made	<b>87%</b>	65%

As intimated by the Trustees, the cost of the investment made as at June 30, 2022 was Rs. 128.396 million (2021: Rs. 151.183 million) which is equal to 87% (2021: 65%) of the total fund size. The fair value of the investment was Rs. 147.294 million at that date. The category wise break up of investment is given below:

Note	2022	2021
----- Rupees in thousand -----		

#### 19.1.1 Category wise breakup

Mutual funds	<b>16,592</b>	119,110
Term finance certificates	<b>50,000</b>	50,000
Fixed deposit receipts	<b>60,000</b>	60,000
Bank deposits	<b>1,804</b>	3,723
	<b><u>128,396</u></b>	<b><u>232,833</u></b>

**19.1.2** According to the Trustees, investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules made thereunder.

**19.2** This includes an amount receivable from sale of Lahore's building and land which was classified as held for sale amounting to Rs. 190 million (note 22).

Note	2022	2021
----- Rupees in thousand -----		

#### 20 TAXATION - NET

Advance tax	<b>757,198</b>	90,877
Provision for taxation	<b>(672,890)</b>	<b>(41,870)</b>
	<b><u>84,308</u></b>	<b><u>49,007</u></b>

#### 21 CASH AND BANK BALANCES

Cash in hand	<b>441</b>	239
Bank balances - conventional		
Current account	<b>60,002</b>	30,656
PLS Savings account	7	1,806
	<b><u>60,009</u></b>	<b><u>32,462</u></b>
	<b><u>60,450</u></b>	<b><u>32,701</u></b>

**21.1** These carry profit rate ranging from 2.9% to 5.5% (2021: 2.9% to 5.5%) per annum.

#### 22 NON-CURRENT ASSETS HELD FOR SALE

Lahore	-	355,675
Freehold land	-	3,125
Buildings on freehold land other than factory	-	358,800
Karachi		
Leasehold land	<b>720,000</b>	-
Buildings on leasehold land	<b>3,205</b>	-
	<b><u>723,205</u></b>	<b><u>-</u></b>

**22.1** During the third quarter of the year ended June 30, 2022, company disposed off Lahore's building and land which was classified as held for sale, at force sales value of Rs. 340 million to Saphire Retail Limited. Company has incurred loss of Rs.18.800 million which is disclosed in the note 37.

**22.2** During the year ended June 30, 2022, management initiated a process of disposal of Company's land and building on leasehold land located in Karachi.

## 23 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2022	2021		2022	2021
	----- (Number of shares) -----			----- Rupees in thousand -----	
1,714,264	1,714,264	Ordinary shares of Rs.10/- each issued for cash		<b>17,143</b>	17,143
476,386	476,386	Issued for consideration other than cash		<b>4,764</b>	4,764
<b>8,573,309</b>	<b>8,573,309</b>	Issued as fully paid bonus shares		<b>85,733</b>	85,733
<b>10,763,959</b>	<b>10,763,959</b>			<b>107,640</b>	<b>107,640</b>

- 23.1** Ordinary shares include 4,090,536 shares (2021: 4,090,536) 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.
- 23.2** The Holding Company holds 6,800,648 (2021: 6,800,648) ordinary shares representing 63.18 percent (2021: 63.18 percent) shareholding at the reporting date.
- 23.3** 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.

	Note	2022	2021
		----- Rupees in thousand -----	
<b>24 RESERVES</b>			
Capital reserve			
Share premium			
Accumulated losses	24.1	<b>5,655</b>	5,655
		<b>(366,950)</b>	(398,744)
		<b>(361,295)</b>	(393,089)

- 24.1** This reserve can be utilized by the Company only for the purposes specified in section 81(3) of the Companies Act, 2017.
- 24.2** Movement of reserves have been reflected in the statement of changes in equity.

## 25 LONG TERM FINANCING

(Secured)			
Conventional mode			
Long term financing			
Less: Current portion			
	25.1	<b>22,965</b>	45,242
		<b>(22,965)</b>	(29,630)
		<b>-</b>	<b>15,612</b>

- 25.1** During the year ended June 30, 2020, the Company approved term finance facility from Bank of Punjab under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 64.129 million specifically for paying salaries and wages to Company's employees. The tenor of the financing is two and half year inclusive 6-Months Grace period and are repayable in 8 equal quarterly installments which has commenced from March 31, 2021. This loan carries mark up at the rate of 3%.

The loan is secured against existing 1st charge by way of equitable mortgage on land & building and Hypothecation charge over Machinery & equipments aggregating amounting Rs. 666.67 Million on the Customer's owned premises located at plot bearing 34-A/1, P.E.C.H.S. Block # 6, Main Shahrah-e-faisal, Karachi.

	Note	2022	2021
----- Rupees in thousand -----			

## 26 LEASE LIABILITIES

Balance at July 01	<b>38,421</b>	73,876
Recognition as a result of adoption of IFRS 16	-	1,497
	<b>38,421</b>	75,373
Payments / adjustments during the year	<b>(22,607)</b>	(36,952)
	<b>15,814</b>	38,421
Less: Payable within one year shown	<b>(12,899)</b>	(22,203)
Less: under current liabilities	<b>2,915</b>	16,218
	<b>2,915</b>	16,218
Maturity analysis-contractual undiscounted cash flows:		
Less than one year	<b>13,198</b>	27,608
One to five year	<b>2,923</b>	13,271
Total undiscounted lease liability	<b>16,121</b>	40,879

- 26.1** This includes finance leases entered into with Sindh Bank for vehicles and plant and machinery. The remaining balance of liability is payable by 2022 in monthly installments. Financing rates ranging from 11.59% to 18.50% (2021: 10.85% to 12.14%) per annum have been used as discount factor.

## 27 LOAN FROM DIRECTORS

27.1      **25,000**      -

- 27.1** This represents interest free loan obtained from Ms. Ayesha Allahwala and Mr.Sikandar Dada amounting to Rs. 20 million and Rs. 5 million respectively and is repayable on demand.

## 28 DEFERRED INCOME

Gain on sale and leaseback transaction	-	2,434
Amortisation during the year	-	(2,434)
	-	-
Capital Grant	<b>421</b>	2,855
Less: Current portion	<b>(421)</b>	(2,434)
Non current portion	<b>-</b>	<b>421</b>

- 28.1** During 2020, the Company received term finance facility from Bank of Punjab under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 64.129 million specifically for paying salaries and wages to Company's employees. The tenor of the financing is two and half year inclusive 6-Months Grace period and are repayable in 8 equal quarterly installments which has commenced from March 31, 2021. Subsequent to year end, ICAP issued the guidance for accounting of said financing through circular No. 11/2021, and based on this, the Company recognized the Deferred Capital Grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.

	Note	2022	2021
		----- Rupees in thousand -----	
<b>29 GIDC PAYABLE</b>			
GIDC Payable		<b>29,614</b>	35,851
Less: Current portion shown under current liability	29.1	<b>(29,614)</b>	<b>(11,189)</b>
		<b>-</b>	<b>24,662</b>

- 29.1** An amount of Rs. 87.349 million was contingent in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. Previously, based on appeal filed by the Government, the Supreme Court of Pakistan in its judgement dismissed all the petition filed against the aforesaid matter and decided in favour of Federal Government. Accordingly, as per the direction given in the said judgement, Company would be required to pay the amount of levy payable upto July 2020 in forty eight equal monthly installment commenced from August, 2020. During the year in October 2021, number of monthly installment is reduced from forty eight to twenty four equal monthly installments resulting in Loss on restructuring of GIDC liability Rs. 4.695 million. During previous year GIDC fee was reduced by SSGC resulting in extinguishment of liability amounting to Rs. 43.497 million. The component of late payment surcharge is no more payable as per the aforesaid judgment.

	Note	2022	2021
		----- Rupees in thousand -----	
<b>30 TRADE AND OTHER PAYABLES</b>			
Trade creditors	30.1	<b>603,685</b>	647,903
Accrued liabilities		<b>109,367</b>	81,043
Advance from customers		<b>239,416</b>	204,621
Advance from tenants		<b>1,699</b>	2,399
Infrastructure cess payable		<b>40,913</b>	38,707
Security deposits from distributors and others	30.2	<b>14,090</b>	13,860
Workers' Profit Participation Fund	30.3	<b>932</b>	932
Workers' Welfare Fund		<b>7,557</b>	7,557
Sales tax and excise duty		<b>338</b>	-
Payables to employees		<b>-</b>	15,244
Current portion of GIDC Payable	29	<b>29,614</b>	11,189
Withholding tax	30.4	<b>24,279</b>	24,278
Other payables		<b>596</b>	810
		<b>1,072,486</b>	<b>1,048,543</b>

- 30.1** This balance includes an amount of Rs. 199.695 million due to supplier under bank contract.
- 30.2** Security deposits from distributors and others

Deposits received from supplier	<b>6</b>	6
Deposits received from dealers	<b>6,164</b>	6,164
Deposits received from tenants	<b>7,920</b>	7,690
	<b>14,090</b>	<b>13,860</b>

**30.3 Workers' Profit Participation Fund**

Balance at July 01	932	883
Interest on funds utilized in Company's business	-	49
Balance at June 30	<u><u>932</u></u>	<u><u>932</u></u>

- 30.4** This amount represents withholding tax demand for which an order was passed by the Deputy Commissioner Inland Revenue, Karachi whereby, the withholding tax demand was established against the Company for the tax year 2014 in respect of failure to deduct and pay withholding tax at source for payments to vendor.

**31 SHORT TERM BORROWINGS**

(Secured)			
Conventional mode			
Running finance - I	31.1	499,760	499,760
Running finance - II	31.2	-	192,771
		<u><u>499,760</u></u>	<u><u>692,531</u></u>
Islamic mode			
Karobar finance	31.3	214,160	212,803
Tijarah finance	31.4	100,000	100,000
Istisna finance	31.5	111,647	-
		<u><u>425,807</u></u>	<u><u>312,803</u></u>
		<u><u>925,567</u></u>	<u><u>1,005,334</u></u>

- 31.1** 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 at the reporting date. These financing facilities are secured by creation of first pari-passu charge against hypothecation of the Company's stock and trade debts of Rs. 1,448 million (June 30, 2021: Rs. 1,448 million), first exclusive mortgage charge of Rs. 934 (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.

During reporting period, the Company entered into negotiations for these financing facilities and had several rounds of discussions with NBP and submitted various plans for enhancing product lines and improvement in business profitability. Subsequent to the year end, the Directors reported about positive intent of NBP for renewal/re-profiling of such financing facilities under the similar terms and conditions whereas in this regard the Company has yet to receive a formal offer letter. The Company has subsequently paid 40 million to NBP as per the discussions with NBP.

- 31.2** This financing facility has been settled during the year along with mark-up charges to Sindh Bank Limited (June 30, 2021: Rs. 192.778 million) out of which Rs. 0.007 million (June 30, 2021: Rs. 0.007 million) remains unutilized at the reporting 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 (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.

Renewal of this financing facility was due on December 31, 2020 whereas this renewal had not been agreed with SBL and on December 26, 2020 SBL issued a demand notice for settlement of this credit facility.

During the third quarter of the year ended June 30, 2022, company disposed off Lahore's office building and land which was classified as held for sale, at force sales value of Rs. 340 million to Saphire Retail Limited. The Company has settled the facility from Sindh Bank limited during the year from this sale proceed.

- 31.3** 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. 1.84 million (June 30, 2021: 27.197 million) remains unutilized as at the reporting 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 rates ranging from 10.59% to 16.5% ( June 30, 2021: 10.68% to 16.58%) per annum.
- 31.4** The facility of Rs. 100 million has been obtained from Al-Baraka Bank Limited under Tijarah financing out of which Rs. nil million (June 30, 2021: nil million) remains unutilized as at the reporting date. 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. Both of the financing facility carries markup at 6 months KIBOR+3% (June 30, 2021: 6 months KIBOR+3%).
- 31.5** This facility of Rs. 150 million has been obtained from Habib Metropolitan Bank out of which Rs. 38.353 million (June 30, 2021: nil million) remains unutilized as at the reporting date. This facility is secured by creation of 100% cash collateralized of lien on Islamic Naya Pakistan certificate(INPC) placed by three Share holders including Mr.Samad Dada CEO of the company, of equivalent amount as proposed. The facility carries mark-up rates ranging from 6 months KIBOR+2% (June 30, 2021: nil) per annum.

2022	2021
----- Rupees in thousand -----	

## **32 ACCRUED MARKUP**

Mark-up accrued on long term finance	171	471
Mark-up accrued on short term borrowing		
Conventional mode		
Running finance	18,286	18,178
Islamic mode		
Karobar finance	-	31,059
Istisna	2,835	-
Tijarah Finance	5,083	3,744
	<hr/> 7,918	<hr/> 34,803
	<hr/> <b>26,375</b>	<hr/> <b>53,452</b>

## **33 CONTINGENCIES AND COMMITMENTS**

### **33.1 Contingencies**

- 33.1.1** During 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 Honorable High Court of Sindh (HCS) seeking reliefs that the proceedings before EPT vis-a-vis the compliant were taken quorum 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 these financial statements.

- 33.1.2** The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 15.666 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.
- 33.1.3** During the year, the Company has created a provision amounting to Rs. 4.468 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 (also refer note 1.3). However, the final liability depends on decision of relevant authority.
- 33.1.4** During year 2020, the Company received notices for tax demand under section 161(1) - "Monitoring" of the Income Tax Ordinance, 2001 amounting to Rs. 24.279 million and Rs. 29.635 million for tax year 2014 and 2017 respectively. The cases are pending before Appellate Tribunal Inland Revenue (ATR). However, as per the tax advice received during the year, the management is confident that these cases will be decided in its favour.
- 33.1.5** During year 2020, the Company received another notice for tax demand under 122(9) -Amended Assessment<sup>1</sup> of the Income Tax Ordinance, 2001 amounting to Rs. 361.643 million for tax year 2018. The cases are pending before Commissioner Inland Revenue Appeals (CIRA). However, as per the tax advice received during the year, the management is confident that this case will be decided in its favour.

Note	2022	2021
----- Rupees in thousand -----		

### 33.2 Commitments

Outstanding letters of credit		78,516	96,742
Outstanding letter of guarantee		34,721	159,796
Post dated cheques		6,681	162,943
Outstanding contracts		478,149	347,289
Duties payable on goods in transit		12,416	1,142

### 34 SALES-NET

Local sales		1,994,507	2,843,363
Export sales	34.1	16,980	37,365
Gross sales		2,011,487	2,880,728
Less:			
Sales tax		(314,640)	(436,189)
		1,696,847	2,444,539

- 34.1** These represents export sales of PVC pipes to Polyplastic Limited, a Company listed on the stock exchange of Singapore situated at 150, Orchard plaza, Orchard road. Sales of PVC pipes is made against receipt of advance.

	Note	<b>2022</b>	<b>2021</b>		
		----- Rupees in thousand -----			
<b>35 COST OF SALES</b>					
<b>Manufactured goods</b>					
Raw materials consumed					
Opening stock		122,561	142,523		
Purchase		1,016,546	1,540,000		
Closing stock		(139,714)	(122,561)		
Raw materials consumed		<u>999,393</u>	<u>1,559,962</u>		
<b>Manufacturing overheads</b>					
Stores, spares and loose tools consumed	35.1	22,922	55,695		
Salaries, wages and benefits	35.2	55,610	150,225		
Procured services		51,513	29,370		
Fuel, water and power		64,520	124,530		
Insurance		5,001	4,188		
Travelling		72	77		
Communication		709	958		
Depreciation	6.4	52,024	53,419		
Rent, rates and taxes		4,508	7,299		
Repair and maintenance		7,982	26,580		
Printing and stationary		145	611		
Reversal of provision for stores, spares and loose tools written back	14.1	-	(20)		
Other expenses		1,107	1,972		
		<u>266,113</u>	<u>454,904</u>		
		<u>1,265,506</u>	<u>2,014,866</u>		
Work-in-process					
Opening stock		97,816	141,612		
Closing stock		(25,728)	(97,816)		
Cost of goods manufactured		<u>1,337,594</u>	<u>2,058,662</u>		
Finished goods					
Opening stock		200,182	249,918		
Closing stock		(179,474)	(200,182)		
		<u>1,358,302</u>	<u>2,108,398</u>		
Trading goods					
Opening stock		40,108	63,615		
Purchase		91,822	1,761		
Closing stock		(41,205)	(40,108)		
		<u>90,725</u>	<u>25,268</u>		
		<u>1,449,027</u>	<u>2,014,866</u>		
<b>35.1 Stores spares and loose tools consumed</b>					
Opening stock		57,095	62,999		
Purchases		21,103	49,791		
Closing stock		(55,276)	(57,095)		
		<u>22,922</u>	<u>55,695</u>		

- 35.2** This includes Rs. 1.290 million (2021: Rs. 3.397 million) and Rs. nil million (2021: Rs. 4.035 million) in respect of provident fund and bonus to workers respectively.

	Note	2022	2021
		----- Rupees in thousand -----	
<b>36 DISTRIBUTION COSTS</b>			
Salaries, wages and benefits	36.1	<b>57,200</b>	64,850
Repair and maintenance		<b>3,370</b>	4,453
Depreciation	6.4	<b>2,815</b>	6,383
Printing, Stationery & Subscription		<b>529</b>	-
Advertising and sales promotion		<b>1,571</b>	543
Communication		<b>1,505</b>	1,973
Travelling		<b>903</b>	1,171
Transportation and other charges	36.2	<b>22,297</b>	43,428
Electricity, gas and water		<b>8,158</b>	6,636
Insurance		<b>337</b>	282
Rent, rates and taxes		<b>2,290</b>	1,194
Sundry expenses		<b>2,319</b>	2,647
		<b>103,294</b>	<u>133,560</u>

**36.1** This include Rs. 2.927 million (2021: Rs. 2.876 million) in respect of provident fund.

**36.2** This includes Rs. 5.323 million (2021: Rs. 14.044 million) related to transportation and other charges against export sales.

	Note	2022	2021
		----- Rupees in thousand -----	
<b>37 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	37.1	<b>45,561</b>	49,126
Directors' remuneration		<b>-</b>	13,151
Repair and maintenance		<b>6,423</b>	7,741
Depreciation on property, plant and equipment	6.4	<b>21,251</b>	22,286
Depreciation on investment property	9	<b>2,539</b>	2,539
Amortisation of intangible asset	8.1	<b>97</b>	101
Procured services		<b>6,402</b>	5,689
Auditor's remuneration	37.2	<b>1,823</b>	1,853
Communication		<b>4,015</b>	4,188
Travelling		<b>2,647</b>	1,252
Professional charges		<b>3,434</b>	6,860
Electricity, gas and water		<b>13,434</b>	15,488
Insurance		<b>1,477</b>	1,237
Printing stationary and subscription		<b>2,610</b>	1,949
Rent, rates and taxes		<b>13,734</b>	1,949
Brokerage Commission		<b>3,945</b>	-
Sundry expenses		<b>2,532</b>	1,938
		<b>131,924</b>	<u>137,347</u>

**37.1** This include Rs. 1.475 million (2021: Rs. 1.671 million) in respect of provident fund.

	Note	2022	2021
----- Rupees in thousand -----			
<b>37.2 Auditor's remuneration</b>			
Audit fee		<b>1,200</b>	1,200
Fee for half yearly review		<b>475</b>	475
Other services		<b>125</b>	125
Out of pocket expenses		<b>23</b>	53
		<b>1,823</b>	<b>1,853</b>
<b>38 OTHER EXPENSES</b>			
Non-executive director's fee		<b>990</b>	2,850
Workers' Welfare Fund		-	791
Security Services		<b>447</b>	-
Donations		-	11
Exchange loss		<b>89,485</b>	4,758
GIDC expense		<b>4,695</b>	-
Loss on disposal of Non-current assets held for sale	22.1	<b>18,800</b>	
Withholding tax		-	<b>24,280</b>
		<b>114,417</b>	<b>32,690</b>
<b>39 OTHER INCOME</b>			
Rental income		<b>53,109</b>	49,487
Service income		<b>192</b>	1,571
Gain on disposal of property, plant and equipment		<b>278</b>	-
Interest income		<b>44</b>	47
Exchange gain		<b>1,195</b>	-
Sale of raw material		<b>5,235</b>	-
Amortisation of deferred income		<b>2,434</b>	2,434
Government grant		-	3,681
Reversal of allowance for expected credit losses		<b>18,120</b>	44,015
Gain on extinguishment of GIDC		-	<b>43,497</b>
		<b>80,607</b>	<b>144,732</b>
<b>40 FINANCE COST</b>			
Short-term borrowings		<b>123,835</b>	138,063
Finance charges on leases		<b>6,235</b>	4,950
Bank and other charges		<b>3,641</b>	5,224
Long term financing		<b>1,025</b>	5,592
Interest expense on GIDC		<b>1,237</b>	1,934
		<b>135,973</b>	<b>155,763</b>
<b>41 TAXATION</b>			
For the year			
Current	41.1	<b>21,213</b>	42,071
Prior year		-	(201)
Deferred		<b>(35,456)</b>	<b>(6,616)</b>
		<b>(14,243)</b>	<b>35,254</b>

**41.1** This represents current year's total tax liability of the Company amounting to Rs. 21.213 which is fully covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001.

**41.2** The numerical reconciliation between average tax rate and the applicable tax rate has not been presented during the year in these financial statements as the total tax liability of the Company is covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001.

#### **42 LOSS PER SHARE - BASIC AND DILUTED**

The basic loss per share as required under "IAS 33. Earnings per share" is given below:

	Note	<b>2022</b>	<b>2021</b>
----- Rupees in thousand -----			
Net loss for the year		<b>(142,938)</b>	(39,009)
Weighted average number of ordinary shares		<b>10,764</b>	10,764
Loss per share - basic and diluted (Rupees)		<b>(13.28)</b>	(3.62)

#### **43 CASH GENERATED FROM OPERATIONS**

Loss before taxation		<b>(157,181)</b>	(3,755)
Adjustment for non-cash and other items:			
Depreciation			
Property, plant and equipment	6.4	<b>76,090</b>	82,088
Investment property	9	<b>2,539</b>	2,539
Amortization	8.1	<b>97</b>	101
Gain on disposal of property, plant and equipment		<b>(278)</b>	-
Loss on disposal of non-current assets held for sale		<b>18,800</b>	-
Amortization of deferred income		<b>(2,434)</b>	(2,434)
Amortisation of government grant		-	(3,681)
Finance costs	40	<b>135,973</b>	155,763
Interest income		<b>(44)</b>	(47)
GIDC payable		-	(26,292)
Working capital changes	43.1	<b>(70,421)</b>	266,557
		<b>3,141</b>	<b>470,839</b>

#### **43.1 Working capital changes**

(Increase) / decrease in current assets			
Stores, spare parts and loose tools		<b>1,819</b>	5,884
Stock in trade		<b>74,546</b>	137,001
Trade debts		<b>27,279</b>	128,211
Loans and advances		<b>(29,492)</b>	19,128
Trade deposits and short-term prepayment		<b>40,877</b>	(33,811)
Other receivable		<b>(184,286)</b>	(5,120)
		<b>(69,257)</b>	<b>251,293</b>
Increase in current liabilities			
Trade and other payable		<b>(1,164)</b>	15,264
		<b>(70,421)</b>	<b>266,557</b>

#### **43.2 Reconciliation of movement of liabilities to cash flows arising from financing activities**

Note

2022

2021

----- Rupees in thousand -----

**43.2.1** The details of the balance are mentioned below:

Karobar finance	31.3	1,357	212,802
Istisna	31.5	111,647	-
		<b>113,004</b>	<b>212,802</b>

#### **44 REMUNERATION TO THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive Officer		Directors		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	----- Rupees in thousand -----							
Managerial remuneration	<b>8,984</b>	20,883	-	4,613	<b>34,049</b>	31,675	<b>43,033</b>	57,171
Housing								
- Rent	-	-	-	726	<b>15,322</b>	14,044	<b>15,322</b>	14,770
- Utilities	<b>898</b>	1,557	-	837	<b>3,405</b>	3,121	<b>4,303</b>	5,515
- Other items	<b>894</b>	1,426	-	2,277	<b>1,338</b>	1,513	<b>2,233</b>	5,216
Bonus	-	-	-	-	-	-	-	-
Retirement Benefits	-	-	-	177	<b>3,196</b>	3,160	<b>3,196</b>	3,337
Insurance	-	-	-	-	<b>690</b>	2,455	<b>690</b>	2,455
Medical and other reimbursable expenses	<b>5,991</b>	-	-	4,521	-	-	<b>5,991</b>	4,521
	<b>16,767</b>	23,866	-	13,151	<b>58,000</b>	55,968	<b>74,767</b>	92,985
Number of persons	1	1	2	2	32	31	35	34

- b)** Aggregate amount charged in these financial statements in respect of Directors' fee for attending Board of Directors (BoD), Board Audit Committee (BAC), and Board Human Resource & Remuneration (BHR&RC) Committee meetings amounted to Rs. 0.675 million (2021: Rs. 1.95 million), Rs. 0.240 million (2021: Rs. 0.700 million) and Rs. 0.090 million (2021: Rs. 0.20 million) respectively. The Directors fees for attending BoD, BAC, and BHR&RC meetings were paid as prescribed in Articles of Association.
- c)** The current and corresponding year figures include remunerations of Company's Executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.
- d)** The Chief Executive and certain executives are also provided with cars for business and personal use in accordance with the Company car scheme.

## 45 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.

Related parties comprise of the Holding Company, Associated Companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements are as follows:

Name of company	Nature of Relation	Basis of Relation
Sikander (Private) Limited	Holding company	63.18% shares
Berger DPI (Private) Limited	Associate company	Common Director
Ray Shipping Enterprise Limited	Associate company	Common Director
Berger Paints Pakistan Limited	Associate company	Common Director
THK Solutions (Private) Limited	Associate company	Common Director
Muznash (Private) Limited	Associate company	Common Director
Bandenawaz (Private) Limited	Associate company	Common Director

Name of related party	Nature of transaction	2022	2021
		----- Rupees in thousand -----	
Sikander (Private) Limited (Holding Company)	Rent paid	1,296	1,127
Berger Paints Pakistan Limited (Associated Company) (Associated Company)	Purchase of goods	77	-
Provident fund	Contribution to staff	5,691	7,944
Loan from Ayesha Allahwala		20,000	-
Loan from Sikander Dada		5,000	-
		-	104

### 45.1 Year end balances

Receivable from related parties

**45.2** The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 43). There are no transactions with key management personnel other than under their terms of employment.

**45.3** The above transactions with related parties are not arm's length based or on normal commercial rates.

## 46 OPERATING SEGMENTS

**46.1** The activities of the Company are organised into business unites based on their products and have the following operating segments:

- The 'Chysotile Cement' segment relates to manufacturing and supply of corrugated sheets and pipes and manufacturing and supply of rubber rings.
- 'Plastic' products segments includes PVC, Polydex and Polyethylene pipes.
- All other segments include merchandising of imported building products and services.

Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on certain key performance indicators, including business volume, gross profit and reduction in operating cost.

## 46.2 Operating results

	Chrysotile Cement	Plastic	Others	Total
<b>2022</b>	<b>(Rupees in thousand)</b>			
<b>Sales - net</b>	<u>487,048</u>	<u>1,209,799</u>	<u>-</u>	<u>1,696,847</u>
Segment Result	<u>(9,940)</u>	<u>22,545</u>	<u>-</u>	<u>12,605</u>
<b>Unallocated expense</b>				
Other expenses				(114,417)
Other income				80,607
Finance cost				(135,973)
Taxation				14,243
Loss for the year				<u>(142,935)</u>
<b>Other information</b>				
Capital expenditure	<u>302</u>	<u>94</u>	<u>4,317</u>	<u>4,713</u>
Unallocated corporate capital expenditure				
Total capital expenditure				<u>4,713</u>
Depreciation	<u>4,848</u>	<u>15,550</u>	<u>-</u>	<u>20,398</u>
Unallocated corporate depreciation and amortization				58,329
Total depreciation and amortization				<u>78,727</u>
	Chrysotile Cement	Plastic	Others	Total
<b>2021</b>	<b>(Rupees in thousand)</b>			
<b>Sales - net</b>	<u>641,660</u>	<u>1,802,879</u>	<u>-</u>	<u>2,444,539</u>
Segment Result	<u>(25,764)</u>	<u>65,730</u>	<u>-</u>	<u>39,966</u>
<b>Unallocated expense</b>				
Other expenses				(32,690)
Other income				144,732
Finance cost				(155,763)
Taxation				(35,254)
Loss for the year				<u>(39,009)</u>
<b>Other information</b>				
Capital expenditure	<u>1,908</u>	<u>2,496</u>	<u>1,843</u>	<u>6,247</u>
Unallocated corporate capital expenditure				-
Total capital expenditure				<u>6,247</u>
Depreciation	<u>4,353</u>	<u>15,161</u>	<u>-</u>	<u>19,514</u>
Unallocated corporate depreciation and amortization				62,574
Total depreciation and amortization				<u>82,088</u>

#### 46.3 Segment assets and liabilities

	Note	Chrysotile Cement	Plastic	Others	Total
----- <b>(Rupees in thousand)</b> -----					
<b>2022</b>					
Segment assets	22	<u>401,356</u>	<u>527,409</u>	<u>115,369</u>	<u>1,044,134</u>
Unallocated corporate assets					<u>1,862,423</u>
Total assets					<u>2,906,557</u>
Segment liabilities		<u>404,356</u>	<u>421,325</u>	<u>12,070</u>	<u>837,751</u>
Unallocated corporate liabilities					<u>1,267,569</u>
Total liabilities					<u>2,105,320</u>
<b>2021</b>					
Segment assets		<u>407,594</u>	<u>507,622</u>	<u>115,971</u>	<u>1,031,187</u>
Unallocated corporate assets					<u>2,088,129</u>
Total assets					<u>3,119,316</u>
Segment liabilities		<u>396,937</u>	<u>438,805</u>	<u>11,469</u>	<u>847,211</u>
Unallocated corporate liabilities					<u>1,388,063</u>
Total liabilities					<u>2,235,274</u>

#### 46.4 Segment assets and liabilities

Segment assets includes all operating assets by a segment and consist principally of property, plant and equipment, stores and spares and loose tools, stock-in-trade, trade debts and loans and advances net of impairment and provisions, if any. Segment liabilities include all operating liabilities and consist principally of trade and other payable.

#### 46.5 Geographical Information

All non current assets of the Company are located in Pakistan.

Sales of the Company were mainly made to customers in Pakistan. Further there are no export sales other than those disclosed in note 33.1.

#### 47 CAPACITY AND PRODUCTION

The production capacities of the plants depend on product mix. The name plate capacities are determined on a certain product mix whereas actual product mix is different and varies from year to year depending upon the order from customers. Therefore, production is subject to annual variations and actual capacity of the plant is indeterminable.

Note	2022	2021
----- Rupees in thousand -----		

## 48 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets as per statement of financial position

#### Amortized cost

Trade debts	<b>113,407</b>	140,686
Long-term deposits	<b>20,081</b>	23,011
Other receivables	<b>198,452</b>	14,166
Cash and bank balances	<b>60,450</b>	32,701
	<b>392,390</b>	<b>210,564</b>

### Financial liabilities as per statement of financial position

#### Amortized cost

Long term financing	-	45,242
Trade and other payables	<b>798,265</b>	808,756
Short term borrowings	<b>925,567</b>	1,005,334
Accrued markup	<b>26,375</b>	53,452
Unclaimed dividend	<b>16,692</b>	16,766
	<b>1,766,899</b>	<b>1,929,550</b>

## 49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to market risk, credit risk and liquidity risk. The Company's finance and treasury departments oversee the management of these risks and provide assurance to the Company's senior management that the Company's financial risk-taking activities are governed by the appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The policies for managing each of these risks are summarised below.

### 49.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices mainly comprises of interest rate risk and foreign currency risk.

#### 49.1.1 Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company enters into various type of financing arrangements for financing its capital expenditure and to meet working capital requirements at variable rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variable held constant on the Company's profit before tax.

	Increase / decrease in basis points	Effect on profit before tax Rupees in thousand
2022	+100	9,256
	-100	(9,256)
2021	+100	(10,053)
	-100	10,053

#### 49.1.2 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. As at June 30, 2022, if the Pakistani Rupee (Pak Rupee) had weakened / strengthened by 5% against the USD and Euro, with all other variables held constant, the effect on the Company's profit before tax is as follows:

	Increase / decrease in US\$ and Euro to Pak rupee	Effect on profit before tax Rupees in thousand
2022	5%	7,859
	-5%	(7,859)
2021	5%	238
	-5%	(238)

#### 49.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit risk, limiting transactions with specific counter parties and continually assessing the creditworthiness of a counterparties Concentrations of credit risk arise when a number of counterparties are engaged in similar activities or have similar economic feature that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	2022	2021
	----- Rupees in thousand -----	
Long term deposits	<b>20,081</b>	23,011
Trade debts	<b>113,407</b>	140,686
Other receivable	<b>198,452</b>	14,166
Bank balances	<b>60,009</b>	32,463
	<b><u>391,949</u></b>	<b><u>210,326</u></b>

The credit quality of the Company's financial assets can be assessed with reference to external credit rating as follows:

	2022	2021
	----- Rupees in thousand -----	
<b>Trade debts</b>		
Neither past due nor impaired	<b>26,622</b>	64,968
Past due but not impaired	<b>260,166</b>	267,220
	<b>286,788</b>	<b>332,188</b>
<b>Bank balances</b>		
A-1+	<b>17,485</b>	19,849
A-1+	<b>13,764</b>	8,963
A-1	53	3,638
A-1	<b>22,132</b>	12
A-2	<b>6,575</b>	-
	<b>60,009</b>	<b>32,462</b>

### 49.3 Liquidity risk

Liquidity risk represents the risk that a company will encounter difficulties in meeting obligations with the financial liabilities. The Company manage its risk to shortage of funds by maintaining a balance between continuity of funding and flexibility through the use of financing. As of June 30, 2022, The Company's current liabilities exceed its current assets by Rs. 503.330 million but the Company is confident that it will have sufficient cash flows to meet its financial obligations in the foreseeable future.

The table below summaries the maturity profile of the Company's financial liabilities based on contractual undiscounted payment dates:

	2022				
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees in thousand -----				
Lease liabilities	-	-	12,899	2,915	15,814
Long term financing	-	-	-	-	-
Trade and other payable	-	<b>798,265</b>	-	-	798,265
Accrued markup	-	-	26,375	-	26,375
Short term borrowing	<b>925,567</b>	-	-	-	925,567
Unclaimed dividend	16,692	-	-	-	16,692
	<b>942,259</b>	<b>798,265</b>	<b>39,274</b>	<b>2,915</b>	<b>1,782,713</b>

	2021				
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees in thousand -----				
Lease liabilities	-	-	22,203	72,574	94,777
Long term financing	45,242	-	-	-	45,242
Trade and other payable	-	<b>969,543</b>	-	-	969,543
Accrued markup	-	-	53,452	-	53,452
Short term borrowing	<b>1,005,334</b>	-	-	-	1,005,334
Unclaimed dividend	16,766	-	-	-	16,766
	<b>1,067,342</b>	<b>969,543</b>	<b>75,655</b>	<b>72,574</b>	<b>2,185,114</b>

#### 49.4 Capital management

The Company finances its operation through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, Sustain future development of the business and maximize the shareholder value. The Company monitors capital using a debt to equity ratios as follows:

	2022	2021
	----- Rupees in thousand -----	
Long term financing	<b>22,965</b>	45,242
Accrued markup	<b>26,375</b>	53,452
Short term borrowings	<b>925,567</b>	1,005,334
Total debt	<b>974,907</b>	1,104,028
Cash and bank balances	<b>(60,450)</b>	(32,701)
<b>Net debt</b>	<b>914,457</b>	<b>1,071,327</b>
 <b>Excluding surplus on revaluation of property, plant and equipment</b>		
Total equity	<b>(253,655)</b>	(285,449)
Total equity and net debt	<b>660,802</b>	785,878
Gearing ratio	<b>138%</b>	136%
 <b>Including surplus on revaluation of property, plant and equipment</b>		
Total equity	<b>801,237</b>	884,041
Gearing ratio	<b>47%</b>	45%

#### 49.5 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 amount 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.

#### 50 DATE OF AUTHORIZATION FOR ISSUE

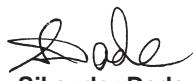
These financial statements were authorized for issue on October 20, 2022 by the Board of Directors of the Company.

## **51 CORRESPONDING FIGURES**

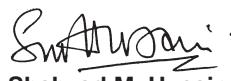
Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation.

## **52 GENERAL**

- 52.1** Number of employees as at June 30, 2022 was 157 (2021: 176) and average number of employees during the year was 163 (2021: 335).
- 52.2** Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



**Sikander Dada**  
Chief Executive



**Shahzad M. Husain**  
Director



**Muhammad Yousuf**  
Chief Financial Officer

# **Pattern Of Shareholding**

**As of June 30, 2022**

Categories of Shareholders	Number of Shares Held	Percentage of Issued Capital
<b>Associated Companies, Undertakings &amp; Related Parties</b>	6,800,648	63.18%
Sikander (Private) Limited	6,800,648	63.18%
<b>Directors, CEO &amp; their Spouses</b>	1,644,961	15.28%
Mr. Shahzad M. Husain - Chairman	4	0.00%
Mr. Sikander Dada - Chief Executive Officer	1,298,335	12.06%
Mr. Abu Talib H. K. Dada - Director	310,469	2.88%
Mrs. Halima w/o Abu Talib H.K. Dada	29,847	0.28%
Mr. Maqbool H.H. Rahimtoola - Director	5,300	0.05%
Syed Shahid Ali Bukhari - Director	1	0.00%
Mrs. Amber Ahmed Motiwala - Director	1,000	0.01%
Mrs. Ayesha Tariq Allawala - Director	5	0.00%
<b>Executives</b>	110	0.00%
<b>Banks, Insurance Company &amp; Others</b>	88,865	0.83%
<b>General Public</b>	2,229,375	20.71%
<b>Total Shareholding</b>	10,763,959	100.00%

## **SHAREHOLDERS HOLDING 5% OR MORE VOTING INTEREST**

Sikander (Private) Limited	6,800,648	63.18%
Mr. Sikander Dada	1,298,335	12.06%

## **DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, THEIR SPOUSES AND MINORS**

No transaction was carried out during the year.

# Pattern Of Shareholding

**As of June 30, 2022**

**COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS AS AT JUNE 30, 2022**

NUMBER OF SHAREHOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
2,890	1	-	100	50,579
498	101	-	500	114,946
134	501	-	1,000	94,787
80	1,001	-	5,000	158,071
14	5,001	-	10,000	98,524
3	10,001	-	15,000	35,537
1	25,001	-	30,000	29,751
2	35,001	-	40,000	72,800
4	45,001	-	50,000	186,292
1	55,001	-	60,000	57,000
1	70,001	-	75,000	72,500
3	90,001	-	95,000	277,358
1	290,001	-	295,000	293,067
1	295,001	-	300,000	298,067
2	300,001	-	305,000	608,134
1	310,001	-	315,000	310,469
1	1,205,001	-	1,210,000	1,205,429
1	6,800,001	-	6,805,000	6,800,648
<b><u>3,638</u></b>				<b><u>10,763,959</u></b>

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
Directors, CEO, Sponsors and Family Members	24	3,244,658	30.14%
General Public	3,595	629,788	5.85%
Banks, DFI, NBFI and Insurance Companies	5	833	0.01%
Joint Stock Companies	10	87,540	0.81%
Associate Company	1	6,800,648	63.18%
Others	3	492	0.00%
<b>T O T A L</b>	<b><u>3,638</u></b>	<b><u>10,763,959</u></b>	<b><u>100.00%</u></b>



# **Form Of Proxy**

The Company Secretary  
**Dadex Eternit Limited**  
Dadex House, 34-A/1, Block 6, PECHS,  
Shahrah-e-Faisal, Karachi-75400

I/We \_\_\_\_\_ son / daughter /wife of \_\_\_\_\_  
of \_\_\_\_\_ (full address)  
being a member(s) of **Dadex Eternit Limited** holding \_\_\_\_\_  
ordinary shares hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ (full address)  
or failing him \_\_\_\_\_ of \_\_\_\_\_ (full address)  
who is/are also member(s) of **Dadex Eternit Limited** as my/our proxy in my/our absence to attend and vote  
for me/us and on my/our behalf at the 63rd Annual General Meeting of the Company to be held on **Friday,**  
**November 25, 2022 at 10:30 a.m.**, at Dadex House, 34-A/1, Block-6, PECHS, Shahrah-e-Faisal, Karachi and  
or at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Signed by the said \_\_\_\_\_  
in the presence of

1 \_\_\_\_\_  
\_\_\_\_\_

2 \_\_\_\_\_  
\_\_\_\_\_

Folio/CDC Account No  
\_\_\_\_\_

Signature on  
Revenue Stamp  
of Rs. 5/-

**Important:**

- 1 This proxy duly completed and signed, must be received at the Registered Office of the Company, Dadex House, 34-A/1, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, not less than 48 hours before the time of holding the meeting.
- 2 No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
- 3 If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

**For CDC Account Holders/Corporate Entities:**

**In addition to the above the following requirements have to be met:**

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or of the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- iv) In the case of a corporate entity, the Board of Directors resolution/power of attorney with the specimen signature should be submitted (unless it has been provided earlier) along with the proxy form to the Company.

# مختارنامہ

کمپنی سیکریٹری

ڈاؤنیکس ایئرنٹ لمبینڈ

ڈاؤنیکس ہاؤس، 34-A/1، بلاک 6، PECHS

شارع فیصل، کراچی - 75400

میں اہم

ولد/بنت/زوجہ

(کمل پتہ) بھیشت رکن ڈاؤنیکس ایئرنٹ لمبینڈ، اور

عام جنس، مسمی / اسمات

حامل

سکنے (کمل پتہ)

کویا ان کی غیر حاضری کی صورت میں مسمی / اسمات

سکنے (کمل پتہ)

جو کہ ڈاؤنیکس ایئرنٹ لمبینڈ کے حصہ دار ہیں کوئی اہماری غیر حاضری کی صورت میں اپنا اہمارا مختار مقرر کرتا / کرتی / کرتے ہیں۔ انھیں ہمارے ایماء پر، بروز جمع 25 نومبر، 2022 بوقت صبح 10:30 بجے، ڈاؤنیکس ایئرنٹ لمبینڈ، ڈاؤنیکس ہاؤس، 34-A/1، بلاک 6، PECHS، شارع فیصل، کراچی میں منعقد ہونے والے کمپنی کے 63 واں سالانہ اجلاس عام یا کسی بھی اتواء کی صورت میں حق رائے دہی استعمال کرنے کی اجازت دیتا / دیتی اور یتھے ہیں۔

یہ مختارنامہ آج بروز 2022 بتاریخ

۱۔

۲۔

فولیو / سی ڈی سی اکاؤنٹ نمبر

ہر دو پہ مالیت کے روپ نوکٹ پر دستخط کریں

ضروری ہدایات:

۱۔ مختارنامہ اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے میں مکمل کوائف اور دستخط کے ہمراہ کمپنی کے جسٹرڈ آفس ڈاؤنیکس ہاؤس، 34-A/1، بلاک 6، PECHS، شارع فیصل، کراچی میں جمع کرنا ضروری ہے۔

۲۔ کسی ایسے شخص کو مختار نہیں کیا جاسکتا جو کہ خود کمپنی کا رکن نہ ہو البتہ کوئی دوسری کمپنی یا ادارہ غیر رکن کو اپنا مختار مقرر کر سکتا ہے۔

۳۔ اگر کسی رکن نے ایک سے زائد مختار مقرر کیے یا مختارنامے کمپنی میں جمع کرائے تو ایسی صورت میں تمام مختارنامے منسوخ کر دیے جائیں گے۔

برائے سی ڈی سی اکاؤنٹ ہولڈر / کارپوریٹ ادارے:

ذکورہ بالا ہدایات کے علاوہ درج ذیل ضروری شرائط بھی پوری کرنا لازمی ہیں:

۱۔ مختارنامہ پر گلوہان کے دستخط یعنی نام، پیشہ اور کمپیوٹر ائرڈر قوی شناختی کا رڈنمبر درج کرنا لازمی ہیں۔

۲۔ مختارنامہ کے ہمراہ اصل مالکان اور مختار کے کمپیوٹر ائرڈر قوی شناختی کا رڈنیا پا سپورٹ کی مصدقہ لفول بھی مسلک کرنا ہوں گی۔

۳۔ مختار کو اجلاس کے وقت اپنا اصل کمپیوٹر ائرڈر قوی شناختی کا رڈنیا پا سپورٹ پیش کرنا ہوگا۔

۴۔ کارپوریٹ ادارہ ہونے کی صورت میں بھیشت رکن، یورڈ آف ڈائریکٹرز کی منظور شدہ ترارداد / پاور آف اثار نی بمعہ نمونہ دستخط ہمراہ مختارنامہ کمپنی میں جمع کرنا ہوگے۔

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## **Dadex Eternit Limited**

- **Head Office:**

Dadex House, 34-A/1, Block 6, P.E.C.H.S.,  
Shahrah-e-Faisal, Karachi-75400  
Tel: (92-21) 111-000-789, 34313860-79  
Fax: (92-21) 34315716

- **Dadex Karachi Factory:**

Deh-22, Manghopir Karachi-75890  
Tel: (92-21) 36770155-58, 36770160-63  
Fax: (92-21) 36770161

- **Dadex Hyderabad Factory:**

P.O. Box No. 10, Badin Road Hyderabad  
Tel: (92-22) 3886534, 3886536  
Fax: (92-22) 3883993

- **Sundar Factory Lahore:**

Plot No. 561-561/A Sundar Industrial Estate  
43-KM, Sundar Raiwind Road, Lahore  
Tel: (92-42) 38370386-90  
Fax: (92-42) 38370367