

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Index

---

	<b>Page</b>
Independent Auditor's Report	2 - 4
Statement of Financial Position	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Accounting Policies	9 - 18
Notes to the Financial Statements	19 - 25



## Independent Auditor's Report

To the Shareholder of DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

### Report on the Audit of the Financial Statements

#### Disclaimer of Opinion

We were engaged to audit the annexed financial statements of DADABHOY CONSTRUCTION TECHNOLOGY LIMITED (the Company), which comprise the statements of financial position as at June 30, 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the company. Because of significance of matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

#### Basis for Disclaimer of Opinion

- a) As reported in note 3 of these financial statements, the company has ceased its operations since 2016. During the year, the company earned a net profit amounting to Rs. 0.334 million (loss 2023: Rs. 3.786 million) and accumulated losses raised to Rs. 40.342 million (2023: Rs. 40.677 million) at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 17.114 million (2023: Rs. 17.449 million) at the year end. The situation may result in severe liquidity crises and inability of the company to comply with loan agreements and inability to pay short term borrowing amounting to Rs. 56.116 million and accrued mark up Rs. 6.900 million. These conditions along with adverse key financial ratios indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared on going concern assumption, but management has not prepared and provided to us any cash flow projections and future plans for revival of its operations;
- b) We could not verify the advance against property amounting to Rs. 59.8 million (2023: Rs. 59.8 million), trade debtors amounting to Rs. 4.9 million and cash and bank balances amounting Rs. 0.095 million (2023: Rs. 0.095 million) as no data and records were provided for our verification. These also could not be verified through other corroborative audit evidences;
- c) Management has not provided to us the data and records for verification of 'Advance income tax' having reported carrying value of Rs. 0.239 million (2023: Rs. 0.239 million). We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;
- d) Management has not provided to us the records of short term borrowing amounting to Rs. 56.117 million (2023: Rs. 56.117 million), accrued mark-up/ interest on these financing arrangements amounting to Rs. 6.900 million (2023: Rs. 6.900), accrued and other payables amounting to Rs. 19.007 million (2023: Rs. 14.564) and income tax payables amounting to Rs. 0.123 million (2023: Rs. nil) . We have not been able to circulate letter for external confirmation from directors and others because we were not provided with relevant details. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;
- e) Management has not provided to us the data and records of deferred taxation. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;

f) We have not been able to circulate letter for external confirmations to Legal advisors because we were not provided with the relevant details. We were unable to determine the impact of expected outcome of outstanding litigations on these financial statements because we were not allowed to communicate with legal advisor of the company;

g) These financial statements have not been prepared in accordance with the requirements of Companies Act, 2017, International financial reporting standards and disclosure requirements of Fourth schedule of Companies Act, 2017 are not complied with;

h) We have not been able to verify to all supplementary information given in the notes to the financial statements because management has not provided us the relevant records and;

i) The Company's accounting policies on various items of financial statements and related disclosures are not in accordance with the requirements of International Financial Reporting Standard and related International Accounting Standards (IAS);

j) We were unable to verify amount of share capital amounting to Rs. 23.228 million and opening balance of all assets, liabilities and equity because neither books of accounts nor any other evidence was provided to us for verification of opening balances; and

k) We were unable to verify admin expenses amounting Rs. 4.505 million and other income amounting to Rs. 4.9 million.

#### **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 responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 these requirements.

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

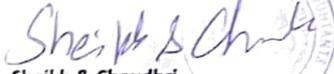
Because of the significance of the matters described in Basis of Disclaimer of Opinion section of our report, we express no opinion whether;

- 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, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows 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;
- 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).

**Other matter**

The financial statements of Dadabhoy Construction Technology Limited (the Company) for the year ended June 30, 2023, were audited by another auditor who expressed disclaimer of opinion on those statements on February 23, 2024.

The engagement partner on the audit resulting in this independent auditor's report is Saad Ali Rana, FCA.

  
Sheikh & Chaudhri  
Chartered Accountant  
Lahore, Pakistan

Date: 21 October 2024

UDIN: AR2024103066AfZheirQ

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Statement of Financial Position

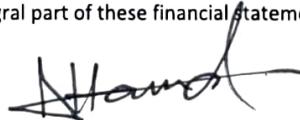
As at 30 June 2024

	Notes	2024 Rupees	2023 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred taxation	6	-	-
<b>Current assets</b>			
Trade debtors		4,900,000	-
Advance against property	7	59,800,000	59,800,000
Advance income tax		238,800	238,800
Cash and bank balance	8	94,512	94,512
		<u>65,033,312</u>	<u>60,133,312</u>
<b>Total assets</b>		<u>65,033,312</u>	<u>60,133,312</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Authorised share capital</b>			
5,000,000 (2023: 5,000,000) ordinary shares of Rs. 10 each		<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid up share capital	9	23,228,000	23,228,000
Accumulated loss		<u>(40,342,463)</u>	<u>(40,676,123)</u>
		<u>(17,114,463)</u>	<u>(17,448,123)</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accrued and other payables	10	19,007,401	14,564,311
Mark-up accrued on borrowing	11	6,900,324	6,900,324
Short-term borrowing	12	56,116,800	56,116,800
Income tax liability		123,250	-
<b>Total current liabilities</b>		<u>82,147,775</u>	<u>77,581,435</u>
Contingencies and commitments	13	-	-
<b>Total equity and liabilities</b>		<u>65,033,312</u>	<u>60,133,312</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Statement of Profit or Loss and Other Comprehensive Income

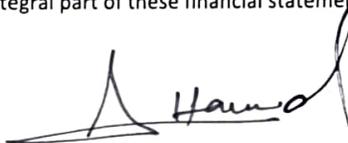
For the Year Ended 30 June 2024

	Notes	2024 Rupees	2023 Rupees
Revenue		-	-
Cost of sales		-	-
<b>Gross profit</b>		<u>-</u>	<u>-</u>
Administrative expenses	14	(4,505,090)	(3,785,770)
<b>Loss from operating activities</b>		<u>(4,505,090)</u>	<u>(3,785,770)</u>
Other consulting income		4,900,000	-
<b>Profit / (loss) before tax</b>		<u>394,910</u>	<u>(3,785,770)</u>
Income tax expense	15	(61,250)	-
<b>Profit / (loss) for the year</b>		<u>333,660</u>	<u>(3,785,770)</u>
<b>Other comprehensive income</b>			
Items not potentially reclassifiable to profit or loss		-	-
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u>333,660</u>	<u>(3,785,770)</u>
<b>Basic earnings per share</b>			
Basic and diluted earnings per share	16	0.14	(1.63)
<b>Total basic and diluted (loss) / earnings per share</b>		<u>0.14</u>	<u>(1.63)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

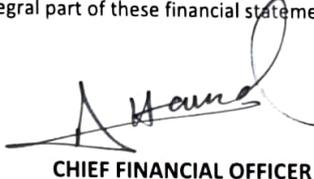
# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

Statement of Changes in Equity  
For the Year Ended 30 June 2024

	Issued, subscribed and paid up share capital Rupees	Accumulated loss Rupees	Total Rupees
Balance at 1 July 2022	23,228,000	(36,890,353)	(13,662,353)
Total comprehensive income for the year	-	(3,785,770)	(3,785,770)
Balance at 30 June 2023	23,228,000	(40,676,123)	(17,448,123)
Total comprehensive income for the year	-	333,660	333,660
Balance at 30 June 2024	23,228,000	(40,342,463)	(17,114,463)

The annexed notes from 1 to 24 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Statement of Cash Flows

For the Year Ended 30 June 2024

	2024 Rupees	2023 Rupees
Profit / (loss) for the year	333,660	(3,785,770)
Adjustments for non-cash items		
Depreciation	-	-
Finance cost	-	-
Cash flows before working capital changes	333,660	(3,785,770)
Changes in operating assets / liabilities		
(Increase)/decrease in current assets	-	-
Trade debtors	(4,900,000)	-
Increase/(decrease) in current liabilities		
Adjustments for accrued and other payables	4,443,090	3,785,770
Income tax payable	123,250	-
Finance cost paid	-	-
Income tax paid	-	-
Net cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	94,512	94,512
Cash and cash equivalents at end of the year	94,512	94,512

The annexed notes from 1 to 24 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Accounting Policies

---

### 1. General information

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED ('the Company') was incorporated on April 07, 1981 under the repealed Companies Act, 1913 (now the Companies Act, 2017) by the name of Pak German Prefabs (Pvt.) Limited as private limited company which converted its status to public limited company and was listed on Stock Exchanges (now the Pakistan Stock Exchange Limited - PSX). However, on March 07, 2005, the Company changed its name to Dadabhoy Construction Technology Limited under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activity of the Company is to acquire and develop land for construction and sell of properties and to manufacture and sell the sealing chemicals / bonds used in the construction including Hi Bond Cement and allied products.

The Company's registered office is situated at Suite # 4, 2nd Floor, Plot no. 28-30 / C, Noor Centre, Khayaban-e-Ittehad, Lane # 12, Phase VII, D.H.A., Karachi.

Trading in shares of the Company was suspended by the Stock Exchanges on August 01, 2012 due to non compliances with respect to listing regulations (now the PSX Rule Book). However, CDC has declared the shares of the Company as eligible security for trading with effect from August 17, 2018 and trading of the shares will be allowed after fulfilling certain specified conditions.

### 2. Statement of compliance

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

- a) International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- b) 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. Going concern assumption

During the current year, the Company has earned a net profit amounting to Rs. 0.334 million (loss 2023: Rs. 3.786) million rising its accumulated losses as on the reporting date amounting to Rs. 40.342 (2023: Rs. 40.676) million, wiping off the equity to negative Rs. 17.114 (2023: negative Rs. 17.448) million. Further, current liabilities of the Company exceed the current assets by Rs. 17.114 (2023: Rs. 17.448) million. Operations of the Company are closed since financial year 2016. These factors indicate the existence of material uncertainty over the Company's ability to continue as going concern and accordingly, Company may not be able to realize its assets and settle its liabilities at the stated amounts in the normal course of business.

However, management of the Company has prepared these financial statements on going concern basis due to the following reasons:

- The Company has entered into agreements for the acquisition of land for development / construction of residual and commercial units. Covenants of the agreement will be met after the fulfillment of certain legal requirements and improvement in the overall economic outlook of the economy.
- Management is also corresponding with a running hotel business to acquire the complete business against issuance of shares of the Company and partly through cash.
- Management structure of the Company has been changed to bring in the expertise and experience which could facilitate the Company in reviving its overall operations.
- The management has also planned to raise the finance from internal as well as external sources to further improve the financial and operational outlook of the Company.
- Company is also seeking merger with another operational real estate Company after fulfilling all the legal requirements.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Accounting Policies

---

### 4. Basis of preparation and material accounting policy information

The financial statements of DADABHOY CONSTRUCTION TECHNOLOGY LIMITED have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 4.1 Functional and presentation currency

##### Functional and presentation currencies

The financial statements have been presented in Pakistan Rupee, which is the functional and presentation currency of the Company.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Accounting Policies

---

*Basis of preparation and material accounting policy information continued...*

### 4.2 Financial instruments

#### **Classification and recognition**

Classification of a financial instrument, or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

#### *Financial assets classification*

The Company classifies financial assets into the following categories:

- Financial assets subsequently measured at fair value through profit or loss
- Financial assets subsequently measured at fair value through other comprehensive income (OCI)
- Financial assets subsequently measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

#### *Financial liabilities classification*

The Company classifies financial liabilities into the following categories:

- Financial liabilities subsequently measured at amortised cost
- Financial liabilities subsequently measured at fair value through profit or loss

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

#### *Recognition*

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset.

#### **Initial measurement**

##### *Financial assets*

When a financial asset is recognised initially, it is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *Financial liabilities*

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Accounting Policies

---

### *Basis of preparation and material accounting policy information continued...*

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

### **Subsequent measurement**

#### *Financial assets*

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. Debt instruments are subsequently measured at:

- Amortised cost: assets held only for collection of principal and interest payments
  - Interest income is included in finance income using the effective interest rate method.
  - Any gain or loss on derecognition is recognised in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses.
  - Impairment losses are presented as a separate line item in the statement of profit or loss.
  - The company's financial assets at amortised cost includes trade receivables, and loans to associates and directors included under other non-current financial assets.
- Fair value through OCI: assets held only for collection of principal and interest payments and for selling the financial assets
  - Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.
  - When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses).
  - Interest income from these financial assets is included in finance income using the effective interest rate method.
  - Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
  - The company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.
  - The company elected to classify irrevocably its non-listed equity investments under this category.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI
  - A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.
  - The company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in OCI.
  - This category includes derivative instruments and listed equity investments which the company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

#### *Equity instruments*

All equity investments are subsequently measured at fair value.

- Fair value through OCI: elected to present fair value gains and losses on equity investments in OCI
  - There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.
  - Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.
  - Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI
  - Changes in the fair value are recognised in other gains / (losses) in the statement of profit or loss as applicable.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Accounting Policies

---

### *Basis of preparation and material accounting policy information continued...*

#### *Financial liabilities*

- Fair value through profit or loss: financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss
  - Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
  - This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.
  - Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
  - Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
  - Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.
- Amortised cost: Loans and borrowings
  - After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.
  - Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.
  - Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.
  - The effective interest rate amortisation is included as finance costs in the statement of profit or loss.
  - This category generally applies to interest-bearing loans and borrowings.

#### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### **Derecognition**

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when it is transferred and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Impairment of financial assets**

A forward looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Accounting Policies

---

### *Basis of preparation and material accounting policy information continued...*

The impairment methodology applied depends on whether there has been a significant increase in credit risk:

- For credit exposures with no significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).
- For credit exposures with significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the low credit risk simplification is applied. At every reporting date, the company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. The internal credit rating of the debt instrument is reassessed during this evaluation. It is also considered whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the XXX Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the company's policy to measure expected credit losses on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. The company uses the ratings from the XXX Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate expected credit losses.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **4.3 Trade and other receivables**

Trade receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### **Other financial assets**

Other financial assets are recognised initially at the fair value, including transaction costs except where the asset will subsequently be measured at fair value.

Other financial assets that are equity investments are subsequently measured at fair value through profit or loss. Other investments are subsequently measured at cost less impairment.

Other financial assets that are debt instruments are subsequently measured at amortised cost. Interest income is recognised on the basis of the effective interest method and is included in finance income.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Accounting Policies

---

*Basis of preparation and material accounting policy information continued...*

### 4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently carried at amortised cost.

### 4.5 Trade and other payables

Trade payables are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

### 4.6 Prepayments

Advance against property consist of various payments that have been made for bank guarantee deposits. Advance against property are measured at amortised cost, and are derecognised when deposits are withdrawn from bank.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Accounting Policies

---

*Basis of preparation and material accounting policy information continued...*

### 4.7 Taxation

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

#### **Deferred tax assets and liabilities**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and deferred tax assets are made to reflect the tax consequences that would follow from the manner in which it is expected, at the end of the reporting period, recovery or settlement if temporary differences will occur.

Deferred tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same entity within the group or different taxable entities within the group which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Accounting Policies

---

*Basis of preparation and material accounting policy information continued...*

### 4.8 Related parties

A related party is a person or entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person:
  - has control or joint control of the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - Both entities are joint ventures of the same third party;
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  - The entity is controlled or jointly controlled by a person identified as a related party;
  - A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transactions are carried out on an arm's length basis. Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

### 4.9 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Accounting Policies

---

### 5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

No significant estimates and adjustments have been applied in the preparation of these financial statements.

### 6. Changes in accounting standards, interpretations and pronouncements

#### a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial reporting.

#### b) Standards and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

Notes to the Financial Statements

For the Year Ended 30 June 2024

		2024 Rupees	2023 Rupees
6. Deferred taxation			
6.1 Deferred tax assets arising in respect of			
Taxable temporary differences			
Accelerated tax depreciation		-	-
Deductible temporary differences			
Available tax losses		6,741,716	6,741,716
		<u>6,741,716</u>	<u>6,741,716</u>
Less: Unrecognized deferred tax asset	6.2	<u>(6,741,716)</u>	<u>(6,741,716)</u>
		-	-

6.2 The Company has not recognized its entire deferred tax asset relating to deductible differences up to the year ended June 30, 2022 as it is uncertain that future taxable profits for the foreseeable future will be available against which the asset can be utilized.

Deductible temporary differences as on June 30, 2021 and their expiry dates are as follows:

Deductible difference	Expiry	Expiry
Assessed tax losses		
Business losses		
Tax Year 2018	30 June 2024	4,124,264
Tax Year 2019	30 June 2025	8,485,537
Tax Year 2020	30 June 2026	1,396,786
Tax Year 2021	30 June 2027	3,199,966
Tax Year 2022	30 June 2028	2,173,190
Tax Year 2023	30 June 2029	3,785,770
Unabsorbed tax depreciation	Indefinite	Indefinite

## 7. Advance against property

### 7.1 Advance against property comprise the following balance

Land for development	7.2	<u>59,800,000</u>	<u>59,800,000</u>
----------------------	-----	-------------------	-------------------

7.2 This amount include an advacne payment of Rs. 10 million (2023: Rs. 10 million) made to Mr. Habib Ahmad against land in Mouza Chirah, Islamabad.

## 8. Cash and bank balance

Cash in hand	94,512	94,512
Cash at bank (in current account)	-	-
	<u>94,512</u>	<u>94,512</u>

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Notes to the Financial Statements

For the Year Ended 30 June 2024

2024  
Rupees

2023  
Rupees

### 9. Issued, subscribed and paid up share capital

#### 9.1 Issued, subscribed and paid up capital comprises of:

	Number of shares		Rupees	
	2024	2023	2024	2023
Ordinary share shares of Rs. 10 each				
Fully paid in cash	1,129,500	1,129,500	11,295,000	11,295,000
Issued for consideration other than cash (Note 9.2).	1,065,800	1,065,800	10,658,000	10,658,000
Issued as fully paid bonus shares	127,500	127,500	1,275,000	1,275,000
	<b>2,322,800</b>	<b>2,322,800</b>	<b>23,228,000</b>	<b>23,228,000</b>

9.2 1,065,800 shares were issued in prior years to the Directors of the Company against their loans given to the Company.

9.3 Ordinary shareholders are entitled to attend and vote in the company meeting and are also entitled to any distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the company.

### 10. Accrued and other payables

Salaries payable	11,737,683	9,097,683
Other payable	856,410	-
Accrued liabilities	6,413,308	5,466,628
	<b>19,007,401</b>	<b>14,564,311</b>

### 11. Mark-up accrued on borrowing

On short term borrowings from related parties	12.2	6,900,324	6,900,324
---	------	-----------	-----------

### 12. Short-term borrowing

#### 12.1 Unsecured and interest bearing

##### - From Related Parties

Directors	12.2	43,556,800	43,556,800
Associate of the Directors		12,560,000	12,560,000
		<b>56,116,800</b>	<b>56,116,800</b>

12.2 These carried markup ranging from 3 Month Kibor plus 2% per annum to 3 Month Kibor plus 3% per annum till March 31, 2019 after which the lenders have waived the markup till the revival of the operational activities of the Company. Loan and the markup accrued is payable on demand. Loan was obtained for the acquisition of land for development / construction of residual and commercial units.

### 13. Contingencies and commitments

There are no contingencies and commitments binding on the Company as on the reporting date, except for the remaining amount of payment of land as explained in 7.2.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Notes to the Financial Statements

For the Year Ended 30 June 2024

	2024 Rupees	2023 Rupees
<b>14. Administrative expenses</b>		
<b>14.1 Administrative expenses comprise:</b>		
Salaries and other benefits	2,996,250	2,396,875
Professional charges	300,000	300,000
Travel and Entertainment expenses	41,843	39,850
Printing and stationery	28,750	28,750
Courier charges	5,000	4,750
Utilities	102,572	92,920
Fees and subscription	315,675	207,625
Miscellaneous expenses	540,000	540,000
Auditors' remuneration	175,000	175,000
<b>14.2</b>	<u>4,505,090</u>	<u>3,785,770</u>
<b>14.2 Auditors' Remuneration</b>		
Audit fees	100,000	100,000
Half yearly review	45,000	45,000
Review of Code of Corporate Governance	20,000	20,000
Out of pocket	10,000	10,000
	<u>175,000</u>	<u>175,000</u>
<b>15. Taxation</b>		
<b>15.1 Income tax recognised in profit or loss:</b>		
<b>Current tax</b>		
Current year	61,250	-
Prior year	-	-
Deferred tax	-	-
	<u>61,250</u>	<u>-</u>
<b>15.2</b> Income Tax Returns of the Company have been finalized up to and including the tax year 2017 which are considered to be the deemed assessment subject to amendment u/s 122 of the Income Tax Ordinance, 2001.		
<b>16. Earnings per share</b>		
<b>Basic earnings per share</b>		
Loss after taxation	333,660	(3,785,770)
Weighted average number of ordinary shares outstanding	2,322,800	2,322,800
Earning per share - basic and diluted	<u>0.14</u>	<u>( 1.63)</u>

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Notes to the Financial Statements

For the Year Ended 30 June 2024

2024  
Rupees

2023  
Rupees

### 17. Financial risk management

credit risk  
market risk  
liquidity risk

#### Risk management framework

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees upon the policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

#### 17.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

##### 17.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2024	2023
	Rupees	
Financial asset at amortized cost		
Advance against property	59,800,000	59,800,000
Cash and bank balance	94,512	94,512
	<u>59,894,512</u>	<u>59,894,512</u>

##### 17.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2024	2023
	Rupees	
Advance against property	<u>59,800,000</u>	<u>59,800,000</u>

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

Notes to the Financial Statements

For the Year Ended 30 June 2024

2024  
Rupees

2023  
Rupees

*Financial risk management continued...*

## 17.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company is not exposed to currency risk as all transactions are carried out in domestic currency.

### Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

### Fixed rate financial instruments

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

### Variable rate instruments

#### Cash flow sensitivity analysis for variable rate instruments

The Company does not account for any variable rate financial assets and liabilities at fair value through profit and loss as the Company is in litigation with the financial institutions and not charging any mark-up on these borrowings.

### Price risk management

The Company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

## 17.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Notes to the Financial Statements

For the Year Ended 30 June 2024

2024  
Rupees

2023  
Rupees

### *Financial risk management continued...*

#### 17.3.1 Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Contractual maturities of financial liabilities	Carrying amount	Contractual cash flows	Between 1 to 5 years
<b>Year ended 30 June 2024</b>			
<b>Non-derivative financial liabilities</b>			
Accrued and other payables (Note 10)	19,007,401	19,007,401	19,007,401
Short-term borrowing (Note 12)	56,116,800	56,116,800	56,116,800
Mark-up accrued on borrowing (Note 11)	6,900,324	6,900,324	6,900,324
	<b>82,024,525</b>	<b>82,024,525</b>	<b>82,024,525</b>
<b>Year ended 30 June 2023</b>			
<b>Non-derivative financial liabilities</b>			
Accrued and other payables (Note 10)	14,564,311	14,564,311	14,564,311
Short-term borrowing (Note 12)	56,116,800	56,116,800	56,116,800
Mark-up accrued on borrowing (Note 11)	6,900,324	6,900,324	6,900,324
	<b>77,581,435</b>	<b>77,581,435</b>	<b>77,581,435</b>

#### 18. Recognized fair value measurements - financial instruments

##### **Fair value hierarchy**

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. An explanation of each level is as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

#### 19. Related party transactions

Related parties comprise subsidiary, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel. The transactions with related parties are Rs. NIL (2023: Rs. NIL).

# DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

## Notes to the Financial Statements

For the Year Ended 30 June 2024

2024 Rupees	2023 Rupees
----------------	----------------

### 20. Remuneration of Chief Executive, Directors and Executives

In view of the current operational and financial position of the Company, the Directors of the Company have voluntarily waived their remuneration. While salary charged during the year with respect to an executive amounting to Rs. NIL (2023: Rs. NIL) million.

### 21. Number of employees

Number of employees as at June 30th

4

4

Average number of employees during the year

4

4

### 22. Events after the balance sheet date

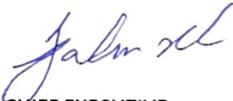
There are no reportable events after statement of financial position date.

### 23. Date of authorisation for issue

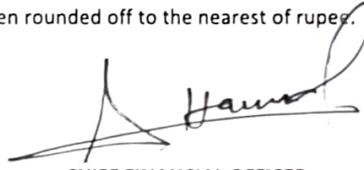
These financial statements were authorized for issue on 21 October 2024 by the Board of Directors of the Company.

### 24. General

Figures in these financial statements have been rounded off to the nearest of rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR