

**38TH ANNUAL REPORT
JUNE 2019**



**DADABHOJ CONSTRUCTION
TECHNOLOGY LIMITED**

CONTENTS

	<u>PAGE</u>
Company's Vision & Mission Statement	1
Company Information	2
Notice of Annual General Meeting	3
Chairman's Review	4
Directors' Report	5-6
Directors' Report- Urdu	7
Statement of Compliance with the Code of Corporate Governance	8-10
Financial Review of last six years	11
Auditors' Report to the Members	12-14
Auditors' Review Report to the Members with CCG	15-16
Statement of Financial Position	17
Statement of Profit and Loss & Other Comprehensive Income	18
Statement of Changes in Equity	19
Statement of Cash Flow	20
Notes to the Financial Statement	21-36
Pattern of Shareholding	37
Proxy Form	

VISION

To be recognized and accepted as leader in the country in development of small and medium sized housing and commercial projects

Mission

- To have a diversified customer base
- To serve the market through innovation & creations
- To offer a high rate of return to Shareholders
- To create a good work environment for our employees and foster team work & career development
- To operate ethically
- To serve the country to achieve the national goals

COMPANY INFORMATION

BOARD OF DIRECTORS

Non- Executive Directors:

Mr. Muhammad Hussain Dadabhoy	Chairman/ Director
Mr. Fazal Karim Dadabhoy	Director
Malik Shaheer Khalid	Director
Ch. Muhammad Javed Siddique	Director

Executive Directors:

Mr. Faheem Khan Niazi	Director/ Chief Executive Officer
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Independent Directors:

Khawaja Mansoor Ali	Director
Mr. Zain Khalid Bhatti	Director
Mr. Ahsan Hassan Khawaja	Director

AUDIT COMMITTEE

Mr. Ahsan Hassan Khawaja	Chairman
Mr. Muhammad Hussain Dadabhoy	Member
Malik Shaheer Khalid	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Khawaja Mansoor Ali	Chairman
Mr. Muhammad Hussain Dadabhoy	Member
Malik Shaheer Khalid	Member

CHIEF FINANCIAL OFFICER

Muhammad Aslam Moten

COMPANY SECRETARY

M. Sohail A. Sheikh

AUDITORS

M/s Reanda Haroon Zakeria &
Company, Chartered Accountants

LEGAL ADVISOR

M/s Khan & Company
408, 4th floor, Asad Chambers, Near
Passport Office Saddar, Karachi

REGISTERED OFFICE

28- 30C/ II, 04 Noor Center, 12th
Lane, Phase VII Ext., DHA, Karachi.
Tel. 021- 35312002, 35312007
Fax. 021- 35312006

SHARE REGISTRAR

F. D. Registrar Services (SMC-Pvt.)
Limited., Suit 1705 - A. 17th Floor
Saima Trade Tower
I.I. Chundrigar Road, Karachi
Tel. 021- 32213243

BANKER

Summit Bank Limited

E- mail:

mhdadabhoygroup@gmail.com

Web:

www.mhdadabhoy.com

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of Dadabhoj Construction Technology Limited (DCTL) will be held on Saturday, October 26, 2019 at 05:00 p.m. at Auditorium of NBFI and Modaraba Association of Pakistan, 602, 6th Floor, Progressive Centre, Block- 6, P.E.C.H.Si, Shahrah-e- Faisal, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 37th Annual General Meeting (AGM) of the Company held on October 26, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon.
3. To appoint the External Auditors for the year ended June 30, 2020 and to fix their remuneration.
4. To transact any other businesses with the permission of the Chair

By Order of the Board


M. Sohail A. Sheikh
Company Secretary

October 04, 2019
Karachi

NOTES:

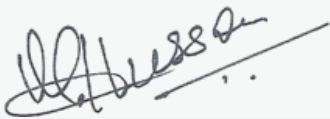
1. The Share Transfer Books of the Company will remain closed from 19-10-2019 to 26-10-2019 (both days inclusive).
2. A member entitled to attend, speak and vote at this meeting, may appoint another person as his/ her proxy to attend, speak and vote on his/ her behalf. A proxy must be a member of the company.
3. Proxy forms in order to be effective, must be completed and received at the Registered Office of the Company, duly stamped and signed, not less than 48 hours before the meeting.
4. All the members and the proxy holders need to verify their identity by showing original CNIC at the time of attending the meeting. In case of corporate entity, a certified copy of the resolution of the board of directors/ valid power of attorney having the same name and specimen signature of the nominee should be produced at the time of the meeting.
5. If the Company receives consent from members holding in aggregate 10% or more shares residing at a geographical location, to participate in the meeting through video conference at least ten (10) days prior to date of meeting, the company will arrange video conference facility in the city subject to availability of such facility in the city. The company will intimate members regarding venue of video conference at least (7) days before the date of meeting.
6. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, M/s F. D. Registrar Services (SMC- Pvt.) Limited, Suit 1705- A, 17th Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi.
7. The Financial Statements of the Company for the year ended June 30, 2019 will also be available at its official website.

CHAIRMAN'S REVIEW

During 2017-18 we had made a very strong effort to revive the operations of your Company and deployed additional capital amounting to Rs. 62.50 million to beef up the capital of the Company and provide the seed money for the new operations. Unfortunately, the country's economy has moved into strong recession starting from the last quarter of 2018. Opportunities, those were being reviewed and being negotiated, have started to fade away and almost nothing could be developed or finalized till August 2019.

Alhamdulillah, an opportunity to develop earning assets in the Company had developed in August this year and we had shared its initial structure with Pakistan Stock Exchange in the last September. The development has now reached to the Agreement stage and it is expected to be considered by your Board of Directors during October 2019 before required intimation is shared with Pakistan Stock Exchange and later submitted to Securities & Exchange Commission of Pakistan for their approval. It is expected that your Company will be having earning assets and profitable operations by the end of 3rd Quarter of the financial year of 2019- 2020.

I hope that by Grace of Almighty Allah your Company should now embarked on the path of growth & profitability and a rewarding investment for its shareholders.



Muhammad Hussain Dadabhoy
Chairman

Karachi- October 03, 2019

Directors' Report

The Board of Directors of M/s Dadabhoy Construction Technology Limited [DCTL] is pleased to present the Annual Financial Statements of the Company for the period ended June 30, 2019 along with Auditors' Report to its shareholders.

Your Company faced an irreparable loss of the sad demise of Mr. Muhammad Amin Dadabhoy, in last October, who was one of the most active directors of the Company. He contributed a lot for revival of operations of the Company. We pray that Almighty Allah, may rest his soul in eternal peace, "AMEEN" and grant courage and patience to his all family members. In replacement of (Late) Mr. Amin, the Board has appointed Ch. Muhammad Javed Siddique effective from August 29, 2019.

Due to bleak macroeconomic scenario that continued to prevail in the country during the whole period under review, your Company could not start its normal operational activities and could not to materialize certain palpable transactions, which could be accelerated the activities to revive the operations of the Company.

However, your Company has worked out a definite business plan for restructuring of the financial position of the Company and profitable operations in the next six months, which was submitted to the PSX. Details of the said business plan are available on their website under the heading of 'Company Announcements' dated September 16, 2019.

Consequent to the above mentioned facts, your Company did not generate any earnings during the year and hence reported total comprehensive loss of Rs. 8,485,537/- as at June 30, 2019 compared to total comprehensive Income of Rs. 43,284,057/- reported for the same period last year. Thus, the accumulated losses have increased to Rs.30,120,411/- during the period under review from Rs. 21,634,874/- recorded for the year ended June 30, 2018.

As at the close of the last financial year, the amount of trade and other payable also increased to Rs. 3,936,049/- from Rs. 404,327/- reported for the same period last year.

Markup on short term borrowing was accrued Rs. 4,877,381/- for the period from July 2018 to March 2019; whereas the respective director and the associates of other directors, who provided the loans to the Company, agreed that no markup will be charged on the respective loans effective from April 01, 2019 till the start of the normal operations of the Company.

The administrative expenses of the Company were stated as Rs. 3,556,388/-, major portion of which is pertaining to the accrual of the salaries and reimbursement of the employees for the entire reviewed period.

Considering the present financial position of the Company and closure of its usual operations, the auditors expressed no opinion in their 'Audit Report' and stated the report as 'Disclaimer Opinion' on the accompanying financial statements of the Company.

However, subsequent to the end of Audit Period under review as on June 30, 2019, the Company has been able to reach an agreement to incorporate a running business into the operations of the Company and it is hoped that, subject to completion of all regulatory approvals, DCTL will be a operational with profitable, Inshallah.

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

As required under the Code of Corporate Governance, the Directors are pleased to confirm that:

- The financial statements of the Company, prepared by the management, present fairly its state of affairs, the results of its operations, cash flows and the changes in equity and proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures, if any, have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- Key operating and financial data for the last 6 years have been included in the Annual Report.

Chairman's Review: The Directors of the Company endorse the contents of the Chairman's Review which covers plans and decisions for business along with future outlook.

Pattern of Shareholding: A statement showing the pattern of holding of shares as at June 30, 2019 is also incorporated in the Annual Accounts.

Acknowledgement:

The Board appreciates and thankful to the shareholders of M/s Dadabhoy Construction Technology Limited for their confidence imposed on its directors and the management. Also the Board remains thankful to the apex regulator, Securities & Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange (PSX) for providing their continued and kind guidance and valued support to us.

We also appreciate members of the senior management and the staff for their sincere and dedicated participation for revival of operations of the Company.

For & On behalf of the Board of Directors:



Faheem Khan Niazi
Director/ CEO



Malik Shaheer Khalid
Director

Dated: October 03, 2019

ڈائریکٹرز رپورٹ

بھیرڑ والا بجائی کنسٹرکشن ٹیکنالوجی لمیٹڈ کے ڈائریکٹرز 30 جون 2019 کو ختم ہونے والے سالانہ مالیاتی گوشوارے سے بعد ڈائریز رپورٹ کے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ آپ کی کمپنی کو گزشتہ اکتوبر میں جناب محمد امین دادا بجائی جو کہ کمپنی کے سب سے زیادہ فعال ڈائریکٹر تھے اور ان کا کمپنی کے بحالی آپریشن میں بہت اہم کردار ادا کیا گیا تھا انتقال کی صورت میں ایک قابل توفیق انسان کا سامنا کرنا پڑا۔ ہم دعا گو ہیں کہ اللہ پاک ان کی سطر فرمائے، بہت افرادوں میں جبکہ عطا فرمائے (آمین) اور ان کے گھر والوں کو صبر و تحمل عطا فرمائے۔ یازدہ لاکھ ماہ صاحب کی جگہ 29 اگست 2019ء سے پوزٹری محمد جاوید صدیقی صاحب کی کمپنی کے ڈائریکٹری حیثیت سے مقرر کی گئی ہے۔

ملک میں تازہ ایک معاشی اضطراب سے کی وجہ سے کہ گزشتہ چارے سال میں دیکھا گیا آپ کی کمپنی اپنی ملٹی کاروباری مرکز میاں شہر واقعہ کرکھی اور لیون وین کے بجگاہ نئے واضح و پختی معاملات جو کہ کمپنی کی کاروباری سرگرمیوں کو آگے بڑھا سکتے تھے مان لوگھی محلی جاوید پر تیار کیا۔

بہر حال آپ کی کمپنی نے اگلے چھ ماہ کے اندر اپنی مالی حالت کی تنظیم کو نئے اور متاثر بخش کاروباری سرگرمیوں کیلئے ایک نئی کاروباری آپریشن منسوب بندی کی ہے جو کہ پاکستان اسٹاک ایکسچینج (PSX) کو تعلق کر دیا گیا ہے۔ اس آپریشن منسوب بندی کی تفصیلات PSX کی ویب سائٹ پر "کمپنی کے اعلانات" کے درجہ میں مورخہ 16 ستمبر 2019ء کی تاریخ میں دستیاب ہے۔

اوپر بیان کردہ حقائق کے نتیجے میں آپ کی کمپنی گزشتہ سال کے دور میں کوئی آمدنی پیدا نہیں کر سکا بلکہ 30 جون 2019ء پر ختم ہونے والے سال پر کمپنی نے -Rs. 6,485,537 کے جائز انسان کی اطلاق دی ہے جبکہ گزشتہ سال کے اختتام پر کمپنی نے -Rs. 43,284,057 کے جائز متعلق کی اطلاق دی تھی۔ اس طرح زبرد جاوازہ سال کے دوران مجموعی عوامیت کی رقم جو کہ 30 جون 2018ء کو -Rs. 21,634,874/- کی رقم تھی اور جو پھر -Rs. 30,120,411/- تک پہنچی ہے۔

گزشتہ مالی سال کے ختم پر تیار کردہ کاپی ادا کی رقم جو مئی پوزیکر -Rs. 3,936,049/- تھی جو کہ گزشتہ سال کے ختم پر -Rs. 404,327/- تھی۔

قبل ازیں مقررہ اجازت پر ملاک آپ کی مدتیں جولائی 2018ء سے مارچ 2019ء کے دور میں 4,877,381/- روپے کے حصے کے تحت ڈائریکٹرز اور ڈائریکٹرز کے احباب کے حصوں نے کمپنی کو پوز خراجات مہیا کیے، اس بات پر متفق ہیں کہ وہ یکم اپریل 2019ء سے کمپنی کی عمومی کاروباری سرگرمیوں کی بحالی تک کسی قسم کا کاروبار قبول نہیں کریں گے۔


گزشتہ چارے سال میں کمپنی کے انتظامی امور چھڑنے والے اثرات پر -Rs. 3,556,388/- روپے خس میں بڑا اضافہ لگایا گیا اور اس کے بعد گزشتہ سال 30 جون 2019ء تک انحصار طلب ادا ہوئی ہیں۔

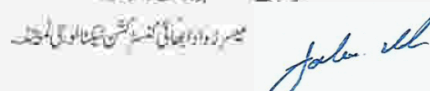
کمپنی کے ڈائریز نے کمپنی کی موجودہ مالیاتی حالت کو اور اگلی عمومی کاروباری سرگرمیوں کے لئے کیوں کو سامنے رکھتے ہوئے اپنی آراء رپورٹ میں کوئی رائے نہیں دی ہے اور کمپنی کے منسلک مالیاتی گوشوارے پر اپنی ڈائریز رپورٹ کی رائے اعلان کی ہے۔ البتہ 30 جون 2019ء پر ختم ہونے والے ایک سال کے بعد آپ کی کمپنی ایک معاہدے پر پہنچی ہے جس کے تحت ایک دوسری کمپنی کا پانچواں کاروبار آپ کی کمپنی کی کاروباری سرگرمیوں میں شامل ہو جائے گا اور ان کا انتظامیہ ہے کہ متعلقہ ریگولیشنز کے تحت جاری شدہ ایک مینڈیٹ کا نئے مالیاتی آپریشن کمپنی بن جائے گی۔

جیسا کہ FCCG آئین میں متعلقہ کیا گیا ہے، ڈائریکٹرز اس بات کی توثیق کرتے ہیں کہ

- کمپنی کی جینٹ نے جو مالیاتی گوشوارے سے بنائے ہیں وہ کمپنی کے معاملات کی حالت اور پیش کے نتائج بخیریت میں تبدیل منظر نظر پر پیش کرتے ہیں اور کمپنی کے اکاؤنٹس کی کتابیں مناسب طریقے سے برقرار رکھی ہوئی ہیں۔
- کمپنی کے مالیاتی گوشوارے تیار کرتے وقت مناسب اکاؤنٹنگ پالیسیوں کو اختیار کیا گیا ہے۔ اور اکاؤنٹنگ کا اندازہ جتنا اور مناسب فیصلوں کی بنیاد پر کیا گیا ہے۔
- مالیاتی گوشوارے تیار کرتے وقت پاکستان میں قابل اطلاق بین الاقوامی اکاؤنٹنگ معیار کی پوری توثیق کی ہے اور جہاں ضرورتی تھیں ہاں پر اس بات کو نوٹ کر لیا گیا کہ اس معیار کی پوری توثیق نہیں ہوتی ہے۔
- کمپنی میں اندرونی کنٹرول کا نظام ایک مضبوط طریقہ پر ترمیم دیا گیا ہے اور اس کو ایک موثر طریقے پر لاگو کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کے منسلک قوانین میں تفصیلی بیان کے کے کاروبار کو نئے سے بہتر طریقوں سے فراہم اختیار نہیں کی ہے۔
- پچھلے چھ سال کے گائیڈی آپریٹنگ، مالیاتی اعداد و شمار کمپنی کی سالانہ رپورٹ میں دیکھے گئے ہیں۔
- ختم میں کا تجزیہ کمپنی کے ڈائریکٹرز نے ختم میں کی تجزیاتی رپورٹ میں بیان کیے گئے عوامی تفریق کی کہ جس میں کاروباری منسوب بندی اور فیصلوں کا اور مستقبل کے کو نظر کا اطلاق کیا ہے۔
- ختم ہونے والے چھ ماہ 30 جون 2019ء کے مطابق کمپنی کا ختم ہونے والے سالانہ رپورٹ میں شامل ہے۔

اعتراف: ذرا آف ڈائریکٹرز دادا بجائی کنسٹرکشن ٹیکنالوجی لمیٹڈ کے حصص داروں کو سمجھاتے ہیں اور ان کا شکریہ ادا کرتے ہیں کہ انہوں نے کمپنی کے ڈائریکٹرز اور اگلی انتظامیہ پر اپنے احکام کا اظہار کیا۔ جو ذرا سیکورٹی ایڈوانسنگ کمپنی پاکستان (SECP) اور پاکستان اسٹاک ایکسچینج (PSX) کا بھی ممبر ہیں۔ ان کے کہنا ہوں نے اپنی مسلسل دہریانہ دہلیات اور اپنی توجہ حمایت مہیا کیے۔


 ملک شجید نادیہ
 ڈائریکٹر


 محمد غلام نبی
 ڈائریکٹر / چھ ڈائریکٹرز

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

Statement of Compliance with Listed Companies- (Code of Corporate Governance) Regulations, 2017, For the Year Ended June 30, 2019

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

1) The total number of directors are seven (7) as per the following:

a) Male: Seven

b) Female: None

Board ensures the compliance with respect to representation of female member(s) on the Board within the time frame given under the Regulations.

2) The composition of board is as follows:

Category	Names
a. Independent Directors	Khawaja Mansoor Ali Mr. Zain Khalid Bhatti Mr. Ahsan Hassan Khawaja
b. Other Non-Executive Directors	Mr. Muhammad Hussain Dadabhoy Mr. Fazal Karim Dadabhoy Malik Shaheer Khalid
c. Executive Director	Mr. Faheem Khan Niazi

3) The directors have confirmed that none of them is serving as a director on more than five 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. While significant policies of the company are being formulated as the Company is planning for revival in due course.

6) All the powers of the board have been duly exercised and decisions on relevant matters have been taken by 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8) The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

- 9) The Board has not arranged any training program during the year due to operational inactivity of the Company, but the Board assures that all the Directors acquire the prescribed certification under the training program within the stipulated time.
- 10) The Board has approved the appointment of CFO with effect from October 03, 2018 including his remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations while there has been no change in the position of the Company Secretary. Further, no appointment of head of internal audit has been made during the year due to operational inactivity of the Company.
- 11) CFO and CEO duly endorsed the financial statements before approval of the board.
- 12) The board has formed committees comprising of members given below:

Committees	Names and Designation
a. Audit Committee	Mr. Ahsan Hassan Khawaja - Chairman Mr. Muhammad Hussain Dadabhoy Malik Shaheer Khalid
b. HR and Remuneration Committee	Khawaja Mansoor Ali - Chairman Mr. Muhammad Hussain Dadabhoy Malik Shaheer Khalid

- 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:

Committees	Frequency of Meetings
a. Audit Committee	Five meetings were held in FY 2018-19
b. HR and Remuneration Committee	One annual meeting held before June 30, 2019

- 15) Due to operational inactivity of the Company, the Board has not formed any Internal audit function during the year.
- 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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 other requirements of the Regulations have been complied with except the following non-compliances with the Regulations which occurred due to the operational inactivity of the Company, but we assure our members that reasonable progress is being made by the Company's management and its Board to seek compliance by the end of next financial year:

- a) Formal and effective mechanism is yet to be put in place for the annual evaluation of Board members; and
- b) No orientation program could be arranged for the Directors during the year.



Faheem Khan Niazi
Director/ CEO

Karachi.

Dated: October 03, 2019



Malik Shaheer Khalid
Director

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

FINANCIAL REVIEW OF SIX YEARS

Particulars	2019	2018	2017	2016	2015	2014
ASSETS EMPLOYED						
	RUPEE IN '000'					
Non Current Assets	-	-	3,835	4,035	4,417	4,769
Current Assets	60,001	60,077	5	16	1,418	1,295
Total Assets Employed	60,001	60,077	3,840	4,051	5,835	6,064
FINANCED BY						
Share Holder Equity	(6,892)	1,593	(41,690)	(41,577)	(40,768)	(39,234)
Long Term Liability	-	-	1,092	1,191	1,433	20
Current Liabilities	66,893	58,484	44,438	44,437	45,277	45,280
Total Equity Employed	60,001	60,077	3,840	4,051	5,942	6,066
TURNOVER & PROFIT						
Turnover (net)	-	-	-	331	824	3,038
Profit/ (Loss) before taxation	(8,486)	42,041	(212)	(1,031)	120	87
Profit/ (Loss) after taxation	(8,486)	43,284	(113)	(809)	120	87
Accumulated Loss	(30,120)	(21,635)	(64,919)	(64,805)	(63,996)	(62,463)



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Disclaimer of Opinion

We were engaged to audit the annexed financial statements of **Dadabhoi Construction Technology Limited** which comprise the statement of financial position as at June 30, 2019, 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 the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

During the current year, Company has incurred after tax loss amounting to Rs. 8.486 rising its accumulated losses as on reporting date amounting to Rs. 30.120 (2018: Rs. 21.635) million wiping off the equity to Rs. 6.892 (2018: positive 1.593) million. Further, the current liabilities of the Company exceed the current assets by Rs. 6.892 million. Operations of the Company are closed since financial year 2016 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business.

Although, the related parties have provided loans to the Company which were utilized to acquire the land for development. However, installments due during the year for the acquisition of land for development was not paid by the Company due to certain legal issues over the title of the proposed properties, the outcome of which is pending till the issuance of these financial statements due to which the ownership rights or the assertion of existence of the advance against property given amounting to Rs. 60 million cannot be substantiated. Hence, the uncertainty exists about the operational plans of the company for the foreseeable future. In addition, approximately 90% of the administrative expenses incurred during the year could not be paid. The operations of the Company are mainly dependent upon the financial support of its Directors and Sponsors. However, there is no inflow of funds during the current year from them.

Mitigating factors disclosed by the management in the financial statements in note # 1.2 reflect the tentative steps taken by the management for restarting the operational activities of the Company which have not been materialized till the issue of these financial statements.



Moreover, the feasibility of the financial and operational activities of the Company including projected plans to start the diversified business operations are yet to be finalized mainly due to ongoing un-favorable socio-economic situation prevailing in the country.

Without any concrete business and financial plan and other mitigating factors, there exists a material uncertainty about the Company's ability to continue as a going concern and adequacy of disclosures about the appropriateness of going concern assumption for the preparation of these financial statements due to which we have not been able to obtain sufficient appropriate audit evidence regarding the use of going concern assumption for the preparation of these financial statements. As a result, we do not have sufficient basis to form our opinion on the appropriateness or otherwise of the use of the going concern assumption in these financial statements.

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 obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud and error, and to issue an auditor's report that includes our opinion. However, because of the matters 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 the Code.

Report on Other Legal and Regulatory Requirements

Because of 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 other 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).

The engagement partner on the audit resulting in this independent auditor's report is **Mohammad Iqbal**.

Ritza Reanda Haroon Zakaria & Co
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi

Dated: October 03, 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF DADABHOY CONSTRUCTION TECHNOLOGY LIMITED**

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the "Regulations"), prepared by the Board of Directors of **Dadabhoi Construction Technology Limited** for the year ended June 30, 2019 in accordance with the requirements of Regulation 40 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, 2019.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph references, where it is stated in the Statement of Compliance:

S. No.	Reference	Description
I	Para 5	Company is in the process of formulating significant policies.
II	Para 9	Half of the Directors on the Board were required by June 30, 2019 to obtain the training program under the Regulations but none of the Directors have obtained the said training program.
III	Para 10	Position of the CFO was vacant till the appointment made on October 03, 2018.
IV	Para 10 and 15	There is no internal audit function in the Company.
V	Para 18 a	There is no mechanism for the annual evaluation of Board members.
VI	Para 18 b	No orientation program could be arranged for the Directors during the year.

Ritzco Reanda Haroon Zakaria & Co
Reanda Haroon Zakaria & Company
 Chartered Accountants

Place: Karachi
 Dated: October 03, 2019

Engagement Partner
Mohammad Iqbal

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Deferred taxation	4	-	-
Current Assets			
Advance against property	5	60,000,000	60,000,000
Cash and bank balance	6	762	77,196
		60,000,762	60,077,196
Total assets		60,000,762	60,077,196
<u>EQUITY AND LIABILITIES</u>			
Authorized Share Capital			
5,000,000 Ordinary shares of Rs. 10 each		50,000,000	50,000,000
Issued, subscribed and paid up capital	7	23,228,000	23,228,000
Accumulated losses		(30,120,411)	(21,634,874)
Shareholders' equity		(6,892,411)	1,593,126
Current Liabilities			
Accrued and other payables	8	3,936,049	404,327
Markup accrued	9	6,900,324	2,022,943
Short term borrowings	10	56,056,800	56,056,800
		66,893,173	58,484,070
Contingencies and commitments	11		
Total equity and liabilities		60,000,762	60,077,196

The annexed notes from 1 to 23 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 JUNE 30, 2019

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Sales		-	-
Cost of sales - depreciation		-	(49,340)
Gross loss		-	(49,340)
Administrative expenses	12	(3,556,388)	(2,645,047)
Finance cost	13	(4,877,416)	(2,023,903)
Operating loss		(8,433,804)	(4,668,950)
Other charges	14	(125,000)	(250,511)
Other income	15	73,267	47,010,021
(Loss) / profit before taxation		(8,485,537)	42,041,220
Taxation - net	16	-	1,242,837
(Loss) / profit after taxation		(8,485,537)	43,284,057
Other comprehensive income for the year		-	-
Total comprehensive (loss) / income for the year		(8,485,537)	43,284,057
(Loss) / earning per share - basic and diluted	17	(3.65)	18.63

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer

RHZCO




Director

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	<i>Issued, Subscribed and Paid-up Capital</i>	<i>Accumulated Losses</i>	<i>Total Shareholders' Equity</i>
	----- Rupees -----		
Balance as at June 30, 2017	23,228,000	(64,918,931)	(41,690,931)
Total comprehensive income for the year	-	43,284,057	43,284,057
Balance as at June 30, 2018	23,228,000	(21,634,874)	1,593,126
Total comprehensive loss for the year	-	(8,485,537)	(8,485,537)
Balance as at June 30, 2019	23,228,000	(30,120,411)	(6,892,411)

The annexed notes from 1 to 23 form an integral part of these financial statements.

RHZ00



Chief Executive



Chief Financial Officer



Director

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
A. CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(8,485,537)	42,041,220
Adjustments for:			
Depreciation		-	50,893
Liabilities written back	15	(73,267)	(658,033)
Asset written off	14	-	135,611
Gain on disposal of land and building	15	-	(46,351,988)
Finance cost	13	4,877,416	2,023,903
		<u>4,804,149</u>	<u>(44,799,614)</u>
Cash outflow before working capital changes		(3,681,388)	(2,758,394)
Working Capital Changes			
Increase in current assets			
Advance against property	5	-	(60,000,000)
Increase in current liabilities			
Trade and other payables		3,604,989	331,060
Cash used in operations		(76,399)	(62,427,334)
Financial charges paid		(35)	(960)
Net cash used in operating activities		<u>(76,434)</u>	<u>(62,428,294)</u>
 B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of land and building		-	50,000,000
Net cash generated from investing activities		<u>-</u>	<u>50,000,000</u>
 C. CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings received - net		-	12,500,000
Net cash generated from financing activities		<u>-</u>	<u>12,500,000</u>
Net (decrease) / increase in cash and cash equivalents		(76,434)	71,706
Cash and cash equivalents at beginning of year	6	77,196	5,490
Cash and cash equivalents at end of the year	6	<u>762</u>	<u>77,196</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

RHZ co

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 THE COMPANY AND ITS OPERATIONS

1.1 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 Dadabhoi 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 no.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.

1.2 Going Concern Assumption:

During the current year, the Company has incurred after tax loss amounting to Rs. 8.486 million rising its accumulated losses as on the reporting date amounting to Rs. 30.12 (2018: Rs. 21.635) million, wiping off the equity to Rs. 6.892 (2018: positive Rs. 1.593) million. Further, current liabilities of the Company exceed the current assets by Rs. 6.892 million. 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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (Act) and provisions and directives issued under the Act. Where provisions of or directives issued under the Act differ from the IFRS Standards, the provisions of or directives issued under the Act have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except otherwise disclosed in these financial statements. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: -

Advances

Company reviews its advances for any provision required for any doubtful balances on an on-going balance. The provision is made while taking into consideration expected recoveries, if any.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

2.5 *New standards, amendments to standards and IFRS interpretations that are effective for the June ended June 30, 2019*

The following amendments to accounting standards are effective for the year ended June 30, 2019. These amendments 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:

	<i>Effective for period beginning on or after</i>
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 1, 2018
IFRS 4 'Insurance Contracts': Applying IFRS 9 with IFRS 4	January 1, 2018
IFRS 9 'Financial Instruments'	Annual period ending on or after June 30, 2019
IFRS 15 'Revenue from Contracts with Customers'	January 1, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 1, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 1, 2018

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

First time adoption of new Standards

2.5.1 IFRS 9 - Financial Instruments

This standard has been notified by the SECP to be effective for annual periods ending on or after June 30, 2019. This standard replaced the majority of requirement of IAS 39 - Financial Instruments: Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognized either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. The accounting policies that apply to financial instruments are stated in note 3.6 to the financial statements. The impact of the adoption of IFRS 9 has been in the following areas:

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Under IFRS 9, the classification of financial assets is based on the objective of the entity's business model that is the Company's objective is to hold assets only to collect cash flows, or to collect cash flows and to sell ("the Business Model test") and the contractual cash flows of an asset give rise to payments on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding ("the SPPI test").

As at June 30, 2018, the Company has reclassified the original measurement categories under IAS 39 into new measurement categories under IFRS 9 of "*cash and bank balances*" from loans and receivables into amortized cost. There is no other impact of IFRS - 9 on the classification of financial instruments held by the Company.

(ii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended June 30, 2019.

(iii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVTOCI but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure provision against financial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Presentation of impairment

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements on the reporting date does not have a material impact on provision for doubtful debts measured under IAS 39.

IFRS 15 – Revenue from Contracts with Customers

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services. IFRS 15 provides a single, principle-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations in a contract are satisfied rather than based on the transfer of risk and rewards. The above is generally consistent with the timing and amounts of revenue the Company recognized in accordance with the previous policy. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue did not have an impact on the timing and amounts of revenue recognition of the Company and therefore, adoption of IFRS 15 as on July 01, 2018, did not have an effect on the financial statements of the Company for the current year, as well as for the prior year.

2.6 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments 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:

	<i>Effective from accounting period beginning on or after</i>
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases'	January 1, 2019
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan;

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 14 - Regulatory Deferral Accounts

IFRS 17 - Insurance Contracts

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Development properties

Property acquired for construction for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is classified as development properties and is measured at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date less costs to completion and the estimated costs of sale.

3.2 Cash and cash equivalents

It comprises of cash in hand and cash at banks which are carried at cost and subsequently measured at amortized cost but since the balances are considered to be utilizable within the next financial year, therefore, balances recognized initially are considered to be their amortized cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and at bank in current account.

3.3 Accrued and other payables

Liabilities for accrued and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations whether or not billed to the Company. Liabilities are written back and recognized as income when these are no longer payable.

3.4 Taxation

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

Current

Provision for taxation is based on current year taxable income determined in accordance with the provisions of Income Tax Ordinance, 2001, enacted on the date of statement of financial position and carry adjustment to tax payable in respect of previous year.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

The Company recognizes a deferred tax asset only to the extent that it is probable that future taxable profit for the foreseeable future will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.5 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.6 Financial assets and liabilities

3.6.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.6.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at amortized cost
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL").

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, 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 other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.

3.6.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.6.4 Subsequent measurement

Financial assets at FVTOCI

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.6.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.6.6 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.7 Earnings per share

The company presents basic and diluted earnings per share for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the company by the weighted average number of ordinary shares. Diluted EPS is determined by adjusting profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

4 DEFERRED TAXATION	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<i>Deferred Tax Assets arising in respect of</i>			
<i>Deductible temporary differences</i>			
Available tax losses		<u>3,680,560</u>	<u>(1,254,464)</u>
		<u>3,680,560</u>	<u>(1,254,464)</u>
Less: Unrecognized deferred tax asset	4.1	<u>(3,680,560)</u>	<u>1,254,464</u>
		<u>-</u>	<u>-</u>

4.1 The Company has not recognized its entire deferred tax asset relating to deductible differences up to the year ended June 30, 2019 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, 2019 and their expiry dates are as follows:

<i>Deductible difference</i>	<i>Expiry</i>	<i>Amount</i>
<i>Assessed tax losses</i>		
Business losses		
Tax Year 2017	30-Jun-23	<u>12,330</u>
Tax Year 2018	30-Jun-24	<u>4,124,264</u>
Tax Year 2019	30-Jun-25	<u>8,485,537</u>

5 ADVANCE AGAINST PROPERTY	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Land for development	5.1	<u>60,000,000</u>	<u>60,000,000</u>

5.1 The Company has acquired 100 Kanal of land in Mouza Chirah, Islamabad amounting to Rs. 10 million (which has been paid) and 6 Kanal, 4 Marla and 180 sqft of land in Eden City, Lahore amounting to Rs. 182.549 million against which Rs. 50 million have been paid till the reporting date according to contractual terms.

The management of the Company intends to utilize the land for development / construction of residual and commercial units in the ordinary course of its business after fulfilling necessary regulatory compliances. Title of the land will be transferred after fulfillment of contractual terms and certain legal formalities.

6 CASH AND BANK BALANCE	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Cash in hand	175	2,624
Cash at bank - in current account	<u>587</u>	<u>74,572</u>
	<u>762</u>	<u>77,196</u>

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

<i>Number of shares</i>			<i>2019</i>	<i>2018</i>
<i>2019</i>	<i>2018</i>		<i>Rupees</i>	<i>Rupees</i>
Ordinary shares of Rs. 10 each				
1,129,500	1,129,500	Fully paid in cash	11,295,000	11,295,000
1,065,800	1,065,800	Issued for consideration other than cash (note no. 7.2)	10,658,000	10,658,000
127,500	127,500	Issued as fully paid bonus shares	1,275,000	1,275,000
<u>2,322,800</u>	<u>2,322,800</u>		<u>23,228,000</u>	<u>23,228,000</u>

7.1 550 (2018: 550) Ordinary shares of Rs. 10 each are held by the associated company, Dadabhoy Cement Industries Limited, representing 0.02% of the total shareholding of the Company.

7.2 1,065,800 shares were issued in prior years to the Directors of the Company against their loans given to the Company.

7.3 Ordinary shareholders are entitled to attend and vote in the company meetings 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.

	<i>Note</i>	<i>2019</i>	<i>2018</i>
		<i>Rupees</i>	<i>Rupees</i>
8 ACCRUED AND OTHER PAYABLES			
Salaries payable		3,284,243	251,060
Accrued liabilities		651,806	153,267
		<u>3,936,049</u>	<u>404,327</u>

9 MARKUP ACCRUED

On short term borrowings from related parties	10.1	<u>6,900,324</u>	<u>2,022,943</u>
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10 SHORT TERM BORROWINGS

- Unsecured and interest bearing

- From Related Parties

Directors		43,556,800	43,556,800
Associate of the Directors		12,500,000	12,500,000
	10.1	<u>56,056,800</u>	<u>56,056,800</u>

10.1 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.

11 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments binding on the Company as on the reporting date.

12 ADMINISTRATIVE EXPENSES	<i>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i>
Salaries		3,058,183	2,266,926
Professional charges		223,800	102,000
Travel expenses		30,700	143,800
Printing and stationery		3,905	44,880
Courier charges		11,880	17,066
Depreciation	4.2	-	1,553
Advertisement expense		64,000	14,000
Fees and subscription		145,280	40,822
Miscellaneous expenses		18,640	14,000
		<u>3,556,388</u>	<u>2,645,047</u>
13 FINANCE COST			
Bank charges		35	960
Markup on short term borrowing	10	4,877,381	2,022,943
		<u>4,877,416</u>	<u>2,023,903</u>
14 OTHER CHARGES			
Asset written off		-	135,611
Auditors' remuneration	14.1	125,000	114,900
		<u>125,000</u>	<u>250,511</u>
14.1 Auditors' Remuneration			
Audit fees		70,000	60,000
Half yearly review		32,500	34,900
Review of Code of Corporate Governance		15,000	15,000
Out of pocket		7,500	5,000
		<u>125,000</u>	<u>114,900</u>
15 OTHER INCOME			
<i>Income from other than financial assets</i>			
Gain on disposal of land and building	4.4	-	46,351,988
Liabilities written back		73,267	658,033
		<u>73,267</u>	<u>47,010,021</u>
16 TAXATION - NET			
Current	16.1	-	-
Prior		-	(150,172)
Deferred	4	-	(1,092,665)
		<u>-</u>	<u>(1,242,837)</u>

16.1 The Company is not liable to current tax, including minimum tax and ACT, on account of nil sales.

16.2 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.

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
17 EARNING PER SHARE		
(Loss) / profit after taxation	(8,485,537)	43,284,057
Weighted average number of ordinary shares outstanding	2,322,800	2,322,800
(Loss) / earning per share - basic and diluted	<u>(3.653)</u>	<u>18.634</u>

18 REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTORS

In view of the current operational and financial position of the Company, the Directors of the Company have voluntarily waived their remuneration.

19 TRANSACTIONS WITH RELATED PARTIES

19.1 The related parties comprise of group companies (associated companies), Directors and their close family members, executives, major shareholders of the Company. The transactions with related parties are as follows:

	<i>Note</i>	<i>2019</i>	<i>2018</i>
		<i>Rupees</i>	<i>Rupees</i>
Key Management Personnel - Directors			
<i>Mr. Faheem Khan Niazi</i>			
Loan received		-	50,000,000
Loan repaid		-	6,443,200
Markup accrued		3,817,270	1,341,066
<i>Mr. Hussain Dadabhoy</i>			
Loan repaid		-	30,298,288
<i>Mr. Amin Dadabhoy</i>			
Loan repaid		-	4,969,064
<i>Mr. Fazal Karim Dadabhoy</i>			
Loan repaid		-	8,289,448
Associate of Directors			
<i>Mr. Ali Fowad Sheikh</i>			
Loan received		-	12,500,000
Markup accrued		1,060,111	681,877

20 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets			
- at amortized cost			
Cash and bank balance	6	<u>762</u>	<u>77,196</u>
Financial Liabilities			
- at amortized cost			
Accrued and other payables	8	3,936,049	404,327
Markup accrued	9	6,900,324	2,022,943
Short term borrowings	10	56,056,800	56,056,800
		<u>66,893,173</u>	<u>58,484,070</u>

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

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

21.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit ratings.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk before any provisions at the reporting date is:

	2019 Rupees	2018 Rupees
Bank balance	<u>587</u>	<u>74,572</u>

Quality of financial assets

Currently the funds are kept with a bank having short term rating of A-3 and long term rating of BBB.

21.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with the financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring statement of financial position liquidity ratios against internal and external requirements and maintaining debt financing plans.

Following are the contractual maturities of the financial liabilities:

	2019			
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months
----- (Rupees) -----				
Financial Liabilities				
Accrued and other payables	3,936,049	3,936,049	3,936,049	-
Markup accrued	6,900,324	6,900,324	6,900,324	-
Short term borrowings	56,056,800	56,056,800	-	56,056,800
	<u>66,893,173</u>	<u>66,893,173</u>	<u>10,836,373</u>	<u>56,056,800</u>

	2018			
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months
----- (Rupees) -----				
Financial Liabilities				
Accrued and other payables	404,327	404,327	404,327	-
Markup accrued	2,022,943	2,022,943	2,022,943	-
Short term borrowings	56,056,800	56,056,800	-	56,056,800
	<u>58,484,070</u>	<u>58,484,070</u>	<u>2,427,270</u>	<u>56,056,800</u>

21.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk. Company is not exposed to any such risk.

21.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arising from the company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

- i Requirements for appropriate segregation of duties between various functions, roles and responsibility;
- ii Requirements for the reconciliation and monitoring of transactions;
- iii Compliance with regulatory and other legal requirements;

- v Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- vi Ethical and business standards; and
- vii Risk mitigation, including insurance where this is effective.

21.5 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 arm's length transaction.

The carrying values of all the financial assets and liabilities reported in the financial statements approximate their fair values.

21.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensurate to the circumstances. The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

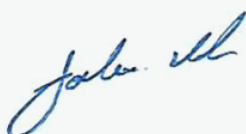
The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings from banking companies including any other investors and finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. The gearing ratios as on the reporting date is nil as the Company has not obtained any borrowing from the financial institutions.

22 GENERAL

- Figures have been rounded-off nearest to the rupee unless stated otherwise.
- Number of employees as on the reporting date and average number of employees during the year were 2 (2018: 2) and 2 (2018: 2) respectively.

23 DATE OF AUTHORISATION FOR ISSUE

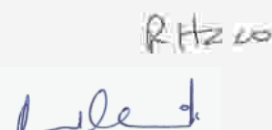
These financial statements have been authorized for issue on 03-10-2019 by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2019

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
697	1	100	52,860
287	101	500	80,590
266	501	1000	150,710
45	1001	5000	86,950
4	5001	10000	24,510
1	10001	15000	10,780
1	15001	20000	19,500
1	35001	40000	38,697
1	50001	55000	54,050
1	140001	145000	140,250
2	160001	165000	325,870
2	255001	260000	514,814
1	820001	825000	823,219
1309			2,322,800

Categories Of Shareholders	Number Of Shareholders	Total Shares Held	Percentage %
Individuals	1304	1,347,921	58.03
Joint Stock Companies	3	823,849	35.47
Financial Institutions	1	140,250	6.04
Investment Companies	1	10,780	0.46
	1309	2,322,800	100.00

FORM OF PROXY

38TH ANNUAL GENERAL MEETING

IMPORTANT INSTRUCTION:

This form of Proxy duly completed must be deposited at our Share Registrar, F. D. Registrar Services (SMC-Pvt.) Limited, Suit 1705 – A., 17TH Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi; not later than 48 hours before the time of holding the meeting. A Proxy should also be a member of the Company. Affix Revenue Stamp Rs. 5/- on this proxy form as well.

I/ We _____ of _____
_____ being a member of **Dadabhoy Construction Technology Limited** and holder _____ Ordinary shares as per Registered Folio No./ CDC Participant's I.D. and Account No. _____ hereby appoint _____ of _____ who is also a member of **Dadabhoy Construction Technology Limited** vide Registered Folio No./ CDC Participant's I.D. and Account No. _____ mu/ our proxy to vote for me/ our behalf at the 38th Annual General Meeting of the Company to be held on Saturday, October 26, 2019 at 05:00 p.m. at Auditorium of NBF and Modaraba Association of Pakistan, 602, 6th Floor, Progressive Centre, Block- 6, P.E.C.H.S., Shahrah- e- Faisal, Karachi.

Signed this _____ day of _____ 2019

Revenue
Stamp

Signature

Witnesses:

Signature: _____

Signature: _____

Name: _____

Name: _____

Address: _____

Address: _____
