

A better  
world ahead...

FINANCIAL STATEMENTS

2022

FOR THE SIX  
(6) MONTHS ENDED  
DECEMBER 31, 2021  
(UNAUDITED)

**DADEX**

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## COMPANY INFORMATION

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Board of Directors	Sikander Dada - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Shahzad M. Husain Syed Shahid Ali Bukhari Amber Ahmed Motiwala Ayesha Tariq Allawala	(Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Independent Director) (Independent Director) (Independent Director)
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Chief Executive Officer	Samad Dada
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Chief Financial Officer	Muhammad Yousuf
Company Secretary	Faisal Saeed Khan
Head of Internal Audit	Irfan Aziz

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Board Audit Committee	Syed Shahid Ali Bukhari Shahzad M. Husain Maqbool H.H. Rahimtoola Amber Ahmed Motiwala	Chairman Member Member Member
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Human Resource and Remuneration Committee	Ayesha Tariq Allawala Maqbool H.H. Rahimtoola Abu Talib H.K. Dada	Chairperson Member Member
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Management Team	Samad Dada Tanveer Saleem  Muhammad Yousuf Lt. Cdr. (Retd.) Saeed Ahmed Khan  Naeem Feroze	Chief Executive Officer Chief Operating Officer (Technical & Operations) Chief Financial Officer General Manager Admin & HR Director Security & Corporate Affairs
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Auditors	BDO Ebrahim & Co.,	Chartered Accountants
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Bankers	National Bank of Pakistan Bank Islami Pakistan Limited Al Baraka Bank (Pakistan) Limited Habib Metropolitan Bank Limited Bank AlBaraka MCB Bank Limited Sindh Bank Limited The Bank of Punjab
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United Bank Limited (UBL Ameen)  
Standard Chartered Bank (Pakistan) Limited  
Faysal Bank Limited  
Habib Bank Limited  
Askari Bank Limited  
Meezan Bank Limited  
Dubai Islamic Bank Pakistan Limited

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

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Registered Office  
Dadex House, 34-A/1, Block 6, P.E.C.H.S.,  
Shahrah-e-Faisal, Karachi- 75400  
Tel: (92-21) 111000789  
Fax: (92-21) 34315716  
Email: [info@dadex.com.pk](mailto:info@dadex.com.pk)

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Share Registrar  
M/s. JWAFS Registrar Services (Private) Limited  
407 - 408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar Karachi  
Phone: (92-21) 35662023-24  
Fax: (92-21) 35221192  
Email: [jwaffs@live.com](mailto:jwaffs@live.com)  
[info@jwaffs.com](mailto:info@jwaffs.com)

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

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## DIRECTORS' REVIEW

The Directors are pleased to present their review together with the financial statements of the Company for six months ended December 31, 2021.

The review period remained difficult for the country. However, despite numerous challenges, Pakistan's economy is gradually moving towards more inclusive and sustainable growth because of various measures and achievements made during the year. The government achieved this by implementing monetary and fiscal measures, smart lockdowns, and rapid vaccination program.

The latest Omicron coronavirus virus has shaken up the global economy. An increase in global inflation is causing concern and complicating economic forecasts. Pakistan's economy has recovered after a better response to the Covid-19 pandemic.

During the period under review, we faced a number of challenges including rising inflation, and depreciation of the rupee by almost 30%, and steep rise in interest rates and energy prices which continued to exert significant pressure on the overall economy in general and the manufacturing industry in particular.

The company experienced relatively lower sales for this half year in comparison to the last year, the main reason to this fall because of closure of Karachi factory. The Company achieved a gross sale of Rs. 982.01 million (December 2020: Rs. 1,640.21 million) during the six months. Net sales achieved during the period under review was Rs. 828.39 million (December 2020: Rs. 1,391.69 million) being 40.47% lower than the last year. Cost of sales decreased by 43.01%. Distribution expenses also decreased by 38.0%, Administrative costs decreased by 13.40% as compared to last year. Company earned operating loss of Rs.0.044million (December 2020: Operating Profit of Rs. 155.94million). Finance charges decreased by 25.70%, resulting in a net loss after tax of Rs. 73.07 million (December 2020: net profit after tax of 47.15 million). This has resulted in loss per share of Rs. 6.79 (December 2020: profit per share of Rs. 4.38).

The Company anticipates that demand for its products will remain reasonably strong because of ongoing construction activities. The management will continue to look for new raw material sources and maintain strict control over working capital. To achieve positive results, the management team will continue to focus on expanding the customer base and expanding into new markets. However, the company remains confident and focused on mitigating negative consequences and delivering positive results using its strong brand name.

The board of directors closely monitored the business's performance, focusing on continued productivity and efficiency improvements while optimizing costs and processes to ensure the company's continued growth. The board's leadership is trying best in steering the company in the right direction. Rest assured that management is taking every precaution to safeguard the company's profits, but the broader macroeconomic environment is out of our control.


We would like to express our gratitude for our employees' continued commitment and the patronage of our customers and all stakeholders who have supported the company during these trying times.

Karachi: February 24, 2022,

On Behalf of the Board of Directors



Samad Dada  
Chief Executive Officer



Ayesha Tariq Allawala  
Director

## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF DADEX ETERNIT LIMITED

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **DADEX ETERNIT LIMITED** ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred as the "condensed interim financial statement"). Management is responsible for the preparation and presentation of this condensed interim financial statement in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Material Uncertainty relating to Going Concern

We draw attention to note 1.3 of notes to the interim financial statements, which indicates that the Company incurred net loss after tax for the period ended December 31, 2021 amounting to Rs. 73.075 million and its accumulated losses as at December 31, 2021 amounted to Rs. 453.771 million. Company's current liabilities aggregating to Rs. 2,370.024 million exceeded the current assets by Rs. 869.035 million. Hence, these conditions as set forth in note 1.3 indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. Our conclusion is not modified in respect of this matter.

### Emphasis of Matter

We draw attention to note 14.1.3 of notes to the condensed interim financial statements, which describes that the Company created a provision amounted to Rs. 10.7 million in respect of compensation to the retrenched labor of the Karachi Factory. Subsequent to the period ended December 31, 2021, through a High Court order the Company has been led to remove raw materials, moveable assets and finished goods lying at the factory to sell and utilize the proceeds for paying the legitimate dues of the workers, whereas such final liability still depends on merits of the case with Directorate of Labor (West Division). Our conclusion is not modified in respect of this matter.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statement as at and for the six months period ended December 31, 2021 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



**Other matters**

The figures for the quarters ended December 31, 2021 and December 31, 2020 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: **24 FEB 2022**

UDIN # [RR202110067hOzQu61Yf](#)

CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

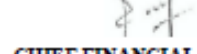
**DADEX ETERNIT LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
ASSETS	(Rupees in thousands)	
<b>NON - CURRENT ASSETS</b>		
Property, plant and equipment		
Operating fixed assets	7 1,460,541	1,495,189
Capital work in progress	8 2,036	6,778
	<u>1,462,577</u>	<u>1,501,967</u>
Intangible assets	164	214
Investment property	30,457	31,725
Long-term loans and advances	1,214	1,127
Long-term security deposits	22,470	23,011
Deferred tax asset	163,597	163,597
	<u>1,680,479</u>	<u>1,721,641</u>
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	46,169	44,785
Stock-in-trade	9 524,222	460,667
Trade debts	10 157,374	140,686
Loans and advances	106,726	67,528
Trade deposits and short term prepayments	72,422	99,497
Other receivables	26,939	14,166
Income tax refund due from Government	129,838	129,838
Taxation - net	57,081	49,007
Cash and bank balances	21,418	32,704
Non-current assets held for sale	358,800	358,800
	<u>1,500,989</u>	<u>1,397,678</u>
<b>TOTAL ASSETS</b>	<u>3,181,468</u>	<u>3,119,319</u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
12,000,000 (June 30, 2020: 12,000,000) ordinary shares of Rs. 10 each	120,000	120,000
8,000,000 (June 30, 2020: 8,000,000) 'B' class ordinary shares of Rs. 10 each	80,000	80,000
	<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	11 107,640	107,640
Reserves	(453,771)	(393,089)
Surplus on revaluation of property, plant and equipment	1,157,097	1,169,490
	<u>810,966</u>	<u>884,041</u>
<b>NON - CURRENT LIABILITIES</b>		
Long term financing	-	15,612
Lease liabilities	478	16,218
Deferred income	-	421
GIDC payable	-	24,662
	<u>478</u>	<u>56,913</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	12 1,173,436	1,048,546
Short-term borrowings	13 1,067,696	1,005,334
Loan from directors	25,000	-
Accrued markup	22,868	53,452
Current portion of deferred income	1,386	2,434
Current portion of long-term financing	38,998	29,630
Current portion of lease liabilities	23,939	22,203
Unclaimed dividend	16,701	16,766
	<u>2,370,024</u>	<u>2,178,365</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>3,181,468</u>	<u>3,119,319</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	14	

The annexed notes from 1 to 27 form an integral part of this condensed interim financial statement.

  
**CHIEF EXECUTIVE**  
 Samad Dada

  
**DIRECTOR**  
 Ayesha Tariq Allawala


  
**CHIEF FINANCIAL OFFICER**  
 Muhammad Yousuf




**DADEX ETERNIT LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)**

Note	Half year ended		Quarter ended		
	December 31,	December 31,	December 31,	December 31,	
	2021	2020	2021	2020	
	(Rupees in thousands)				
Sales - gross	982,012	1,640,216	577,098	964,867	
Sales tax	(153,618)	(248,520)	(90,022)	(146,309)	
Sales - net	828,394	1,391,696	487,076	818,558	
Cost of sales	(688,430)	(1,207,973)	(394,192)	(710,475)	
Gross profit	139,964	183,723	92,884	108,083	
Distribution cost	(44,611)	(71,946)	(22,495)	(39,261)	
Administrative expenses	(62,296)	(71,935)	(32,602)	(36,283)	
Other expenses	(60,207)	(15,820)	(39,043)	(5,591)	
Other income	27,106	131,921	14,417	118,320	
Operating (loss) / profit	(44)	155,943	13,161	145,178	
Finance costs	(58,902)	(79,272)	(29,677)	(38,168)	
(Loss) / profit before taxation	(58,946)	76,671	(16,516)	107,010	
Taxation					
Current	(14,129)	(24,520)	(8,138)	(14,060)	
Deferred	-	(5,000)	-	(5,000)	
	(14,129)	(29,520)	(8,138)	(19,060)	
Net (loss) / profit for the period	(73,075)	47,151	(24,654)	87,950	
(Loss) / earnings per share - basic and diluted (Rupees)	18	(6.79)	4.38	(2.29)	8.17

The annexed notes from 1 to 27 form an integral part of this condensed interim financial statement.

  
**CHIEF EXECUTIVE**  
 Samad Dada


  
**DIRECTOR**  
 Ayesha Tariq Allawala

  
**CHIEF FINANCIAL OFFICER**  
 Muhammad Yousuf


**DADEX ETERNIT LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)**

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in thousands)			
Net (loss) / profit for the period	(73,075)	47,151	(24,654)	87,950
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(73,075)</u>	<u>47,151</u>	<u>(24,654)</u>	<u>87,950</u>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial statement.

  
**CHIEF EXECUTIVE**  
 Samad Dada

  
**DIRECTOR**  
 Ayesha Tariq Allawala

  
**CHIEF FINANCIAL OFFICER**  
 Muhammad Yousuf

**DADEX ETERNIT LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)**

	Issued, subscribed and paid-up capital	Reserves				Total	Grand total
		Capital reserve		Revenue reserve			
		Share premium	Revaluation surplus	General reserve	Accumulated losses		
(Rupees in thousands)							
Balance as at July 1, 2020	107,640	5,655	1,194,276	-	(384,521)	815,410	923,050
Total comprehensive loss for the half year ended December 31, 2020							
Net profit for the period	-	-	-	-	47,151	47,151	47,151
Other comprehensive income	-	-	-	-	-	-	-
Transferred from surplus on revaluation of fixed asset on account of incremental depreciation	-	-	(12,393)	-	12,393	-	-
Balance as at December 31, 2020	107,640	5,655	1,181,883	-	(324,977)	862,561	970,201
Balance as at July 1, 2021	107,640	5,655	1,169,490	-	(398,744)	776,401	884,041
Total comprehensive loss for the half year ended December 31, 2021							
Net loss for the period	-	-	-	-	(73,075)	(73,075)	(73,075)
Other comprehensive income	-	-	-	-	-	-	-
Transferred from surplus on revaluation of fixed asset on account of incremental depreciation	-	-	(12,393)	-	12,393	-	-
Balance as at December 31, 2021	107,640	5,655	1,157,097	-	(459,426)	703,326	810,966

The annexed notes from 1 to 27 form an integral part of this condensed interim financial statement.

  
**CHIEF EXECUTIVE**  
 Samad Dada


  
**DIRECTOR**  
 Ayesha Tariq Allawala

  
**CHIEF FINANCIAL OFFICER**  
 Muhammad Yousuf


**DADEX ETERNIT LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)**

	Note	Half year ended	
		December 31, 2021	December 31, 2020
(Rupees in thousands)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	19	31,642	133,228
Finance cost paid - net		(89,486)	(75,327)
Taxes paid		(22,202)	(39,541)
Net cash (used in) / generated from operating activities		(80,046)	18,360
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		1,026	(3,646)
Proceeds from disposal of fixed assets		117	-
Long term security deposits		541	5,361
Net cash generated from investing activities		1,684	1,715
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease payments		(14,004)	(24,334)
Long term financing		(6,244)	-
Interest income received		28	26
Short term borrowings - net		137,943	(14,250)
Dividend paid		(65)	-
Net cash generated from / (used in) financing activities		117,658	(38,558)
Net increase / (decrease) in cash and cash equivalents		39,296	(18,483)
Cash and cash equivalents at the beginning of the period		(659,827)	(607,403)
Cash and cash equivalents at the end of the period		(620,531)	(625,886)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		21,418	66,645
Short-term borrowings		(641,949)	(692,531)
		(620,531)	(625,886)

The annexed notes from 1 to 27 form an integral part of this condensed interim financial statement.

  
**CHIEF EXECUTIVE**  
 Samad Dada

  
**DIRECTOR**  
 Ayesha Tariq Allawala

  
**CHIEF FINANCIAL OFFICER**  
 Muhammad Yousuf

**DADEX ETERNIT LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

**1 THE COMPANY AND ITS OPERATIONS**

- 1.1 Dadex Eternit Limited ("the Company") was incorporated in Pakistan as a public limited company on April 13, 1959 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and its ordinary shares are listed on Pakistan Stock Exchange. The principle business of the Company is to manufacture and sell construction material, which mainly includes piping systems and other allied products manufactured from chrysotile cement, rubber and plastics, merchandising of imported pipe fittings, accessories and other building product.
- 1.2 As at reporting date, Sikandar (Private) Limited (the Holding Company) holds 6,800,648 ordinary shares representing 63.18% shareholding.
- 1.3 The Company incurred net loss after tax for the period ended December 31, 2021 amounting to Rs. 73.075 million (June 30, 2021: Rs. 39.009 million) and its accumulated losses as at December 31, 2021 amounted to Rs. 453.771 million (June 30, 2021: Rs. 393.089 million). The Company's current liabilities aggregating to Rs. 2,370.024 million (June 30, 2021: Rs. 2,178.362 million) exceeded the current assets by Rs. 869.035 million (June 30, 2021: Rs. 780.687) million. The Company's financial statements for the year ended December 31, 2021 are being prepared on a going concern basis. Management has represented to us that they have plans to increase profitability by introducing new marketing strategies and cutting down operational expenses which will improve profitability and meet working capital requirements of the Company. The Company is also considering debt reprofiling and in the intervening period, the Company has access to Sponsor support to meet any liquidity constraints. In the opinion of the management, future profits shall wipe out the accumulated losses and the Company shall be able to meet all its obligations.

On May 31, 2021, the Company received demand notices from National Bank of Pakistan (NBP) for repayment/settlement of their liabilities / credit facility. To manage its current assets/liability position and availability of funds for operations, the Company is depending on successful negotiation renewal of credit facility with NBP, as disclosed in note 13.2 of these financial statements. These conditions indicate the existence of material uncertainty which may cast significant doubts about the Company's ability to continue as a going concern.

During the year ended June 30, 2021, the Karachi factory was closed due to dispute between management and labor union regarding retrenchment of some labor working in factory.

Subsequent to the period ended December 31, 2021, subject to some conditions of High Court Order, which resultantly led the Company to remove raw materials, moveable assets and finished goods lying at the factory to sell and the proceeds thereof shall be utilized for paying the legitimate dues of the workers.

## 2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

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

## 3 BASIS OF PREPARATION

### 3.1 Statement of compliance

This condensed interim financial statement is unaudited but subject to limited scope review by the auditors and being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

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

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

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

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2021, which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last declared financial statements.

The comparative statement of financial position presented in this condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2021, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statement for the period ended December 31, 2020.

### **3.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention except for land which is stated at revalued amounts. These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

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

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2021.

### **4.1 Initial application of standards, amendments or an interpretation to existing standards**

#### **a) Standards, amendments and interpretations to accounting standards that are effective in the current period**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2021, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

## **5 ESTIMATES AND JUDGMENTS**

The preparation of condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2021.

## **6 TAXATION**

The provisions for taxation for the half year and quarter ended December 31, 2021, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate is 29% for the Tax Year 2022 as stipulated through Finance Act 2020.

	Note	December 31, 2021 (Unaudited) (Rupees in thousands)	June 30, 2021 (Audited)
<b>7 OPERATING FIXED ASSETS</b>			
Fixed assets	7.1	1,378,294	1,407,877
Right-of-use assets	7.2	82,247	87,312
		<u>1,460,541</u>	<u>1,495,189</u>
<b>7.1 Fixed assets</b>			
Opening net book value (NBV)		1,407,877	1,436,219
Revaluation surplus		-	-
Additions during the period / year at cost	7.1.1	-	39,671
Transfers during the period / year		3,715	-
		<u>1,411,592</u>	<u>1,475,890</u>
Disposals during the period / year at NBV	7.1.2	-	-
Depreciation charge for the period / year		(33,298)	(68,013)
		<u>(33,298)</u>	<u>(68,013)</u>
Closing net book value (NBV)		<u>1,378,294</u>	<u>1,407,877</u>
7.1.1 Detail of additions (at cost) during the period / year are as follows:			
Owned			
Plant and machinery		-	35,605
Vehicles and transportation equipments		-	2,449
Office and factory equipments		-	1,617
		<u>-</u>	<u>39,671</u>
7.1.2 A vehicle was disposed during the period had Rs. nil NBV.			
<b>7.2 Right-of-use assets</b>			
Balance as at July 1		87,312	133,543
Additions		-	1,497
Transfers		-	(33,653)
Depreciation charge during the period / year		(5,065)	(14,075)
		<u>82,247</u>	<u>87,312</u>
<b>8 CAPITAL WORK IN PROGRESS</b>			
Buildings on leasehold land		-	5,438
Plant and machinery		2,005	1,340
Office & factory equipment		31	-
		<u>2,036</u>	<u>6,778</u>



	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
	(Rupees in thousands)	
8.1 Movement of carrying amount is as follows:		
Opening balance	6,778	7,683
Additions (at cost) during the period / year	3,012	5,342
	<u>9,790</u>	<u>13,025</u>
Transfers / reversal during the period / year	(7,754)	(6,247)
Closing balance	<u>2,036</u>	<u>6,778</u>

## 9 STOCK-IN-TRADE

Raw materials		
in hand	125,151	96,811
in transit	65,936	25,750
	<u>191,087</u>	<u>122,561</u>
Work-in-process	83,490	97,816
Finished goods		
manufactured	190,624	200,182
trading	59,021	40,108
	<u>249,645</u>	<u>240,290</u>
	<u>524,222</u>	<u>460,667</u>

9.1

9.1 Finished goods are net off provision of Rs. 98.99 million (June 30, 2021: Rs. 93.603 million).

## 10 TRADE DEBTS

(Unsecured - considered good)		
Export	244	244
Local	157,130	140,442
	<u>157,374</u>	<u>140,686</u>
(Unsecured - considered doubtful)		
Due from Turnkey project	17,414	17,414
Due from Others	182,693	174,088
	<u>200,107</u>	<u>191,502</u>
	357,481	332,188
Provision for doubtful debts		
Turnkey project	(17,414)	(17,414)
Others	(182,693)	(174,088)
	<u>(200,107)</u>	<u>(191,502)</u>
	<u>157,374</u>	<u>140,686</u>

10.1

	December 31, 2021 (Unaudited) (Rupees in thousands)	June 30, 2021 (Audited)
<b>10.1 Provision for doubtful debts - others</b>		
Opening balance	174,088	218,103
Charge during the period	8,605	-
Reversal during the period	-	(44,015)
Closing balance	<u>182,693</u>	<u>174,088</u>

## 11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	December 31, 2021	June 30, 2021			
	Number of shares				
1,714,264	1,714,264		Ordinary shares of Rs.10/- each issued for cash	17,143	17,143
476,386	476,386		Issued for consideration other than cash	4,764	4,764
8,573,309	8,573,309		Issued as fully paid bonus shares	85,733	85,733
<u>10,763,959</u>	<u>10,763,959</u>			<u>107,640</u>	<u>107,640</u>

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

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

## 12 TRADE AND OTHER PAYABLES

Trade creditors	725,909	647,903
Accrued liabilities	44,761	81,043
Advance from customers	242,992	204,621
Advance from tenants	12,464	2,399
Infrastructure cess payable	40,965	38,707
Security deposits from distributors and others	14,090	13,860

		December 31, 2021 (Unaudited) (Rupees in thousands)	June 30, 2021 (Audited)
	Note		
Workers' Profit Participation Fund payable		932	932
Workers' Welfare Fund		7,557	7,557
Payable to employees		25,849	15,244
Withholding tax		24,279	24,278
Current portion of GIDC payable	12.1	31,516	11,189
Others		2,122	810
		<u>1,173,436</u>	<u>1,048,543</u>

12.1 During the period, GIDC payment terms were revised resulting in loss of Rs. 4.695 million included in other expenses.

### 13 SHORT TERM BORROWINGS

Secured			
Karobar finance	13.1	214,100	212,803
Running finance	13.2	641,949	692,531
Tijarah finance	13.3	100,000	100,000
Istisna finance	13.4	111,647	-
		<u>1,067,696</u>	<u>1,005,334</u>

13.1 This facility has been obtained from Bank Islami aggregating to Rs. 216 million (June 30, 2021: Rs. 240 million) out of which Rs. 1.9 million ( June 30, 2021: Rs. nil) remains unutilized as at the reporting date. The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property, plant and equipment of Rs. 333.34 million ( June 30, 2021: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 10.59% to 16.5% (June 30, 2021: 10.68% to 16.58%) per annum.

13.2 These facilities have been obtained from National Bank of Pakistan and Sindh Bank Limited aggregating to Rs. 642.772 million (June 30, 2021: Rs. 692.778 million) out of which Rs. 0.82 million (June 30, 2021: Rs. 0.25 million) remains unutilized as at the balance sheet date. These facilities are secured by creation of first pari-passu charge against hypothecation of the Company's stock in trade, trade debts and property, plant and equipment of Rs. 667 million (June 30, 2021: Rs. 667 million), equitable mortgage of Rs. 153 million over property No. 36 and 37 located in Gulberg, Lahore and first exclusive mortgage charge of Rs. 934 million over land and building of the Company situated at 21-22 Manghopir Road, Tapo Manghopir, Karachi. These facilities carry mark-up rates ranging from 10.2 to 11.24 percent (June 30, 2021: 13.47 to 17.35 percent) per annum.

Renewal of these financing facilities was due on 31 December 2020 whereas their renewal had not been timely agreed with NBP and on May 31, 2021 NBP issued a demand notice for settlement of these liabilities.

The Company entered into negotiations for these financing facilities and had several rounds of discussions with NBP and submitted various plans for enhancing product lines and improvement in business profitability. Directors are reporting about positive intent of NBP for renewal/re-profiling of such financing facilities under the similar terms and conditions whereas in this regard the Company has yet to receive a formal offer letter (also refer note 1.3).

- 13.3 An overall facility of Rs.100 Million has been obtained from Al-Baraka Bank under Tijarah financing. The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property plant and equipment (Sundar factory) located at Lahore and company's stock in trade. The financing facility carries markup at 6 months KIBOR+3% (June 30, 2021: 6 months KIBOR+3%).
- 13.4 An overall facility of Rs. 150 million (June 30, 2021: nil) has been obtained from Habib Metropolitan Bank under Istisna financing. The facility is secured by 100% cash collateralized in shape of Lien on Islamic Naya Pakistan Certificate (INPC) placed by three shareholders including Mr. Samad Dada, CEO of the Company, of equivalent amount as proposed. The financing facility carries markup at 6 months KIBOR+2% (June 30, 2021: nil).

## 14 CONTINGENCIES AND COMMITMENTS

### 14.1 Contingencies

- 14.1.1 During the year ended June 30, 2010, the Environmental Protection Tribunal (EPT) initiated proceedings against the Company, containing allegations of pollution, under the Pakistan Environmental Protection Act, 1997 based on a complaint filed by the brother of an ex-employee of the Company. The Company submitted a plea before the EPT raising the issue of the maintainability of the complaint and its lack of jurisdiction to hear the same which was dismissed vide an order dated June 29, 2010. The Company filed a constitutional petition before the Honourable High Court of Sindh (HCS) seeking reliefs that the proceedings before EPT vis-a-vis the compliant were taken coram non iudice and has maintained that the EPT has no jurisdiction of the subject matter. The said constitutional petition was dismissed by HCS vide its judgment dated March 9, 2011.

The Company filed petition for leave to appeal against the judgment of HCS before the Honorable Supreme Court of Pakistan (SCP) which granted leave to appeal to the Company vide its order dated June 23, 2011 and converted the petition into an appeal. Thereafter, after the partial hearing of the civil appeal, the SCP vide its order dated October 25, 2011 directed a commission constituted by the EPT to submit the report of environmental audit of the Company's factory and surrounding premises. Pursuant to the direction of SCP, a report was filed ostensibly on behalf of a commission constituted by the EPT to which objections have been filed by the Company before SCP. The hearing of civil appeal on merits is now pending. Based on the opinion of the legal counsel of the Company, the management expects a favorable outcome of the case. Accordingly, no provision for any potential demand in respect of the above has been made in these financial statements.

14.1.2 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 14.983 million (June 30, 2021: Rs. 14.983 million). However, in view of a legal advice, the Company's management is confident that these suits will be decided in its favor, and accordingly, no provision has been made in this respect.

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

	December 31, 2021 (Unaudited) (Rupees in thousands)	June 30, 2021 (Audited)
Outstanding letters of credit	14,886	96,742
Outstanding letter of guarantee	96,742	159,796
Postdated cheques	16,619	162,943
Outstanding contracts	527,489	347,289
Duties payable on goods in transit	40,605	1,142
	696,342	767,912

## 14.2 Commitments

## 15 SALES

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in thousands) (Unaudited)			
Local sales	982,012	1,621,463	577,098	955,061
Export sales	-	18,753	-	9,806
Gross sales	982,012	1,640,216	577,098	964,867
Less: Sales tax	(153,618)	(248,520)	(90,022)	(146,309)
	828,394	1,391,696	487,076	818,558

## 16 COST OF SALES

Manufactured goods				
Raw materials consumed				
Opening stock	122,561	142,523	107,272	220,716
Purchase	582,008	1,036,760	390,735	590,535
Closing stock	(191,087)	(206,560)	(191,087)	(207,449)
Raw materials consumed	513,482	972,723	306,920	603,802
Manufacturing overheads				
Stores and spares consumed	9,235	26,485	6,626	14,817
Salaries, wages and other benefits 16.1	26,037	81,960	11,818	45,734
Procured services	26,684	13,953	15,178	7,387
Fuel, water and power	32,524	82,065	17,989	45,602
Insurance	2,158	2,168	1,148	1,010
Travelling	57	35	26	15

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in thousands)			
Communication	370	523	110	246
Depreciation	26,291	26,856	13,105	13,369
Rent, rates and taxes	2,450	3,359	482	1,654
Repairs and maintenance	3,879	17,888	2,060	10,302
Printing and stationary	111	402	35	249
Other expenses	626	1,311	236	869
	130,422	257,005	70,834	141,254
	643,904	1,229,728	377,754	745,056
Work-in-process				
Opening stock	97,816	141,612	84,055	155,653
Closing stock	(83,490)	(141,081)	(83,489)	(141,081)
Cost of goods manufactured	658,231	1,230,259	378,320	759,628
Finished goods				
Opening stock	200,182	249,918	210,943	231,762
Closing stock	(190,624)	(289,318)	(190,625)	(289,318)
	667,788	1,190,859	398,638	702,072
Trading goods				
Opening stock	40,108	63,615	40,085	57,135
Purchase	39,555	5,128	16,511	2,897
Closing stock	(59,021)	(51,629)	(59,021)	(51,629)
	20,642	17,114	(2,425)	8,403
	688,430	1,207,973	396,213	710,475

16.1 This includes bonus amounting to Rs. Nil (December 31, 2020: Rs. 4.035 million).

## 17 OTHER INCOME

Rental income	25,156	24,287	13,592	12,096
Interest income	28	26	13	15
Net income from joint service	182	1,469	-	1,195
Amortisation of deferred income	-	2,430	-	1,215
Government grant	1,623	1,718	-	1,718
Gain on extinguishment of GIDC	-	43,497	-	43,497
Reversal of provision for doubtful debts	-	54,473	-	54,473
Gain on disposal of fixed assets	117	-	-	-
Others	-	4,021	-	4,021
	27,106	131,921	13,605	118,230

## 18 (LOSS) / EARNING PER SHARE - BASIC AND DILUTED

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

Net profit / (loss) for the period	(73,075)	47,151	(24,654)	87,950
Weighted average number of ordinary shares	10,764	10,764	10,764	10,764
Earnings / (loss) per share - basic and diluted (Rupees)	(6.79)	4.38	(2.29)	8.17

	Note	Half year ended	
		December 31, 2021	December 31, 2020
		(Rupees in thousands)	
<b>19 CASH GENERATED FROM OPERATIONS</b>			
(Loss) / Profit before taxation		(58,946)	76,671
Adjustment for non-cash and other items			
Depreciation			
Property, plant and equipment		33,298	34,912
Right of use asset		5,065	8,291
Investment property		1,269	1,266
Amortization		50	48
Interest income		(28)	(26)
Finance costs		58,902	79,272
Amortization of deferred income		(1,469)	(2,430)
Gain on disposal of fixed assets - net		(117)	
GIDC payable		(24,662)	(21,118)
Working capital changes	19.1	18,280	(43,658)
		<u>31,642</u>	<u>133,228</u>
<b>19.1 Working capital changes</b>			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(1,384)	5,289
Stock in trade		(63,555)	(91,809)
Trade debts		(16,688)	11,779
Loans and advances		(39,285)	(41,161)
Trade deposits and short-term prepayment		27,075	(19,082)
Other receivable		(12,773)	3,459
		<u>(106,610)</u>	<u>(131,525)</u>
Increase in current liabilities			
Trade and other payable		124,890	87,867
		<u>18,280</u>	<u>(43,658)</u>

**20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.**

20.1 The related parties comprise of Holding Company, group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Relation with the company	Nature of transaction	Note	Half year ended		Quarter ended	
			December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
			(Unaudited)			
			----- (Rupees in thousands) -----			
Holding Company	Rent paid		1,296	1,127	-	1,127
Associated Companies / Undertakings	Purchase of goods		77	295	-	226
Provident fund	Contribution to staff retirement benefit plans		2,687	4,391	1,350	2,172
Key management personnel	Remuneration and other benefits		8,536	20,659	4,900	9,973
20.2	Period / year end balances				December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
	Receivable from associated companies / undertakings				-	104
	Payable to related parties				1,296	295
20.3	The above transactions with related parties are at arm's length based on normal commercial rates.					



## 21 OPERATING SEGMENTS

### 21.1 Segment Analysis

	Chrysotile Cement	Plastic	Others	Total
	(Rupees in thousands)			
<b>Half year ended December 31, 2021</b>				
<b>(Unaudited)</b>				
Turnover	187,012	641,381	-	828,393
Segment result	(16,421)	49,477	-	33,056
Unallocated expenses				
Other operating expenses				(60,207)
Other income				27,106
Finance costs				(58,902)
Taxation				(14,129)
Loss for the period				(73,076)
<b>Half year ended December 31, 2020</b>				
<b>(Unaudited)</b>				
Turnover	407,656	984,040	-	1,391,696
Segment result	8,746	34,649	-	43,395
Unallocated expenses				
Other operating expenses				(5,818)
Other income				28,212
Finance costs				(77,513)
Taxation				(29,520)
Loss for the period				(41,244)

### 21.2 Segment assets and liabilities

#### December 31, 2021 (Un-audited)

Segment assets	494,295	592,874	120,216	1,207,385
Unallocated corporate assets				1,974,083
Total assets				3,181,468
Segment liabilities	503,545	566,174	12,744	1,082,463
Unallocated corporate liabilities				1,288,039
Total liabilities				2,370,502

#### June 30, 2021 (Audited)

Segment assets	407,594	507,622	115,971	1,031,187
Unallocated corporate assets				2,088,129
Total assets				3,119,316
Segment liabilities	396,937	438,805	11,469	847,211
Unallocated corporate liabilities				1,388,064
Total liabilities				2,235,275

## 22 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2021.

## 23 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is the amount for which asset could be exchanged or liability settled between knowledgeable, willing parties in an arm length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly or derived from prices.

Level 3: Inputs for the asset or liability that are not based on observable market data (unadjusted) inputs.

As of the statement of financial statement date, no financial instruments of the Company are carried at fair value.

### Transfers during the period

During the six month period ended December 31, 2021, there were no transfers between level 1 and level 2 fair value measurement and no transfer into or out of level 3 fair value measurement.

## 24 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements was authorized for issue on February 24, 2022 by the Board of Directors of the Company.

## 25 IMPACT OF COVID-19

There was no significant impact of COVID-19 pandemic on the Company's operations or decline in revenue during the period ended December 31, 2021.

## 26 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

## 27 GENERAL

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

  
**CHIEF EXECUTIVE**  
Samad Dada

  
**DIRECTOR**  
Ayesha Tariq Allawala

  
**CHIEF FINANCIAL OFFICER**  
Muhammad Yousuf

# Dadex Eternit Limited

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