

The background of the entire image is a close-up, top-down view of a large number of stacked metal tubes or pipes. The tubes are arranged in a grid-like pattern, with each tube's circular end face visible. The metal has a brushed or polished finish, reflecting light in a way that creates a shimmering, textured effect across the entire surface. The colors range from dark metallic greys to bright, almost white highlights where the light reflects most intensely.

IT'S ALL ABOUT
INNOVATION

DADEX

Annual Report 2018

A close-up, artistic photograph of a vinyl record. The record is dark, and the light reflects off its grooves, creating a circular pattern of light and shadow. A solid red square is centered on the record, and the text "IT'S IN OUR DNA" is written in white, sans-serif capital letters within the square.

IT'S IN
OUR
DNA

IT'S IN OUR PRODUCTS

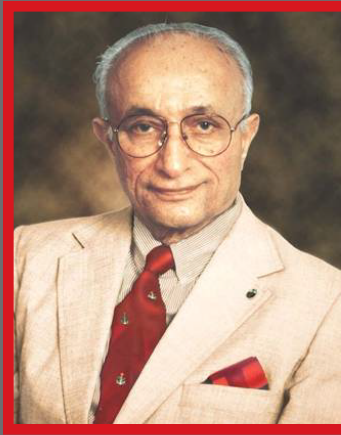
Dadex has always been ahead of the game. Being the first company to manufacture pipes locally and go national with it, we know how to go the extra mile. Staying true to that philosophy we have recently added antimicrobial pipes to our portfolio.

IT'S IN OUR PROCESSES

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

IT'S IN OUR AFFILIATIONS

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



KASSIM DADA

Founder Chairman
(1919-2001)

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

Following the simple principle of fairness, clarity and sincere application to all things in life - he worked to make Dadex a company that would not only be recognized for its quality of work and products but a company with integrity. As he wrote in his book, A Ramble Through Life, "The conduct towards others must be based on kindness, service, fairness, charity, justice, honesty and the sanctity of promise, pledge or agreement."

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

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

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

CHAIRMAN

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

DIRECTOR

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



Vision

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

Mission

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

Our Philosophy

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

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

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

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Company Information

Board of Directors	Sikander Dada - Chairman (Non - Executive Director) Abu Talib H.K. Dada (Non - Executive Director) Maqbool H.H. Rahimtoola (Non - Executive Director) Shahzad M. Husain (Non - Executive Director) Syed Shahid Ali Bukhari (Independent Director) Qazi Sajid Ali (Executive Director) Danish Dada (Executive Director)
Chief Executive Officer	Qazi Sajid Ali
Chief Financial Officer	Muhammad Yousuf
Company Secretary	Umar Rasheed
Head of Internal Audit/ Secretary Board Audit Committee	Muhammad Ahsan
Board Audit Committee	Syed Shahid Ali Bukhari - Chairman Maqbool H.H. Rahimtoola Shahzad M. Husain
Human Resource and Remuneration Committee	Syed Shahid Ali Bukhari - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Qazi Sajid Ali
Management Team	Qazi Sajid Ali - Chief Executive Officer Danish Dada - CEO (International Division) Tanveer Saleem - Chief Operating Officer (Technical & Operations) Muhammad Yousuf - Chief Financial Officer Munawar Abbas - Director Operations Syed Wasim Ahmed - General Manager Finance Lt. Cdr. (Retd.) Saeed Ahmed Khan - General Manager Admin & HR
Auditors	BDO Ebrahim & Co., Chartered Accountants
Bankers	National Bank of Pakistan The Bank of Punjab Bank Islami Pakistan Limited Sindh Bank Limited Al Baraka Bank (Pakistan) Limited Habib Metropolitan Bank Limited Standard Chartered Bank (Pakistan) Limited MCB Bank Limited United Bank Limited (UBL Ameen) Faysal Bank Limited Habib Bank Limited Askari Bank Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Silk Bank Limited

Company Information

Legal Advisor

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

Registered Office

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

Share Registrar

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

Website

www.dadex.com

Notice of 59th Annual General Meeting

Notice is hereby given that the 59th Annual General Meeting of the Dadex Eternit Limited will be held on Monday, October 29, 2018 at 03:00 p.m., at Dadex House, 34-A/1, Block-6, PECHS, Shahrah-e-Faisal, Karachi to transact the following:

Ordinary Business:

1. To receive, consider and adopt the following documents for the year ended June 30, 2018:
 - a) Audited Financial Statements and the Auditors' Report thereon; and
 - b) The Report of the Board of Directors.
2. To consider and approve payment of 2% dividend in cash for the year ended 30 June, 2018 as recommended by the Board of Directors.
3. To appoint auditors of the Company for the year ending June 30, 2019, and authorize the Directors to fix their remuneration. The present auditors, M/s. BDO Ebrahim & Co., Chartered Accountants, being eligible have offered themselves for re-appointment. The Board of Directors recommends, based on the recommendation of the Audit Committee, the re-appointment of M/s. BDO Ebrahim & Co., Chartered Accountants.

By Order of the Board
(Umar Rasheed)
Company Secretary

Karachi: September 25, 2018

NOTES:

1. The Register of Members and the Share Transfer Books of the Company shall remain closed from October 22, 2018 to October 29, 2018 (both days inclusive). Transfers received in order at the office of our Share Registrar, JWAFFS Registrar Services (Pvt.) Limited, 407 - 408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi by the close of business hours on October 21, 2018 will be treated in time for incorporating the change in the Register of Members as at October 22, 2018.
2. The entitlement to dividend, attend, participate and vote at the 59th Annual General Meeting will be according to the Register of Members as at October 22, 2018.
3. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend, speak and vote for him/her. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
4. An instrument of the proxy applicable for the Meeting, in which a Member can direct the proxy how he/she wishes the proxy to vote, is being provided with the notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours or can be downloaded from our website www.dadex.com.
5. Members are requested to notify change, if any, in their registered addresses to our Share Registrar at the abovementioned address.

Notice of 59th Annual General Meeting

6. Shareholders are requested to submit a copy of their valid CNIC (if not already provided) to Company's Share Registrar at the abovementioned address.
7. As per section 242 of the Companies Act, 2017, in case of listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, all shareholders of the Company are requested to provide bank mandate details to the Share Registrar of the Company at the abovementioned address so that your dividend amount may directly be deposited in your respective bank accounts.
8. In terms of SRO 787(I)/2014 dated September 8, 2014, the shareholders can also opt to obtain Annual Report 2018 through email. For this purpose, we hereby give you the opportunity to send us your written request along with your valid email ID.
9. Shareholders who have not claimed their dividend are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend, if any. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government. A notice in this regard is already dispatched to shareholders.
10. As per SECP directives issued through SRO 634 (I)/2014, the Annual Report 2018 of the Company along with Notice of Annual General meeting is available for download at Company's website i.e. www.dadex.com.
11. Shareholders are hereby informed that under section 150 of the Income Tax Ordinance, 2001, rate of deduction of withholding tax on amount of dividend payment are as follows:

a.	Filer of Income Tax Return	15.00 percent
b.	Non-Filer of Income Tax Return	20.00 percent

12. In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary of the Company.
13. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

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

Notice of 59th Annual General Meeting

B. For Appointing Proxies:

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

Chairman's Review

I am pleased to present a review on the overall performance of the Company for the year ended June 30, 2018.

The overall business environment during period under review remained quite challenging and disturbing. Factors like current account deficit, unprecedented devaluation of Pak Rupee and Political instability were the major contributors towards the economic difficulties of the country.

The prices of raw material kept on increasing throughout the year along with exchange loss due to phenomenal devaluation of Pak Rupees and the resultant increase couldn't be fully compensated and profitability of the Company was affected adversely. The Company managed to achieve profit after tax of Rs. 5.283 million as compared to Rs. 16.84 million achieved last year. Overall sales have increased by 22.17 percent as compared to last year.

The Board has formulated an effective annual evaluation mechanism. On the basis of the feedback the overall performance of the Board has been satisfactory and effective. Guidance provided by the Board to the Management has played pivotal role in achieving Company's objectives.

The Board met four (04) times during the year. The Board meets at least once in every quarter to consider operational results and the budget of the following year. The Board Committees greatly facilitated the overall working of the Board.

In the 58th AGM of the Company, the following directors including myself were re-elected for a period of three years: Mr. Abu Talib H.K. Dada, Mr. Maqbool H.H. Rahimtoola, Mr. Qazi Sajid Ali, Mr. Shahzad M. Husain, Mr. Danish Dada and Mr. Syed Shahid Ali Bukhari. I am confident that under their guidance the Company will continue to achieve its goals.

On behalf of the Board, I would like to acknowledge relentless efforts made by all our employees to achieve a profitable year and express my gratitude to all our valued shareholders, customers, suppliers, bankers and all other stakeholders for their continued support for the Company.

Sikander Dada
Chairman

Report of the Board of Directors

The Board of Directors of Dadex Eternit Limited ("Company") would like to present the 59th Annual Report along with the Audited Financial Statements for the year ended June 30, 2018.

NATIONAL ECONOMY

Pakistan GDP continued to grow above 5 percent reaching 5.79 percent. Main reasons for this persistent growth remained the same including improved energy situation, investment related to CPEC projects. The manufacturing sector continued to gain momentum by witnessing 6.24 percent growth on the back of stellar performance of LSM sector during the period under review. The industrial sector maintained its upward growth trajectory at 5.8 percent. Construction sector, which is the most relevant to our business, recorded a growth of 9.13 percent during the year.

With the changing political landscape and despite facing macroeconomic challenges, Pakistan's economic growth is expected to continue to benefit the construction industry. We are well positioned in the sector to grow with domestic industry demand owing to an increase in infrastructure development including projects like CPEC.

PRINCIPAL ACTIVITIES & BUSINESS PERFORMANCE OF THE COMPANY

The principal 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 products.

During the year under review, the Company achieved sales revenue of Rs. 2.921 billion, which includes export sale of Rs. 10.37 million, an increase of 22.17 percent over the sales revenue of Rs. 2.391 billion achieved last year. Main reason of growth is the construction thriving in Pakistan, Company's Management made a proper plan to generate good business from all sectors in the market. CPEC projects are also one of the reasons where we have achieved good business and further we have good prospects.

Multiple factors which were beyond control of the Company's management have affected Company profit margins adversely. These mainly included continuous rise in prices of petroleum products which have resultantly increased prices of our raw material, heavy exchange loss due to phenomenal devaluation of Pak Rupees. Due to these unfavourable factors, the Company managed to achieve profit before tax of Rs. 58.586 million (2016/17: profit before tax of Rs. 64.010 million), which included other income of Rs.63.633 million. Financial charges increased by 3.22 percent as compared to last year. Company closed the year with a profit after tax of Rs. 5.283 million, (2016/17: net profit of Rs. 16.844 million).

EARNINGS PER SHARE

Earnings per share for the year ended June 30, 2018 was Rs. 0.49 as compared to Rs. 1.56 per share last year.

OPERATIONS

Overall production capacity at three manufacturing locations has increased during the year under review. In Plastics, production volume increased by 19% and in CC sheets it increased by 23%. This has been achieved mainly through improved operational efficiencies on the existing plants.

During the year, investments were made in the Karachi & Hyderabad Factories to improve the quality of our CC Sheets and improve their appearance.

Report of the Board of Directors

RISK & UNCERTAINTY FACED BY THE COMPANY

The Company is exposed to the following general risks:

1) Operational risks

Operational risks can broadly be categorized as people, process and asset risks. These are highly inter related, which makes it essential for the Management of the Company to establish such strategies that transcends functional boundaries and effectively address these three key areas of operational risks.

Failure to effectively respond to these risks results in production loss, deteriorating sales that may cause loss to the business. The Company addresses said risks in the course of its business by dedicating resources with requisite skills and expertise.

2) Financial risks

Company is exposed to financial risks through its borrowings with financial institutions. Financial risk arises when interest and exchange rates fluctuate, which causes variations in the cash flows, and when credit lines are to be renegotiated. Financial risk includes the risk of a counterparty failing to meet their obligations. The objective of risk management in the company is to limit any possible adverse impact on the earnings and cash flow. Risk is monitored and followed up on an ongoing basis by the treasury department.

Financial risk has been described in detail in note no. 46 of the attached financial statements that include market risks, credit risks and liquidity risks.

3) Compliance risk

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

DIVIDENDS AND APPROPRIATIONS

The Company declared final cash dividend of Rs. 0.20 per share i.e. 2 percent per share for the year under review.

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

	(Rupees in '000')
Accumulated Loss as at July 01, 2017	(57,297)
Prior year adjustment	-
Transfer from Un-appropriated Profit to general reserves	-
Surplus on revaluation of fixed assets on account of incremental depreciation charged on related assets	24,345
Profit after taxation for the year ended June 30, 2018	5,283
Final dividend of year ended June 30, 2017	(6,781)
Accumulated Loss as at June 30, 2018	<u>(34,450)</u>
Non-adjusting event after the balance sheet date	
Proposed final dividend per share of Rs. 0.2 per share	(2,153)

Break-up value per share as at June 30, 2018 is Rs. 118.80 (2016/17: Rs.118.94).

Report of the Board of Directors

BOARD OF DIRECTORS AND ITS COMMITTEES

The Board completed its term on October 25, 2017 and a new Board comprising seven directors, including one independent director who meets the criteria of independence, were re-elected in the 58th Annual General meeting of the Shareholders of the Company held on October 25, 2017 for a period of three years.

Dadex Board met four times during the year 2017/18. Dadex Board consists of good mix of experienced and skilled members.

During the year the Board appointed Mr. Syed Shahid Ali Bukhari, Independent Director as Chairman of the Board Audit Committee and Human Resource and Remuneration Committee to meet the requirements of the provisions of the Code of Corporate Governance.

The Board Audit Committee met four times and Human Resource and Remuneration Committee met one time during the year 2017/18. The Board Committees greatly facilitated the overall working of the Board.

ATTENDANCE OF MEETINGS DURING THE YEAR

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

Name of Director	Status	Board of Directors meeting		Board Audit Committee meeting		Human Resource and Remuneration Committee meeting	
		Held	Attended	Held	Attended	Held	Attended
Mr. Sikander Dada	Non Executive Director	4	3	N/A	N/A	N/A	N/A
Mr. Abu Talib H.K. Dada	Non Executive Director	4	3	N/A	N/A	1	1
Mr. Maqbool H.H. Rahimtoola	Non Executive Director	4	4	4	4	1	1
Mr. Shahzad M. Husain	Non Executive Director	4	4	4	4	N/A	N/A
Mr. Syed Shahid Ali Bukhari*	Independent Director	4	4	4	4	1	1
Mr. Danish Dada	Executive Director	4	3	N/A	N/A	N/A	N/A
Mr. Qazi Sajid Ali - CEO	Executive Director	4	4	N/A	N/A	1	1

* Mr. Syed Shahid Ali Bukhari is the Chairman of Board Audit Committee and Human Resource & Remuneration Committee

BOARD'S PERFORMANCE EVALUATION AND DIRECTORS' TRAINING PROGRAM

The Board has developed a mechanism of evaluation of its own performance. Directors actively participate in all the meetings of the Board. Detailed discussions are held on all matters and accordingly directions are provided to the management, which are regularly monitored by the Board and its committees. The Board ensures that the Company adopts the best practices of corporate governance.

The majority of the Board members possess the prescribed qualification and experience required for exemption from training programmes of Directors. All Directors are fully conversant with their duties and responsibilities as Directors of listed company.

Report of the Board of Directors

The Company has already obtained approval for exemption from Securities and Exchange Commission of Pakistan in pursuant to Regulation 20 of the CCG for the following directors, Mr. Sikander Dada, Mr. Abu Talib H.K. Dada, Mr Maqbool H.H. Rahimtoola and Mr. Shahzad M. Hussain. Mr. Syed Shahid Ali Bukhari is a certified Director.

During the year, the Board has arranged Directors' Training program for Mr. Qazi Sajid Ali.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY

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

To protect the environment, the Company has implemented Environmental Monitoring to comply with Environmental Management Plan approved by SEPA (Sindh Environmental Protecting Agency).

Company give highest priority to Health, Safety & Environment (HSE). The HSE program has been further consolidated at all three factories. Company is certified of OHSAS 18001 / ISO 14001 standards. The company has successfully qualified transition to latest ISO 9001:2015 from ISO 9001:2008. We achieved these certifications after stringent audits by certifying agencies and surveillance audits being carried out to keep the system effectively implemented across the manufacturing facilities.

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

Being a caring & responsible organization, company is offering "Periodic Medical Examinations" to its serving and retired employees, as per international standards. Our focus is on prevention, promotion of healthy lifestyles & early detection of any potential occupational health issues.

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

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

INFORMATION COMMUNICATION TECHNOLOGY

The Company is committed to continuously improve and upgrade its ICT infrastructure and move towards greater process automation to remain upbeat in cut throat competition prevailing in the market. ICT aims to provide uninterrupted connectivity amongst its internal and external stakeholders.

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

CORPORATE PHILANTHROPY AND COMMUNITY WELFARE

The Company during the year has taken part in various philanthropic and welfare activities and has made contribution of Rs. 0.171 million (2016/17: Rs. 0.119 million).

Report of the Board of Directors

Company also initiated plantation drive and planted trees at its Karachi Factory in order to protect environment and cope with the adverse effects of the climate change, which has badly affected Pakistan. Company will continue with this tree plantation drive in future and will carry out similar activity in its other manufacturing locations as well.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Company believes that corporate success is based on the respect for the moral values and the satisfaction of the ethical, legal and social expectations. The Company does not discriminate on the basis of race, sex, religion, disability or family status in the recruitment, training or advancement of its employees.

The Company has well established internal controls in place. The Board Audit Committee regularly reviews the internal audit reports and measures are taken to implement the recommendations of the internal auditors.

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

CONTRIBUTION TO THE NATIONAL EXCHEQUER AND THE ECONOMY OF THE COUNTRY

The Company has contributed in excess of Rs. 763 million (2016/17: Rs. 666 million) towards the National Exchequer in the form of income tax, sales tax, duties, levies and other taxes.

INDUSTRIAL RELATIONS

Company maintains cordial relations with its employees and agreements are in place with the respective Collective Bargaining Agents [CBA Union's] based on negotiated Charter of demands. Both the employees and the Unions are motivated enough to play their roles to handle the challenges in productivity improvements.

HUMAN RESOURCES

Dadex believes in Organization and People Development. Human Resource at Dadex is the most valuable asset that has played a vital role for the growth of the company. We are committed to continually engage in developing and to take good care of our Human Resource in order to provide a safe and good working environment.

Our success depends on motivated and committed employees. To attract and retain the best talent, we recognize the need to invest in their development. We have continuously invested over the years with the aim of strengthening this important area of business performance.

DIRECTORS' STATEMENT

The Directors are pleased to state that:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
2. Proper books of accounts of the Company have been maintained;
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements, and accounting estimates are based on reasonable and prudent judgment;

Report of the Board of Directors

4. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements;
5. The Board has set up an effective Internal Audit function by appointing qualified and experienced head of internal audit who is well conversant with the policies and procedures of the Company. The system of internal controls and such other procedures, which are in place, are being continuously reviewed by the Board's Audit Committee;
6. The Board has a formal Remuneration Policy for the Directors. Main features include that every non-executive director including independent directors are entitled to a fixed fee as remuneration for attending meetings of the Board of Directors including meeting of the sub-committees. The Chairman of the Board in addition to the Directors fee for attending Board of Directors meeting shall be entitled to receive monthly remuneration and other benefits as approved by the Board of Directors;
7. There are no significant doubts upon the Company's ability to continue as a going concern;
8. The Company carried out transactions with its related parties. Details of these transactions are disclosed in note no. 43 to financial statements.
9. There has been no material departure from the best practices of corporate governance, as detailed in the applicable PSX Regulations;
10. The summary of the key operating and financial data of the Company, spanning the last six years is annexed with this Report;
11. Taxes and levies are as disclosed in the Notes to the Accounts.
12. The following is the value of investments, held by the Provident Fund based on the latest audited accounts as at June 30, 2018:

2018	2017
----- Rupees in thousand -----	
259,045.00	245,952.00

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

HOLDING COMPANY

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

AUDITORS

The present auditors M/s. BDO Ebrahim & Co., Chartered Accountants shall retire at the conclusion of the 59th Annual General Meeting. Being eligible, they have offered themselves for re-appointment. As required by the Code of Corporate Governance, the Board Audit Committee has recommended their re-appointment as auditors of the Company for the financial year ending June 30, 2019 and the Board agrees with the recommendation of the Board Audit Committee and therefore have recommended their re-appointment to the Shareholders of the Company.

Report of the Board of Directors

Auditors recommended for appointment hold a satisfactory rating under the "Quality Control Review Programme" of the Institute of Chartered Accountants of Pakistan.

PATTERN OF SHAREHOLDING

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

POST BALANCE SHEET EVENT AND SIGNIFICANT DEVELOPMENTS

There have been no material changes and commitments affecting the financial position since June 30, 2018 to the date of this report, which has an impact on the financial statements, except for the declaration of final dividend which is subject to the approval of the Members of the Company at the forthcoming Annual General Meeting, the effect of which will be reflected in the FY 2019 financial statements.

FUTURE PROSPECTS AND CHALLENGES

The Country's economic growth is expected to continue, which will also be beneficial for the construction industry growth. Following the third successful democratic transition, despite several macroeconomic challenges including a broadening current account deficit, political stability is expected to support a thriving business environment in the country, which will subsequently support on-going construction activity domestically. Domestic demand is therefore likely to project stable growth driven by infrastructure development, including projects like CPEC coupled with a growing economy.

As the country continues to suffer from current account deficit, gradual weakening of the Rupee along with upward pressure on input costs are expected to further affect margins. Increasing energy prices are even more detrimental for the industry as imported raw material and power constitute a substantial part of cost of production.

However, expected demand for building materials is encouraging on the basis of which the company looks upon production capacity expansions which will help to cater expected sales demand. The management will continue to explore new sources of raw material and strict control on working capital. The management team will continue to focus on broadening customer base and explore new markets to achieve positive results.

ACKNOWLEDGEMENTS

The Directors are grateful to all our customers for their support and seek their continued patronage. Achieving customers' trust is the key to our success so far and we are determined to provide the quality of service that will continue to retain this trust.

The Company would like to take this opportunity to thank all its shareholders and other stakeholders including suppliers, service providers, banks / financial institutions and insurers for reposing their trust in the Company.

Report of the Board of Directors

The Directors fully recognize the relentless efforts and dedicated services, team work of all cadres of employees and would like to thank them who have stood firm with the Company in this challenging phase. We remain committed to improve the way we work, to be more professional, efficient and profitable to deliver sustained return to our shareholders in a well diversified manner.

Karachi: September 25, 2018

On behalf of the Board of Directors

Qazi Sajid Ali
Chief Executive Officer

Abu Talib H.K. Dada
Director

Key Operating and Financial Data

	2018	2017	2016	2015	2014	2013
------(Rupees in 000's) -----						
Summary of Profit and Loss						
Sales	2,921,715	2,391,591	2,163,119	2,174,731	1,915,705	2,385,546
Cost of Goods Sold	(2,462,941)	(1,964,982)	(1,782,094)	(1,716,151)	(1,762,605)	(1,872,573)
Gross Profit	458,774	426,609	381,025	458,580	153,100	512,973
Operating Profit	180,116	181,751	196,232	204,895	(80,204)	120,742
Finance Cost	(121,530)	(117,741)	(126,376)	(139,261)	(147,873)	(120,485)
Share of Profit / (loss) on investment in an associate	-	-	(6)	(14)	20	(494)
Profit / (loss) before tax	58,586	64,010	69,850	65,620	(228,057)	(237)
Profit / (loss) after tax	5,283	16,844	199	26,759	(189,334)	(12,310)
Financial Position						
Share Capital	107,640	107,640	107,640	107,640	107,640	107,640
Reserves	131,205	108,358	67,169	44,275	3,062	177,942
Surplus on revaluation of Fixed Assets	1,039,885	1,064,230	1,088,575	766,318	780,772	795,226
Total Non- Current Liabilities	64,724	93,256	160,320	117,554	237,256	88,889
Total Current Liabilities	1,987,066	1,811,896	1,530,689	1,552,658	1,519,932	1,711,363
Total Non- Current Assets	1,876,896	1,913,769	1,971,583	1,640,933	1,695,893	1,412,520
Total Current Assets	1,453,623	1,271,611	982,810	947,512	952,769	1,468,540
Ratios						
Gross profit margin ratio	15.70%	17.84%	17.61%	21.09%	7.99%	21.50%
Operating profit margin (EBIT)	6.16%	7.60%	9.07%	9.42%	-4.19%	5.06%
Pre Tax Profit Margin	2.01%	2.68%	3.23%	3.02%	-11.90%	-0.01%
Net profit margin ratio	0.18%	0.70%	0.01%	1.23%	-9.88%	-0.52%
Return on Equity Gross	5.41%	5.70%	5.70%	5.70%	5.70%	5.70%
Return on Equity Net	11.43%	12.80%	13.78%	19.78%	-7.11%	10.32%
Current Ratio	0.73	0.70	0.64	0.61	0.63	0.86
Quick Ratio	0.46	0.46	0.60	0.50	0.53	0.51
Receivables collection period - Days	20	20	17	18	28	22
Inventory turn-over - Days	113	114	111	119	159	173
Payables payment period - Days	64	61	70	51	142	72
Operating Cycle - Days	70	73	57	85	45	123
Debt equity ratio	0.30	0.43	0.92	0.77	2.15	0.31
Interest coverage ratio	1.48	1.54	1.55	1.47	-0.54	1.00
Earning per share - Rs.	0.49	1.56	0.02	2.48	-17.59	-1.14
Share Price - Rs.	44.7	100.0	37.5	43.0	30.0	40.0
P/E Ratio	91.0	63.9	2028.9	17.3	-1.7	-35.1

Statement of Compliance with the CCG

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 Dadex Eternit Limited, year ended June 30, 2018

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

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

a. Male	07
b. Female	Nil

Election of Directors were held on October 25, 2017, therefore the requirement of having female director, as notified in the Listed Companies (Code of Corporate Governance) Regulations 2017 which was promulgated on November 22, 2017, will be complied with upon reconstitution of Board of Directors.

2. The Composition of board is as follows:

Category	Name
Independent Directors	Mr. Syed Shahid Ali Bukhari
Other Non-Executive Directors	Mr. Sikander Dada Mr. Abu Talib H.K. Dada Mr. Maqbool H.H. Rahimtoola Mr. Shahzad M. Husain
Executive Directors	Mr. Qazi Sajid Ali Mr. Danish Dada

Election of Board of Directors were held on October 25, 2017, therefore the requirement regarding the number of Independent directors, as notified in the Listed Companies (Code of Corporate Governance) Regulations 2017 which was promulgated on November 22, 2017, will be complied with upon reconstitution of Board of Directors.

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 vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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.

Statement of Compliance with the CCG

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of 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.
9. The Board has arranged Directors' Training program for Mr. Qazi Sajid Ali, Chief Executive Officer.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

a) Audit Committee

Chairman:

Mr. Syed Shahid Ali Bukhari

Members:

Mr. Maqbool H.H. Rahimtoola

Mr. Shehzad M. Husain

b) HR and Remuneration Committee

Chairman:

Mr. Syed Shahid Ali Bukhari

Members:

Mr. Maqbool H.H. Rahimtoola

Mr. Abu Talib H.K. Dada

Mr. Qazi Sajid Ali

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 committee was as per following:

a) Audit Committee

04 meetings (Quarterly)

b) HR and Remuneration Committee

01 meeting (Yearly)

15. The board has set up an effective internal audit function comprising of personnel who are considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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.

Statement of Compliance with the CCG

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 material principles enshrined in the CCG have been complied with.

Dated: September 25, 2018

Qazi Sajid Ali
Chief Executive

Abu Talib H.K. Dada
Director

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DADEX ETERNIT LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 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 Dadex Eternit Limited for the year ended June 30, 2018 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, 2018.

KARACHI

DATED: SEPTEMBER 25, 2018


CHARTERED ACCOUNTANTS
Engagement Partner: Raheel Shahnawaz

BDO Ebrahim & Co. Chartered Accountants

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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **DADEX ETERNIT LIMITED**, (the Company), which comprise the statement of financial position as at June 30, 2018, and profit and loss account, statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co. a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	Promulgation of Companies Act, 2017	
	Companies Act, 2017 ("the Act") was promulgated on May 30, 2017 which introduced certain new requirements including certain changes in accounting and disclosures with respect to preparation of financial statements by companies. The third and fourth schedules to the Companies Act, 2017 became applicable to Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company. In view of the significant changes in accounting and disclosures, we consider it as a key audit matter. Refer to note 3.1 and 7 to the financial statements.	We performed the following procedures: • We obtained an understanding of the requirements regarding preparation and filing of financial statements applicable to the Company and assessed the design and operation of its key controls over preparation and filing of financial statements. • We reviewed minutes of meetings of Board of Directors, Audit Committee and internal audit reports for any recorded instances of potential non-compliance and maintained a high level of vigilance when carrying out other audit procedures for indication of non-compliance. • We reviewed the financial statements to ensure that change in accounting policy with respect to surplus on revaluation of property, plant and equipment has been properly applied and accounted for and adequately disclosed in the financial statements. • We reviewed financial statements to ensure completeness and accuracy of disclosures in the financial statements to ensure compliance with reporting and disclosure requirements of Companies Act, 2017.
2.	Provision for obsolescence in inventories	
	As disclosed in note 15 and 16 to the financial statements, the Company has net inventories of Rs. 36.511 million and Rs. 815.537 million as at June 30, 2018 for stores, spares and loose tools and stock in trade, respectively.	We performed the following procedures: • We evaluated the significant assumptions and methodologies applied by management to identify and provide for slow moving and obsolete inventory categories.

S. No	Key audit matters	How the matter was addressed in our audit
	The total inventories represented significant portion of the Company's total assets. The Company estimates the provision for slow moving and obsolete inventory of stock in trade on the inventory ageing and sales performance of individual stock categories and make specific provisions by individual stock categories. The Company also writes down the value of such inventories based on the net realizable value of inventories. Further, the provision for all slow moving and obsolete inventories of stores, spares and loose tools are based on the inventory days and specific identification of inventories through verification by management. We focused on this area as the estimation for provisioning involve a high level of management judgement which could in turn result in measurement uncertainty and possibility for management bias.	• We compared the ageing and provisioning percentages used by management in the current year to those applied in prior years and checked the reasonableness of provisioning basis using our understanding of industry practices. • Further, we reviewed the year to year movement in provision for each category of inventory considering subsequent write offs, reversals on re-use and disposals. We also compared the cost of inventories as at June 30, 2018 to their net realisable value subsequent to year end. • We performed a recalculation of the inventory provision made to an individual inventory category based on the system generated inventory ageing report. Further, we checked for damaged and obsolete inventory that were physically identifiable during stock count observation.
3.	Control environment relating to the financial reporting process and related IT systems	
	The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach. As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.	Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights. Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the profit and loss account and statement of financial position.

S. No	Key audit matters	How the matter was addressed in our audit
4.	Trade debts	
	As disclosed in note 17 to the accompanying financial statements of the Company for the year ended June 30, 2018, the Company has a trade debt balance amounting to Rs. 184.711 million, which represents a significant element of statement of financial position. A discrepancy in the valuation or existence of trade debt could cause the assets to be materially misstated, which would impact the Company's reported financial position as the valuation of aforesaid head is one of the main driver of movements in the assets of the Company. Management estimates the collectible amount of debt. For significant account balances, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time that the amount is past due. In view of the significance of trade debts in relation to the total assets of the company, we considered impairment of trade receivables as a key audit matter due to the significant management judgment involved in determining the provision for doubtful debts and that the existence and carrying value of trade receivables could be material to the performance of the Company.	We performed the following procedures: • We considered the appropriateness of impairment of trade receivables as per the Company policies and assessing compliance with applicable accounting standards; • We tested the design and effectiveness of internal controls implemented by the Company through the trade receivables cycle. • We critically considered management's assumptions used in determining impairment losses for both specific and collective loss components. • We identified those trade receivables with credit risk exposure and checking if they are properly included in management's impairment assessment. • We examined on a sample basis, evidence related to post year-end cash receipts. • We reviewed and re-calculated the provision against trade receivables based on credit risk exposure and days past due as per the Company's policies to ensure that the provision is appropriate at the statement of financial position date.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, profit and loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other matter

The financial statements for the year ended June 30, 2017 were audited by another firm of chartered accountants who had expressed an unqualified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Raheel Shahnawaz.

KARACHI

DATED: SEPTEMBER 25, 2018

BDO Ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

FINANCIAL STATEMENTS

Statement of Financial Position as at June 30, 2018

	Note	2018	(Restated) 2017	(Restated) 2016
----- Rupees in thousand -----				
ASSETS				
NON - CURRENT ASSETS				
Property, plant and equipment				
Operating fixed assets	8	1,755,395	1,778,065	1,820,110
Capital work in progress	9	9,229	10,065	5,581
		1,764,624	1,788,130	1,825,691
Intangible assets	10	334	431	-
Investment property	11	39,338	41,877	44,416
Long-term investment	12	-	-	-
Long-term loans and advances	13	5,396	4,283	1,055
Long-term deposits		29,245	24,431	21,646
Deferred tax asset	14	37,959	54,617	78,775
		1,876,896	1,913,769	1,971,583
CURRENT ASSETS				
Stores, spare parts and loose tools	15	36,511	36,541	35,461
Stock-in-trade	16	815,537	714,275	518,289
Trade debts	17	184,711	137,409	118,458
Loans and advances	18	58,358	80,549	80,160
Trade deposits and short term prepayments	19	34,775	31,239	20,945
Other receivables	20	21,349	6,827	12,298
Taxation - net	21	278,447	228,103	183,860
Cash and bank balances	22	23,935	36,668	13,339
		1,453,623	1,271,611	982,810
TOTAL ASSETS		3,330,519	3,185,380	2,954,393
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
12,000,000 (2017: 12,000,000)				
ordinary shares of Rs. 10 each		120,000	120,000	120,000
8,000,000 (2017: 8,000,000) 'B' class				
ordinary shares of Rs. 10 each		80,000	80,000	80,000
		200,000	200,000	200,000
Issued, subscribed and paid-up capital	23	107,640	107,640	107,640
Reserves	24	131,205	108,358	67,169
Surplus on revaluation of property, plant and equipment		1,039,885	1,064,230	1,088,575
		1,278,730	1,280,228	1,263,384
NON - CURRENT LIABILITIES				
Long-term financing	25	-	-	102,222
Liabilities against assets subject to finance lease	26	57,430	81,102	58,098
Deferred income	27	7,294	12,154	-
		64,724	93,256	160,320
CURRENT LIABILITIES				
Trade and other payables	28	633,871	525,804	455,055
Short-term borrowings	29	1,272,612	1,110,300	839,053
Accrued markup	30	22,316	21,614	27,898
Current portion of deferred income	27	4,860	4,860	-
Current portion of long-term financing	25	-	102,222	175,332
Current portion of liabilities against assets subject to finance lease	26	36,359	30,128	16,361
Unclaimed dividend		17,048	16,968	16,990
		1,987,066	1,811,896	1,530,689
TOTAL EQUITY AND LIABILITIES		3,330,519	3,185,380	2,954,393
CONTINGENCIES AND COMMITMENTS	31			

The annexed notes from 1 to 50 form an integral part of these financial statements.

QAZI SAJID ALI
Chief Executive Officer

ABU TALIB H.K. DADA
Director

MUHAMMAD YOUSUF
Chief Financial Officer

Profit and Loss Account for the year ended June 30, 2018

	Note	2018	2017
----- Rupees in thousand -----			
Sales - gross		3,456,206	2,825,761
Sales tax		(534,491)	(434,170)
Sales - net	32	2,921,715	2,391,591
Cost of sales	33	(2,462,941)	(1,964,982)
Gross profit		458,774	426,609
Distribution costs	34	(145,287)	(134,850)
Administrative expenses	35	(148,388)	(127,969)
Other expenses	36	(48,616)	(28,432)
Other income	37	63,633	46,393
Operating profit		180,116	181,751
Finance costs	38	(121,530)	(117,741)
Profit before taxation		58,586	64,010
Taxation			
- Current	39	(36,647)	(23,008)
- Deferred		(16,657)	(24,158)
		(53,304)	(47,166)
Net profit for the year		5,283	16,844
Earnings per share - basic and diluted (Rupees)	40	0.49	1.56

The annexed notes from 1 to 50 form an integral part of these financial statements.

QAZI SAJID ALI
Chief Executive Officer

ABU TALIB H.K. DADA
Director

MUHAMMAD YOUSUF
Chief Financial Officer

Statement of Comprehensive Income for the year ended June 30, 2018

	Note	2018	2017
----- Rupees in thousand -----			
Net profit for the year		5,283	16,844
Other comprehensive income		-	-
Total comprehensive income for the year		<u>5,283</u>	<u>16,844</u>

The annexed notes from 1 to 50 form an integral part of these financial statements.

QAZI SAJID ALI
Chief Executive Officer

ABU TALIB H.K. DADA
Director

MUHAMMAD YOUSUF
Chief Financial Officer

Statement of Cash Flows for the year ended June 30, 2018

	Note	2018	2017
----- Rupees in thousand -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	220,032	121,894
Finance cost paid		(120,825)	(124,025)
Taxes paid		(86,990)	(67,250)
Net cash generated from / (used in) operating activities		12,217	(69,381)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(61,789)	(34,192)
Addition to intangible assets		(44)	-
Proceeds from sale of property, plant and equipment		5,699	51,541
Long term security deposits		(4,814)	(5,825)
Interest received		51	-
Net cash (used in) / generated from investing activities		(60,897)	11,524
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(17,441)	(14,519)
Repayment of long-term financing	41.2	(102,222)	(175,520)
Short term borrowings	41.2	170,953	208,236
Dividend paid		(6,700)	(22)
Net cash generated from financing activities		44,590	18,175
Net decrease in cash and cash equivalents		(4,090)	(39,682)
Cash and cash equivalents at the beginning of the year		(643,150)	(603,468)
Cash and cash equivalents at the end of the year		(647,240)	(643,150)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	23,935	36,668
Short-term borrowings	29.2	(671,175)	(679,818)
		(647,240)	(643,150)

The annexed notes from 1 to 50 form an integral part of these financial statements.

QAZI SAJID ALI
Chief Executive Officer

ABU TALIB H.K. DADA
Director

MUHAMMAD YOUSUF
Chief Financial Officer

Statement of Changes in Equity for the year ended June 30, 2018

	Issued, subscribed and paid-up capital	Reserves				Total	Grand total
		Capital reserve		Revenue reserves			
		Share premium	Revaluation surplus	General reserve	Unappropriated profit / (accumulated losses)		
----- Rupees in thousand -----							
Balance as at July 1, 2016 as previously reported	107,640	5,655	-	160,000	(98,486)	67,169	174,809
Impact of change in accounting policy - note 7	-	-	1,088,575	-	-	1,088,575	1,088,575
Balance as at July 1, 2016 (restated)	107,640	5,655	1,088,575	160,000	(98,486)	1,155,744	1,263,384
Total comprehensive income for the year ended June 30, 2017							
Net profit for the year	-	-	-	-	16,844	16,844	16,844
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	16,844	16,844	16,844
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(24,345)	-	24,345	-	-
Balance as at June 30, 2017 (restated)	107,640	5,655	1,064,230	160,000	(57,297)	1,172,588	1,280,228
Balance as at July 1, 2017 (restated)	107,640	5,655	1,064,230	160,000	(57,297)	1,172,588	1,280,228
Total comprehensive income for the year ended June 30, 2018							
Net profit for the year	-	-	-	-	5,283	5,283	5,283
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	5,283	5,283	5,283
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(24,345)	-	24,345	-	-
Final dividend of 2017: Rs. 0.63 per share	-	-	-	-	(6,781)	(6,781)	(6,781)
Balance as at June 30, 2018	107,640	5,655	1,039,885	160,000	(34,450)	1,171,090	1,278,730

The annexed notes from 1 to 50 form an integral part of these financial statements.

QAZI SAJID ALI
Chief Executive Officer

ABU TALIB H.K. DADA
Director

MUHAMMAD YOUSUF
Chief Financial Officer

Notes to the Financial Statements for the year ended June 30, 2018

1 STATUS AND NATURE OF BUSINESS

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

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The third and fourth schedules to the Companies Act, 2017 became applicable to Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company. Specific additional disclosures and changes to the existing disclosures have been included in these financial statements.

3.2 Basis of measurement

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

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

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

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 6.27.

3.3 Functional and presentation currency

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

Notes to the Financial Statements for the year ended June 30, 2018

4 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

During the year, the Company incurred major capital expenditure as part of its plan for capacity expansion. The detailed discussion about the Company's performance is included in Directors' report.

5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

5.1 Amendments that are effective in current year and are relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017
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5.2 Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards:

	Conceptual framework for Financial reporting 2018-Original Issue	March 2018
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 7	Financial Instruments : Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	Applies when IFRS 9 is applied
IFRS 9	Financial Instruments - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	January 01, 2018
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	January 01, 2018
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019

Notes to the Financial Statements for the year ended June 30, 2018

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IAS 39	Financial Instruments: Recognition and Measurements- Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Applies when IFRS 9 is applied
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

Annual Improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

5.3 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 1, 2019

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

Notes to the Financial Statements for the year ended June 30, 2018

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

6 SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Property, plant and equipment

a) Operating fixed assets

Owned

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

Depreciation is charged to profit and loss account using the straight-line method over their estimated useful lives at the rates disclosed in note 8 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

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

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

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

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

Leased

Fixed assets acquired under finance lease are accounted for by recording the assets and related liabilities at the amounts determined on the basis of the lower of fair value of assets and the present value of minimum lease payments. Finance charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

b) Capital work-in-progress

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

6.2 Intangible assets

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

6.3 Investment property

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

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

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

Depreciation is charged to profit and loss account using the straight-line method over their estimated useful lives at the rates disclosed in note 11 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

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

6.4 Impairment of non-financial assets

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

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

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

6.5 Investments

Associate

Investment in associates is accounted for using equity method of accounting. Investments over which investor has "significant influence" are accounted for under this method i.e., investments to be carried in the balance sheet at cost plus post-acquisition changes in the share of net assets of the associate, less any impairment in value. The profit and loss account reflects the investor's (Company's) share of the results of operations of the investee (associated company) after the date of acquisition. If an associate uses accounting policies other than those of the Company, adjustments are made to conform the associate's policies to those of the Company, if the impact is considered material.

6.6 Stores, spares and loose tools

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

Notes to the Financial Statements for the year ended June 30, 2018

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

6.7 Stock-in-trade

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

Raw and packing materials - Moving average basis

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

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

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

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

6.8 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoiced amount which is the fair value of the consideration to be received in future for goods sold less provision for doubtful amounts. Provision for doubtful debts is based on management's assessment of customer's credit worthiness. When a trade debt is uncollectible, it is written off and charged to profit and loss account. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

6.9 Taxation

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

a) Current

Current tax is the expected tax payable on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date after taking into account tax credits and tax rebates. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax is accounted for using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in future years to utilize deductible temporary differences, unused tax losses and tax credits.

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

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

Notes to the Financial Statements for the year ended June 30, 2018

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

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

6.10 Cash and bank balances

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

6.11 Surplus on revaluation of property, plant and equipment

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

The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

During the year the Company changed its accounting policy in respect of the accounting and presentation of surplus on revaluation of property, plant and equipment. Previously, the Company's accounting policy was in accordance with the provisions of repealed Companies Ordinance, 1984. Those provisions and resultant previous policy of the Company was not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in the IFRS. However, the Companies Act, 2017 has not specified any accounting treatment for revaluation surplus, accordingly the Company has changed the accounting policy and is now following the IFRS for prescribed accounting treatment and presentation of revaluation surplus. The detailed information and impact of this change in policy is provided in note 7 below.

6.12 Trade and other payables

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

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

6.13 Borrowings

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

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

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

Notes to the Financial Statements for the year ended June 30, 2018

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

6.14 Provisions

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

6.15 Contingencies

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

6.16 Financial instruments

6.16.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the statement of financial position, which are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'loans and deposits', 'other receivables' and 'cash and cash equivalents' in the statement of financial position.

Impairment

At the end of each reporting period the Company assesses whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss will be reversed either directly or by adjusting provision account.

6.16.2 Financial liabilities

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

6.16.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

6.16.4 Derecognition

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

6.17 Offsetting of financial assets and financial liabilities

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

6.18 Foreign currency translation

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

6.19 Retirement benefits

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

6.20 Revenue recognition

Sales are recognized when the significant risk and rewards of ownership of the goods have passed to the customer which coincide with the dispatch of goods to the customers.

Service income is recognised when related services are rendered. In such case, revenue is recognised by reference to the stage of completion of a transaction as of the balance sheet date to the extent of cost incurred and, accordingly adjusting the same against other receivables / advances from customers.

Scrap sales are recorded on receipt basis.

Profit on bank accounts is recorded using effective interest rate.

Rental income is recorded on accrual basis.

Dividend income is recognised when the right to receive the dividend is established.

6.21 Cash and cash equivalents

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

6.22 Share capital

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

Notes to the Financial Statements for the year ended June 30, 2018

6.23 Earnings per share

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

6.24 Dividend and appropriation to reserves

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

6.25 Related party transactions

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

6.26 Segment reporting

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

6.27 Significant accounting judgments and critical accounting estimates / assumptions

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

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

a) Property, plant and equipment

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

b) Stock-in-trade

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

c) Trade debts

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Notes to the Financial Statements for the year ended June 30, 2018

d) Income taxes

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

e) Contingencies

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

7 CHANGE IN ACCOUNTING POLICY OF SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

On July 01, 2017 the Company changed its accounting policy for the surplus on revaluation of property, plant and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance, 1984. Further, the surplus on revaluation of property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements of surplus on revaluation of property, plant and equipment. Consequently, this impacted the Company's accounting policy for surplus on revaluation of property, plant and equipment, and now the related accounting and presentation requirements set out in IAS 16 'Property, Plant and Equipment' are being followed by the Company. The new accounting policy is explained under note 6. Further, the surplus on revaluation of property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a capital reserve i.e. part of equity.

In these financial statements the above explained change in accounting policy has been accounted for retrospectively, with the restatement of the comparative information.

The effect of the change is recognition and presentation of Rs. 1,039.885 million for surplus on revaluation of property, plant and equipment as a capital reserve i.e. separate component of equity and derecognition of surplus on revaluation of property, plant and equipment of Rs. 1,039.885 million, previously presented below equity in the statement of financial position. Further, there is no effect on the profit and loss account and statement of comprehensive income for the year ended June 30, 2017. The effect of change in accounting policy is summarised below:

	As at June 30, 2017			As at June 30, 2016		
	As previously reported on June 30, 2017	Adjustments Increase / (Decrease)	As restated on June 30, 2017	As previously reported on June 30, 2016	Adjustments Increase / (Decrease)	As restated on June 30, 2016
	----- Rupees in thousand -----					
Surplus on revaluation of property plant and equipment (with in equity)	-	1,064,230	1,064,230	-	1,088,575	1,088,575
Accumulated losses	(57,297)	-	(57,297)	(98,486)	-	(98,486)
Net impact on equity	(57,297)	1,064,230	1,006,933	(98,486)	1,088,575	990,089
Surplus on revaluation of property plant and equipment (below equity)	1,064,230	(1,064,230)	-	1,088,575	(1,088,575)	-
	1,006,933	-	1,006,933	990,089	-	990,089

Impact of change in accounting policy - June 30, 2018

Surplus on revaluation of property plant and equipment (within equity)
Accumulated losses
Surplus on revaluation of property plant and equipment (below equity)

Rupees in thousands

1,039,885
(34,450)
(1,039,885)
(34,450)

Notes to the Financial Statements for the year ended June 30, 2018

8 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	OWNED							LEASED				Total
	Freehold land	Leasehold land	Factory building on freehold and leasehold land	Buildings on freehold land other than factory	Buildings on leasehold land other than factory	Plant and machinery	Furniture and fixtures	Vehicles and transportation equipment	Office and factory equipment	Plant and machinery	Vehicles and transportation equipment	
----- Rupees in thousand -----												
Year ended June 30, 2018												
Net carrying value basis												
Opening net book value	235,401	1,267,880	15,417	862	29,447	113,261	355	1,127	3,858	76,285	34,172	1,778,065
Additions	86	-	877	-	-	37,960	511	181	1,942	8,698	12,367	62,623
Disposals	-	-	-	-	-	(1,869)	-	(57)	-	-	-	(1,926)
Depreciation charge	-	(28,977)	(8,453)	(142)	(2,040)	(22,608)	(209)	(265)	(1,126)	(8,599)	(10,948)	(83,367)
Closing net book value	235,487	1,238,903	7,841	720	27,407	126,744	657	986	4,674	76,384	35,591	1,755,395
Gross carrying value basis												
Cost	235,487	1,380,599	201,462	1,616	47,238	843,252	10,988	7,111	38,143	91,788	61,185	2,918,870
Accumulated depreciation	-	(141,696)	(193,621)	(896)	(19,831)	(716,508)	(10,331)	(6,125)	(33,469)	(15,404)	(25,594)	(1,163,474)
Net book value	235,487	1,238,903	7,841	720	27,407	126,744	657	986	4,674	76,384	35,591	1,755,395
Year ended June 30, 2017												
Net carrying value basis												
Opening net book value	235,401	1,296,863	30,568	1,004	31,521	146,171	698	-	3,209	30,740	43,935	1,820,110
Additions	-	-	-	-	-	24,396	-	1,270	1,776	51,290	-	78,732
Disposals	-	-	-	-	-	(65,079)	-	(874)	-	-	-	(65,953)
Depreciation charge	-	(28,983)	(15,151)	(142)	(2,074)	(25,461)	(343)	(143)	(1,127)	(5,745)	(9,763)	(88,932)
Depreciation reversal	-	-	-	-	-	33,234	-	874	-	-	-	34,108
Closing net book value	235,401	1,267,880	15,417	862	29,447	113,261	355	1,127	3,858	76,285	34,172	1,778,065
Gross carrying value basis												
Cost	235,401	1,380,599	200,585	1,616	47,238	807,161	10,477	6,987	36,201	83,090	48,817	2,858,172
Accumulated depreciation	-	(112,719)	(185,168)	(754)	(17,791)	(693,900)	(10,122)	(5,860)	(32,343)	(6,805)	(14,645)	(1,080,107)
Net book value	235,401	1,267,880	15,417	862	29,447	113,261	355	1,127	3,858	76,285	34,172	1,778,065
Depreciation rate %												
per annum (Owned)	-	1-2.5	10	5	5	10	10	20	10 to 33.3	10 to 33.3	10 to 33.3	

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

Details	Location	Usage of immovable property	Total area
Free hold land	36, 37/N, Jinnah Park, Industrial Area, Gulberg II, Lahore.	Sales office	4405.11 Sq-yard
Free hold land	Plot No: 561-561A, Sunder Industrial Estate, Multan Road, Raiwind, Distt. Lahore.	Sundar factory	26,111 Sq-yard
Lease hold land	34-A/1, Block-6, P.E.C.H.S. Shahrah-e-Faisal, Karachi-75400,	Karachi Head office	1249 Sq-yard
Lease hold land	DEH # 21-22, Manghopir, Karachi 75890	Karachi factory	125,840 Sq-yard
Lease hold land	P.O. Box No. 10, Badin Road, Hyderabad.	Hyderabad factory	48,932 Sq-yard

8.2 The cost of fully depreciated assets which are still in use as at June 30, 2018 is Rs. 842.940 million (2017: Rs. 605.308 million).

Notes to the Financial Statements for the year ended June 30, 2018

8.3 Details of disposal of operating fixed assets

Particulars of the assets	Cost	Written down value	Sale proceeds	Profit / (Loss) on disposal	Mode of disposal	Sold to	Address
----- Rupees in thousand -----							
Plant and Machinery							
Sheet Profile 50 Nos. 8' (Imported)	14	-	16	16	Negotiation	Shahjahan Traders	Shop#5 Guru Nagar near Dital shah masjid Hyderabad
Steel Profiles 8.5' 150 Nos. (Imported)	191	-	219	219	Negotiation	Shahjahan Traders	Shop#5 Guru Nagar near Dital shah masjid Hyderabad
Steel Profiles (3810X1181X2Mm) 800 Nos. - (Imported)	1,610	-	1,848	1,848	Negotiation	Shahjahan Traders	Shop#5 Guru Nagar near Dital shah masjid Hyderabad
Steel Corrugated Profiler (Imported)	298	-	342	342	Negotiation	Shahjahan Traders	Shop#5 Guru Nagar near Dital shah masjid Hyderabad
Steel Corrugated Profile	203	-	233	233	Negotiation	Shahjahan Traders	Shop#5 Guru Nagar near Dital shah masjid Hyderabad
Steel Corrugated Profile	344	-	395	395	Negotiation	Shahjahan Traders	Shop#5 Guru Nagar near Dital shah masjid Hyderabad
Bulk Supply Of Profiles Lab System	16	-	19	19	Negotiation	Shahjahan Traders	Shop#5 Guru Nagar near Dital shah masjid Hyderabad
Steel Mould Profiles (800 Nos.)	653	-	750	750	Negotiation	Shahjahan Traders	Shop#5 Guru Nagar near Dital shah masjid Hyderabad
Generator Kw Ho	3,204	1,869	1,813	(56)	Negotiation	Muhammad Rafiq	House no B458 Sector 35A Zaman town, Korangi no 4 Karachi.
	6,533	1,869	5,635	3,766			
Motor vehicles							
Honda CD-70 Motorcycle	64	57	64	7	Insurance Claim	Habib Insurance Company Limited.	Karachi
Grand total	<u>6,597</u>	<u>1,926</u>	<u>5,699</u>	<u>3,773</u>			

Note

2018

2017

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

8.4 The depreciation charge for the year has been allocated as follows:

Cost of sales	33	53,016	59,596
Selling and distribution expenses	34	7,750	6,725
General and administrative expenses	35	22,601	22,610
		83,367	88,931

Notes to the Financial Statements for the year ended June 30, 2018

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

8.6 The forced sales value of leasehold land which was subject to revaluation by Oceanic surveyors is Rs.692.338 million (2017: Rs. 692.338 million).

8.7 The Company carries its freehold and leasehold land on revalued amounts. The latest revaluation was carried out in January 2016 by an independent valuer. Had there been no revaluation, the book value of freehold and leasehold land would have been Rs. 269.905 (2017: Rs. 269.905) million and Rs. 164.912 (2017: Rs. 169.141) million respectively and surplus on revaluation of property, plant and equipment would have been lower by Rs. 1,039.885 (2017: Rs. 1,064.230) million respectively.

8.8 Fair value measurement

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

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

Valuation techniques used to derive level 2 fair values - Freehold land and Leasehold land

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

8.8.3 There were no transfers between level 2 and 3 for recurring fair value measurements during the year.

Note	2018	2017
------	------	------

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

9 CAPITAL WORK IN PROGRESS

Buildings on leasehold land
Plant and machinery
Vehicles and transportation equipment

1,006	1,006
8,223	6,739
-	2,319
9,229	10,065

9.1 Movement of carrying amount is as follows:

Opening balance
Additions (at cost) during the year

10,065	5,581
61,831	32,820
71,896	38,401

Transfer to operating fixed assets during the year
Written off during the year
Closing balance

(62,667)	(26,536)
-	(1,800)
9,229	10,065

10 INTANGIBLE ASSETS

Intangible assets

10.1

334	431
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Notes to the Financial Statements for the year ended June 30, 2018

Note 2018 2017

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

10.1 Net carrying value basis

Opening net book value	431	466
Additions (at cost)	44	-
Amortization charge	(141)	(35)
Closing net book value	334	431
Gross carrying value basis		
Cost	21,210	21,166
Accumulated amortization	(20,876)	(20,735)
Net book value	334	431
Amortization rate % per annum	33.33	33.33

11 INVESTMENT PROPERTY

	COST		DEPRECIATION		NET BOOK VALUE		
	As at July 1, 2017	As at June 30, 2018	As at July 1, 2017	Depreciation for the year	As at June 30, 2018	Net book value As at June 30, 2018	Rate
	----- Rupees in thousand -----						
Building on lease hold land							
2018	50,762	50,762	8,885	2,539	11,424	39,338	5
2017	50,762	50,762	6,346	2,539	8,885	41,877	5

- 11.1 The fair value of investment property as of June 30, 2018 amounted to Rs. 126.585 million (2017: Rs. 126.585 million) as determined by an independent valuer. Force sales value of the investment property as determined by an independent valuer is Rs. 107.139 million (2017: Rs. 107.139 million).

Note 2018 2017

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

12 LONG-TERM INVESTMENT

Investment in associate	5,000	5,000
Less: Impairment in value	(5,000)	(5,000)
	-	-

12.1

- 12.1 The Company has 48.04 percent (2017: 48.04 percent) shareholding i.e 625,000 (2017: 625,000) ordinary shares of Rs.10/- each of Berdex Construction Chemicals (Private) Limited.

13 LONG-TERM LOANS AND ADVANCES

(Secured - considered good)		
Long-term loans to employees	13.1	2,356
(Unsecured - considered good)		
Long-term advance to supplier	13.4	3,040
		5,396
		4,283

Notes to the Financial Statements for the year ended June 30, 2018

13.1 Long-term loans to employees

	Note	2018	2017
----- Rupees in thousand -----			
Due from employees	13.3	3,412	1,763
Current portion shown under current assets	18	(1,056)	(520)
	13.2	<u>2,356</u>	<u>1,243</u>

13.2 Chief Executive Officer and Directors of the Company have not taken any loans and advances from the Company.

13.3 This represents interest free loan and are provided to employees by the Company for the purchase of motor vehicle (cars and motorcycle). These are repayable over the period ranging from 4 months to 5 years and are secured by way of registration of vehicles purchased in the name of the Company.

13.4 This represents advances to suppliers in the normal course of business and does not carry any interest or mark-up.

14 DEFERRED TAXATION

Tax effects of temporary differences relating to:

Accelerated tax depreciation		(8,032)	(11,625)
Liabilities against assets subject to finance lease		(5,124)	226
Provisions		70,809	82,200
Unabsorbed tax losses		47,691	61,051
Deferred income		3,424	4,965
		<u>108,768</u>	<u>136,817</u>
Minimum tax		91,020	74,433
	14.1	<u>199,788</u>	<u>211,250</u>
Less:			
Deferred tax asset not expected to be recovered with reasonable certainty	14.1	<u>161,829</u>	<u>156,633</u>
		<u>37,959</u>	<u>54,617</u>

14.1 Total deferred tax asset arising due to timing difference calculated at applicable tax rates as at balance sheet date amounted to Rs. 199.788 million (2017: Rs. 211.250 million) debit. Out of this, deferred tax asset of Rs. 161.829 million (2017: Rs. 156.633 million) has not been recognized in these financial statements in accordance with the stated accounting policy of the Company.

15 STORES, SPARES AND LOOSE TOOLS

	Note	2018	2017
----- Rupees in thousand -----			
Stores			
in hand		4,867	4,164
in transit		439	768
		<u>5,306</u>	<u>4,932</u>
Spares		33,913	35,071
Loose tools		9,835	9,453
		<u>49,054</u>	<u>49,456</u>
Provision for slow moving stores and spares	15.1	(12,543)	(12,915)
	15.2	<u>36,511</u>	<u>36,541</u>

Notes to the Financial Statements for the year ended June 30, 2018

	Note	2018	2017
----- Rupees in thousand -----			
15.1	Provision for slow moving stores and spares comprises:		
	Balance at the beginning of the year	12,915	13,026
	Reversals during the year	(372)	(111)
	Balance at the end of the year	<u>12,543</u>	<u>12,915</u>

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

	Note	2018	2017
----- Rupees in thousand -----			
16	STOCK-IN-TRADE		
Raw materials			
in hand		191,324	241,296
in transit		182,746	138,256
		<u>374,070</u>	<u>379,552</u>
Work-in-process		114,926	122,179
Finished goods	16.1		
manufactured	16.2	262,519	190,736
trading	16.3	64,022	21,808
		<u>326,541</u>	<u>212,544</u>
		<u>815,537</u>	<u>714,275</u>

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

16.2 Finished goods - manufactured

Manufactured goods - At cost		296,745	226,163
Provision for slow moving stock	16.2.1	(34,226)	(35,427)
		<u>262,519</u>	<u>190,736</u>

- 16.2.1** Provision for slow moving and obsolete - finished goods:

Balance at beginning of the year		35,427	25,597
Provision for the year		-	9,830
(Reversal) for the year		(1,201)	-
Balance at end of the year		<u>34,226</u>	<u>35,427</u>

16.3 Finished goods - trading goods

Trading goods - At cost		111,631	71,968
Provision for slow moving stock	16.3.1	(47,609)	(50,160)
		<u>64,022</u>	<u>21,808</u>

- 16.3.1** Provision for slow moving and obsolete - trading goods:

Balance at beginning of the year		50,160	51,988
Provision for the year		-	-
(Reversal) for the year		(2,551)	(1,828)
Balance at end of the year		<u>47,609</u>	<u>50,160</u>

Notes to the Financial Statements for the year ended June 30, 2018

	Note	2018	2017
----- Rupees in thousand -----			
17 TRADE DEBTS			
(Unsecured - considered good)			
Due from associated undertakings		-	927
Others		244	-
Export		184,467	136,482
Local		184,711	137,409
(Unsecured - considered doubtful)			
Due from Turnkey project	17.1	17,414	17,414
Due from Others		123,633	123,316
		141,047	140,730
		325,758	278,139
Provision for doubtful debts			
Turnkey project	17.2	(17,414)	(17,414)
Others	17.3	(123,633)	(123,316)
		(141,047)	(140,730)
	17.4	184,711	137,409

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

17.2 Provision for doubtful debts- Turnkey

Opening balance		17,414	17,414
Charge for the year	36	-	-
Written off		-	-
Closing balance		17,414	17,414

17.3 Provision for doubtful debts- Other than Turnkey

Opening balance		123,316	135,866
Charge for the year		317	3,654
Written off		-	(16,205)
Closing balance		123,633	123,316

17.4 Aging of receivable

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

	Aging days					Total Amount
	Neither past due nor impaired	30 days upto 90 days	90 days upto 180 days	180 days upto 360 days	Above 360 days	
	----- Rupees in thousand -----					
2018	123,357	26,904	13,186	21,016	248	184,711
2017	77,826	40,554	4,576	9,984	4,469	137,409

Notes to the Financial Statements for the year ended June 30, 2018

17.5 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs. 15.943 million.

17.6 These are in normal course of business and interest free.

Note	2018	2017
------	------	------

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

18 LOANS AND ADVANCES

(Secured - considered good)			
Loans to employees			
Current portion of long-term loans to employees	13	1,056	520
(Unsecured - considered good)			
Advances			
to employees	18.1	3,558	3,525
to suppliers / contractors	18.2	53,554	76,314
others		190	190
		57,302	80,029
(Unsecured - considered doubtful)			
Advances			
to suppliers / contractors		500	500
Provision for doubtful advances		(500)	(500)
		-	-
	15.3	58,358	80,549

18.1 This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred. These advances do not carry any interest or mark-up.

18.2 This represents advances to suppliers in the normal course of business and does not carry any interest or mark-up.

18.3 Chief Executive Officer and Directors of the Company have not taken any loans and advances from the Company.

Note	2018	2017
------	------	------

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

19 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits - (considered good)		
Tender deposits	14,693	5,647
Margin deposits	18,436	16,528
Other deposits	-	7,597
	<u>33,129</u>	<u>29,772</u>
Short term prepayments	1,646	1,467
	<u>34,775</u>	<u>31,239</u>
Considered doubtful		
Trade deposits	5,182	5,182
Provision for doubtful tender deposit	(5,182)	(5,182)
	<u>-</u>	<u>-</u>
19.1	<u>34,775</u>	<u>31,239</u>

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

Notes to the Financial Statements for the year ended June 30, 2018

20 OTHER RECEIVABLES

	Note	2018	2017
----- Rupees in thousand -----			
(Considered good)			
Provident fund	20.1	1,176	333
Sales tax and excise duty		2,198	-
Others		17,975	6,494
		<u>21,349</u>	<u>6,827</u>
(Considered doubtful)			
Receivable from K-electric		10,227	10,227
Provision or doubtful other receivables		(10,227)	(10,227)
		<u>-</u>	<u>-</u>
		<u>21,349</u>	<u>6,827</u>

20.1 Provident fund

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

The Trustees have intimated that the size of the Fund as at June 30, 2018 was Rs. 277.426 million (2017: Rs. 282.279 million). Details are as follows:

	Note	2018	2017
----- Rupees in thousand -----			
		(un-audited)	(audited)
Size of the fund		277,426	282,279
Cost of investment made		158,745	124,484
Fair value of investment	20.1.1	259,045	245,952
Percentage of investment made		61%	87.13%

As intimated by the Trustees, the cost of the investment made as at June 30, 2018 was Rs. 158.745 million (2017: Rs. 124.484 million) which is equal to 61% (2017: 87.13%) of the total fund size. The fair value of the investment was Rs. 259.045 million at that date. The category wise break up of investment is given below:

20.1.1 Category wise breakup

	Note	2018	2017
----- Rupees in thousand -----			
Mutual funds		142,075	163,243
Term finance certificates		39,960	19,968
Fixed deposit receipts		70,000	42,000
Bank deposits		7,010	20,741
		<u>259,045</u>	<u>245,952</u>

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

Notes to the Financial Statements for the year ended June 30, 2018

	Note	2018	2017
----- Rupees in thousand -----			
21 TAXATION - NET			
Advance tax		623,029	536,038
Provision for taxation		(344,582)	(307,935)
		<u>278,447</u>	<u>228,103</u>
22 CASH AND BANK BALANCES			
Cash in hand		2,896	2,148
Bank balances			
Current account		20,301	34,311
PLS Savings account	22.1	738	209
		<u>21,039</u>	<u>34,520</u>
		<u>23,935</u>	<u>36,668</u>

22.1 These carry profit rate ranging from 5.6% to 6% (2017: 3.75%) per annum.

23 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
----- (Number of shares) -----			----- Rupees in thousand -----	
1,714,264	1,714,264	Ordinary shares of	17,143	17,143
476,386	476,386	Rs.10/- each issued for cash	4,764	4,764
8,573,309	8,573,309	Issued for consideration	85,733	85,733
<u>10,763,959</u>	<u>10,763,959</u>	other than cash	<u>107,640</u>	<u>107,640</u>
		Issued as fully paid bonus shares		

23.1 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 Article of association of the Company.

23.2 The Holding Company holds 6,800,648 (2017: 6,800,648) ordinary shares representing 63.18 percent (2017: 63.18 percent) shareholding as of balance sheet date.

	Note	2018	2017
----- Rupees in thousand -----			
24 RESERVES			
Capital reserve		5,655	5,655
Share premium	24.1	<u>5,655</u>	<u>5,655</u>
Revenue reserve			
General reserve		160,000	160,000
Un-appropriated losses		(34,450)	(57,297)
		<u>125,550</u>	<u>102,703</u>
		<u>131,205</u>	<u>108,358</u>

Notes to the Financial Statements for the year ended June 30, 2018

24.1 This reserve can be utilized by the Company only for the purposes specified in section 81(3) of the Companies Act, 2017.

24.2 Movement of reserves have been reflected in the statement of changes in equity.

Note	2018	2017
------	------	------

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

25 LONG-TERM FINANCING

(Secured)

United Bank Limited
National Bank of Pakistan

25.1
25.2

Less: Current portion

-	22,222
-	80,000
-	102,222
-	(102,222)
-	-

25.1 Corresponding figures represent financing obtained through creation of Shirkat-ul-Mulk (joint ownership) in the Musharaka property situated at plot No. 561 & 561-A, Sunder Industrial Estate, Raiwand road, Lahore, based on Diminishing Musharaka. The Musharaka units were to be repurchased during a period of 5 years' time with no grace period. All of the units comprising 91% of the bank's musharaka share would be purchased during the period. This carried rent / profit at the rate of 6 month KIBOR plus 2% per annum with a ceiling of 18% and a floor of 10%. This was secured by means of proportionate ownership and mortgage in respect of the Musharaka Property in favour of the bank to the extent of the Company's Musharaka share of 9% in the property.

25.2 The loan carried markup rate of three month KIBOR + 2% per annum, payable quarterly. The loan was repayable within 2.5 years in ten equal quarterly installments commencing from August 2015. The loan was secured against first exclusive mortgage charge over factory land and building and hypothecation charge over all present and future stocks and book debts of the Company, ranking pari-passu charge.

Note	2018	2017
------	------	------

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

26 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

(Secured)

Balance as July 01
Additions during the year

Payments / adjustments during the year

Less: Payable within one year shown under current liabilities

111,230	74,459
14,105	58,238
125,335	132,697
(31,546)	(21,467)
93,789	111,230
(36,359)	(30,128)
57,430	81,102

2018

Upto one year	One to five year	Total
---------------	------------------	-------

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

Minimum lease payments outstanding	43,425	61,185	104,610
Financial charges not due	(7,066)	(3,755)	(10,821)
Present value of minimum lease payments	36,359	57,430	93,789
Payable within one year shown under current liabilities	(36,359)	-	(36,359)
	-	57,430	57,430

Notes to the Financial Statements for the year ended June 30, 2018

	2017		
	Upto one year	One to five year	Total
	----- Rupees in thousand -----		
Minimum lease payments outstanding	39,254	89,008	128,262
Financial charges not due	(9,125)	(7,906)	(17,031)
Present value of minimum lease payments	30,128	81,102	111,230
Payable within one year shown under current liabilities	(30,128)	-	(30,128)
	-	81,102	81,102

- 26.1** This represents finance leases entered into with a leasing company for vehicles and plant and machinery. The remaining balance of liability is payable by 2020 in monthly installments. Financing rates ranging from 10.16% to 11.65% (2017: 10.16% to 11.65%) per annum have been used as discount factor.

	Note	2018	2017
		----- Rupees in thousand -----	
27 DEFERRED INCOME			
Gain on sale and leaseback transaction		17,014	19,445
Amortisation during the year		(4,860)	(2,431)
		12,154	17,014
Current portion of deferred income		(4,860)	(4,860)
		7,294	12,154
28 TRADE AND OTHER PAYABLES			
Trade creditors	28.1	397,234	302,796
Accrued liabilities		84,756	97,353
Advance from customers		75,887	62,514
Advance from tenants		5,536	1,515
Infrastructure cess payable		39,813	35,092
Security deposits from distributors and others	28.2	10,766	12,300
Workers' Profit Participation Fund payable	28.3	5,939	4,390
Workers' Welfare Fund		4,005	5,205
Sales tax and excise duty	28.4	-	3,835
Others		9,935	804
		633,871	525,804

- 28.1** These include amount due to a related party amounting to Rs 0.164 million (2017: Rs 0.924 million)

28.2 Security deposits from distributors and others

Deposits received from supplier	6	6
Deposits received from dealers	4,400	4,400
Deposits received from tenants	6,360	7,894
	10,766	12,300

- 28.2.1** As per the requirement of Section 217 of the Companies Act, 2017, the deposits received from the aforementioned parties are not utilized by the Company. These deposits are kept in a separate bank account maintained with Standard Chartered Bank Limited.

Notes to the Financial Statements for the year ended June 30, 2018

Note 2018 2017

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

28.3 Workers' Profit Participation Fund

Balance at July 01		4,390	4,619
Interest on funds utilized in Company's business	38	178	217
Allocation for the year	36	3,150	3,543
		7,718	8,379
Amount paid during the year		(1,779)	(3,989)
Balance at June 30		5,939	4,390

- 28.4** An assessment order was passed by the Deputy Commissioner Inland Revenue, Karachi whereby, the sales tax demand of Rs. 32.332 million along with default surcharge and penalty of Rs. 2.948 million was established against the Company. In prior year, the Company has paid Rs. 20.005 million against the said demand and filed an appeal before Commissioner Inland Revenue (Appeals) (CIRA) against the remaining demand. CIRA reduced the remaining demand to Rs. 5.318 million including default surcharge and penalty. However, Commissioner Inland Revenue challenged the order passed by CIRA in Appellant Tribunal, which is pending. The management, in view of its legal advice, expects a favorable outcome in this respect. However, as a matter of prudence, the Company has recorded a provision of Rs. 8.945 million in these financial statements.

Note 2018 2017

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

29 SHORT TERM BORROWINGS

(Secured)			
Karobar finance	29.1	250,000	250,000
Running finance	29.2	671,175	679,818
Finance against trust receipts	29.3	187,694	180,482
Tijarah finance	29.4	100,000	-
Murabaha finance	29.4	63,743	-
		1,272,612	1,110,300

- 29.1** This facility has been obtained from Bank Islami aggregating to Rs.250 million (June 30, 2017: Rs. 250 million). The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property, plant and equipment of Rs. 333.33 million (June 30, 2017: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 9.13 to 9.16 percent (June 30, 2017: 9.15 to 9.06 percent) per annum.

- 29.2** These facilities have been obtained from various commercial banks aggregating to Rs. 700 million (June 30, 2017: Rs. 700 million) out of which Rs. 29.825 million (June 30, 2017: Rs. 20.182 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. 1,562 million (June 30, 2017: Rs. 1,562 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 8.30 to 9.62 percent (June 30, 2017: 8.30 to 9.62 percent) per annum.

- 29.3** This represent working capital facilities availed from a commercial bank carrying markup of 6 months KIBOR + 1.75% (June 30, 2017: 3 months KIBOR + 1.75% per annum). The facility is secured against first exclusive charge of Rs. 666.67 million by way of equitable mortgage on the Company's land, building and hypothecation over machinery and equipment.

Notes to the Financial Statements for the year ended June 30, 2018

- 29.4** An overall facility of Rs.300 Million has been obtained from Al-Baraka Bank of Rs.100 million each under Tijarah finance Murabaha financing and Istisna 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. Both of the financing facility carries markup at 3 months KIBOR+2% (June 30, 2017: Nil). The Company has not utilized the amount of Rs.36.250 million under Murabaha finance and Rs. 100 million under Istisna financing.

Note	2018	2017
------	------	------

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

30 INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long term borrowing
Term loan
Short term borrowing
Karobar finance
Running finance
Finance against trust receipts
Murabaha finance
Tijarah Finance
Other charges

-	881
3,224	3,984
15,620	13,204
2,149	-
385	-
938	-
-	3,545
22,316	20,733
22,316	21,614

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

- 31.1.1** During the year ended June 30, 2015 the Government of Pakistan promulgated Gas Infrastructure Development Cess (GIDC) Act, 2015 and levied GIDC on gas bills at the rate of Rs.100 / MMBTU on all industrial consumers. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. However, the Company filed a suit before the Honourable High Court of Sindh (HCS), challenging the vires of GIDC Act, 2015 which passed an order restraining the Sui Southern Gas Company Limited (SSGCL) from demanding and collecting GIDC as levied by the GIDC Act, 2015. During the last year, the case was decided by the High Court of Sindh in favor of the Company. Subsequent to the judgment, on appeal filed by the SSGCL, the High Court of Sindh suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable High Court of Sindh. The financial exposure of the Company up to June 30, 2018 amounts to Rs. 51.827 million, however, no provision in the financial statements has been made as the Company believes based on legal advice that the amount shall not be payable.

- 31.1.2** 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 complaint were taken coram non judice and has maintained that the EPT has no jurisdiction of the subject matter. The said constitutional petition was dismissed by HCS vide its judgment dated March 9, 2011. The Company filed petition for leave to appeal against the judgment of HCS before the Honorable Supreme Court of Pakistan (SCP) which granted leave to appeal to the Company vide its order dated June 23, 2011 and converted the petition into an appeal. Thereafter, after the partial hearing of the civil appeal, the SCP vide its order dated October 25, 2011 directed a commission constituted by the EPT to submit the report of environmental audit of the Company's factory and surrounding premises. Pursuant to the direction of SCP, a report was filed ostensibly on behalf of a commission constituted by the EPT to which objections have been filed by the Company before SCP. The hearing of civil appeal on merits is now pending. Based on the opinion of the legal counsel of the Company, the management expects a favorable outcome of the case. Accordingly, no provision for any potential demand in respect of the above has been made in these financial statements.

Notes to the Financial Statements for the year ended June 30, 2018

31.1.3 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 14.117 million (June 30, 2017 : Rs. 14.90 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.

	Note	2018	2017
----- Rupees in thousand -----			
31.2 Commitments			
Outstanding letters of credit		350,308	326,049
Outstanding letter of guarantee		97,053	85,053
Postdated cheques		133,284	33,775
Outstanding contracts		238,539	34,109
Duties payable on goods in transit		299,565	105,526
		<u>1,118,749</u>	<u>584,512</u>
32 SALES-NET			
Local sales		3,445,834	2,825,761
Export sales	32.1	10,372	-
Gross sales		<u>3,456,206</u>	<u>2,825,761</u>
Less:			
Sales tax		<u>(534,491)</u>	<u>(434,170)</u>
		<u>2,921,715</u>	<u>2,391,591</u>

32.1 These represents Export sales of PVC pipes made to Polyplastic Limited, a company listed on the stock exchange of Singapore situated at 150, Orchard plaza, Orchard road. Sales of PVC pipes is made against receipt of advance.

	Note	2018	2017
----- Rupees in thousand -----			
33 COST OF SALES			
Manufactured goods			
Raw materials consumed			
Opening stock		379,552	234,109
Purchase		2,006,041	1,707,621
Closing stock		<u>(374,070)</u>	<u>(379,552)</u>
Raw materials consumed		<u>2,011,523</u>	<u>1,562,178</u>
Manufacturing overheads			
Stores, spares and loose tools consumed	33.1	62,535	54,562
Salaries, wages and benefits	33.2	132,491	113,600
Procured services		78,804	54,607
Fuel, water and power		117,621	115,961
Insurance		5,174	4,307
Travelling		144	156
Communication		1,249	1,739
Depreciation	8.4	53,016	59,596
Rent, rates and taxes		9,762	5,289
Repair and maintenance		31,221	20,954
Technical assistance fee		-	6,850
Printing and stationary		774	946
Provision for stores, spares and loose tools written back	15.1	<u>(372)</u>	<u>(111)</u>
Other expenses		<u>3,248</u>	<u>2,624</u>
		<u>495,667</u>	<u>441,080</u>
		<u>2,507,190</u>	<u>2,003,258</u>

Notes to the Financial Statements for the year ended June 30, 2018

	Note	2018	2017
----- Rupees in thousand -----			
Work-in-process			
Opening stock		122,179	75,489
Closing stock		(114,926)	(122,179)
Cost of goods manufactured		2,514,443	1,956,568
Finished goods			
Opening stock		190,735	185,811
Closing stock		(262,519)	(190,736)
		2,442,659	1,951,643
Trading goods			
Opening stock		21,808	22,880
Purchase		62,496	12,267
Closing stock		(64,022)	(21,808)
		20,282	13,339
		2,462,941	1,964,982
33.1 Stores spares and loose tools consumed			
Opening stock		49,456	48,487
Purchases		62,133	55,531
Closing stock		(49,054)	(49,456)
		62,535	54,562

33.2 These include Rs. 4.242 million (2017: Rs. 3.868 million) and Rs. 3.732 million (2017: Rs 3.33 million) in respect of provident fund and bonus to workers respectively.

	Note	2018	2017
----- Rupees in thousand -----			
34 DISTRIBUTION COSTS			
Salaries, wages and benefits	34.1	72,725	69,289
Repair and maintenance		3,745	2,429
Depreciation	8.4	7,750	6,725
Advertising and sales promotion		4,990	3,960
Communication		2,289	1,951
Travelling		4,264	2,909
Transportation and other charges	34.2	37,674	37,229
Electricity, gas and water		6,638	5,473
Insurance		388	347
Rent, rates and taxes		1,793	1,470
Sundry expenses		3,031	3,068
		145,287	134,850

34.1 These include Rs. 3.55 million (2017: Rs. 2.855 million) and Rs. 0.192 million (2017: Rs 0.220 million) in respect of provident fund and bonus to workers respectively.

34.2 This includes Rs. 2.314 million (2017: Rs. Nil) related to transportation and other charges against export sales.

Notes to the Financial Statements for the year ended June 30, 2018

35 ADMINISTRATIVE EXPENSES

	Note	2018	2017
----- Rupees in thousand -----			
Salaries wages and benefits	35.1	64,512	51,983
Repair and maintenance		8,667	7,289
Depreciation on property, plant and equipment	8.4	22,601	22,610
Depreciation on investment property	11	2,539	2,539
Amortisation of intangible asset		141	35
Procured services		6,280	5,050
Auditor's remuneration	35.2	1,916	2,350
Communication		6,446	6,510
Travelling		1,947	1,691
Professional charges		4,622	3,561
Electricity, gas and water		17,092	15,658
Insurance		1,405	1,189
Printing stationary and subscription		2,490	1,701
Rent, rates and taxes		2,301	2,326
Sundry expenses		5,429	3,477
		<u>148,388</u>	<u>127,969</u>

35.1 These include Rs. 1.644 million (2017: Rs. 1.548 million) and Rs. 0.274 million (2017: Rs. 0.184 million) in respect of provident fund and bonus to workers respectively.

35.2 Auditor's remuneration

	Note	2018	2017
----- Rupees in thousand -----			
Audit fee		1,200	1,200
Fee for half yearly review		475	475
Other services		188	185
Out of pocket expenses		53	490
		<u>1,916</u>	<u>2,350</u>

36 OTHER EXPENSES

	Note	2018	2017
Non-executive director's fee		1,620	1,520
Workers' Profit Participation Fund	28.3	3,150	3,543
Workers' Welfare Fund		1,260	3,055
Donations		171	119
Capital work in progress-written off	9.1	-	1,800
Exchange loss		42,098	4,302
Provision for doubtful other receivable		-	10,227
Provision against doubtful trade debts	17.2	317	3,654
Provision against doubtful trade deposits		-	212
		<u>48,616</u>	<u>28,432</u>

37 OTHER INCOME

	Note	2018	2017
Rental income		38,274	35,688
Gain on disposal of property, plant and equipment		3,773	251
Sales of raw material		3,520	7,101
Interest income		51	-
Net income from jointing service		1,652	922
Amortisation of deferred income		4,860	2,431
Liabilities no longer payable written back		11,503	-
		<u>63,633</u>	<u>46,393</u>

Notes to the Financial Statements for the year ended June 30, 2018

	Note	2018	2017
----- Rupees in thousand -----			
38 FINANCE COST			
Long-term financing		1,705	23,675
Short-term borrowings		103,281	79,664
Liabilities against assets subject to finance lease		9,824	9,262
Worker's Profit Participation Fund	28.3	178	217
Bank and other charges		6,542	4,925
		<u>121,530</u>	<u>117,744</u>
39 TAXATION			
For the year			
Current	39.1	36,647	24,010
Prior year		-	(1,002)
Deferred		16,657	24,158
		<u>53,304</u>	<u>47,166</u>

39.1 Current tax charge for the year represents turnover tax of Rs. 36,647 million at the rate of 1.25% of the turnover for the year.

39.2 Comparison of tax provision against tax assessments

Years	Tax provision	Tax assessment/ tax return
2016-17	24,010	23,888
2015-16	22,538	21,536
2014-15	34,809	21,793

39.3 The income tax assessment of the Company has been finalised upto tax year 2017.

39.4 The provision for current income tax is mainly based on minimum tax under Section 113 of the Income Tax Ordinance, 2001. Therefore relationship between income tax expense and accounting profit has not been presented.

	Note	2018	2017
----- Rupees in thousand -----			
40 EARNING PER SHARE			
BASIC AND DILUTED			
The basic earning per share as required under "IAS 33 Earning per share" is given below:			
Net profit for the year		5,283	16,844
Weighted average number of ordinary shares		10,764	10,764
Earnings per share - basic and diluted (Rupees)		0.49	1.56

Notes to the Financial Statements for the year ended June 30, 2018

	Note	2018	2017
----- Rupees in thousand -----			
41 CASH GENERATED FROM OPERATIONS			
Profit before taxation		58,586	64,010
Adjustment for non-cash and other items			
Depreciation			
Property, plant and equipment	8.4	83,367	88,931
Investment property	11	2,539	2,539
Amortization	10.1	141	35
Gain on disposal of property, plant and equipment		(3,773)	(251)
Amortization of deferred income		(4,860)	(2,431)
Finance costs	38	121,530	117,741
Interest income		(51)	-
Capital work in progress written off		-	1,800
Working capital changes	41.1	(37,447)	(150,480)
		220,032	121,894
41.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		30	(1,080)
Stock in trade		(101,262)	(195,986)
Trade debts		(47,302)	(18,951)
Loans and advances		21,078	(389)
Trade deposits and short-term prepayment		(3,536)	(10,294)
Other receivable		(14,522)	5,471
		(145,514)	(221,229)
Increase in current liabilities			
Trade and other payable		108,067	70,749
		(37,447)	(150,480)

41.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

Description	Liabilities		
	Long term Financing	Short term borrowing	Total
----- Rupees in thousand -----			
Balance as at July 1, 2017	102,222	430,482	532,704
Proceeds from short term borrowings	-	948,110	948,110
Repayment of long term financing	(102,222)	-	(102,222)
Repayment of short term borrowings	-	(777,157)	(777,157)
Movement of liabilities to cash flows	(102,222)	170,953	68,731
Balance as at June 30, 2018	-	601,435	601,435

Notes to the Financial Statements for the year ended June 30, 2018

42 REMUNERATION TO THE CHIEF EXECUTIVE OFFICER AND EXECUTIVES

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

	Chief Executive Officer		Directors and Executives		Total	
	2018	2017	2018	2017	2018	2017
	----- Rupees in thousand -----					
Managerial remuneration	21,000	13,500	48,611	47,732	69,611	61,232
Housing						
-Rent	-	-	15,321	12,819	15,321	12,819
-Utilities	1,354	1,070	4,239	3,069	5,593	4,139
-Other items	1,473	1,251	2,522	2,052	3,995	3,303
Bonus	-	-	1,688	5,131	1,688	5,131
Retirement Benefits	-	-	4,095	3,260	4,095	3,260
Insurance	-	-	5,099	2,032	5,099	2,032
Medical and other reimbursable expenses	-	241	2,472	1,756	2,472	1,997
	23,827	16,062	84,047	77,851	107,874	93,913
Number of persons	1	1	40	36	40	36

- b) Aggregate amount charged in these financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 1,050 million (2017: Rs. 1,050) and Rs. 420 million (2017: Rs. 370 million) respectively. The Directors fees for attending Board and Audit Committee meetings were paid as prescribed in Articles of Association.
- c) The current and corresponding year figures include remunerations of Company's Executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.
- d) The Chief Executive and certain executives are also provided with cars for business and personal use in accordance with the Company car scheme.

43 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.

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

Notes to the Financial Statements for the year ended June 30, 2018

Name of company	Nature of Relation	Basis of Relation
Sikander (Private) Limited	Holding company	63.18% shares held in the company
Berger DPI (Private) Limited	Associate company	Common Director
Berdex Construction Chemicals (Private) Limited	Associate company	Common Director
Ray Shipping Enterprise Limited	Associate company	Common Director
Berger Paints Pakistan Limited	Associate company	Common Director
THK Solutions (Private) Limited	Associate company	Common Director
Muznash (Private) Limited	Associate company	Common Director
Siemens Pakistan Engg. Co. Limited	Associate company	Common Director
German Pakistan Chamber of Commerce & Industry	Associate company	Common Director
Bandenawaz Private Limited	Associate company	Common Director

Name of related party	Nature of transaction	2018	2017
----- Rupees in thousand -----			
Sikander (Private) Limited (Holding Company)	Rent paid	745	514
Berger Paints Pakistan Limited (Associated Company)	Purchase of goods	1,439	2,478
Siemens Pakistan Engineering Company Limited (Associated Company)	Sales of goods	8,113	38,369
Provident fund	Contribution to staff retirement benefit plans	9,437	8,272

Note	2018	2017
------	------	------

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

43.1 Year end balances

Receivable from related parties	-	927
Payable to related parties	(164)	(924)

43.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 42). There are no transactions with key management personnel other than under their terms of employment.

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

Notes to the Financial Statements for the year ended June 30, 2018

44 OPERATING SEGMENTS

44.1 The activities of the Company are organised into business units based on their products and have the following operating segments:

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

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

44.2 Operating results

	Chrysotile Cement	Plastic	Others	Total
----- Rupees in thousand -----				
2018				
Sales - net	1,018,911	1,902,804	-	2,921,715
Segment Result	57,577	107,523	-	165,100
Unallocated expense				
Other expenses				(48,616)
Other income				63,633
Finance cost				(121,530)
Share of loss on investment in an associate				-
Taxation				(53,304)
Profit for the year				5,283
Other information				
Capital expenditure	20,736	7,053	23,529	51,318
Unallocated corporate capital expenditure				11,306
Total capital expenditure				62,624
Depreciation	992	10,035	-	11,027
Unallocated corporate depreciation and amortization				72,340
Total depreciation and amortization				83,367

Notes to the Financial Statements for the year ended June 30, 2018

	Chrysotile Cement	Plastic	Others	Total
----- Rupees in thousand -----				
2017				
Sales - net	941,543	1,449,304	744	2,391,591
Segment Result	103,325	60,177	288	163,790
Unallocated expense				
Other operating expenses				(28,432)
Other operating income				46,393
Finance cost				(117,741)
Share of profit on investment in an associate				-
Taxation				(47,166)
Profit for the year				16,844
Other information				
Capital expenditure	1,868	7,356	5,477	14,701
Unallocated corporate capital expenditure				19,025
Total capital expenditure				33,726
Depreciation	880	9,883	-	10,763
Unallocated corporate depreciation and amortization				78,169
Total depreciation and amortization				88,932

44.3 Segment assets and liabilities

	Chrysotile Cement	Plastic	Others	Total
----- Rupees in thousand -----				
2018				
Segment assets	391,856	700,277	52,076	1,144,209
Unallocated corporate assets				2,186,310
Total assets				3,330,519
Segment liabilities	196,917	366,519	12,333	575,769
Unallocated corporate liabilities				1,476,021
Total liabilities				2,051,790
2017				
Segment assets	382,724	719,838	199,665	1,302,227
Unallocated corporate assets				1,883,153
Total assets				3,185,380
Segment liabilities	227,419	432,047	12,333	671,826
Unallocated corporate liabilities				1,233,326
				1,905,152

Notes to the Financial Statements for the year ended June 30, 2018

44.4 Segment assets and liabilities

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

44.5 Geographical Information

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

Sales of the Company were mainly made to customers in Pakistan. Further there are no export sales other than those disclosed in note 32.1.

45 CAPACITY AND PRODUCTION

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

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

46.1 Market risk

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

46.1.1 Interest rate risk

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

	Increase / decrease in basis points	Effect on profit before tax (Rupees in thousands)
2018	+100 -100	(13,664) 13,664
2017	+100 -100	(13,238) 13,238

Notes to the Financial Statements for the year ended June 30, 2018

46.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. As at June 30, 2018, if the Pakistani Rupee (Pak Rupee) had weakened / strengthened by 5% against the USD and Euro, with all other variables held constant, The effect on the Company's profit before tax is as follows:

	Increase / decrease in US\$ and Euro to Pak rupee	Effect on profit before tax (Rupees in thousands)
2018	+5%	(16,552)
	-5%	16,552
2017	+5%	19,249
	-5%	(19,249)

46.2 Credit risk

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

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

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

Note	2018	2017
----- Rupees in thousand -----		
Long term loans	5,396	4,283
Long term deposits	29,245	24,431
Trade debts	184,711	137,409
Loan and advances	58,358	80,549
Trade deposits	33,308	29,772
Other receivable	21,349	6,827
Bank balances	21,039	36,668
	353,406	319,939

Notes to the Financial Statements for the year ended June 30, 2018

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

Note	2018	2017
----- Rupees in thousand -----		
Trade debts		
Neither past due nor impaired	123,357	77,826
Past due but not impaired	61,354	59,583
	184,711	137,409
Bank balances		
A-1+	10,308	20,240
A-1+	10,146	10,821
A-1	83	863
A-1	502	2,596
	21,039	34,520

46.3 Liquidity risk

Liquidity risk represents the risk that a company will encounter difficulties in meeting obligations with the financial liabilities. The Company manage its risk to shortage of funds by maintaining a balance between continuity of funding and flexibility through the use of financing. As of June 30, 2018, The Company's current liabilities exceed its current assets by Rs. 736,245 million but the Company is confident that it will have sufficient cash flows to meet its financial obligations in the foreseeable future.

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

	2018			
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years
----- Rupees in thousand -----				
Liabilities against assets				
subject to finance lease	-	-	36,359	57,430
Trade and other payable	609,509	-	-	-
Accrued markup	-	22,316	-	-
Short term borrowing	-	-	1,272,612	-
	609,509	22,316	1,308,971	57,430
				1,998,226
	2017			
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years
----- Rupees in thousand -----				
Liabilities against assets				
subject to finance lease	-	-	30,128	81,102
Long term financing	-	-	102,222	-
Trade and other payable	159,008	191,972	111,628	76,239
Accrued markup	-	21,614	-	-
Short term borrowing	-	-	1,110,300	-
	159,008	213,586	1,354,278	157,341
				1,884,213

Notes to the Financial Statements for the year ended June 30, 2018

46.4 Capital management

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

Note	2018	2017
----- Rupees in thousand -----		
Long term financing	-	102,222
Accrued markup	22,316	21,614
Short term borrowings	1,272,612	1,110,300
Total debt	1,294,928	1,234,136
Cash and bank balances	(23,935)	(36,668)
Net debt	1,270,993	1,197,468
Total equity excluding surplus on revaluation of property, plant and equipment	238,845	215,998
Total equity and net debt excluding surplus on revaluation of property, plant and equipment	1,509,838	1,413,466
Gearing ratio excluding the effect of surplus of revaluation of property, plant and equipment	84%	85%
Total equity including surplus on revaluation of property, plant and equipment	1,278,730	1,280,228
Total equity and net debt including surplus on revaluation of property, plant and equipment	2,549,723	2,477,696
Gearing ratio including the effect of surplus of revaluation of property, plant and equipment	50%	52%

46.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arms-length transaction other than in a forced or liquidation sale. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. None of the financial instruments of the Company are carried at fair value as of the reporting date.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 25, 2018 by the Board of Directors of the Company.

48 NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

48.1 Subsequent to the year ended June 30, 2018, the Board of Directors in its meeting held on September 25, 2018 has proposed final cash dividend @ Re. 0.20 per share amounting to Rs. 2.153 (2017: Rs. 6.781) million for approval of members at the Annual General Meeting.

48.2 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), every public company is obliged to pay tax at the rate 7.50% on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

Notes to the Financial Statements for the year ended June 30, 2018

Based on the above fact, the Board of Directors of the Company has proposed / approved cash dividend amounting to Rs. 5.123 million for the financial and Tax Year 2018 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly no further tax provision has been recorded under section 5A of the Ordinance.

49 CORRESPONDING FIGURES

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

50 GENERAL

- 50.1** Number of employees as at 30 June, 2018 was 349 (2017: 404) and average number of employees during the year was 353 (2017: 403).
- 50.2** Number of factory employees as at 30 June, 2018 was 246 (2017: 234) and average number of employees during the year was 249 (2017: 236).
- 50.3** Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.

QAZI SAJID ALI
Chief Executive Officer

ABU TALIB H.K. DADA
Director

MUHAMMAD YOUSUF
Chief Financial Officer

Pattern of Shareholding as of June 30, 2018

NUMBER OF SHARE HOLDERS	S H A R E H O L D I N G S			TOTAL SHARES HELD
2,893	1	-	100	50,901
533	101	-	500	127,611
148	501	-	1000	105,806
92	1001	-	5000	182,487
12	5001	-	10000	77,024
7	10001	-	15000	84,415
1	15001	-	20000	20,000
1	25001	-	30000	29,751
2	50001	-	55000	106,500
2	90001	-	95000	184,452
1	275001	-	280000	279,198
1	290001	-	295000	293,067
1	295001	-	300000	298,067
2	300001	-	305000	608,134
1	310001	-	315000	310,469
1	1205001	-	1210000	1,205,429
1	6800001	-	6805000	6,800,648
3,699				10,763,959

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
INDIVIDUALS	3,681	3,947,229	36.67%
NIT	2	442	0.00%
INSURANCE COMPANY	1	25	0.00%
ASSOCIATED COMPANY	1	6,800,648	63.18%
BANKS	3	791	0.01%
OTHERS	11	14,824	0.14%
TOTALS	3,699	10,763,959	100.00%

Pattern of Shareholding as of June 30, 2018

Categories of Share Holders	Number of Shares Held	Percentage of Issued Capital
Associated Companies, Undertakings & Related Parties	6,800,648	63.18%
Sikander (Private) Limited	6,800,648	63.18%
NIT	442	0.00%
National Bank of Pakistan - Trustee Department	442	0.00%
Directors, CEO & their Spouses	1,551,058	14.41%
Mr. Abu Talib H. K. Dada - Director	310,469	2.88%
Mrs. Halima w/o Abu Talib H.K. Dada	29,847	0.28%
Mr. Maqbool H.H. Rahimtoola - Director	5,300	0.05%
Mr. Qazi Sajid Ali - Chief Executive Officer & Director	1	0.00%
Mr. Shahzad M. Husain - Director	4	0.00%
Mr. Danish Dada - Director	7	0.00%
Mr. Syed Shahid Ali Bukhari - Director	1	0.00%
Mr. Sikander Dada - Director	1,205,429	11.20%
Executives	110	0.00%
Banks, Insurance Company & Others	15,640	0.15%
General Public	2,396,061	22.26%
Total Shareholding	10,763,959	100.00%
SHAREHOLDERS HOLDING 5% OR MORE VOTING INTEREST		
Sikander (Private) Limited	6,800,648	63.18%
Mr. Sikander Dada	1,205,429	11.20%

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

During the year ended June 30, 2018, no transaction took place.

تاہم، بلڈنگ میٹریل کی متوقع مانگ حوصلہ افزا ہے جس کی بنیاد پر کمپنی پیداواری استعداد کی وسعت کو دیکھتی ہے، جس سے سیلز کی متوقع مانگ کو پورا کرنے میں مدد ملے گی۔ کمپنی خام مال کے نئے ذرائع کی تلاش جاری رکھے گی اور ورکنگ کپیکل کو سختی سے کنٹرول کرے گی۔ مینجمنٹ ٹیم، مثبت نتائج حاصل کرنے کے لیے صارفین کی بنیاد کو وسیع کرنے پر توجہ مرکوز رکھے گی اور نئی مارکیٹس تلاش کرے گی۔

اظہار تشکر

ڈائریکٹرز اپنے تمام کسٹمرز کے، ان کے تعاون پر ممنون ہیں اور ان کی مسلسل سرپرستی کے طلب گار ہیں۔ کسٹمرز کے اعتماد کا حصول اب تک ہماری کامیابی کی کلید رہا ہے اور ہم نے سروس کی ایسی کوالٹی فراہم کرنے کا تہیہ کر رکھا ہے جو ان کے اعتماد کو برقرار رکھے گی۔

کمپنی اس موقع پر اپنے تمام شیئرز ہولڈرز اور سپلائرز، سروس پرووائیڈرز، بینکنس / مالیاتی اداروں اور انشوررز سمیت دوسرے اسٹیک ہولڈرز کا ان کے اعتماد کا شکریہ ادا کرتی ہے۔

ڈائریکٹرز، ملازمین کے تمام کیڈرز کی انتھک کوششوں، بے لوث خدمات اور ٹیم ورک کا اعتراف کرتے ہیں اور ان کا شکریہ ادا کرتے ہیں جو اس چیلنجنگ مرحلے میں ثابت قدمی سے کمپنی کے ساتھ کھڑے ہیں۔ ہم اپنے کام کے انداز کو بہتر بنانے، زیادہ پروفیشنل اور باصلاحیت ہونے اور اپنے شیئرز ہولڈرز کو ایک بہتر متنوع انداز میں پائیدار منافع دینے کا عہد کیے ہوئے ہیں۔

کراچی:- ستمبر 25، 2018

از طرف بورڈ آف ڈائریکٹرز

ایو طالب ایچ۔ کے۔ دادا

ڈائریکٹر

قاضی ساجد علی

چیف ایگزیکٹو آفیسر

ہولڈنگ کمپنی

میسرز سکندر (پرائیویٹ) لمیٹڈ اپنی 63.18 فیصد شیئرز ہولڈنگ کے باوصف ڈائریکٹس ایٹریٹ لمیٹڈ کی ہولڈنگ کمپنی ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز بی ڈی اوبراہیم اینڈ کو، چارٹرڈ اکاؤنٹینٹس 59 ویں سالانہ اجلاس عام کے اختتام پر سیکڈوش ہو جائیں گے۔ اہل ہونے کے ناتے انھوں نے خود کو دوبارہ تقرر کے لیے پیش کیا ہے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے، بورڈ آڈٹ کمیٹی نے 30 جون، 2019 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈیٹرز کی حیثیت سے ان کے دوبارہ تقرر کی سفارش کی ہے اور بورڈ، آڈٹ کمیٹی کی سفارش سے اتفاق کرتا ہے لہذا اس نے کمپنی کے شیئرز ہولڈرز سے ان کے دوبارہ تقرر کی سفارش کی ہے۔

تقرر کے لیے جن آڈیٹرز کی سفارش کی گئی ہے وہ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان کے "کوالٹی کنٹرول ریویو پروگرام" کے تحت اطمینان بخش ریٹنگ کے حامل ہیں۔

شیئرز ہولڈنگ کا پیٹرن

تفصیلی پیٹرن اور شیئرز ہولڈنگ کی کیٹیگریز بشمول ڈائریکٹرز اور ایگزیکٹوز کے پاس شیئرز، اگر کوئی ہیں، اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

پوسٹ بیلنس شیٹ ایونٹ اور اہم تبدیلیاں

30 جون، 2018 سے اس رپورٹ کی تاریخ تک کوئی ایسی مادی تبدیلی یا وعدے نہیں ہوئے، جن سے مالی پوزیشن اس طرح متاثر ہو کہ ان سے مالی گوشواروں پر اثر پڑے، ماسوائے حتمی منافع منقسمہ کے، جو اگلے سالانہ اجلاس عام میں کمپنی کے ممبرز کی منظوری سے مشروط ہے جس کے اثرات کی عکاسی مالی سال 2018 کے مالی گوشواروں سے ہو گی۔

مستقبل کے امکانات اور چیلنجز

توقع ہے کہ ملک کی معاشی نمو جاری رہے گی جو تعمیراتی صنعت کی افزائش کے لیے بھی فائدہ مند ہوگی۔ تیسری کامیاب جمہوری حکومت کی منتقلی کے بعد، اخراجات جاریہ کے وسیع ہوتے ہوئے خسارے سمیت متعدد میکرو اکنامک چیلنجز کے باوجود امید ہے کہ سیاسی استحکام ملک میں پختے ہوئے کاروباری ماحول کی مدد کرے گا، جس کے نتیجے میں ملک کے اندر جاری تعمیراتی سرگرمیوں میں مدد ملے گی۔ چنانچہ امکان ہے کہ داخلی مانگ، سی پیک جیسے منصوبوں اور پھلتی پھولتی معیشت سمیت انفراسٹرکچر کی ترقی کی مدد سے مستحکم افزائش کو آگے بڑھائے گی۔

چونکہ ملک کو اخراجات جاریہ کے خسارے سے مسلسل مشکلات کا سامنا ہے، روپے کے بتدریج کمزور ہونے اور اس کے ساتھ ان پٹ لاگت پر پڑنے والے دباؤ کے باعث منافع پر مزید اثر پڑنے کی امید ہے۔ توانائی کی بڑھتی ہوئی قیمتیں صنعت کے لیے اور زیادہ نقصان دہ ہیں، کیونکہ درآمد شدہ خام مال اور بجلی، پیداواری لاگت کا خطیر حصہ ہوتا ہے۔

کام کا ایک محفوظ اور بہتر ماحول فراہم کرنے کی خاطر اپنے انسانی وسائل کو ترقی دینے اور ان کی بہتر دیکھ بھال کے لیے مسلسل کوششیں کرنے کا عزم کیے ہوئے ہیں۔

ہماری کامیابی کا انحصار جذبے سے سرشار اور پر عزم ملازمین پر ہے۔ ہم بہترین ٹیلنٹ کو راغب کرنے اور انھیں اپنے ساتھ رکھنے کے لیے ان کی ترقی میں سرمایہ کاری کی ضرورت کو تسلیم کرتے ہیں۔ ہم نے کاروباری پرفارمنس کے اس اہم شعبہ کو مستحکم کرنے کے مقصد کے ساتھ پچھلے برسوں کے دوران اس میں مسلسل سرمایہ کاری کی ہے۔

ڈائریکٹرز کا اسٹیٹمنٹ

ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

1. کمپنی کی انتظامیہ کی طرف سے تیار کیے جانے والے مالیاتی گوشوارے، اس کے حالات کار، اس کے آپریشنز کے نتیجے، کیش فلو اور ایکویٹی میں تبدیلیوں کو درست طور پر پیش کرتے ہیں؛
2. کمپنی کے اکاؤنٹس کے مناسب طریقے سے کھاتے رکھے گئے ہیں؛
3. مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مستقل طور پر اطلاق کیا گیا ہے اور حساب کتاب کے تخمینوں کی بنیاد معقول اور محتاط فیصلے پر ہے؛
4. مالیاتی گوشواروں کی تیاری میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز پر، جیسا کہ پاکستان میں قابل اطلاق ہیں، عمل کیا گیا ہے؛
5. بورڈ نے کوالیفائیڈ اور تجربہ کار ہیڈ آف انٹرنل آڈٹ مقرر کر کے جو کمپنی کی پالیسیوں اور طریقہ کار کو بخوبی سمجھتے ہیں، ایک موثر انٹرنل آڈٹ فنکشن قائم کیا ہے۔ انٹرنل کنٹرولز کے سسٹم اور اس قسم کے دوسرے پروسیجرز کا، جو بخوبی کام کر رہے ہیں، بورڈ کی آڈٹ کمیٹی کی طرف سے مسلسل جائزہ لیا جاتا ہے؛
6. آگے بڑھتے ہوئے ادارے کے طور پر کمپنی کے جاری رہنے کی اہلیت پر کوئی خاص شبہ نہیں ہے؛
7. کمپنی نے اپنی متعلقہ پارٹیوں کے ساتھ لین دین کیا۔ اس لین دین کی تفصیلات مالیاتی گوشواروں کے نوٹ نمبر 43 میں بتائی گئی ہیں؛
8. کارپوریٹ گورننس کے بہترین طور طریقوں سے، جیسا کہ پی ایس ایکس کے قابل اطلاق ریگولیشنز میں تفصیل بیان کی گئی ہے، کوئی مادی انحراف نہیں کیا گیا؛
9. گزشتہ چھ سالوں پر محیط، کمپنی کے کلیدی آپرٹنگ اور فنانشل ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔
10. ٹیکسز اور لیویز وہی ہیں جو اکاؤنٹس کے نوٹس میں منکشف کی گئی ہیں۔
11. ذیل میں انویسٹمنٹس کی ویلیو ہے جو 30 جون، 2018 کے تازہ ترین آڈٹ اکاؤنٹس کی بنیاد پر پراویڈنٹ فنڈ کے پاس تھیں۔

2017		2018
	(روپے '000 میں)	
245,952		258,045

ڈائریکٹرز کا دستخط شدہ، تمیل کا ایک علیحدہ اسٹیٹمنٹ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

آئی سی ٹی ڈیپارٹمنٹ آخری سرے پر اپنے صارفین کو جدید ترین اور مطابقت رکھنے والی آئی ٹی اور SAP سپورٹ سروسز مہیا کرنے کے لیے پرعزم ہے۔ کمپنی، کاروباری اہداف حاصل کرنے کے لیے موجودہ SAP پراسیسز میں زیادہ بہتر کنٹرولز وضع کرنے، ایپلیکیشنز / سافٹ ویئر / ہارڈ ویئر / ڈیٹا کمیونیکیشن کو اپ ڈیٹ کرنے پر کام کر رہی ہے۔

کارپوریٹ میجرانہ سرگرمیاں اور کمیونٹی کی فلاح و بہبود

کمپنی نے سال کے دوران مختلف میجرانہ اور فلاحی سرگرمیوں میں حصہ لیا اور 0.171 ملین روپے خرچ کیے (2016/17 میں یہ رقم 0.119 ملین روپے تھی)۔ کمپنی نے شجرکاری کی مہم بھی شروع کی اور ماحول کو محفوظ بنانے اور موسمی تغیر کے منفی اثرات کا مقابلہ کرنے کے لیے، جس نے پاکستان کو بری طرح متاثر کیا ہے، اپنی کراچی فیکٹری میں درخت لگائے۔ کمپنی مستقبل میں اپنی شجرکاری کی مہم جاری رکھے گی اور اپنے دوسرے مینوفیکچرنگ مقامات پر بھی اس قسم کی سرگرمیاں کرے گی۔

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

کمپنی اس بات پر یقین رکھتی ہے کہ کارپوریٹ کامیابی کی بنیاد اخلاقی قدروں کے احترام اور اخلاقی، قانونی اور سماجی توقعات کی تکمیل پر ہے۔ کمپنی بھرتی، تربیت یا ملازمین کو ترقی دینے میں نسل، صنف، مذہب، معذوری یا خاندانی حیثیت کی بنیاد پر کوئی امتیاز نہیں کرتی۔

کمپنی میں انٹرنل کنٹرولز بخوبی کام کر رہے ہیں، بورڈ آڈٹ کمیٹی باقاعدگی سے انٹرنل آڈٹ رپورٹس کا جائزہ لیتی ہے اور انٹرنل آڈیٹرز کی سفارشات پر عمل کرنے کے لیے اقدامات کیے جاتے ہیں۔

کمپنی کا فلسفہ اور پالیسی یہی ہے کہ بہتر کارپوریٹ طور طریقوں پر عمل کیا جائے جو صارفین کو تحفظ فراہم کرتے ہیں اور انسداد بدعنوانی کے موثر اقدامات کو یقینی بناتے ہیں۔

قومی خزانے اور ملکی معیشت میں حصہ

کمپنی نے انکم ٹیکس، سیلز ٹیکس، ڈیوٹیوں، لیویز اور دوسرے ٹیکسوں کی شکل میں قومی خزانے میں 763 روپے سے زیادہ کا حصہ ادا کیا۔ (2016/17: 666 ملین روپے)۔

صنعتی تعلقات

کمپنی کے اپنے ملازمین کے ساتھ خوش گوار تعلقات ہیں اور بات چیت سے طے کیے جانے والے منشور مطالبات کی بنیاد پر متعلقہ اجتماعی سودا کار ایجنٹس (سی بی اے یونینوں) کے ساتھ معاہدے موجود ہیں۔ ملازمین اور یونینیں پیداواریت میں بہتری لانے کے چیلنجوں سے نمٹنے کے لیے اپنا کردار ادا کرنے کی خاطر جذبے سے سرشار ہیں۔

انسانی وسائل

ڈاڈیکس، ادارے اور انسانی ترقی پر یقین رکھتی ہے۔ ڈاڈیکس میں انسانی وسائل سب سے گراں قدر اثاثہ ہے جس نے کمپنی کی افزائش میں ایک اہم کردار ادا کیا ہے۔ ہم،

صحت، حفاظت، ماحول اور معیار

ڈاڈیکس، ایک ذمہ دار مینوفیکچرر اور حالات سے باخبر رہنے کی حیثیت سے کثافت پر قابو پاتے ہوئے ماحول کے تحفظ کے لیے سرمایہ کاری کر کے اور اپنے ملازمین اور قرب و جوار کی آبادی کے لیے آکوشنل ہیلتھ اور حفاظتی معیارات پر عمل کرتے ہوئے مسلسل اپنا حصہ ادا کر رہی ہے۔

کمپنی نے ماحول کی حفاظت کے لیے SEPA (سندھ گورنمنٹل پروٹیکٹنگ ایجنسی) کی طرف سے منظور کردہ انوائرنمنٹل مینجمنٹ پلان کی پابندی کرنے کے لیے انوائرنمنٹل مانیٹرنگ پر عمل درآمد کیا ہے۔

کمپنی نے ہیلتھ، سیفٹی اینڈ انوائرنمنٹ (ایچ ایس ای) کو اعلیٰ ترین ترجیح دی۔ تینوں فیکٹریوں میں ایچ ای سی پروگرام کو مزید مستحکم بنایا گیا ہے۔ کمپنی، OHSAS 18001 / ISO 14001 معیارات سے تصدیق شدہ ہے۔ کمپنی نے ISO 9001:2008 سے جدید ترین ISO 9001:2015 کی طرف آنے کے لیے کامیابی سے کوالیفائی کیا ہے۔ ہم نے سرٹیفیکیشن ایجنسیوں کی طرف سے سخت آڈٹس کے بعد یہ استاد حاصل کی ہیں اور تمام مینوفیکچرنگ فیسلٹیز میں نظام پر موثر عمل درآمد کے لیے سرٹیفیکیشن آڈٹ کیے جا رہے ہیں۔

ایچ ایس ای کاوش، نوعیت کے اعتبار سے فعال، مقامی قابل اطلاق قوانین کے تابع اور Insitute - Canada ILO / WHO & Chrysotile کے رہنما اصولوں سے پوری طرح مطابقت رکھتی ہے۔

کمپنی، خیال رکھنے والے اور ایک ذمہ دار ادارے کی حیثیت سے بین الاقوامی معیارات کے مطابق اپنے حاضر اور ریٹائرڈ ملازمین کو "وقفے وقفے سے طبی معائنے" کی سہولت پیش کر رہی ہے۔ ہماری توجہ مرض کی روک تھام، صحت مند طرز زندگی کے فروغ اور پیشے سے متعلق صحت کے کسی امکانی مسئلہ کی جلد تشخیص پر ہے۔

کمپنی، ماحول کی حفاظت اور وسائل کے موثر طریقے سے استعمال کے بارے میں اپنی ذمہ داری اور عزم سے آگاہ ہے۔ ہم اپنے اس عزم پر عمل کرتے ہوئے، اُن دیگر اقدامات کے علاوہ جو ہم نے کیے ہیں، ری سائیکلنگ / ری ورک کی بھی حوصلہ افزائی کرتے ہیں، جس سے ماحولیاتی فوائد کے علاوہ خام مال کی لاگت میں بھی کافی بچت ہوتی ہے۔

کمپنی اپنے ملازمین کی بھی حوصلہ افزائی کرتی ہے کہ جب استعمال میں نہ ہوں، لائٹیں، کمپیوٹر سسٹمز اور برقی آلات کو بند کر کے بجلی بچائیں اور توانائی کی بچت کے لیے تمام برقی آلات کی مناسب دیکھ بھال کی جاتی ہے۔

انفرامیشن کمیونیکیشن ٹیکنالوجی

کمپنی، مارکیٹ میں موجود زبردست مقابلے میں آگے رہنے کے لیے اپنے آئی سی ٹی انفراسٹرکچر کو مسلسل بہتر بنانے، اپ گریڈ کرنے اور زیادہ پراسیس آٹومیشن کی جانب پیش رفت کے بارے میں پر عزم ہے۔ آئی سی ٹی کا مقصد اپنے داخلی اور خارجی اسٹیک ہولڈرز کو بلا تعطل connectivity فراہم کرنا ہے۔

بورڈ آف ڈائریکٹرز کی رپورٹ

ڈائریکٹر کا نام	اسٹٹس	بورڈ آف ڈائریکٹرز کا اجلاس	بورڈ آڈٹ کمیٹی کا اجلاس	انسانی وسائل اور مشاہرہ کمیٹی کا اجلاس
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منعقد ہوئے شریک ہوئے منعقد ہوئے شریک ہوئے منعقد ہوئے شریک ہوئے

جناب سکندر دادا	نان ایگزیکٹو ڈائریکٹر	4	3	N/A	N/A	N/A
جناب ابوطالب ایچ کے دادا	نان ایگزیکٹو ڈائریکٹر	4	3	N/A	1	1
جناب مقبول ایچ رجم طولی	نان ایگزیکٹو ڈائریکٹر	4	4	4	1	1
جناب شہزاد ایم حسین	نان ایگزیکٹو ڈائریکٹر	4	4	4	N/A	N/A
جناب سید شاہد علی بخاری *	انڈیپنڈنٹ ڈائریکٹر	4	4	4	1	1
جناب دانش دادا	ایگزیکٹو ڈائریکٹر	4	3	N/A	N/A	N/A
جناب قاضی ساجد علی - سی ای او	ایگزیکٹو ڈائریکٹر	4	4	N/A	1	1

* جناب سید شاہد علی بخاری، بورڈ آڈٹ کمیٹی اور انسانی وسائل و مشاہرہ کمیٹی کے چیئرمین ہیں۔

بورڈ کی کارکردگی کا تجزیہ اور ڈائریکٹرز ٹینگ پروگرام

بورڈ نے اپنی کارکردگی کا جائزہ ایک طریقہ کار وضع کیا ہے۔ ڈائریکٹرز، بورڈ کے تمام اجلاسوں میں بھرپور طریقے سے شرکت کرتے ہیں۔ تمام معاملات پر تفصیل سے بات چیت ہوتی ہے اور اس کے مطابق انتظامیہ کو ہدایت دی جاتی ہے، جس کی بورڈ اور اس کی کمیٹیوں کی طرف سے باقاعدہ نگرانی کی جاتی ہے۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی، کارپوریٹ گورننس کے بہترین طور طریقے اختیار کرے۔

بورڈ ممبرز کی اکثریت اُس مقررہ تعلیمی قابلیت اور تجربے کی حامل ہے جو ٹینگ پروگراموں سے ڈائریکٹرز کے استثنائے لیے درکار ہوتا ہے۔ تمام ڈائریکٹرز، لسٹڈ کمپنی کے ڈائریکٹرز کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے مکمل طور پر آگاہ ہیں۔

کمپنی پہلے ہی CCG کے ریگولیشن 20 کے مطابق درج ذیل ڈائریکٹرز کے لیے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے استثنائے کی منظوری حاصل کر چکی ہے: جناب سکندر دادا، جناب ابوطالب ایچ کے دادا، جناب مقبول ایچ رجم طولی اور جناب شہزاد ایم حسین۔

جناب سید شاہد علی بخاری سرٹیفائیڈ ڈائریکٹر ہیں۔

بورڈ نے سال کے دوران جناب قاضی ساجد علی کے لیے ڈائریکٹرز ٹینگ پروگرام کا انتظام کیا۔

منافع منقسمہ اور تخصیصات

کمپنی نے زیرِ غور سال کے لیے 0.20 روپے فی شیئر، یعنی 2 فیصد فی شیئر کے نقد حتمی منافع منقسمہ کا اعلان کیا۔

تخصیصات کے لیے دستیاب نفع (نقصان) کا خلاصہ مندرجہ ذیل ہے:

(روپے '000 میں)	
(57,297)	01 جولائی، 2017 کو غیر تخصیص شدہ منافع کی عام محفوظات میں سالانہ ایڈجسٹمنٹ ٹرانسفر سے قبل مربوط منافع
24,345	30 جون، 2018 کو ختم ہونے والے سال کے لیے متعلقہ اثاثوں کے منافع بعد از ٹیکس پر چارجڈ بتدریج فرسودگی کی مد میں فکسڈ اثاثوں کی از سر نو مالیت پر فاضل
5,283	30 جون، 2018 کو ختم ہونے والے سال کے لیے منافع بعد از ٹیکس
(6,781)	30 جون، 2017 کو ختم ہونے والے سال کا حتمی منافع منقسمہ
(34,450)	30 جون، 2018 کو مربوط خسارہ

بیلنس شیٹ ڈیٹ کے بعد نان ایڈجسٹنگ ایونٹ

(2,153)

0.20 روپے فی شیئر پر مجوزہ حتمی منافع منقسمہ فی شیئر

30 جون، 2018 کو بریک اپ ویلیو فی شیئر 118.80 روپے ہے (2016/17: 118.94 روپے)

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے 25 اکتوبر، 2017 کو اپنی میعاد مکمل کر لی اور 25 اکتوبر، 2017 کو منعقد ہونے والے کمپنی کے شیئر ہولڈرز کے 58 ویں سالانہ اجلاس عام میں تین سالہ مدت کے لیے سات ڈائریکٹرز پر مشتمل ایک نیا بورڈ منتخب کیا، جس میں ایک غیر جانب دار ڈائریکٹر بھی شامل ہے جو غیر جانب داری کے طریقہ کار کو پورا کرتا ہے۔

سال 2017/18 کے دوران ڈائریکس بورڈ کے چار اجلاس ہوئے۔ ڈائریکس بورڈ تجربہ کار اور باصلاحیت ارکان کے ایک عمدہ مجموعے پر مشتمل ہے۔ سال کے دوران بورڈ نے کوڈ آف کارپوریٹ گورننس کے تقاضوں کو پورا کرنے کے لیے انڈیپنڈنٹ ڈائریکٹر، سید شاہد علی بخاری کو بورڈ کی آڈٹ کمیٹی اور انسانی وسائل اور مشاہرہ کمیٹی کا چیئر مین مقرر کیا۔

سال کے دوران بورڈ آڈٹ کمیٹی کا چار مرتبہ اور انسانی وسائل اور مشاہرہ کمیٹی کا ایک بار اجلاس ہوا۔ بورڈ کی کمیٹیوں نے بورڈ کی مجموعی کارکردگی میں بہت زیادہ مدد دی۔

بورڈ آف ڈائریکٹرز اور اس کی آڈٹ، انسانی وسائل اور مشاہرہ کمیٹیوں کے اجلاسوں کی تعداد بمعہ ان میں حاضری، مندرجہ ذیل ہے:

آپریٹنگ

زیر غور سال کے دوران کمپنی کی تینوں فیکٹریوں میں مجموعی پیداواری استعداد میں اضافہ ہوا۔ پلاسٹکس میں، پیداواری مقدار 19 فیصد بڑھ گئی جبکہ سی سی شیٹس میں اس مقدار میں 23 فیصد اضافہ ہوا۔ یہ اضافہ زیادہ تر موجودہ پلائٹس میں بہتر آپریشنل صلاحیتوں کے ذریعے حاصل کیا گیا۔

سال کے دوران ہماری سی سی شیٹس کے معیار اور ظاہری صورت کو مزید بہتر بنانے کے لیے کراچی اور حیدرآباد کی فیکٹریوں میں سرمایہ کاری کی گئی۔

کمپنی کو درپیش خطرہ اور غیر یقینی عوامل

کمپنی کو درج ذیل عمومی خطرات کا سامنا رہا:

(1) آپریشنل خطرات

آپریشنل خطرات کی وسیع معنوں میں عوام، پرائسز اور اثاثوں کے خطرات کے طور پر درجہ بندی کی جاسکتی ہے۔ یہ آپس میں ایک دوسرے سے بہت زیادہ جڑے ہوئے ہیں، جو کمپنی کی انتظامیہ کے لیے اس امر کو ناگزیر بناتے ہیں کہ وہ ایسی حکمت عملی بنائے جو عملی حدود سے بہت آگے ہو اور آپریشنل خطرات کے ان تین کلیدی شعبوں کا ازالہ کرے۔

ان خطرات کے ساتھ موثر طریقے سے نمٹنے میں ناکامی کا نتیجہ پیداوار کے نقصان کی صورت میں نکلتا ہے اور سبب تباہ ہو جاتی ہیں، جس سے کاروبار کا نقصان ہو سکتا ہے۔ کمپنی اپنا کاروبار کرتے ہوئے مطلوبہ صلاحیتوں اور مہارت کے ساتھ وسائل کو بروئے کار لاتے ہوئے مذکورہ خطرات کو دور کرتی ہے۔

(2) مالی خطرات

کمپنی کو، مالیاتی اداروں سے لیے گئے ادھار کے باعث مالی خطرات کا سامنا ہے۔ مالی خطرہ اس وقت پیدا ہوتا ہے جب سود اور شرح مبادلہ میں اتار چڑھاؤ آتا ہے، جو کیش فلو میں تبدیلیوں کا باعث بنتا ہے اور کریڈٹ لائنز پر نئے سرے سے بات چیت کرنی پڑتی ہے۔ مالی خطرے میں کسی کاؤنٹر پارٹی کی اپنی ذمہ داریاں پوری کرنے میں ناکامی کا خطرہ شامل ہے۔ کمپنی میں رسک مینجمنٹ کا مقصد آمدنی اور کیش فلو پر کسی ممکنہ منفی اثر کو محدود کرنا ہے۔ ٹریڈری ڈیپارٹمنٹ کی طرف سے مسلسل بنیاد پر اس خطرے کی نگرانی کی جاتی ہے اور ضروری اقدامات کیے جاتے ہیں۔

منسلک مالیاتی گوشواروں کے نوٹ نمبر 46 میں مالی خطرے کی وضاحت کی گئی ہے جس میں مارکیٹ رسکس، کریڈٹ رسکس اور لیکویڈیٹی رسکس شامل ہیں۔

(3) تعمیل کا خطرہ

کمپنی کو اس بات کا ادراک ہے کہ قوانین اور ضوابط کی عدم تعمیل کا نتیجہ جرمانے کے نفاذ، امتناع، بلیک لسٹنگ اور اجازت نامے کی تفتیش وغیرہ کی صورت میں نکل سکتا ہے۔ لہذا کمپنی عدم تعمیل کی سرگرمیوں اور طرز عمل کے بارے میں صفر برداشت کی پالیسی پر عمل پیرا ہے۔ علاوہ ازیں، اس قسم کے خطرات کو کم کرنے کے لیے کمپنی میں ایک انتہائی جامع اور موثر تعمیلی نظام کام کر رہا ہے۔

ڈاڈیکس اینٹرنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز ("کمپنی") کو 30 جون، 2018 کو ختم ہونے والے سال کے آڈٹ شدہ مالی گوشواروں کے ساتھ 59 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

قومی معیشت

پاکستان کی مجموعی قومی پیداوار (جی ڈی پی) 5 فیصد سے زیادہ افزائش برقرار رکھتے ہوئے 5.79 فیصد تک پہنچ گئی۔ اس مسلسل افزائش کے بڑے اسباب بشمول بجلی کی بہتر صورت حال اور چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری، جوں کے توں رہے۔ مینوفیکچرنگ سیکٹر نے زیرِ غور مدت کے دوران ایل ایس ایم سیکٹر کی بہتر کارکردگی کی وجہ سے پیش قدمی جاری رکھی اور 6.24 فیصد افزائش حاصل کی۔ صنعتی شعبہ نے 5.8 فیصد کے حساب سے افزائش کا سفر جاری رکھا۔ تعمیرات کے شعبہ، جو کہ ہمارے کاروبار سے سب سے زیادہ تعلق رکھتا ہے، اس سال کے دوران 9.13 فیصد افزائش حاصل کی۔

بدلتے ہوئے سیاسی منظر نامے اور میکرو اکنامک چیلنجز کا سامنا کرنے کے باوجود توقع ہے کہ معاشی نمو پاکستان کی تعمیرات کی صنعت کو فائدہ پہنچاتی رہے گی۔ ہمیں یقین ہے کہ ہم تعمیرات کے شعبے بشمول سی پیک کی بڑھتی ہوئی مانگ کو بہتر طریقے سے پورا کرنے کی پوزیشن میں ہیں۔

کمپنی کی بنیادی سرگرمیوں اور کاروباری کارکردگی

کمپنی کا بنیادی کاروبار، تعمیراتی سامان کی تیاری اور فروخت ہے، جس میں زیادہ تر پائپنگ سسٹمز اور chrysotile سیمنٹ سے تیار کی جانے والی دوسری ملحقہ مصنوعات، ربر اور پلاسٹک، درآمد شدہ پائپ فٹنگز، accessories اور دیگر تعمیراتی مصنوعات کی فروخت شامل ہے۔

زیرِ غور سال کے دوران کمپنی نے 2.921 بلین روپے کا سیلرز ریونیو حاصل کیا، جس میں 10.37 ملین روپے کی برآمدی سیل بھی شامل ہے جو پچھلے سال حاصل کیے جانے والے 2.391 بلین روپے کے سیلرز ریونیو سے 22.17 فیصد زیادہ ہے۔ اس افزائش کی بڑی وجہ پاکستان میں تیزی سے آگے بڑھتی ہوئی کنسٹرکشن ہے، کمپنی کی انتظامیہ نے مارکیٹ میں تمام سیکٹرز سے بہتر بزنس حاصل کرنے کے لیے ایک معقول منصوبہ بنایا۔ سی پیک کے منصوبے بھی اس کی ایک وجہ ہیں، جن کے باعث ہم نے بہتر بزنس حاصل کیا اور آئندہ بھی ہمارے پاس بہتر امکانات موجود ہیں۔

متعدد عوامل نے جو کمپنی کی انتظامیہ کی دسترس سے باہر تھے، کمپنی کے منافع کو بری طرح متاثر کیا۔ ان میں زیادہ تر پیٹریولیم مصنوعات کی قیمتوں میں مسلسل اضافہ جس کے نتیجے میں ہمارے خام مال کی قیمتیں بڑھ گئیں، اور پاکستانی روپے کی قدر میں غیر معمولی کمی کے باعث شرح تبادلہ کا بھاری نقصان شامل تھا۔ ان ناموافق محرکات کی وجہ سے کمپنی 58.586 ملین روپے کا قبل از ٹیکس منافع حاصل کرنے کے قابل ہو پائی (2016/17 میں قبل از ٹیکس منافع 64.010 ملین روپے) جس میں 63.633 ملین روپے کی دیگر آمدنی بھی شامل تھی۔ گزشتہ سال کے مقابلے میں مالی اخراجات 3.22 فیصد بڑھ گئے۔ کمپنی نے 5.283 ملین روپے کے بعد از ٹیکس منافع کے ساتھ سال ختم کیا، (2016/17: خالص منافع 16.844 ملین روپے)۔

فی شیئر آمدنی

30 جون، 2018 کو ختم ہونے والے سال کے لیے فی شیئر آمدنی، پچھلے سال کی 1.56 روپے فی شیئر کے مقابلے میں 0.49 روپے رہی۔



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Form of Proxy

The Company Secretary

Dadex Eternit Limited

Dadex House, 34-A/1, Block 6, PECHS,
Shahrah-e-Faisal, Karachi-75400

I/We _____ son / daughter /wife of _____
of _____ (full address)
being a member(s) of **Dadex Eternit Limited** holding _____
ordinary shares hereby appoint _____
of _____ (full address)
or failing him _____ of
_____ (full address)

who is/are also member(s) of **Dadex Eternit Limited** as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 59th Annual General Meeting of the Company to be held on Monday, October 29, 2018 at 03:00 p.m., at Dadex House, 34-A/1, Block-6, PECHS, Shahrah-e-Faisal, Karachi and or at any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2018

Signed by the said _____
in the presence of _____
1 _____

2 _____

Folio/CDC Account No

Signature on
Revenue Stamp
of Rs. 5/-

Important:

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

For CDC Account Holders/Corporate Entities:

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

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

AFFIX
CORRECT
POSTAGE

The Company Secretary

Dadex Eternit Limited

34-A/1, Block 6, PECHS,
Shahrah-e-Faisal,
Karachi-75400

کمپنی سیکریٹری

ڈاؤنکیس ایئرٹ لمیٹڈ

ڈاؤنکیس ہاؤس، 34-A/1، بلاک 6، PECHS،

شارع فیصل، کراچی-75400

میں / ہم _____ ولد / بہت / زوجہ _____ سکنتہ _____

(مکمل پتہ) بحیثیت رکن ڈاؤنکیس ایئرٹ لمیٹڈ، اور _____

حامل _____ عام حصص، مسمی / مسما ت _____

سکنتہ _____ (مکمل پتہ) _____

کو یا ان کی غیر حاضری کی صورت میں مسمی / مسما ت _____

سکنتہ _____ (مکمل پتہ) _____

جو کہ ڈاؤنکیس ایئرٹ لمیٹڈ کے حصص دار ہیں کو میری / ہماری غیر حاضری کی صورت میں اپنا / ہمارا مختار مقرر کرتا / کرتی / کرتے ہیں۔ انھیں ہمارے ایماء پر، بروز پیر 29 اکتوبر، 2018 بوقت دوپہر

03:00 بجے، ڈاؤنکیس ایئرٹ لمیٹڈ، ڈاؤنکیس ہاؤس، 34-A/1، بلاک 6، PECHS، شارع فیصل، کراچی میں منعقد ہونے والے کمپنی کے 59 واں سالانہ اجلاس عام یا کسی بھی التواء کی صورت میں

حق رائے دہی استعمال کرنے کی اجازت دینا / دیتی / دیتے ہیں۔

یہ مختارنامہ آج بروز _____ بتاریخ _____ 2018 کو مندرجہ ذیل گواہان کی موجودگی میں دستخط کیا گیا۔

۱- _____

۲- _____

فولیو / سی ڈی سی اکاؤنٹ نمبر

۵ روپے مالیت کے ریونیو ٹکٹ پر دستخط کریں

ضروری ہدایات:

۱- یہ مختارنامہ اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل مکمل کوائف اور دستخط کے ہمراہ کمپنی کے رجسٹرڈ آفس ڈاؤنکیس ہاؤس، 34-A/1، بلاک 6، PECHS،

شارع فیصل، کراچی میں جمع کرنا ضروری ہے۔

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

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

برائے سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ ادارے:

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

۱- مختارنامہ پر ۲ گواہان کے دستخط بمعہ نام، پتہ اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر درج کرنا لازمی ہیں۔

۲- مختارنامہ کے ہمراہ اصل مالکان اور مختار کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنا ہوں گی۔

۳- مختار کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

۴- کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت رکن، بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد / پاور آف اٹارنی بمعہ نمونہ دستخط ہمراہ مختارنامہ کمپنی میں جمع کرنا ہوگا۔

AFFIX
CORRECT
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The Company Secretary

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