

# 32<sup>nd</sup> ANNUAL REPORT 2013



**DADABHOY CONSTRUCTION  
TECHNOLOGY LIMITED**



# ***Vision***

**To be recognized and accepted  
as leader in the country  
for  
manufacturing of  
state of the Art  
Hi-tech  
Super-durable  
construction materials**

# **Mission**

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

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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mr. Muhammad Hussain Dadabhoy  
Mr. Muhammad Amin Dadabhoy  
Mr. Fazal Karim Dadabhoy  
Mrs. Humaira Dadabhoy  
Mrs. Yasmeen Dadabhoy  
Mrs. Noor Bakht Dadabhoy  
Mr. Danish Dadabhoy

Chairman

Chief Executive

**CHIEF FINANCIAL OFFICER**

Mr. Muhammad Rashid

**COMPANY SECRETARY**

Mr. Muhammad Rashid.

**AUDITORS**

M/s M. Akhtar & Company, Chartered Accountants

**LEGAL ADVISOR**

Mr. Salim Thepdawala

**BANKER**

Summit Bank Limited

**REGISTERED OFFICE**

Noor Centre Office NO.4, 2<sup>nd</sup> Floor  
Plot No.30-C Ittehad Lane 12  
Phase VII D.O.H.A., Karachi.  
Tel : 021-35312017-19  
URL : [www.mhdadabhoy.com](http://www.mhdadabhoy.com)

**SHARE REGISTRAR**

M/s. Technology Trade (Pvt) Ltd.  
Dagia House, 241-C, Block 2, P.E.C.H.S. Off  
Shahrah-e-Quaideen, Karachi.

**FACTORY**

Nooriabad Deh Kalu Kohar,  
District Dadu (Sindh)

**HUMAN RESOURCE & REMUNERATION COMMITTEE**

Mr. Syed Nasim Ahmed  
Mr. Faizan Zameer  
Mr. Muhammad Amin Dadabhoy

**AUDIT COMMITTEE**

Mr. Muhammad Hussain Dadabhoy  
Mr. Muhammad Amin Dadabhoy  
Mr. Fazal Karim Dadabhoy

Chairman  
Member  
Member

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of Dadabhoy Construction Technology Limited will be held on Saturday the September 21<sup>st</sup> 2013 at 04:00 p.m. at Jinnah Club, Jinnah Co-operative Housing Society behind KESC Office, Tipu Sultan Road Karachi, to transact the following business:

### ORDINARY BUSINESS:

1. To read and confirm the minutes of 31<sup>st</sup> Annual General Meeting of the company held on September 22<sup>nd</sup> 2012.
2. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2013 together with Directors and Auditors Reports thereon.
3. To appoint auditor for the year ended June 30, 2014 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

Karachi.  
August 28<sup>th</sup>, 2013

Muhammad Rashid  
Company Secretary

### Note

1. The Share Transfer Books of the company will remain closed from 15<sup>th</sup> September, 2013 to 21<sup>st</sup> September, 2013 (both days inclusive).
2. Any member of the company entitled to attend and vote may appoint another member as his / her proxy to attend and vote on his / her behalf.
3. Proxies must be received at the registered office of the company not less than 48 hours before the meeting.

## **DIRECTOR'S REPORT TO THE MEMBERS**

The Board of Directors' is pleased to present annual report together with audited financial statements and the auditor's report thereon for the year ended June 30, 2013.

### **FINANCIAL RESULTS**

	2013	2012
Net Sales	4,172,434	4,188,949
Gross Profit	1,164,407	13,980
Net Profit / (Loss)	1,838,133	(1,786,295)
<u>Earning / (Loss) Per Share</u>	<u>0.79</u>	<u>(0.77)</u>

### **Statement on Corporate and Financial Reporting Framework**

- a) The financial statements prepared by the company fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- b) The company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan have been followed in preparation financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control has been effectively implemented and is continuously reviewed and monitored by internal audit.
- f) The Company is going concern and there are no doubts about its ability to continue.
- g) There has been no material departure from the best practices of corporate governance as defined in the listing regulations.
- h) Key operating and financial data for last six years in summarized from is annexed.
- i) There has been nothing outstanding against your company on account of taxes, duties, levis and other charges except for those which are being made in the normal course of business.

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner.

The Board comprises 7 Directors including CEO. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors.

The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this company.

All the resident Directors of the company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of Stock Exchange, has been declared as a defaulter by that Stock Exchange.

The company has prepared a Statement of Ethics and Business Practices, which has been signed by all the Directors and employees of the company.

The Board has developed a vision 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.

All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Directors, have been taken by the Board.

The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

The Board arranged one orientation course for its Directors during the year to apprise them of their duties and responsibilities.

The Company Secretary was appointed prior to the implementation of the Code of Corporate Governance. Remuneration, terms and conditions in case of future appointments on this position will be approved by the Board. However, the appointment of CFO and head of internal audit and terms and conditions of their employment have been approved by the Board.

The Directors' report has been prepared in compliance with the requirements of the Code as fully describes the salient matters required to be disclosed.

During the year four meetings of Board of Directors were held. Attendance by each Director is as follows.

<b>Name of Directors</b>	<b>No. of Meetings Attended</b>
Mr. Muhammad Hussain Dadabhoy	04
Mr. Muhammad Amin Dadabhoy	04
Mr. Fazal Karim Dadabhoy	04
Mrs. Humaira Dadabhoy	04
Mrs. Yasmeen Dadabhoy	04
Mrs. Noor Bakht Dadabhoy	04
Mr. Danish Dadabhoy	02

**APPROPRIATIONS**

No dividends have been declared, as there are accumulated losses.

**AUDITORS**

Present auditors M/s M. Akhtar & Company Chartered Accountants.

**FUTURE PROSPECTS**

We are confident that with the expansion of marketing campaign, the company will be able to achieve much higher sales target with aim to optimize production capacity.

**PATTERN OF SHARES HOLDING**

Statements of pattern of shareholding as at June 30, 2013 as required under the reporting framework are annexed.

**ACKNOWLEDGMENT**

We would like to express our thanks to our customers for their continued patronage, employees for their hard work and shareholders for their trust in the Board.

Karachi:

28<sup>th</sup> August 2013.

For and on behalf of the  
Board of Directors



**FAZAL KARIM DADABHOY**  
Chief Executive



The financial statements of the company were duly endorsed by Chief Executive and CFO before approval of the Board.

The Directors, Chief Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

The company has complied with all the corporate and financial reporting requirements of the Code.

The Board has formed an audit committee. It comprises 3 members; of whom 2 are non-executive directors, including the Chairman of the Committee.

The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

The Board has set up an effective internal audit function and personnel involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on a full time basis.

The statutory auditors of the Company have confirmed that they are practicing members of the Institute of Chartered Accountants 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 Accounts (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

The Company has complied with the requirements of Sub-Regulation (xiii-a) of Regulation 35 (Previously Regulation 37) of the amended Listing Regulations of the Karachi & Lahore Stock Exchange (G) Ltd. For approval of transactions with related parties

We confirm that all other material principles contained in the Code have been complied with.

Karachi :28<sup>th</sup> August, 2013



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**FAZAL KARIM DADABHOY**  
Chief Executive

## FINANCIAL REVIEW OF SIX YEARS

Particulars	2013	2012	2011	2010	2009	2008
<b>ASSETS EMPLOYED</b>	RUPEES IN '000'					
Non Current Assets	5,030	5,308	5,555	5,873	6,216	6,267
Current Assets	1,187	1,236	3,006	5,364	6,631	7,591
<b>Total Assets Employed</b>	<b>6,544</b>	<b>8,561</b>	<b>11,237</b>	<b>13,858</b>	<b>12,904</b>	

### FINANCED BY

Share Holder Equity	(39,323)	(41,161)	(39,375)	(44,911)	(44,814)	(43,111)
Long Term Liability	20	20	20	-	5	5
Current Liabilities	45,520	47,685	47,916	56,128	57,661	56,964
<b>Total Equity Employed</b>	<b>6,217</b>	<b>6,544</b>	<b>8,561</b>	<b>11,237</b>	<b>12,847</b>	<b>13,858</b>

### TURNOVER & PROFIT

Turnover (net)	4,172	4,189	4,464	4,893	3,404	3,361
Profit / (Loss) before taxation	1,838	(1,786)	5,581	(72)	(1,703)	1,039
Profit / (Loss) after taxation	1,838	(1,786)	5,536	(97)	(1,703)	1,022
Accumulated Loss	(62,551)	(64,389)	(62,603)	(68,139)	(68,042)	(66,339)

## **AUDITOR’S REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **DADABHOY CONSTRUCTION TECHNOLOGY LIMITED** as at June 30, 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof for the year then ended 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 our audit.

It is the responsibility of the company’s management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion proper books of account have been kept by the company as required by the Companies Ordinance, 1984:
- b) in our opinion
  - i) the balance sheet and the profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the company’s business ;  
and
  - iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations provided to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes thereon forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information as required by the Companies Ordinance, 1984 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, 2013 and of the profit for the year then ended; and

**M. AKHTAR & CO.**  
**CHARTERED ACCOUNTANTS**

Suite # 122 – F, First Floor  
P.E.C.H.S. Block - 2  
Cell # 0331- 2239081, 021– 34539081  
Karachi – 75400 (PAKISTAN)

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d) in our opinion no zakat was deductible at source under the Zakat & Ushr Ordinance, 1980).



**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST  
PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2013, prepared by the Board of Directors of **Dadabhoy Construction Technology Limited** (the Company) to comply with the listing regulation No. 35 of Karachi Stock Exchange (Guarantee) Limited, Listing Regulation No. 35 of the Lahore Stock Exchange (Guarantee) Limited and Listing Regulation No. 35 of Islamabad Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it doesn't. A review is limited primarily to inquire of the company's personally and review of various documents prepared by the company to comply with the Code.

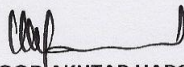
As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks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

Further, Sub Regulations (xiii) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Ltd vide Circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transaction were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which cause us to believe that the statement of compliance doesn't appropriately reflect the company's compliance, in all material respect, with the best practices contained in the Code.

Place: Karachi  
Dated: **21 AUG 2013**



  
**MAHMOOD AKHTAR HAROON**  
CHARTERED ACCOUNTANTS


**DADABHOY CONSTRUCTION TECHNOLOGY LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2013**

		2013 JUNE	2012 JUNE
<b>A S S E T S</b>	<b>Note</b>	<b>Rupees</b>	
<b>Non-Current Assets</b>			
Fixed assets	3	4,922,163	5,200,176
Security deposits		108,000	108,000
<b>Current Assets</b>			
Stock in trade	4	484,043	549,058
Trade debts	5	191,939	193,187
Advance tax		491,595	491,595
Cash at banks in current accounts		19,843	2,116
		1,187,420	1,235,956
<b>Total assets</b>		<b>6,217,583</b>	<b>6,544,132</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorised Share Capital</b>			
5,000,000			
Ordinary shares of Rs. 10 each		50,000,000	50,000,000
Issued, subscribed and paid up capital	6	23,228,000	23,228,000
Accumulated losses	7	(62,550,705)	(64,388,838)
Shareholders' equity		(39,322,705)	(41,160,838)
<b>NON-CURRENT LIABILITIES</b>			
<b>Non Current Liabilities</b>			
Security deposit from dealers		20,000	20,000
<b>Current Liabilities</b>			
Short term borrowings	8	44,328,020	44,950,020
Trade and other payables	9	1,042,096	2,584,778
Provision for income tax	10	150,172	150,172
		45,520,288	47,684,970
<b>Total equity and liabilities</b>		<b>6,217,583</b>	<b>6,544,132</b>

The annexed notes from 1 - 22 form an integral part of these financial statements.



**CHIEF EXECUTIVE**



**DIRECTOR**




**DADABHOY CONSTRUCTION TECHNOLOGY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

		<b>2013</b>	<b>2012</b>
		<b>JUNE</b>	<b>JUNE</b>
	<b>Note</b>	<b>Rupees</b>	
Sales	11	4,172,434	4,188,949
Cost of sales	12	(3,008,027)	(4,174,969)
Gross profit		<u>1,164,407</u>	<u>13,980</u>
Administrative and general expenses	13	(977,670)	(1,652,838)
Selling and distribution costs	14	(13,000)	(88,960)
Other charges	15	(50,000)	(50,000)
Other income		1,716,272	-
Bank charges		(1,876)	(8,477)
		<u>673,726</u>	<u>(1,800,275)</u>
Profit/ (loss) before tax		1,838,133	(1,786,295)
Income tax-current	16	-	-
Net Profit/(loss) after tax		<u><u>1,838,133</u></u>	<u><u>(1,786,295)</u></u>
Earnings per share - basic and diluted (Rupees)	17	<u><u>0.79</u></u>	<u><u>(0.77)</u></u>

The annexed notes from 1 - 22 form an integral part of these financial statements.



**CHIEF EXECUTIVE**



**DIRECTOR**

**DADABHOY CONSTRUCTION TECHNOLOGY LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	2013 JUNE	2012 JUNE
	Rupees	
<b>Cash flows from operating activities</b>		
Profit /Loss before taxation	1,838,133	(1,786,295)
<b>Adjustments for noncash and nonoperating items</b>		
Depreciation	278,013	297,177
Financial Charges	1,876	-
	279,889	297,177.00
Operating profit before working capital changes	2,118,022	(1,489,118)
<b>Working Capital Changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stock in trade	65,015	(533,988)
Trade debts	1,248	26,379
Advances and prepayments	-	2,221,524
	66,263	1,713,915
<b>Increase / (decrease) in current liabilities</b>		
Short term borrowing - Directors	(622,000)	(896,200)
Trade and other payables	(1,542,682)	665,464
	(2,164,682)	(230,736)
<b>Cash (used in) generated from operations</b>	<b>19,603</b>	<b>(5,939)</b>
Income tax refunded	-	-
Financial charges paid	(1,876)	-
<b>Net cash from operating activities</b>	<b>17,727</b>	<b>(5,939)</b>
<b>Cash flows from investing activities</b>		
Purchases of fixed assets	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Proceed / (repayment) of borrowing	-	-
<b>Net cash from (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents.</b>	<b>17,727</b>	<b>(5,939)</b>
Cash and cash equivalents at beginning of year	2,116	8,055
<b>Cash and cash equivalents at end of year</b>	<b>19,843</b>	<b>2,116</b>

The annexed notes from 1 - 22 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

**DADABHOY CONSTRUCTION TECHNOLOGY LIMITED.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Issued, subscribed and paid up capital	Accumulated losses	Total
	Rupees	Rupees	Rupees
<b>Balance as at June 30, 2011</b>	23,228,000	(62,602,543)	(39,374,543)
<b>Changes in equity for 2012</b>			
Net profit/(loss) for the year 2012			
Total income recognised for the year			
	-	(1,786,295)	(1,786,295)
	-	(1,786,295)	(1,786,295)
<b>Balance as at June 30, 2012</b>	<u><u>23,228,000</u></u>	<u><u>(64,388,838)</u></u>	<u><u>(41,160,838)</u></u>
<b>Changes in Equity for 2012</b>			
Net profit / (loss) for the year 2013	-	1,838,133	1,838,133
<b>Balance as at June 30, 2013</b>	<u><u>23,228,000</u></u>	<u><u>(62,550,705)</u></u>	<u><u>(39,322,705)</u></u>

The annexed notes from 1 - 22 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

## **DADABHOY CONSTRUCTION TECHNOLOGY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

#### **1 THE COMPANY AND ITS OPERATIONS**

The company was incorporated on April 7, 1981 by the name of Pak German Prefabs Limited (PGPL) as Public Limited Company, listed on Karachi Stock Exchange. However, during the year 2005 the Company changed its name to Dadabhoy Construction Technology Limited after the merger with an associated company. The company's registered office is situated at Noor Centre Office No.4, 2nd Floor Plot No. 30-C Ittehad Lane No.12 phase VII, D.O.H.A., Karachi.

The principal activities of the company are to manufacture construction materials and related products.

There financial statements are presented in Pak. Rupees which is the Company's functional currency

#### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of presentation**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirement of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these Standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

##### **2.2 Amendments to published standards not yet effective**

Certain amendments to IAS1 'Presentation of financial statements' - Capital Disclosure have been published that are applicable to the Company's financial statement covering annual periods, beginning on or after July 01, 2007. Adoption of these amendment would impact the nature and extent of disclosures made in the future financial statements of the company.

##### **2.3 Accounting convention**

These Financial statements have been prepared under the historical cost convention.

##### **2.4 Taxation**

The company was being assessed under presumptive tax regime under Section 169 of the Income Tax Ordinance, 2001 before the merger of an associated company. However, from the current year due to normal business activities being undertaken by the company after merger, normal taxation policy has been adopted by the company as under:

###### **Current**

Provision for tax currently payable is based on taxable profit for the year computed in accordance with the enacted tax laws or based on turnover @ 0.50% whichever is higher.

###### **Deferred**

Deferred tax is tax attributable to the temporary differences that is , difference between the carrying amount of asset or liability and its corresponding tax base.

The company provides for deferred tax liability using the balance sheet liability method on all significant future taxable temporary differences and deferred tax asset is recognized on future deductible temporary differences to the extent when it is probable that taxable profits will be available for utilizing that deferred tax asset.

##### **2.5 Property, plant and equipment**

Operating fixed assets other than freehold land are stated at cost less accumulated depreciation. Freehold land is stated at cost. Depreciation is charged to income applying the reducing balance method, at the rates specified in note 3.

Depreciation on addition is charged from the month the asset is put to use while on disposal depreciation is charged up to the month of disposal.

- 2.6 **Impairment of assets**  
Impairment loss is recognised if evidence exists, that the carrying amount of assets is materially in excess of its recoverable amount.  
Maintenance and normal repairs are charged to income as and when incurred.
- 2.6 **Impairment of assets**  
Impairment loss is recognized if evidence exists, that the carrying amount of assets is materially in excess of its estimated recoverable amounts.
- 2.7 **Stores and spares**  
These are valued at lower of moving average cost and net realisable value.  
Net realisable value signifies the estimated selling price less estimated cost to sell.
- 2.8 **Stock-in-trade**  
These are valued at lower of cost and net realisable value. Cost is determined at average manufacturing cost. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.
- 2.9 **Trade debts**  
These are recognised at nominal value less provision for estimated doubtful debts, if any. Known bad debts are written off.
- 2.10 **Provisions**  
Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.
- 2.11 **Cash and cash equivalents**  
Cash and cash equivalents are carried in the balance sheet at nominal value. For the purpose of cash flow statement, cash and cash equivalents comprises of cash and bank balances only.
- 2.12 **Financial instruments**  
**Financial assets**  
The company's principal financial assets are cash and bank balances, trade debtors, and loans and advances. These are stated at their nominal value, which approximates to the fair value.  
**Financial liabilities**  
Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include short term borrowings, trade and other payables and deposits. These are stated at their nominal value, which approximates to the fair value.
- 2.13 **Offsetting of financial assets and liabilities**  
A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
- 2.14 **Borrowing Costs**  
All the borrowing costs are accounted for as expense in the year these are incurred .
- 2.15 **Revenue recognition**  
Sales are recorded on despatch of goods to customers.
- 2.16 **Related Party Transactions**  
All transactions with related parties are carried by the company at arms length prices except for certain transactions.

### 3 FIXED ASSETS

#### Property, plant and equipment

	Freehold Lands	Building on freehold lands	Tools and equipment	Steel shuttering	Furniture and fixtures	Computer and accessories	Motor vehicle	Electric installation	Total Rupees
<b>Cost</b>									
At July 01 , 2012	192,300	13,595,922	1,393,810	1,682,875	1,425,457	112,303	664,942	97,373	<b>19,164,982</b>
Additions / Adjustments	-	-	-	-	-	-	-	-	-
June 30, 2013	192,300	13,595,922	1,393,810	1,682,875	1,425,457	112,303	664,942	97,373	<b>19,164,982</b>
<b>Depreciation</b>									
At June 30 ,2009	-	8,321,053	1,134,723	1,681,218	1,131,913	82,483	641,795	13,769	<b>13,006,954</b>
For the year 2010.	-	263,743	25,909	414	29,354	9,841	4,629	8,360	<b>342,250</b>
At June 30 ,2010	-	8,584,796	1,160,632	1,681,632	1,161,267	92,324	646,424	22,129	<b>13,349,204</b>
<b>For the year 2011</b>	-	250,556	23,318	311	26,419	6,593	3,704	7,524	<b>318,425</b>
At June 30 ,2011	-	8,835,352	1,183,950	1,681,943	1,187,686	98,917	650,128	29,653	<b>13,667,629</b>
<b>For the Year 2012</b>		238,029	20,986	233	23,777	4,417	2,963	6,772	<b>297,177</b>
At June 30 ,2012	-	9,073,381	1,204,936	1,682,176	1,211,463	103,334	653,091	36,425	<b>13,964,806</b>
<b>For the year ended 2013</b>		226,127	18,887	175	21,399	2,960	2,370	6,095	<b>278,013</b>
At June 30 ,2013	-	9,299,508	1,223,823	1,682,351	1,232,862	106,294	655,461	42,520	14,242,819
<u>Net Book Value</u>									
At June 30 ,2013	<b>192,300</b>	<b>4,296,414</b>	<b>169,987</b>	<b>524</b>	<b>192,595</b>	<b>6,009</b>	<b>9,481</b>	<b>54,853</b>	<b>4,922,163</b>
At June 30 ,2012	<b>192,300</b>	<b>4,522,541</b>	<b>188,874</b>	<b>699</b>	<b>213,994</b>	<b>8,969</b>	<b>11,851</b>	<b>60,948</b>	<b>5,200,176</b>
<b>Depreciation rate</b>	-	<b>5.0%</b>	<b>10%</b>	<b>25%</b>	<b>10%</b>	<b>33%</b>	<b>20%</b>	<b>10%</b>	

3.1 Depreciation for the year has been allocated as follows.

	<b>2013 June</b>	<b>2012 June</b>
	Rupees.	
Cost of sales	245,189	259,248
Administrative and gerenaal expenses	32,824	37,929
	<b>278,013</b>	<b>297,177</b>



			<b>2013 Rupees</b>	<b>2012 Rupees</b>
<b>4</b>	<b>STOCK IN TRADE</b>			
	Raw materials		338,938	320,354
	Finished goods		145,105	228,704
			<u>484,043</u>	<u>549,058</u>
<b>5</b>	<b>TRADE DEBTS (Un-secured)</b>			
	Considered good		191,939	193,187
	Considered doubtful		400,945	400,945
			<u>592,884</u>	<u>594,132</u>
	Less: provision against doubtful debts		<u>(400,945)</u>	<u>(400,945)</u>
			<u>191,939</u>	<u>193,187</u>
<b>6</b>	<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
	<b>Ordinary shares of Rs. 10 each</b>			<b>2013 Rupees</b>
	<b>2013</b>	<b>2,012</b>		
	<b>1,129,500</b>	1,129,500	Fully paid in cash of Rs.10 each	11,295,000
	<b>1,065,800</b>	1,065,800	Fully paid for consideration other than cash	10,658,000
	<b>127,500</b>	127,500	Fully paid as bonus shares	1,275,000
	<u><b>2,322,800</b></u>	<u><b>2,322,800</b></u>		<u>23,228,000</u>
<b>6.1</b>	823,769 (2012: 823,769) Ordinary shares of Rs. 10/- each were held by associated companies at the year end.			
<b>7</b>	<b>ACCUMULATED LOSSES</b>			
	Balance at beginning of year		(64,388,838)	(62,602,543)
	Net Profit (loss) for the year		<u>1,838,133</u>	<u>(1,786,295)</u>
			<u>(62,550,705)</u>	<u>(64,388,838)</u>

**8 SHORT TERM BORROWINGS - Unsecured**

		<b>2013</b>	<b>2012</b>
		<b>Rupees</b>	<b>Rupees</b>
- From directors	8.1	44,328,020	44,950,020
		<u>44,328,020</u>	<u>44,950,020</u>

8.1 This represent temporary loans from directors of the company. These are interest free and repayable on demand. The maximum amount due at the end of any month during the year was Rs 44.328 (2012: 45.845 million ).

**9 TRADE AND OTHER PAYABLES**

Creditors	938,829	765,239
Accrued expenses	-	1,716,272
Withholding tax payable	103,267	103,267
	<u>1,042,096</u>	<u>2,584,778</u>

**10 PROVISION FOR INCOME TAX**

Balance at beginning of year	150,172	150,172
Current year's provision	-	-
	<u>150,172</u>	<u>150,172</u>

**11 SALES**

<u>4,172,434</u>	<u>4,188,949</u>
------------------	------------------

The company was de-registered from sales tax under S.R.O 533(1)/2005

**12 COST OF SALES****Raw materials consumed**

Opening balance	320,354	-
Purchases	1,804,275	1,560,329
	<u>1,804,275</u>	<u>1,560,329</u>
	2,124,629	1,560,329
Closing Stock of raw material	<u>(338,938)</u>	<u>(320,354)</u>
Raw material consumed	1,785,691	1,239,975
Factory staff salaries	535,079	622,744

**Factory overheads**

Factory rent	282,000	267,000
Factory expenses	76,469	1,999,636
Depreciation	245,189	259,248

**Cost of goods produced**

Opening stock of finished goods	228,704	15,070
Goods available for sale	3,153,132	4,403,673
Less: closing stock of finished goods	<u>(145,105)</u>	<u>(228,704)</u>
	<u>3,008,027</u>	<u>4,174,969</u>

3.1

**13 ADMINISTRATIVE AND GENERAL EXPENSES**

	<b>2013</b>	<b>2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Salaries	519,670	555,706
Printing and stationery	-	162,616
Fees and subscription	13,000	7,500
Rent, Rates & taxes	-	242,708
Legal and professional expenses	79,000	64,000
Conveyance	61,309	21,667
Vehicles repairs & maintenance	100,215	164,410
Accomodation,utilities and medical	-	22,217
Repair and maintainance	12,650	115,587
Travel and entertainment	81,534	86,712
Water Charges	35,700	72,000
Office expenses	-	19,092
Miscellenous	41,768	80,694
Depreciation	3.1 32,824	37,929
	<u>977,670</u>	<u>1,652,838</u>

**14 SELLING AND DISTRIBUTION COSTS**

Commission on sale	13,000	71,240
Advertisement	-	17,720
	<u>13,000</u>	<u>88,960</u>

**15 OTHER CHARGES**

Auditors' remuneration	15.1 50,000	50,000
	<u>50,000</u>	<u>50,000</u>

**15.1 Auditors' Remuneration**

Audit fees	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

**16 INCOME TAX -Current**

- -

**17 EARNINGS PER SHARE -Basic and diluted**

Net Profit/(loss) after tax	<u>1,838,133</u>	<u>(1,786,295)</u>
Weighted average number of shares outstanding during the year	<u>2,322,800</u>	<u>2,322,800</u>
Loss per share -Basic	<u>0.79</u>	<u>(0.77)</u>

There was no dilutive effect on the earnings per share.

# 18 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertaking comprise of associated companies, related group companies and directors. Transaction with related parties and associated undertakings are as under:

Relationship	Nature of Transaction	2013 Rupees	2012 Rupees
Associated company	Payment on behalf		
Associated companies	Repayment of loan	-	-
Associated company	Transfer of material		
Associated company	Purchase on behalf		
Associated company	Advance against Sale		

# 19 FINANCIAL INSTRUMENTS

(Rupees in '000')

		2013						
		INTEREST BEARING			NON-INTEREST BEARING			
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	TOTAL
<b>Financial Assets.</b>								
Cash and bank balances		-	-	-	20	-	20	20
Trade debts		-	-	-	192	-	192	192
		-	-	-	212	-	212	212
<b>Financial Liabilities.</b>								
Security deposit		-	-	-	20	-	20	20
Short term borrowings		-	-	-	44,328	-	44,328	44,328
Trade and other payables		-	-	-	1,042	-	1,042	1,042
		-	-	-	45,390	-	45,390	45,390
Net financial liabilities	<b>2013</b>	-	-	-	(45,178)	-	(45,178)	(45,178)
		2012						
		INTEREST BEARING			NON-INTEREST BEARING			
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	TOTAL
<b>Financial Assets.</b>								
Cash and bank balances		-	-	-	2	-	2	2
Trade debts		-	-	-	193	-	193	193
		-	-	-	195	-	195	195
<b>Financial Liabilities.</b>								
Security deposit		-	-	-	20	-	20	20
Short term borrowings		-	-	-	44,950	-	44,950	44,950
Trade and other payables		-	-	-	2,585	-	2,585	2,585
		-	-	-	47,555	-	47,555	47,555
Net financial liabilities	<b>2012</b>	-	-	-	(47,359)	-	(47,359)	(47,359)

# 20 RELATED DISCLOSURES

## Credit risk and concentration of credit risk.

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed completely to perform a Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The company is not exposed to concentration of credit risk in respect of trade debts as these are all fully collectible.

**Foreign exchange risk**

The company is not materially exposed to foreign exchange risk as it does not deal with foreign currency.

**Fair values of financial instruments**

The estimated fair value of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

**20.1 Capital risk management**

The primary objective of the Company's capital management is to maintain healthy capital ratio, strong credit rating and optimal capital structures in order to ensure ample availability of finance for existing and potential investment projects, to maximum.

The company manages its capital structure and make adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return the capital.

During the year, the company's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2013 and June 30, 2012 were as follows:

	2013 June Rupees	2012 June Rupees
Security deposit from dealers	20,000	20,000
Short term borrowings	44,328,020	44,950,020
Trade and other payables	1,042,096	2,584,778
	<u>45,390,116</u>	<u>47,554,798</u>
Cash and bank balances	(19,843)	(2,116)
Net debt	<u>45,370,273</u>	<u>47,552,682</u>
Share capital	23,228,000	23,228,000
Reserves	(62,550,705)	(64,388,838)
Equity	<u>(39,322,705)</u>	<u>(41,160,838)</u>
Net Debt employed	<u>6,047,568</u>	<u>6,391,844</u>
Gearing Ratio	750%	744%

The company finances its operating activities with interest free borrowings from directors and associated undertakings. The higher gearing ratio would not effect the company's ability to meet its liabilities as almost all the finances used in business are provided by the directors and associated undertakings which are interest free.

**21 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were approved by the Board of Directors and authorised for issue on 28th August 2013.

**CONTINGENCY AND COMMITMENT**

There was no contingency or commitment as at the balance sheet date.


**22 GENERAL**

Figures have been rounded-off nearest to the rupee unless stated otherwise.

Previous year figures have been re-arrange/re-classified where ever necessary for the purpose of comparison and proper presentation.



CHIEF EXECUTIVE



DIRECTOR

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**DADABHOY CONSTRUCTION TECHNOLOGY LIMITED**

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**PATTERN OF SHAREHOLDING**

**AS ON 30TH JUNE, 2013**

NO. OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	

692	1	100	52,360
285	101	500	79,890
266	501	1,000	150,710
45	1,001	5,000	86,950
4	5,001	10,000	24,510
1	10,001	15,000	10,780
1	15,001	20,000	19,500
1	35,001	40,000	38,697
1	140,001	145,000	140,250
3	160,001	165,000	486,420
1	200,001	205,000	203,784
1	205,001	210,000	205,730
1	820,001	825,000	823,219
<b>1302</b>			<b>2,322,800</b>

Catagories of Shareholders	No. of Shareholders	Shares Held	Percentage %
Individuals	1,297	1,347,921	58.03
Others	1	80	0.00
Investment Companies	1	10,780	0.46
Joint Stock Companies	2	823,769	35.46
Financial Institutions	1	140,250	6.04
	<b>1,302</b>	<b>2,322,800</b>	<b>100.00</b>



**INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE**  
**AS ON 30-06-13**

<b>SHAREHOLDERS CATEGORY</b>	<b>SHAREHOLDING</b>
<b><u>OTHERS</u></b>	
N.H. SECURITIES (PVT) LTD.	80
<b><u>INVESTMENT COMPANIES</u></b>	
INVESTMENT CORPORATION OF PAKISTAN	10,780
<b><u>JOINT STOCK COMPANIES</u></b>	
DADABHOY TRADING CORPORATION (PVT) LTD	823,219
DADABHOY CEMENT INDUSTRIES LTD	550
<b><u>FINANCIAL INSTITUTIONS</u></b>	
NATIONAL BANK OF PAKISTAN	140,250
<b><u>SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST</u></b>	
DADABHOY TRADING CORPORATION (PVT) LTD	823,219

**1,134,929**

<b><u>DIRECTORS</u></b>	
MR. MOHAMMAD HUSSAIN DADABHOY	54,050
MR. MOHAMMAD AMIN DADABHOY	258,380
MR. FAZAL KARIM DADABHOY	256,434
MRS HUMAIRA DADABHOY	163,385
MRS YASMEEN DADABHOY	162,985
MRS. NOOR BAKHT DADABHOY	700
MR. DANISH DADABHOY	500
	<b>896,434</b>

# **DADABHOY CONSTRUCTION TECHNOLOGY LIMITED**

## **32<sup>nd</sup> ANNUAL GENERAL MEETING 2013**

### **FORM OF PROXY**

I / We \_\_\_\_\_

Of \_\_\_\_\_ being

A member of DADABHOY CONSTRUCTION TECHNOLOGY LIMITED and holder of \_\_\_\_\_ Ordinary Shares as per registered Folio No. \_\_\_\_\_ hereby appoint \_\_\_\_\_

Or failing him \_\_\_\_\_

Of \_\_\_\_\_

Vide Registered Folio No. \_\_\_\_\_

As my / our proxy to vote for me/us and on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company to be held on 21<sup>st</sup> September 2013 and at any adjournment thereof.

Signed my me/us this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signed by the Shareholders

\_\_\_\_\_

### **Important :**

This form of Proxy duly completed must be deposited at the Company's

Registered Office, Noor Centre Office No.4, 2<sup>nd</sup> Floor Plot No.30-C Ittehad Lane 12 Phase VII D.O.A.H.,Karachi. Not later than 48 hours before the time of

Holding the meeting.

A proxy should also be a shareholder of the Company.

**Five Rupees  
Revenue Stamps**

For Office use

**32<sup>nd</sup> ANNUAL REPORT**