34th ANNUAL REPORT 2014

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DADABHOY GROUP

DADABHOY CEMENT INDUSTRIES LTD.

Vision

Is recognized and accepted as leader in the country for manufacturing one of the best quality cement in Pakistan

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

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER
Mr. Muhammad Rashid

COMPANY SECRETARY
Mr. Muhammad Rashid.

AUDITORS
M/s M. Akhtar & Company, Chartered Accountants

LEGAL ADVISOR
Mr. Salim Thepdawala & Company

BANKER
Summit Bank Limited

REGISTERED OFFICE
Noor Centre Office No.4, 2nd Floor
Plot No. 30-C Ittehad Lane 12
Phase VII D.O.H.A, Karachi.

SHARE REGISTRAR
M/s. Technology Trade (Pvt) Ltd.
Dagia House, 241-C, Block 2, P.E.C.H.S.
Off Shahrah-e-Quaideen, Karachi.
Telephone No. 43913 16-17
Fax No. 4391318

FACTORY
Nooriabad Deh Kalu Kohar,
District Dadu (Sindh)

HUMAN RESOURCE & REMUNERATION COMMITTEE
Mr. Syed Nasim Ahmed
Mr. Mohammed Sohail
Mr. Muhammad Amin Dadabhoy

AUDIT COMMITTEE

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of Dadabhoy Cement Industries Limited will be held on Saturday the October 11th 2014 at 03:30 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 33rd Annual General Meeting of the company held on 21st September, 2013.

2. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2014 together with Directors and Auditors Reports thereon.

3. To appoint auditors for the year ending June 30, 2015 and fix their remuneration.

4. To transact any other business with the permission of the Chair.

Karachi.	Muhammad Rashid
12th September, 2014	Company Secretary

Note

1. The Share Transfer Books of the company will remain closed from to 5th October, 2014 to 11th October, 2014 (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.

DIRECTORS' REPORT TO THE MEMBERS FOR THE YEAR ENDED JUNE 30, 2014

The directors are pleased to present annual report together with audited financial statements and the auditor's report for the year ended June 30, 2014. They further apprise that the company shall be soon in operation.

(Rupees in '000)

PRODUCTION AND DISPATCHES (TONS)	**2014**	**2013**
Clinker Production	Nil	Nil
Cement Production	Nil	Nil
Cement Dispatches	Nil	Nil
- Local	Nil	Nil
- Export	Nil	Nil

FINANCIAL RESULTS (Rupees in thousands	**2014**	**2013**
Net Sales	Nil	Nil
Gross Profit / (loss)	Nil	Nil
Net (Loss) / Profit	(67,016)	(116,673)
Earning / (loss) Per Share	(0.68)	(1.19)

SUBSIDIARY COMPANY AND CONSOLIDATED ACCOUNTS

Consolidated financial statements of the company with its subsidiary Dadabhoy Energy Supply Company Limited together with the Auditor's report thereon are included in this annual report.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- Financial statements prepared by management fairly present its state of affairs, results of operation, cash flow and changes in equity.
- The company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimates are based on reasonable and prudent judgments.
- International Accounting standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control has been effectively implemented and is continuously reviewed and monitored by internal audit.
- There is no material departure from the best practices of governance as detailed in the listing regulations.
- Key operating and financial data for last six years in summarized form is annexed.
- There has been nothing outstanding against your company on account of taxes, duties, Levies and other charges except for those which are being made in the normal course of business.

MEETINGS OF THE BOARD OF DIRECTORS

During the year four meetings of board of directors were held. Attendance by each director is as follows.

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

APPROPRIATION
No dividends have been declared, as there are accumulated losses and the company is in the process of repayment of long-term loans.

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

FUTURE PROSPECTS
In spite of current adverse position of the Company, the Management of the Company is quite confident and optimistic to revive the productivity and profitability in view of prospective positive outcome of negotiation with financial Institutions.

PATTERN OF SHARES HOLDING
Pattern of share holding as at June 30, 2014 required under the reporting framework is annexed.

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

Karachi — For and on behalf of the Board of Directors

12th September, 2014

MUHAMMAD AMIN DADABHOY
Chief Executive Officer

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 of seven 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 NBFI 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 directors are well experience and conversant with the listing regulations, legal and operational requirements and as such are fully aware 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.

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 : 12th September, 2014

MUHAMMAD AMIN DADABHOY
Chief Executive

M. AKHTAR & CO.
CHARTERED ACCOUNTANTS

Suite # 152 – C/1, First Floor,
P. E. C. H. S, Block – 2
Cell # 0331-2239081, 021-34539081
Karachi – 75400 (PAKISTAN)

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 2014, prepared by the Board of Directors of **Dadabhoy Cement Industries 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 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 doesn't appropriately reflect the company's compliance, in all material respect, with the best practices contained in the Code.

Place: Karachi
Dated: 05 SEP 2014

M. AKHTAR & CO. REG 1180 Chartered Accountants

MAHMOOD AKHTAR HAROON
CHARTERED ACCUNTANTS

DADABHOY CEMENT INDUSTRIES LIMITED

FINANCIAL REVIEW FOR SIX YEARS

Particulars	2014	2013	2012	2011	2010	2009
PRODUCTION SUMMARY						
Clinker Production	-	-	-	-	-	14080
Cement Production	-	-	-	-	-	8800
Cement Dispatch	-	-	-	-	-	8396
ASSETS EMPLOYED						
Fixed Assets	3,349,390	3,358,140	3,366,515	3,379,835	3,291,282	3,359,527
Long term Loan & Investments	209,305	210,370	210,370	210,370	210,370	210,363
Current Assets	31,234	77,838	175,793	175,792	304,576	394,954
Total Assets Employed	3,589,929	3,646,348	3,752,678	3,765,997	3,806,228	3,964,844
FINANCED BY						
Shareholders' Equity	170,782	233,938	350,611	370,504	503,724	554,838
Surplus on Revaluation	1,455,539	1,459,399	1,459,399	1,459,399	1,350,687	1,356,563
Long term Liabilities	600,392	600,392	600,392	600,392	602,271	602,628
Deferred Liabilities	775,117	775,117	775,117	775,117	792,484	844,534
Current Liabilities	588,144	577,502	567,159	560,585	557,062	606,280
Total Funds Invested	3,589,974	3,646,348	3,752,678	3,765,997	3,806,228	3,964,844
FINANCED BY						
Turnover (Net)	-	-	-	-	-	30,030
Operating Profit (Loss)	-	-	-	-	-	(51,764)
Profit (loss) before Taxation	(67,016)	(116,673)	(19,893)	(151,222)	(94,548)	(59,540)
Profit / (Loss) after Taxation	(67,016)	(116,673)	(19,893)	(135,416)	(56,990)	6711
Cash Dividend	-	-	-	-	-	-
Profit (Loss) carried forward	(848,668)	(781,652)	(664,979)	(645,086)	(511,866)	(460,752)

DADABHOY CEMEMT INDUSTRIES LIMITED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2014

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Suite # 152 - C/1, First Floor
P. E. C. H. S. Block - 2
Cell # 0331-2239081,
021 - 34539081
Karachi - 75400 (PAKISTAN)

M. AKHTAR & CO.
CHARTERED ACCOUNTANTS

Suite # 152 - C/1, First Floor,
P.E.C.H.S. Block - 2
Cell # 0331- 2239081, 021– 34539081
Karachi – 75400 (PAKISTAN)

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DADABHOY CEMENT INDUSTRIES LIMITED** as at June 30, 2014 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, subject to Note # 2 to the accounts, 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;

M. AKHTAR & CO.
CHARTERED ACCOUNTANTS

Suite # 152 - C/1, First Floor,
P.E.C.H.S. Block - 2
Cell # 0331- 2239081, 021– 34539081
Karachi – 75400 (PAKISTAN)

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, 2014 and of the loss for the year then ended; and

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

M. AKHTAR & COMPANY
CHARTERED ACCOUNTANTS
Karachi 12 SEP 2014

M. AKHTAR & CO.
REG 1180
Chartered Accountants

DADABHOY CEMENT INDUSTRIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	2013
ASSETS		**(Rupees in thousand)**	
Non-Current Assets			
Property, plant and equipment	4	3,349,390	3,358,140
Long term investments	5	207,420	207,420
Long term deposits		1,930	2,950
		3,558,740	**3,568,510**
Current Assets			
Stores, spare parts and loose tools	6	23,535	52,035
Loans and advances	7	7,625	21,708
Other receivables	8	-	4,068
Cash & Bank balances	9	74	27
		31,234	**77,838**
Total Assets		**3,589,974**	**3,646,348**
EQUITY AND LIABILITIES			
Authorised Capital			
150,000,000 Ordinary shares of Rs. 10/- each		**1,500,000**	**1,500,000**
Issued, subscribed and paid up capital	10	**982,366**	**982,366**
Capital reserve		**33,224**	**33,224**
Accumulated losses		**(844,808)**	**(781,652)**
		170,782	**233,938**
Surplus on revaluation of fixed assets	11	**1,455,539**	**1,459,399**
Non Current Liabilities			
Long term financing	12	600,000	600,000
Long term morahaba	13	392	392
Liabilities against assets subject to finance lease	14	2,024	2,024
Deferred liabilities	15	775,117	775,117
		1,377,533	**1,377,533**
Current Liabilities			
Creditors, accrued and other liabilities	16	556,817	546,175
Short term running finance	17	25,000	25,000
Provision for taxation	18	4,303	4,303
		586,120	**575,478**
		3,589,974	**3,646,348**
Contingencies and Commitments	19	-	-

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

DADABHOY CEMENT INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 2014

	Note	2014	2013
		(Rupees in thousand)	
Sales	20	-	-
Cost of sales	21	-	-
Gross profit		-	-
Distribution Costs	22	-	-
Administrative and general expenses	23	(68,903)	(119,749)
Other Expenses	24	(225)	(175)
		(69,128)	(119,924)
Other income	25	2,116	3,254
		(67,012)	(116,670)
Financial cost	27	(4)	(3)
(Loss) before taxation		(67,016)	(116,673)
Taxation	28	-	-
Net (loss) after taxation		(67,016)	(116,673)
Earning / (loss) per share - Basic and diluted (Rupees)	29	(0.68)	(1.19)

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

DADABHOY CEMENT INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2014

	2014	2013
	(Rupees in thousand)	
Cash flows from operating activities		
(Loss) before taxation	(67,016)	(116,673)
Adjustments:		
Depreciation	8,750	8,375
Stock damages written off	28,500	97,965
Advance, deposits & other receivable written off	19,171	-
Financial charges	4	3
Operating cash flows before working capital changes	(10,591)	(10,330)
(Increase) / decrease in current assets		
Loan and advance	-	-
	-	-
Increase / (decrease) in current liabilities		
Loans from directors	11,831	13,210
Trade and other payable	(1,189)	(2,867)
Cash generated from operations	51	13
Financial charges paid	(4)	(3)
Net cash generated from operating activities	47	10
Cash flows from investing activities		
Long term deposits	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities		
Net cash outflow from financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	47	10
Cash and cash equivalents at beginning of the year	27	17
Cash and cash equivalents at end of period	74	27

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2014

	Share Capital	Capital Reserve	Accumulated losses	Total
	←	Rupees '000		→
Balance at July 01, 2012	982,366	33,224	(664,979)	350,611
Loss after taxation for the year 2013			(116,673)	(116,673)
Balance as at 30 June 2013	982,366	33,224	(781,652)	233,938
Balance as at July 01, 2013	982,366	33,224	(781,652)	233,938
Loss after taxation for the year 2014	-	-	(67,016)	(67,016)
Adjustment for incremental depreciation	-	-	3,860	3,860
Balance at June 30, 2014	982,366	33,224	(844,808)	170,782

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

DADABHOY CEMENT INDUSTRIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

1 STATUS AND NATURE OF BUSINESS

Dadabhoy Cement Industries Limited was incorporated on 09 August 1979 as a public limited company with its Registered Office situated at Noor Centre Office No. 4, 2nd Floor Plot No. 30-C Ittehad Lane 12 Phase VII D.O.H.A, Karachi and is listed on all the Stock Exchanges in Pakistan. The Company is engaged in the manufacturing and sale of ordinary Portland, slag and sulphate resistant cement.

2 GOING CONCERN BASIS

The directors have taken several positive steps to restart the production , this includes positive on going negotiation with the lender of long term finances (see note 12.1.2) and arrangement with other banks for financing.The negotiations with its bankers to secure an amount necessary to cover its working capital and repair and maintenance requirements for the commencement of un-interrupted operations in future.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.2 Accounting standards, amendments and interpretations effective in 2009

Amendments to IAS 1 Presentations of Financial Statements - Capital Disclosures is mandatory for the company's accounting periods beginning on or after January 1, 2007. It introduces new disclosures relating to Company's objectives, policies and processes for managing capital. Adoption of this amendment only impacts the format and extent of the disclosure presented in note 33.3 to financial statement.

The other new standards, amendments and interpretations are considered neither relevant nor to have any significant effect to the company's financial statements.

Following amendments to approved accounting standards and interpretations have been published that are mandatory for the company's accounting periods beginning on the dates
mentioned below:

Standard or Interpretation	Effective date (accounting period beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 1, 2009
IAS 23 - Borrowing Cost (Revised)	January 1, 2009
IAS 27 - Consolidated and separate Financial Statements (Revised)	January 1, 2009
IFRS 3 - Business Combination (Revised)	January 1, 2009
IFRS 7 - Financial Instruments : Disclosure	July 1, 2008
IFRS 8 - Operating segments	January 1, 2009
IFRIC 12 - Service Concession Arrangements	January 1, 2009
IFRIC 14 - The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interactions	January 1, 2008

3.3 Accounting Convention

These financial statements have been prepared under the "historical cost convention" except for free hold land, building on free hold land, plant and machinery, quarry equipments and motor vehicles which are stated at revalued amounts and measurement of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

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

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

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

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are discussed in Note No.33 to these financial statements.

3.4 Staff retirement benefits (Defined Benefit Plan)

The company operates an approved defined gratuity fund for all of its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at June 30, 2006 using the Projected Unit Credit Method. For details refer to Note No 15.2.

3.5 Taxation

Current:

Provision for current taxation is based on taxable income at the current rates of taxation or based on turnover at the specified rates whichever is higher, after taking into account tax credits and rebates available and effect of tax on income falling under Final Tax Regime.

Deferred:

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

3.6 Property, Plant and Equipment

Owned

Fixed assets are stated at cost including exchange differences arising on acquisition or revalued amounts less accumulated depreciation and impairment loses if any except for freehold land and capital work-in-progress which are stated at revalued amount and cost respectively. Depreciation on plant and machinery and quarry equipment is charged on the basis of unit of production method. Depreciation on other assets is charged on straight line method at the rates stated in note 4.

Depreciation on additions is charged from the month the assets is put to use while depreciation on disposals is charged up to the month of disposals.

The surplus on revaluation of fixed assets is reversed to the extent of incremental depreciation and is transferred to accumulated loss.

Gains and losses on sale of fixed assets are included in income currently, except that is related to surplus on revaluation of fixed assets (net of deferred taxation), is transferred directly to accumulated loss.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The outstanding obligations under the lease less finance charges allocated to future periods are shown as liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the profit and loss account. Depreciation is charged to income applying the same basis as for owned assets.

Capital work in progress:

Capital work in progress is stated at cost including where relevant, related financial costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

3.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives.

3.8 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. Impairment loss is recognized in Profit and Loss account whenever carrying amount of an asset exceeds its recoverable amount.

3.9 Financial Instruments

The particular recognition methods adopted by the company are disclosed in the individual policy statement associated with each item of financial instruments.

Financial assets

Financial assets are initially recognized at their cost which is the fair value of the consideration given for them at the time when the Company becomes a party to the contractual provisions of the instruments and subsequent to initial recognition, financial assets are carried at fair value except any financial asset whose fair value can not be reliably measured.

A 'regular way' purchase or sale of financial asset is recognized using trade date accounting.

Financial liabilities

All financial liabilities are initially recognized at cost which is the fair value of consideration received at the time when the Company becomes a party to the contractual provisions of the instruments. After initial recognition, financial liabilities are carried at fair value, amortized cost or original cost as the case may be.

Off-setting financial instruments

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

De- recognition

Financial assets are de-recognized when the Company looses control of the contractual rights that comprise the Financial liabilities are de-recognized when they are extinguished; that is, when the obligation specified in the contract is discharged, cancelled or expires.

Recognition of gains / (losses)

Gains or losses, if any, on realization or settlement/ subsequent measurement and de recognition of financial assets and liabilities are included in net profit and loss in the period in which it arises.

Impairment/ un-collectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is an evidence that the financial asset or the group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of the assets is determined and impairment loss is recognized for the difference between the recoverable amount and the carrying amount.

3.10 Investments

In Associates

These represents investments in shares of companies that are directly or indirectly controlled by, or are under common control of DCIL or in which a substantive interest in the voting power is owned, directly or indirectly by the directors of DCIL.

Investment in subsidiary company is stated at cost less any impairment in the value of investment.

Investment in associate is accounted for using the equity method whereby investment is carried in the balance sheet at cost as adjusted by the post-acquisition changes in the company's share of net assets of the associate less any impairment in the value of investment.

3.11 Stores, spares and loose tools

These are valued at moving average cost. Items in transit and in bonded warehouse are valued at cost comprising invoice value plus other charges paid thereon up to the date of balance sheet.

3.12 Stock-in-trade

Stock of raw materials, ecept for those in transit work-in-process and finished goods are value pricipally at the lower of average cost and net realisable value. Stock of packing material is valued principally at moving average cost. Cost of work in process and finished goods comprises cost of direc materials, labour and appropriate manufacturing overheads.

Material in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

3.13 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful receivable balances. Bad Debts are written off when identified.

3.14 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the value of the consideration to be paid in future for goods and services.

3.15 Borrowing costs

Borrowing costs are charged to profit and loss account in the year when they are incurred, except to the extent that they are directly attributable to the construction of a qualifying assets in which case they are capitalized as part of the cost of that assets.

3.16 Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the rates of exchange ruling on the date of transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Exchange differences are included in income currently, except for exchange differences arising on acquisition of fixed assets which are included in the cost of fixed assets for which no practical means of hedging are present.

3.17 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Dividend income is accounted for when the right to receive the dividend is established.

Return on term deposit and saving accounts is accounted for on an accrual basis.

3.18 Provisions

Provisions are recognized when the company has a present obligation as a result of past event, which it is probable will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

3.19 Transactions with related parties

Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length. These prices are determined in accordance with the methods prescribed in the Companies Ordinance, 1984.

3.20 Cash and cash equivalents

Cash and Cash Equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash-in-hand, bonds, current and deposit accounts with banks / financial institutions net of running finance under mark-up arrangement, if any.

3.21 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the company's functional currency. All financial information is stated in Pak Rupees.

	Note	2014	2013
		(Rupees in thousand)	

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
Tangible fixed assets	4.1	3,338,750	3,347,500
Capital work-in-progress		10,640	10,640
		3,349,390	3,358,140

4.1 Tangible fixed assets

PARTICULAR	COST					RATE	DEPRECIATION					W.D.V
	1/7/2013	ADDITION	DELETION	REVALUATION	30/6/2014		1/7/2013	ADJUSTMENT	REVALUATION	FOR THE YEAR	30/6/2014	
Free hold Land	350,000	-	-	-	350,000	-	-	-	-	-	-	350,000
Building on free hold Land	335,000	-	-	-	335,000	2.50%	25,125	-	-	8,375	33,500	301,500
Road & Pavement	15,000	-	-	-	15,000	2.50%	375	-	-	375	750	14,250
Plant & Machinery	2,673,000	-	-	-	2,673,000	1%	-	-	-	-	-	2,673,000
Furnitures & Fixtures	10,020	-	-	-	10,020	10%	10,020	-	-	-	10,020	-
Other Equipments	49,504	-	-	-	49,504	10%	49,504	-	-	-	49,504	-
Motor Vehicle	39,117	-	-	-	39,117	20%	39,117	-	-	-	39,117	-
	3,471,641	-	-	-	3,471,641		124,141	-	-	8,750	132,891	3,338,750
Lease Vehicle	6,835	-	-	-	6,835	20%	6,835	-	-	-	6,835	-
2014	3,478,476	-	-	-	3,478,476		130,976	-	-	8,750	139,726	3,338,750
2013	3,478,476	-	-	-	3,478,476		122,601	-	-	8,375	130,976	3,347,500

4.1.1 Depreciation for the year has been allocated as:

	Note	2014	2013
		(Rupees in '000')	
Cost of sales	25	-	-
Mining and other related cost	25	-	-
Administrative expenses	27	**8,750**	8,375
		8,750	8,375

4.1.2 The above balance represents the value of operating property, plant and equipment subsequent to revaluation carried out by independent valuers, as referred to in note 11, which has resulted in surplus and addition thereafter at cost.

Had there been no revaluation, the net book value of specific classes of Property, Plant and Equipment as at June 30, 2014 would have been as follows:

	2014	2013
	(Rupees in thousand)	
Freehold lands	**3,198**	3,198
Factory building	**78,686**	80,704
Plant & Machinery	**825,418**	825,418
Vehicles	**2,772**	2,772
	910,074	912,092

4.1.3 All the fixed assets of the company have been hypothecated and /or mortgaged with the lender of long term finances

4.2 CAPITAL WORK-IN-PROGRESS

	Civil work & gas pipe lines	Machinery	Total
		Rupees'000	
Cost as at June 30, 2013	9,120	1,520	10,640
Incurred during the year	-	-	-
Cost as at June 30, 2014	9,120	1,520	10,640

	2014	2013
	(Rupees in thousand)	
5 LONG-TERM INVESTMENTS		
Investments in related parties-		
i. **At cost (Unquoted)**		
Dadabhoy Energy Supply Company		
Cost at July, 01	205,000	205,000
Purchase of right shares at par	-	-
Cost at June, 30	205,000	205,000
ii. **Equity method (Quoted)**		
Dadabhoy Sack Limited		
Investment at July 01	2,420	2,420
Share of (loss)/ profit	-	-
Share of incremental depreciation	-	-
Adjustment	-	-
	-	-
	2,420	2,420
	207,420	207,420

Summarised financial information of an associate

	2014	2013
Total assets	56,056	58,996
Total Liabilities	14,526	14,358
Revenue	-	-
Net (loss) /profit for the year	(3,108)	(5,211)

Dadabhoy Energy Supply Company Limited (DESCL) has been treated a subsidiary company as more than 50% of its shares are held by DCIL and its directors thus providing substantial interest in the voting power in DESCL.

5.1 The company has pledged 4,500,000 Ordinary shares of Rs. 10 each of DESCL with a financial institution as a security against the financial assistance extended by the financial institution to Dadabhoy Energy Supply Company Limited.

5.2 Dadabhoy Sack Limited has been presumed to be an associated company as the directors of the company are also members of the board of directors of Dadabhoy Sack Ltd. and also, material transactions are undertaken between the companies. The reporting date of Dadabhoy Sack Limited is also the same as of the company that is, year ended June 30, 2014

			2014	2013
6	**STORES, SPARES AND LOOSE TOOLS**	**Note**	**(Rupees in thousand)**	
	Stores, spares and loose tools	6.1	52,035	52,035
	Writen off slow moving spares in hand		(28,500)	-
			23,535	52,035

6.1 It was not practicable to bifurcate and distinguish separately stores, spares and loose tools.

		2014	2013
7	**LOANS AND ADVANCES**		
	Loans to employees - considered good		
	Executives	-	-
		-	-
	Prepayments	40	40
	Advance income tax	7,585	7,585
	Advance to suppliers		
	Advance to local suppliers	-	14,083
	Advance to subsidiary company		
	Dadabhoy Energy Supply Co Limited	-	-
		-	14,083
		7,625	21,708
8	**OTHER RECEIVABLES**		
	Sale Tax	-	4,243
	Others	-	1,153
		-	5,396
	Provision for doubtful receivable	-	(1,328)
		-	4,068
9	**CASH AND BANK BALANCES**		
	Current account	58	11
	Savings accounts	3	3
	Dividend accounts	-	-
	Collection accounts-Current	2	2
	Cash in Hand	11	11
		74	27
		74	27

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

10 (Number of shares)

2014	2013			
Ordinary shares of Rs. 10 each				
98,236,624	98,236,624	Fully paid up in cash	982,366	982,366
98,236,624	**98,236,624**		**982,366**	982,366

			2,014	2,013
			(Rupees in thousand)	
11	**SURPLUS ON REVALUATION OF FIXED ASSETS**			
	Balance at beginning of year		1,459,399	1,459,399
	Revaluation for the year	11.1	-	-
			1,459,399	1,459,399
	Released to the extent of incremental depreciation for the year-			
	Incremental depreciation		(5,939)	-
	Related deferred tax liability		2,079	-
	Net released to accumulated losses		(3,860)	-
	Balance at end of year		1,455,539	1,459,399

11.1 The revaluation of land, building and plant & machinery was carried out by M/S Zafer Iqbal & Company, Surveyors and valuators on the basis of depreciable replacement values, vide report dated 17-09-2009

12	**LONG TERM FINANCING - secured**			
	Loan from banking company-			
	Long-term loan	12.1	600,000	600,000
			600,000	600,000

12.1	**Long term Loan**		
	Balance as at 01 July	600,000	600,000
	Balance as at June 30	600,000	600,000

12.1.1 Security

The loan is secured by way of legal mortgage on the immovable properties of the company. Pledge of sponsor director's shares, equitable mortgage on mining leases of the company, pledge and hypothecation of machinery, and all the movable properties, including book debts and receivables of the company, ranking pari passu with other creditors and with charges already existing and personal guarantees of sponsoring directors.

12.1.2 During the year, the company continued its negotiations with the bank for full and final settlement on softer terms. Finally it was principally agreed between the company and the bank that on payment of Rs 600.00 million by the company in lump sum, the entire liability would stand discharged. It was further agreed that the terms and conditions of the understanding between the parties for the settlement of the entire liability cannot be reduced in black and white due to legal binding. However as soon as the payment of Rs 600.0 million is made by the company to the bank the whole process shall be recorded in the form of settlement agreement for further action. Inthe meantime the company has also requested the bank for resheduling the loan of Rs:600.0 million.

12.1.3 During the year 2008, having negotiated with the bank the company was successful to get reduced the long term loan by Rs.125,898 and consortiom loan by Rs. 12,413 aggregated to Rs.138,311, transferred to deferred income (note:16-Trade and Other Payable).

12.1.4 Further to the above note, the management has informed us that the above amount of decree has been lapsed/ time barred, hence this liability stands Nil.

		Note	2014	2013
			(Rupees in thousand)	
13	**LONG TERM MORAHABA**			
	Balance at beginning of the year		392	392
	Repaid during the half year		-	-
			392	392
	Less: Current maturity		-	-
			392	392

14	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Opening balance		2,024	2,024
	Paid during the half year		-	-
			2,024	2,024
	Less: Current maturity		-	-
			2,024	2,024

14.1 These represent finance lease entered into with leasing companies for motor vehicles. Rates of finance charges ranges from 8.60% to 12.3% (2013: 8.60% to 12.3%) per annum and are used as discounting factors. The lease terms are of 3 to 5 years.

14.2 The company intends to exercise the option to purchase the leased assets upon completion of lease periods.

14.3 Liabilities are secured against demand promissory notes and security deposits.

		Note	2014	2013
			(Rupees in thousand)	
15	**DEFERRED LIABILITIES**			
	Deferred tax	15.1	773,137	773,137
	Staff retirement benefits - gratuity fund	15.2	1,980	1,980
			775,117	775,117

15.1 This comprise the tax effects of the following temporary differences:

	2014	2013
Credit balances arising in respect of:		
- accelerated tax depreciation allowances	1,088,316	1,088,316
	1,088,316	1,088,316
Deferred tax asset		
- unused tax losses	(313,641)	(313,641)
- lease liability	(708)	(708)
- morahaba liability	(137)	(137)
- Current portion of morahaba and lease liabilities	(693)	(693)
	(315,179)	(315,179)
	773,137	773,137
Movement for the year		
Balance at 01 July	773,137	773,137
Charge to income for the half year	-	-
Balance at 31 December	773,137	773,137

	Note	2014	2013
		(Rupees in thousand)	

15.2 Staff retirement benefits - gratuity fund

Movement in asset / (liability)			
Balance as at July 1,		1,980	1,980
Contributions made		-	-
Liability as at December 31,		1,980	1,980
Balance sheet reconciliation as at December 31			
Present value of obligations		438	438
Unrecognised actuarial gain		1,542	1,542
		1,980	1,980

16 TRADE AND OTHER PAYABLE

Trade creditors			
Local creditors		8,134	9,573
From associated companies			
Dadabhoy Hydrocarbon Limited		30,897	30,897
Dadabhoy Sack Limited		20,842	20,842
		51,739	51,739
		59,873	61,312
Due to Related Parties-Unsecured			
Leo (Pvt) Limited		5,282	5,282
Due to directors		165,056	153,225
		170,338	158,507
Accrued liabilities		6,908	6,658
Advance from customers		22,555	22,555
Unclaimed dividend		566	566
Deferred income		138,311	138,311
Other liabilities			
Sales tax		1,508	1,508
Workers' profit participation fund	16.1	2,484	2,484
Excise duty payable		138,713	138,713
Special excise duty payable		362	362
Tax deducted at source		15,089	15,089
Others		110	110
		158,266	158,266
		556,817	546,175

16.1 Workers' Profit Participation Fund

Balance at 01, July		2,484	2,484
Balance at 30, June		2,484	2,484

	Note	2014	2013
		(Rupees in thousand)	

17 SHORT TERM BORROWING-Secured

Packing credit from a bank		25,000	25,000

The above facility was obtained from a bank on a mark-up basis at the rate of 6 month KIBOR + 3 (minimum 14%).

The facility is secured by a Hypothecation of stock of cement to the extent of 34.0 million and equitable mortgage of factory land building and machinery of an associate company and personal guarantees of all directors.

18 PROVISION FOR TAXATION

As at 01, July		10,157	10,157
Adjusted against advance tax exports		(5,854)	(5,854)
		4,303	4,303

19 CONTINGENCY AND COMMITMENT		-	-

20 SALES - NET

Local sales		-	-
		-	
Less: Sales tax		-	-
Excise duty		-	-
		-	-
		-	-

21 COST OF SALES

	Note	2014	2013
		(Rupees in thousand)	
Opening stock			
Raw material		-	-
Packing Material		-	-
		-	-
Purchases		-	-
		-	-
Closing stock			
Raw material		-	-
Packing Material		-	-
		-	-
Raw and packing material consumed		-	-
Mining and other related costs		-	-
Stores and spares consumed		-	-
Fuel and power		-	-
Salaries, wages and other benefits		-	-
Contract labour		-	-
Rent, rates and taxes		-	-
Security and protection		-	-
Inspection & testing		-	-
Fees and subscription		-	-
Repairs and maintenance		-	-
Depreciation/amortization	4.1.1	-	-
Traveling and conveyance		-	-
Insurance		-	-
Telephone and telex		-	-
Vehicle running expenses		-	-
Printing and stationery		-	-
Entertainment		-	-
Cleaning		-	-
Others		-	-
Manufacturing costs incurred during the year		-	-
Work-in-process			
Opening		-	-
Closing		-	-
		-	-
Cost of goods manufactured		-	-
Finished goods			
Opening		-	-
Closing		-	-
		-	-
		-	-

22 DISTRIBUTION COSTS

	Note	2014	2013
		(Rupees in thousand)	
Salaries and other benefits		-	-
Traveling and conveyance		-	-
Entertainment		-	-
Printing and stationery		-	-
Advertisement and publicity		-	-
Freight and cartage		-	-
Vehicle running expenses		-	-
Sales promotion		-	-
Telephone & telex		-	-
Others		-	-
		-	-

		Note	2,014	2,013
			(Rupees in thousand)	
23	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits		3,951	4,448
	Traveling and conveyance		120	234
	Rent, rates and taxes		2,577	560
	Printing and stationery		45	105
	Entertainment		62	127
	Utilities		580	575
	Telephone and telex		123	92
	Postage and telegram		33	44
	Repairs and maintenance		408	183
	Security and protection		2,236	2,386
	Legal and professional		1,022	2,622
	Depreciation/amortization		8,750	8,375
	Fees and subscription		57	761
	Others		774	714
	Fuel and power		392	436
	Vehicle running expenses		27	45
	Advertisement		75	77
	Stock damages written off		28,500	97,965
	Advance, deposits & other receivable written off		19,171	
			68,903	119,749
24	**OTHER EXPENSES**			
	Auditors' remuneration	24.1	225	175
			225	175
24.1	**Auditors' remuneration**			
	Audit fee		200	150
	Half yearly review		25	25
			225	175
25	**OTHER INCOME**			
	Other		2,116	3,254
			2,116	3,254
26	**SHARE OF (LOSS)/ PROFIT OF ASSOCIATE**			
	Share of net (loss)/ profit for the year		-	-
			-	-
27	**FINANCE COST**			
	Interest on finance lease liability		-	-
	Bank charges		4	3
			4	3
28	**INCOME TAX**			
	Current			
	Deferred	15.1	-	-
			-	-
29	**(LOSS)/ EARNINGS PER SHARE - BASIC AND DILUTED**			
	(Loss)/ profit after taxation		(67,016)	(116,673)
	Weighted average number of outstanding ordinary shares		98,236,624	98,236,624
	(Loss)/ earning per share - Basic		(0.68)	(1.19)

There was no dilutive effect on earnings per share.

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged for the year are as follows :

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	Rupees'000					
Managerial remuneration	-	-	-	-	-	-
Conveyance and utilities	-	-	-	-	-	-
Medical expenses	-	-	-	-	-	-
	-	-	-	-	-	-
Numbers of person(s)	**1**	1	**6**	6	**4**	4

30.1 Working Directors and certain Executives are also provided with free use of Company's owned and maintained cars. They are also entitled for leave fare assistance, free medical cover for self and family and other benefits as per company's rules.

31 CAPACITY - Cement all kind

	2014	2013
	M. Tonnes	
Installed capacity	598,000	598,000
Production	-	-
	0%	0%

32 TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH RELATED PARTIES

(Rupees.'000')

	Subsidiary company		Associated company		Other related parties	
	2014	2013	2014	2013	2014	2013
Purchase of electricity	-	-	-	-	-	-
Purchase of goods	-	-	-	-	-	-
Payment against purchases	-	-	-	-	-	-
Payments on behalf	-	-	-	-	-	-
Investment in share capital	-	-	-	-	-	-
Issue right shares	-	-	-	-	-	-
Funds received	-	-	-	-	-	-

32.1 The transactions with associated and subsidiary companies are made at arm's length value under normal commercial terms and conditions.

32.2 There are no transactions with key management personnel other than under the term of employment.

32.3 Outstanding balances with related parties as at year end have been included in their respective notes to the financial statements.

33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, the following table indicate their effective interest / mark-up rates at the balance sheet date.

Description	Rate of markup	2014						
		Interest / Mark-up bearing			Non Interest / Mark-up bearing			Total
		Maturity up to one	Maturity after one	Sub Total	Maturity up to one	Maturity after one	Sub Total	
Financial Assets								
Long-term investments		-	-	-	-	207,420	207,420	207,420
Long term deposits		-	-	-	-	1,930	1,930	1,930
Loans and advances		-	-	-	-	-	-	-
Bank balances	4.75%	61	-	61	13	-	13	74
		61	-	61	13	209,350	209,363	209,424
Financial Liabilities								
Long-term finance	6 month KIBOR + 2.5% 11%	-	600,000	600,000	-	-	-	600,000
Long-term morahaba		-	392	392	-	-	-	392
Liabilities against assets subject to finance lease	8.60% to 12.30%	-	2,024	2,024	-	-	-	2,024
Long-term deposits		-	-	-	-	-	-	-
Trade and other payables		-	-	-	556,817	-	556,817	556,817
Short term borrowing	6 month KIBOR + 3% (minimum 14%)	25,000	-	25,000	-	-	-	25,000
		25,000	602,416	627,416	556,817	-	556,817	1,184,233
Balance sheet gap		(24,939)	(602,416)	(627,355)	(556,804)	209,350	(347,454)	(974,809)

Description	Rate of markup	2013						
		Interest / Mark-up bearing			Non Interest / Mark-up bearing			Total
		Maturity up to one	Maturity after one	Sub Total	Maturity up to one	Maturity after one	Sub Total	
Financial Assets								
Long-term investments		-	-	-	-	207,420	207,420	207,420
Long term deposits		-	-	-	-	2,950	2,950	2,950
Loans and advances		-	-	-	-	-	-	-
Bank balances	4.75%	13	-	13	14	-	14	27
		13	-	13	14	210,370	210,384	210,397
Financial Liabilities								
Long-term finance	6 month KIBOR + 2.5% 11%	-	600,000	600,000	-	-	-	600,000
Long-term morahaba		-	392	392	-	-	-	392
Liabilities against assets subject to finance lease	8.60% to 12.30%	-	2,024	2,024	-	-	-	2,024
Long-term deposits		-	-	-	-	-	-	-
Trade and other payables		-	-	-	546,175	-	546,175	546,175
Short term borrowing	6 month KIBOR + 3% (minimum 14%)	25,000	-	25,000	-	-	-	25,000
		25,000	602,416	627,416	546,175	-	546,175	1,173,591
Balance sheet gap		(24,987)	(602,416)	(627,403)	(546,161)	210,370	(335,791)	(963,194)

33.1 Financial risk management objectives

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risk arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

33.1.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter party fails completely to perform as contracted without taking into account the fair value of any collateral. To manage exposure of credit risk, the company applies credit limits to its customers and ensures that sale of products are made to customer with appropriate credit history.

Concentration of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political and other conditions. Concentration or credit risk indicate the relative sensivity of the company's performance to developments affecting a particular industry.

All the financial assets of the company are exposed to credit risk. The company believes that it is not exposed to major concentration of credit risk. The company seeks to minimize the credit risk exposure through having exposure only to customers considered credit worthy, obtaining securities where applicable and make provision against those balances considered doubtful of recovery.

33.1.2 Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and contracting floor and cap of interest rates as referred to in note 17.

33.1.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The company, where considered necessary, uses forward contracts and foreign currency options against payables exposed to foreign currency risks.

33.1.4 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

33.2 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximates their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

33.3 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 maximise shareholder value and reduce the cost of capital.

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 to shareholders or issue new shares. No changes were made in the objectives, policy or processes during the year ended June 30, 2014.

The company monitors capital using a gearing ratio, which is net debt dividend by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debts.

During the year, the company's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2014 and 2013 were as follows:

	2014	2013
	(Rupees in thousand)	
Long term financing	600,000	600,000
Trade and other payables	556,817	546,175
Long term Morahaba	392	392
Liabilities against assets subject to finance lease	2,024	2,024
Short term borrowing-Packing facility	25,000	25,000
Total debt	1,184,233	1,173,591
Cash and bank balances	74	27
Net debt	1,184,159	1,173,564
Share capital	982,366	982,366
Reserves	(811,584)	(748,428)
Equity	170,782	233,938
Capital	1,354,941	1,407,502
Gearing Ratio	87%	83%

The company finances its expansion projects through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimze risk. A significant decline in the gearing ratio during 2008 resulted primarily from the issue of right shares (note 8) with a view to finance the company's long term investment strategy for sustaining competitive advantage.

34 ACCOUNTING ESTIMATES AND JUDGMENTS

34.1 Staff Retirement Benefits

Certain actuarial assumptions have been adopted as disclosed in Note 15.2 to the financial statement for valuation of present value of defined obligations and fair value of plan assets any changes in these assumptions in future years might effect gains and and losses in those years.

34.2 Property, Plant and Equipment

The company's management estimates useful life and related depreciation charge for its plant and equipment. The company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amount of the respective items of the property, plant and equipment with a corresponding effect on the depreciation charged and impairment.

34.3 Income Taxes

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

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors in the meeting held on ____________________2014.

36 GENERAL

Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.

37 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison.

CHIEF EXECUTIVE | **DIRECTOR**

INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE
AS ON 30-06-14

Catagories of Shareholders	No. of Shareholders	Shares Held
DIRECTORS		
Mr. Mohammad Hussain Dadabhoy	1	1,568
Mr. Mohammad Amin Dadabhoy	1	1,042,092
Mr. Fazal Karim Dadabhoy	1	938,349
Mrs. Yasmeen Dadabhoy	1	244,314
Mrs. Noor Bakht Dadabhoy	1	1,568
Mr.Danish Dadabhoy	1	1,232
Mrs. Humaira Dadabhoy	1	1,568
Individuals	4,730	15,573,427
Others	66	6,122,582
Investment Companies	1	116,250
Insurance Companies	5	104,200
Joint Stock Companies	2	71,069,815
Banks, DFIS, NBFIS Etc.	12	5,242,850
Foreign Companies	4	7,500

CATEGORIES OF SHARE HOLDERS

Catagories of Shareholders	No. of Shareholders	Shares Held	Percentage %
Individuals	4,730	15,573,427	15.85
Others	66	6,122,582	6.23
Investment Companies	1	116,250	0.12
Investment Corp of Pakistan			
Insurance Companies	5	104,200	0.11
Joint Stock Companies	2	71,069,815	72.35
Financial Institutions/Banks/DFI	12	5,242,850	5.33
Foreign Companies	4	7,500	0.01
MIDLAND BANK TRUST CORP. (JERSEY) LTD.			
THE NORTHERN TRUST COMPANY			
CHEM BANK NOMINES LTD.			
STATE STREET BANK & TRUST CO. U.S.A.			
	4,820	98,236,624	100.00

DADABHOY CEMEMT INDUSTRIES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2014

MA

Suite # 152 - C/1, First Floor,
P. E. C. H. S. Block - 2
Cell # 0331-2239081,
021 - 34539081
Karachi - 75400 (PAKISTAN)

M. AKHTAR & CO.
CHARTERED ACCOUNTANTS

Suite # 152 – C/1, First Floor
P.E.C.H.S. Block - 2
Cell # 0331- 2239081, 021– 34539081
Karachi – 75400 (PAKISTAN)

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Dadabhoy Cement Industries Limited (the holding company) and its subsidiary as at** June 30, 2014 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof for the year then ended. We have also expressed our separate opinion on the financial statements of Dadabhoy Cement industries Limited and its subsidiary company, and state that 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:

1. The production had been stopped since August 2008 owing to non -availability of working capital. These financial statements have been prepared on going concern based on management proposal stated in note # 2

2. Except for the matters discussed in Para 1 above, in our opinion the consolidated financial statements examined by us present fairly the financial position of Dadabhoy Cement industries Limited and its subsidiary company as at June 30, 2013 and the results of their operations for the year then ended; and

M. AKHTAR & COMPANY
CHARTERED ACCOUNTANTS
Karachi 12 SEP 2014

M. AKHTAR & CO.
REG 1180
Chartered Accountants

DADABHOY CEMEMT INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	2013
ASSETS		**(Rupees in thousand)**	
Non-Current Assets			
Property, plant and equipment	5	**4,079,791**	4,089,813
Goodwill		**-**	1,513
Long term investments	6	**2,420**	2,420
Long term loans and advances	7	**-**	-
Long term deposits		**1,933**	2,953
		4,084,144	4,096,699
Current Assets			
Stores, spares parts and loose tools	8	**23,535**	52,035
Stock-in-trade	9	**-**	-
Loans and advances	10	**7,625**	21,708
Other receivables	11	**275**	6,078
Cash & Bank balances	12	**78**	31
		31,513	79,852
Total Assets		**4,115,657**	**4,176,551**
EQUITY AND LIABILITIES			
Authorised Capital			
150,000,000(June 30, 2009: 150,000,000) Ordinary shares of Rs. 10/- each		**1,500,000**	**1,500,000**
Issued, subscribed and paid up capital	13	**982,366**	982,366
Capital reserve		**33,224**	33,224
Accumulated losses		**(747,726)**	(680,780)
		267,864	**334,810**
Non controlling interest		**59,546**	**59,674**
		327,410	394,484
Surplus on revaluation of fixed assets	14	**1,535,272**	**1,539,294**
Non Current Liabilities			
Long term financing	15	**740,704**	740,704
Long term morahaba	16	**392**	392
Liabilities against assets subject to finance lease	17	**2,024**	2,024
Deferred liabilities	18	**846,633**	846,633
		1,589,753	1,589,753
Current Liabilities			
Creditors, accrued and other liabilities	19	**582,077**	571,875
Short term running finance	20	**25,000**	25,000
Current portion of long term borrowings	21	**51,842**	51,842
Provision for taxation	22	**4,303**	4,303
		663,222	**653,020**
Contingency and Commitment			
Total Equity and liabilities		4,115,657	**4,176,551**

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

DADABHOY CEMEMT INDUSTRIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	**2014**	2013
		(Rupees in thousand)	
Sales	24	**-**	-
Cost of sales	25	**-**	-
Gross loss		**-**	-
Distribution cost	26	**-**	-
Administrative and general expenses	27	**(72,021)**	(122,092)
Other Expenses	28	**(275)**	(225)
		(72,296)	(122,317)
Other income	29	**2,717**	5,575
Share of loss from associate	30	**-**	-
		2,717	5,575
Amortization of goodwill		**(1,513)**	(1,513)
Financial cost	31	**(4)**	(3)
Profit /(loss) for the year before taxation		**(71,096)**	(118,258)
Taxation	32	**-**	-
Net profit / (loss) after taxation		**(71,096)**	**(118,258)**
Earning / (loss) per share - Basic and diluted (Rupees)	33	**(0.72)**	(1.20)
Profit attributable to			
Parent		**(70,968)**	(118,254)
Non controlling interest - 5%		**(128)**	(4)
		(71,096)	**(118,258)**

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in thousand)	
Cash flows from operating activities		
Loss before taxation	**(71,096)**	(118,258)
Adjustments:		
Depreciation	**10,022**	9,485
Loss on proceeds of Quarry equipment	**-**	-
Financial charges	**4**	3
Amortization of goodwill	**1,513**	1,513
Stocks damaged written off	**28,500**	98,969
Advances, deposits & other receivables written off	**20,906**	-
Operating cash flows before working capital changes	**(10,151)**	(8,288)
(Increase) / decrease in current assets		
Loans and advances	**-**	-
Other receivables	**-**	-
	-	-
Increase / (decrease) in current liabilities		
Loan from director	**11,992**	13,496
Trade and other payable	**(1,790)**	(5,195)
Cash generated from operations	**51**	13
Taxes paid	**-**	-
Gratuity paid	**-**	-
Financial charges paid	**(4)**	(3)
	47	10
Cash flows from investing activities		
Proceeds from sales of fixed assets	**-**	-
Net cash used in investing activities	**-**	-
Cash flows from financing activities		
Payments of long term morahaba	**-**	-
Payments lease finance installments	**-**	-
Net cash outflow from financing activities	**-**	-
Net increase/ (decrease) in cash and cash equivalents	**47**	10
Cash and cash equivalents at beginning of the year	**31**	21
Cash and cash equivalents at end of the year	**78**	31

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital	Capital Reserve	Accumulated losses	Total
	(Rupees in thousand)			
Balance at Jul 01, 2012	982,366	33,224	(562,526)	**453,064**
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	**-**
Prior year adjustment			-	**-**
Loss after taxation for the year 2013	-	-	(118,254)	**(118,254)**
Total loss recognised for the year	-	-	(118,254)	**(118,254)**
Balance at June 30, 2013	**982,366**	**33,224**	**(680,780)**	**334,810**
Balance at July 1, 2013	982,366	33,224	(680,780)	**334,810**
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	4,022	**4,022**
Prior year adjustment			-	**-**
Loss after taxation for the year 2014	-	-	(70,968)	**(70,968)**
Total loss recognised for the year	-	-	(66,946)	**(66,946)**
Balance at June 30, 2014	**982,366**	**33,224**	**(747,726)**	**267,864**

CHIEF EXECUTIVE

DIRECTOR

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

1 STATUS AND NATURE OF BUSINESS

Dadabhoy Cement Industries Limited was incorporated on 09 August 1979 as a public limited company with its Registered Office situated at Noor Centre Office No.4, 2nd Floor Plot No. 30-C Ittehad Lane No.12 phase VII D.O.H.A., Karachi., and is listed on all the Stock Exchange.

2 GOING CONCERN BASIS

The directors have taken several positive steps to restart the production , this includes positive on going negotiation with the lender of long term finances (see note 15.2.3) and arrangement with other banks for financing.The negotiations with its bankers to secure an amount necessary to cover its working capital and repair and maintenance requirements for the commencement of un-interrupted operations in future.

3 BASIS OF CONSOLIDATION

The Consolidated Financial Statement conclude the financial statement of Dadabhoy Cement Industries Limited and its Subsidiary Dadabhoy Energy Supply Company Limited. The Financial Statements of the parent and the subsidiary companies are prepared up to the date of year end.

All inter-company balances, transactions and resulting unrealized profits, if any, are eliminated .

Minority interest is calculated on the basis of their proportionate share 27.74 % in the net assets of the subsidiary company.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of compliance

These Financial Statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan

4.2 Accounting standards, amendments and interpretations effective in 2009

Amendments to IAS 1 Presentations of Financial Statements - Capital Disclosures is mandatory for the company's accounting periods beginning on or after January 1, 2007. It introduces new disclosures relating to Company's objectives, policies and processes for managing capital.

The other new standards, amendments and interpretations are considered neither relevant nor to have any significant effect to the company's financial statements.

Following amendments to approve accounting standards and interpretations have been published that are mandatory for the company's accounting periods beginning on the dates mentioned below:

Standard or Interpretation	Effective date (accounting period beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 1, 2009
IAS 23 - Borrowing Cost (Revised)	January 1, 2009
IAS 27 - Consolidated and separate Financial Statements (Revised)	January 1, 2009
IFRS 3 - Business Combination (Revised)	January 1, 2009
IFRS 7 - Financial Instruments : Disclosure	July 1, 2008
IFRS 8 - Operating segments	January 1, 2009
IFRIC 12 - Service Concession Arrangements	January 1, 2009
IFRIC 14 - The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interactions	January 1, 2008

4.3 Accounting Convention

These financial statements have been prepared under the "historical cost convention" except for free hold land, building on free hold land, plant and machinery, quarry equipments and motor vehicles which are stated at revalued amounts and measurement of certain financial instruments at fair value and recognition of certain employee retirement benefit at present value.

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

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

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

judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are discussed in note no. 37 to these financial statement.

4.4 Staff retirement benefits (Defined Benefit Plan)

The company operates an approved defined gratuity fund for all of its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at Jun 30, 2006, using the Projected Unit Credit Method.

4.5 Taxation

Current:

Provision for current taxation is based on taxable income at the current rates of taxation or based on turnover at the specified rates whichever is higher, after taking into account tax credits and rebates available and effect of tax on income falling under Final Tax Regime.

Deferred:

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. In this regard, the effect on deferred taxation of the portion of income excepted to be subjected to Final Tax Regime is adjusted in accordance with the requirement of accounting technical relize-27 of the ICAP, if considered material.

4.6 Property, Plant and Equipment

Owned

Fixed assets are stated at cost including exchange differences arising on acquisition or revalued amounts less accumulated depreciation and impairment loses if any except for freehold land and capital work-in-progress which are stated at revalued amount and cost respectively depreciation on plant and machinery and quarry equipment is charge on the basis of unit production method depreciation on other assets is charged on straight line method at the rates stated in note 5.

Depreciation on additions is charged from the month the assets is put to use while depreciation on disposals is charged up to the month of disposals.

The surplus on revaluation of fixed assets is reversed to the extent of incremental depreciation and is transferred to accumulated loss.

Gains and losses on sale of fixed assets are included in income currently ,except that is related to surplus on revaluation of fixed assets (net of deferred taxation), is transferred directly to accumulated loss.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The outstanding obligations under the lease less finance charges allocated to future periods are shown as liability financial charges are calculated at the tax rate implicit in the lease and are charged to the profit and loss account. Depreciation is charged to income applying the same basis as for owned assets.

Capital work in progress:

Capital work in progress is stated at cost including where relevant, related financial costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives.

4.8 Amortization of good will

Goodwill is amortized on a straight line basis over five years.

4.9 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. Impairment loss is recognized in Profit and loss account when ever carrying amount of an assets accessed its recoverable amount.

4.10 Financial Instruments

The particular recognition methods adopted by the company are disclosed in the individual policy statement associated with each item of financial instruments.

Financial assets

Financial assets are initially recognized at their cost which is the fair value of the consideration given for them at the time when the Company becomes a party to the contractual provisions of the instruments and subsequent to initial recognition, financial liability are carried at fair value, amortized cost or original cost as the case may be.

A 'regular way' purchase or sale of financial asset is recognized using trade date accounting.

Financial liabilities

All financial liabilities are initially recognized at cost which is the fair value of consideration received at the time when the Company becomes a party to the contractual provisions of the instruments. After initial recognition, financial liabilities are carried at fair value amortized cost or original cost as the case may be.

Off-setting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when the Company has a legally enforceable right to set off the recognized amounts or intend either to settle on net basis or to realize the assets and setled the liabilities simultaneously.

De- recognition

Financial assets are de-recognized when the Company looses control of the contractual rights that comprise the Financial liabilities are de-recognized when they are extinguished; that is, when the obligation specified in the contract is discharged, canceled and the carrying amount.

Recognition of gains / (losses)

Gains or losses, if any, on realization or settlement/ subsequent measurement and de recognition of financial assets and liabilities are included in net profit and loss in the period in which it arises.

Impairment/ un-collectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is an evidence that the financial asset or the group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of the assets.

4.11 Investments

In Associates

These represents investments in shares of companies that are directly or indirectly controlled by, or are under common control of DCIL or in which a substantive interest in the voting power is owned, directly or indirectly by the directors of DCIL.

Investment in associate is accounted for using the equity method whereby investment is carried in the balance sheet at cost as adjusted by the post-acquisition changes in the company's share of net assets of the associate less any impairment in the value of investment.

4.12 Stores, spares and loose tools

These are valued at moving average cost. Items in transit and in bonded warehouse are valued at cost comprising invoice value plus other charges paid thereon up to the date of balance sheet.

4.13 Stock-in-trade

Stock of raw materials, except for those in transit work-in-process and finished goods are value principally at the lower of average cost and net realizable value. Stock of packing material is valued principally at moving average cost. Cost of work in process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads.

Material in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less

cost of completion and cost necessary to be incurred in order to make the sale.

4.14 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful receivable balances. Bad Debts are written off when identified.

4.15 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the value of the consideration to be paid in future for goods and services.

4.16 Borrowing costs

Borrowing costs are charged to profit and loss account in the year when they are incurred, except to the extent that they are directly attributable to the construction of a qualifying assets in which case they are capitalized as part of the cost of that assets.

4.17 Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the rates of exchange ruling on the date of transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Exchange differences are included in income currently, except for exchange differences arising on acquisition of fixed assets which are included in the cost of fixed assets for which no practical means of hedging are present.

4.18 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Dividend income is accounted for when the right to receive the dividend is established.

Return on term deposit and saving accounts is accounted for on an accrual basis.

4.19 Provisions

Provisions are recognized when the company has a present obligation as a result of past event, which it is probable will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

4.20 Transactions with related parties

Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length. These prices are determined in accordance with the methods prescribed in the Companies Ordinance, 1984.

4.21 Cash and cash equivalents

Cash and Cash Equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash-in-hand, bonds, current and deposit accounts with banks / financial institutions net of running finance under mark-up arrangement, if any.

4.22 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the company's functional currency. All financial information is stated in Pak Rupees.

		2014	2013
	Note	(Rupees in '000')	

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
Tangible fixed assets	5.1	**4,069,151**	4,079,173
Capital work-in-progress	5.2	**10,640**	10,640
		4,079,791	4,089,813

5.1 Tangible fixed assets

	ASSETS OWNED BY THE COMPANY											LEASED ASSETS	
	Freehold land	Building on Freehold land	Roads and Pavement	Plant and Machinery	Querry Equipment	Generators	Electrical Installation	Furniture and fixture	Other equipment	Computer and accessories	Motor Vehicle	Vehicles	Total
Year ended June 30, 2012													
Opening net book value	352,200	366,349	14,625	2,673,000	-	687,352	2,010	812	5,150	51	-	1,580	**4,103,128**
Surplus on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers													
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-					-	-	-
Depreciation for the year	-	9,408	-	-	-	-	-	81	4,965	17	-	-	**14,471**
Closing net book value	**352,200**	**356,941**	**14,625**	**2,673,000**	**-**	**687,352**	**2,010**	**731**	**185**	**34**	**-**	**1,580**	**4,088,658**
Year ended June 30, 2013													
Opening net book value	352,200	356,941	14,625	2,673,000	-	687,352	2,010	731	185	34	-	1,580	**4,088,657**
Disposals / transfers													
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-					-	-	-
Depreciation for the year	-	9,382	-	-	-	-	-	73	19	11	-	-	**9,485**
Closing net book value	**352,200**	**347,559**	**14,625**	**2,673,000**	**-**	**687,352**	**2,010**	**658**	**166**	**23**	**-**	**1,580**	**4,079,173**
Year ended June 30, 2014													
Opening net book value	352,200	347,559	14,625	2,673,000	-	687,352	2,010	658	166	23	-	1,580	**4,079,172**
Disposals / transfers		1,580										(1,580)	
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-					-	-	-
Depreciation for the year	-	9,356	375	-	-	-	201	66	17	7	-	-	**10,022**
Closing net book value	**352,200**	**339,783**	**14,250**	**2,673,000**	**-**	**687,352**	**1,809**	**592**	**149**	**16**	**-**	**-**	**4,069,151**

5.1.1 Depreciation for the previous year has been allocated in the ratio of 85:8:7 as follows:

	Note	2014	2013
		(Rupees in thousand)	
Cost of sales	25	**-**	-
Mining and other related cost	25	**-**	-
Administrative expenses	27	**10,022**	9,485
		10,022	9,485

5.1.2 Had there been no revaluation, the net book value of specific classes of Property, Plant and Equipment as at June 30, 2010 would have been as follows:

	2014	2013
	(Rupees in thousand)	
Freehold lands	**3,198**	3,198
Factory building	**80,704**	80,704
Plant & Machinery	**825,418**	825,418
Vehicles	**2,772**	2,772
	912,092	912,092

5.1.3 All the fixed assets of the company have been hypothecated and /or mortgaged with the lender of long term finances

5.2 CAPITAL WORK IN PROGRESS

	2014	2013
Civil Work & Gas Pipe Lines	**9,120**	9,120
Machinery	**1,520**	1,520
	10,640	10,640

6 LONG TERM INVESTMENTS - *Investment in Associate*

	2014	2013
Investment as at July 01	**2,420**	2,420
Share of (loss)/Profit	**-**	-
	2,420	2,420

	2014	2013
	(Rupees in thousand)	
Summarised financial information of an associate		
Total assets	**56,056**	58,996
Total Liabilities	**14,526**	14,358
Revenue	**-**	-
Net (loss) /profit for the year	**(3,108)**	(5,211)

6.1

Name of related party	Place of incorporation	Proportion of ownership interest	Proportion of voting power	Principal activity
i. Dadabhoy Sack Ltd.	Sindh, Pakistan	6.9%	6.9%	Manufacture of paper sacks for cement industry

6.2 Dadabhoy Sack Limited is an associated company as the directors of the company are also members of the board of directors of Dadabhoy Sack Ltd. and also, material transactions are undertaken between the companies. The reporting date of Dadabhoy Sack Limited is also the same as of the company that is, year ended June 30, 2014.

		2014	2013
		(Rupees in thousand)	
7	**LONG TERM LOANS AND ADVANCES**		
	Loans to Employees - considered good		
	Employees	-	-
Less:	Receivable within One year	-	-
		-	-

7.1 Represents interest-free loans to executives and employees given for personal reasons and for house building. These are granted in accordance with the service rules and recoverable in monthly installments over a period ranging between 5 to 100 months and are secured against their retirement benefits.

		2014	2013
8	**STORES,SPARES AND LOOSE TOOLS**	**(Rupees in thousand)**	
	Stores, spares and loose tools	**52,035**	52,035
	Written off damages stock	**(28,500)**	-
		23,535	52,035
9	**STOCK-IN-TRADE**		
	Furnace Oil	-	-
		-	-
10	**LOANS AND ADVANCES**		
	Loans to employees - considered good		
	Employees	-	-
		-	-
	Prepayments	**40**	40
	Advance income tax	**7,585**	7,585
	Advance to suppliers - *Local*	-	14,083
		7,625	21,708
		7,625	21,708
11	**OTHER RECEIVABLES**		
	Excise duty	-	4,243
	Others	**275**	1,835
		275	6,078
	Provision for doubtful receivable	-	-
		275	6,078
12	**CASH AND BANK**		
	Cash in Hand	**11**	11
	Cash at Bank		
	Current accounts	**61**	14
	Savings accounts	**4**	4
	Collection accounts-Current	**2**	2
		67	20
		78	31

12.1 The average mark-up rate on saving accounts was 4.75% (2013: 4.75%)

			2014	2013
			(Rupees in thousand)	

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Numbers				
98,236,624	ordinary shares of Rs. 10/- each finally paid in cash.	-	**982,366**	982,366
98,236,624		-	**982,366**	982,366

14 SURPLUS ON REVALUATION OF FIXED ASSETS

	2014	2013
Balance at beginning of year	**1,539,294**	1,539,294
Revaluation for the year	**-**	-
	1,539,294	1,539,294
Released to the extent of incremental depreciation for the year-		
Incremental depreciation	**4,022**	-
Related deferred tax liability	**-**	-
Net released to accumulated losses	**4,022**	-
Balance at end of year	**1,535,272**	1,539,294

15 LONG TERM FINANCING - secured

	Note	2014	2013
Loan from banking company-			
National Bank of Pakistan	15.1	**740,704**	740,704
		740,704	740,704

15.1 National Bank of Pakistan -

	2014	2013
Long-term loan	**600,000**	600,000
Long-term loan - Subsidiary	**140,704**	140,704
	740,704	740,704

15.2.1 As per agreed repayment schedules in the compromise submitted to the court, total amount of respective loan inclusive of markup.

Particulars	Installment Amount	Repayment	period of repayment	Number of Installment	Rate of Intrest
Long term Loan	66,240 30,000	Quarterly	Jan 01,2006 - Jan 01,2013.	**29** **1**	6 months KIBOR + 2.5%

15.2.2 Security

The loan is secured by way of legal mortgage on the immovable properties of the company. Pledge of sponsor director's shares, equitable mortgage on mining leases of the company, pledge and hypothecation of machinery, and all the movable properties, including book debts and receivables of the company, ranking pari passu with other creditors and with charges already existing and personal guarantees of sponsoring directors.

15.2.3 During the year, the company continued its negotiations with the bank for full and final settlement on softer terms and has submitted various proposals for settlement of Loan The proposals are under consideration of the bank and management expects a favourable outcome from these negociations.

	2014	2013
15.3 Long-term Loan - Subsidiary		
Balance as at July,01	**140,704**	140,704
Less: Payment during the year	**-**	-
Balance as at June,30	**140,704**	140,704

		2014	2013
		(Rupees in thousand)	

16 LONG TERM MORAHABA

Balance at beginning of the year		**392**	392
Obtained during the year		**-**	-
Adjustment		**-**	-
Repaid during the year		**-**	-
		392	392
Less: Current maturity	21	**-**	-
		392	392

The purchase prices are repayable by monthly equal installments over periods ranging from three to five years. Each installment contains a mark-up (difference between sale and purchase price) which is accounted for at the effective borrowing rate and charge to the income for the period. The average effective borrowing rate was 8.5% to 10% (2013: 8.5% to 10%). The finance is secured by hypothecation of the purchased motor vehicles and personal guarantees of the Company's Chief Executive.

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance		**2,024**	2,024
Paid during the year		**-**	-
		2,024	2,024
Less: Current maturity	21	**-**	-
		2,024	2,024

17.1 These represent finance lease entered into with leasing companies for motor vehicles. Rates of finance charges ranges from 8.60% to 12.3% (2013: 8.60% to 12.3%) per annum and are used as discounting factors. The lease terms are of 3 to 5 years.

17.2 The company intends to exercise the option to purchase the leased assets upon completion of lease periods.

17.3 Liabilities are secured against demand promissory notes and security deposits.

	Note	2014	2013
		(Rupees in '000')	
18 DEFERRED LIABILITIES			
Deferred tax	18.1	**773,137**	773,137
Staff retirement benefits - gratuity fund	18.2	**1,980**	1,980
Markup on Long Term Loan		**71,516**	71,516
		846,633	846,633

18.1 This comprise the tax effects of the following temporary differences:

	2014	2013
Credit balances arising in respect of:		
- accelerated tax depreciation allowances	**1,088,316**	1,088,316
	1,088,316	1,088,316
Deferred tax asset		
- provision for gratuity	**(693)**	(693)
- unused tax losses	**(313,641)**	(313,641)
- lease liability	**(708)**	(708)
- morahaba liability	**(137)**	(137)
- Current portion of morahaba and lease liabilities	**-**	-
	(315,179)	(315,179)
	773,137	773,137
Movement for the year		
Balance at 01 July	**773,137**	773,137
Charge to income for the year	**-**	-
Balance at 30 June	**773,137**	773,137

18.2 Staff retirement benefits - gratuity fund

	2014	2013
Movement in asset / (liability)		
Balance as at July 1,	**1,980**	1,980
Contributions made	**-**	-
Liability as at June 30,	**1,980**	1,980
Balance sheet reconciliation as at June 30		
Present value of obligations	**437**	437
Unrecognised actuarial gain	**1,543**	1,543
	1,980	1,980
Key actuarial assumptions used are as follows:		
Expected rate of return on investments (%)	**9**	9
Expected rate of increase in salaries (%)	**10**	10
Discount factor used (%)	**10**	10

			2014	2013
19	**CREDITORS, ACCRUED AND OTHER LIABILITIES**		**(Rupees in '000')**	
	Trade creditors			
	Local creditors		**8,735**	10,775
	From associated companies			
	Dadabhoy Hydrocarbon Limited		**30,897**	30,897
	Dadabhoy Sack Limited		**20,842**	20,842
			51,739	51,739
			60,474	62,514
	Due to Related Parties-Unsecured			
	Leo (Pvt) Limited		**5,282**	5,282
	Due to directors		**177,936**	165,944
			183,218	171,226
	Accrued liabilities		**11,787**	11,537
	Advance from customers		**22,555**	22,555
	Unclaimed dividend		**566**	566
	Deferred income	15.1	**138,311**	138,311
	Other liabilities			
	Royalty		**-**	-
	Sales tax		**1,508**	1,508
	Workers' profit participation fund	19.1	**2,966**	2,966
	Gratuity payable		**90**	90
	Excise duty payable		**138,713**	138,713
	Special excise duty payable		**440**	440
	Tax deducted at source		**21,339**	21,339
	Others		**110**	110
			165,166	165,166
			582,077	571,875

The maximum aggregate amount due to related parties at the end of any month was Rs. 20.842 million (2013: Rs. 20.842) million.

		Note	2014	2013
			(Rupees in '000')	
19.1	**Workers' Profit Participation Fund**			
	Balance at 01, July		**2,966**	2,966
	Balance at 30, June		**2,966**	2,966
20	**SHORT TERM BORROWING-Secured**			
	Packing credit from a bank		**25,000**	25,000

The above facility was obtained from a a bank on a mark-up basis at the rate of 6 month KIBOR + 3 (minimum 14%).
The facility is secured by a Hypothecation of stock of cement to the extent of 34.0 million and equitable mortgage of factory land building and machinery of an associate company and personal guarantees of all directors.

		2014	2013
21	**CURRENT PORTION OF LONG TERM BORROWINGS**		
	Current maturity and overdue of long term loan	**51,842**	51,842
		51,842	51,842
22	**PROVISION FOR TAXATION**		
	As at 01, July	**4,303**	4,303
	Adjusted against advance tax	**-**	-
		4,303	4,303

23 CONTINGENCY AND COMMITMENT

Contingencies

23.1 The Company paid an amount of Rs. 4.243 million against the final demand of Rs.5.016 million on account of excise duty on clinker used. Balance of Rs.0.773 million was not provided as the management is of the view to get it waived from the concerned authorities.

24 SALES - NET

		2014	2013
Local sales		**-**	-
Export sales		**-**	-
		-	-
Less:	Sales tax	**-**	-
	Excise duty	**-**	-
		-	-
		-	-

		Note	2014	2013
			(Rupees in '000')	
25	**COST OF SALES**			
	Opening stock			
	Raw material		-	-
	Packing Material		-	-
			-	-
	Purchases		-	-
			-	-
	Closing stock			
	Raw material		-	-
	Packing Material		-	-
			-	-
	Raw and packing material consumed		-	-
	Mining and other related costs		-	-
	Stores and spares consumed		-	-
	Fuel and power		-	-
	Salaries, wages and other benefits		-	-
	Contract labour		-	-
	Rent, rates and taxes		-	-
	Security and protection		-	-
	Inspection & testing		-	-
	Fees and subscription		-	-
	Repairs and maintenance		-	-
	Depreciation/amortization	4.1.3 & 5.1	-	-
	Traveling and conveyance		-	-
	Insurance		-	-
	Telephone and telex		-	-
	Vehicle running expenses		-	-
	Printing and stationery		-	-
	Entertainment		-	-
	Cleaning		-	-
	Others		-	-
	Manufacturing costs incurred during the year		-	-
	Work-in-process			
	Opening		-	-
	Closing		-	-
			-	-
	Cost of goods manufactured		-	-
	Finished goods			
	Opening		-	-
	Closing		-	-
			-	-
			-	-

			2014	2013
26	**DISTRIBUTION COSTS**	**Note**	**(Rupees in '000')**	
	Salaries and other benefits		-	-
	Traveling and conveyance		-	-
	Entertainment		-	-
	Printing and stationery		-	-
	Advertisement and publicity		-	-
	Freight and cartage		-	-
	Vehicle running expenses		-	-
	Sales promotion		-	-
	Telephone & telex		-	-
	Others		-	-
			-	-

27	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits		**4,012**	4,584
	Traveling and conveyance		**120**	234
	Rent, rates and taxes		**2,577**	560
	Printing and stationery		**45**	105
	Entertainment		**62**	127
	Utilities		**580**	575
	Telephone and telex		**123**	92
	Postage and telegram		**33**	44
	Repairs and maintenance		**408**	183
	Security and protection		**2,236**	2,386
	Legal and professional		**1,072**	2,712
	Depreciation/amortization	4.1.3 & 5.1	**10,022**	9,485
	Fees and subscription		**57**	764
	Others		**774**	714
	Fuel and power		**392**	436
	Vehicle running expenses		**27**	45
	Advertisement		**75**	**77**
	Stocks damaged written off		**28,500**	**98,969**
	Advances, deposits & other receivables written off		**20,906**	-
			72,021	122,092

		Note	2014	2013
28	**OTHER EXPENSES**	**Note**	**(Rupees in '000')**	
	Auditors' remuneration	28.1	**275**	225
			275	225

28.1 Auditors' remuneration

	2014	2013
Audit fee	**275**	**225**
	275	225

28.2 None of the directors or their spouses have any interest in any donee's fund to which donations were made.

29 OTHER INCOME

	2014	2013
Others	**2,717**	5,575
	2,717	5,575

30 SHARE OF (LOSS) OF ASSOCIATE

	2014	2013
Share of net loss for the year	**-**	-

31 FINANCE COST

	2014	2013
Bank charges	**4**	3
	4	3

32 INCOME TAX

	2014	2013
Deferred	**-**	**-**
	-	-

33 (LOSS)/ EARNINGS PER SHARE - BASIC AND DILUTED

	2014	2013
Profit / (loss) after taxation	**(71,096)**	(118,258)
Weighted average number of outstanding ordinary shares	**98,237**	98,237
(Loss)/ earning per share - Basic	**(0.72)**	(1.20)

There was no dilutive effect on earnings per share in 2014 and 2013.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged for the year are as follows :

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
			Rupees 000's			
Managerial remuneration	-	-	-	-	-	-
Conveyance and utilities	-	-	-	-	-	-
Medical expenses	-	-	-	-	-	-
	-	-	-	-	-	-
Number of persons	1	1	6	6	4	4

34.1 Working Directors and certain Executives are also provided with free use of Company's owned and maintained cars. They are also entitled for leave fare assistance, free medical cover for self and family and other benefits as per company's rules.

35 CAPACITY - Cement all kind

	2014	2013
	Metric tonnes	
Installed capacity	**598,000**	598,000
Production	**-**	-
	0%	0%

35.1 Due to frequent closure of plant for repair and raw material problem, the production during the year is nil.

36 TRANSACTIONS WITH RELATED PARTIES

Particulars	Subsidiary company		Associated company		Other related parties	
	2014	2013	2014	2013	2014	2013
	Rupees '000'					
Purchase of electicity	-	-	-	-	-	-
Purchase of goods	-	-	-	-	-	-
Payment against purchases	-	-	-	-	-	-
Payments on behalf	-	-	-	-	-	-
Investment in share capital	-	-	-	-	-	-
Issue right shares	-	-	-	-	-	-
Funds received	-	-	-	-	-	-

36.1 The transactions with associated and subsidiary companies are made at arm's length value under normal commercial terms and conditions.

36.2 There are no transactions with key management personnel other than under the term of employment.

36.3 Outstanding balances with related parties as at year end have been included in their respective notes to the financial statements.

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, the following table indicate their effective interest / mark-up rates at the balance sheet date.

	2014	2013
Financial instruments by category	**(Rupees in '000')**	
FINANCIAL ASSETS		
Long term investment	**2,420**	2,420
Long term deposits	**1,933**	2,953
Loans and advances	**7,625**	21,708
Cash and bank balances	**78**	31
	12,056	27,112
FINANCIAL LIABILITIES		
Long term financing	**740,704**	740,704
Long term morabaha	**392**	392
Liabilities against assets subject to finance lease	**2,024**	2,024
Trade and other payables	**582,077**	571,875
Short term borrowings	**25,000**	25,000
	1,350,197	1,339,995

37.1 Financial risk management objectives

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

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

37.1.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Due to the company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non–performance by these counter parties on their obligations to the company. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions. The carrying amounts of financial assets against which the Company did not hold any collateral are represent the maximum credit exposure, as specified below:

Trade debts	**-**	-
Loans and advances	**7,625**	21,708
Other receivables	**275**	6,078
Bank balances	**78**	31

37.1.2 **Impairment losses**

The aging of trade debts at the reporting date was:

	2014		2013	
	Gross value	**Impairment**	Gross value	Impairment
	(Rupees '000)		(Rupees '000)	
Not past due		**-**		-
Past due 1-60 days		**-**	-	-
Past due 61 days to 1 year		**-**	-	-
More than 1 year	**-**	**-**	-	-
Total	**-**	**-**	-	-

The company believes that no impairment allowance is necessary in respect of trade debts past due other than amount provided. Trade debts are essentially due from credit worthy parities. The company is actively pursuing for recovery of debts and the company does not expect these parties to fail to meet their obligations.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facility. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Company treasury aims at maintaining flexibility in funding by keeping committed credit line available.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying value	Contractual cash flow	Upto one year	More than one year
		(Rupees '000)		
Long term financing	740,704			
Long term morabaha	392			
Finance lease	2,024			
Trade and other payables		-	-	-
Short term borrowings	25,000		-	-
June 2014	**768,120**	**-**	**-**	**-**
Long term financing	740,704			
Long term morabaha	392			
Finance lease	2,024			
Trade and other payables		-	-	
Short term borrowings	25,000			
June 2013	**768,120**	**-**	**-**	**-**

Contractual cash flows include interest related cash flows upto the year end. The future interest related cash flows depends on the interest rates applicable at that time and the extent of utilization of running finance facilities.

Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Company's market risk comprises of two types of risk: foreign exchange or currency risk and interest/mark up rate risk. The market risks associated with the Company's business activities are discussed as under:

Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company is not exposed to foreign currency risk.

Interest/mark up rate risk

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest/mark up rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2014	2013	**2014**	2013
Fixed rate instruments	Effective interest rate (%)		Carrying amount (in '000)	
Finance lease	-	-		
	-	-	**-**	**-**
Variable rate instruments	-	-		
Long term financing	-	-		
Finance lease	-	-		
Short term borrowings	-	-		
			-	-
			-	-

Sensitivity analysis

The Company does not have any fixed rate liabilities at fair value through profit or loss, and any derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rate at reporting date would not effect fair value of any financial instrument.

Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties at arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term financing' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity and surplus on revaluation of fixed assets as shown in the balance sheet under 'share capital and reserves'.

There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

38 ACCOUNTING ESTIMATES AND JUDGMENTS

38.1 Staff Retirement Benefits

Certain actuarial assumptions have been adopted as disclosed in Note 18.2 to the financial statement for valuation of present value of defined obligations and fair value of plan assets any changes in these assumptions in future years might effect gains and and losses in those years.

38.2 Property, Plant and Equipment

The company's management estimates useful life and related depreciation charge for its plant and equipment. The company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amount of the respective items of the property, plant and equipment with a corresponding effect on the depreciation charged and impairment.

38.3 Classification of investments

The management has utilized its judgments in respect of classification of investment as disclosed in note 2.10 of the financial statements. Any change in such judgment might materially affect the accounting policy applied in respect of such investments.

38.4 Income Taxes

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

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors in the meeting held on 2014.

40 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.

CHIEF EXECUTIVE	**DIRECTOR**

DADABHOY CEMENT INDUSTRIES LIMITED

34th ANNUAL GENERAL MEETING 2014

FORM OF PROXY

I / We ____

Of ____being

A member of DADABHOY CEMENT INDUSTRIES 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 34th Annual General Meeting of the Company to be held on 11th October 2014 and at any adjournment thereof.

Signed my me/us this _______________ day of _____________2014

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, 2nd Floor Plot No.30-C
Ittehad Lane 12 Phase VII D.O.A.H., Karachi. Not later then 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