

38th ANNUAL REPORT 2018



DADABHOJ CEMENT INDUSTRIES LTD.

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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

DADABHOY CEMENT INDUSTRIES LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Hussain Dadabhoy
Mr. Muhammad Amin Dadabhoy
Mr. Fazal Karim Dadabhoy
Mr. Danish Dadabhoy
Mr. Shahban Ali
Mr. Jumma Baig
Mr. Mohammad Zaman

Chairman
Chief Executive

CHIEF FINANCIAL OFFICER

Mr. Aslam Motan

COMPANY SECRETARY

Mr. Muhammad Rashid.

AUDITORS

M/s Salman Arshad, Chartered Accountants

LEGAL ADVISOR

Mr. Salim Thepdawala & Company

BANKER

Silk Bank Limited
Bank Al Habib Limited

REGISTERED OFFICE

Noor Centre Office No.4, 2nd Floor
Plot No. 30-C Ittehad Lane 12
Phase VII D.H.A, Karachi.
Tel : 021-35312007-9
URL : www.mhdadabhoy.com

SHARE REGISTRAR

Formerly 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. Jumma Baig	Chairman
Mr. Muhammad Hussain Dadabhoy	Member
Mr. Fazal Karim Dadabhoy	Member

AUDIT COMMITTEE

Mr. Shahban Ali	Chairman
Mr. Muhammad Hussain Dadabhoy	Member
Mr. Muhammad Amin Dadabhoy	Member

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of Dadabhoj Cement Industries Limited will be held on Friday the October 26th 2018 at 03:45 p.m. at Jinnah Club, Jinnah Co-operative Housing Society behind K-Electric Office, Tipu Sultan Road Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To read and confirm the minutes of 37th Annual General Meeting of the company held on October 24th, 2017.
2. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2018 together with Directors and Auditors Reports thereon.
3. To appoint auditors for the year ending June 30, 2019 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

Karachi.
October 05th, 2018

Muhammad Rashid
Company Secretary

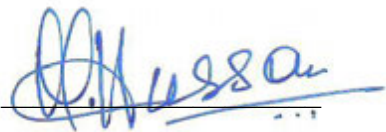
Note

1. The Share Transfer Books of the company will remain closed from 19-10-2018 to 26-10-2018 (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.
4. The Financial Statement of the Company for the year ended June 30, 2018 will also be available at its official website:- www.mhdadabhoy.com

REVIEW REPORT BY THE CHAIRMAN

I am pleased to inform that for the financial year ended June 30, 2018, the overall performance of the Board has been satisfactory. However, there will always be room for improvement. Although the Company has been going through rough times in the recent past, the Board has coped up well and have shown to be effective to the best of their abilities. The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings.

A big positive this year has been the payment of substantial long-term loans of the banks. Furthermore, exciting times lie ahead for the Company as diversification strategies are being explored which will eventually benefit our shareholders.



Muhammad Hussain Dadabhoy
Chairman

Karachi – October 05, 2018

DIRECTORS' REPORT

In the name of Allah, the Most Merciful and the Most Benevolent

The directors of your company are pleased to present the Annual report and the audited financial statements for the year ended June 30, 2018 together with the auditor's report thereon.

FINANCIAL POSITION AT A GLANCE

The Comparative financial results of the company are summarized below:

	<i>June 30,</i>	<i>June 30</i>
	<i>2018</i>	<i>2017</i>
	<i>--- (Rupees in '000) ---</i>	
Sales-Net	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	(31,369)	(11,049)
Finance cost	(11)	(0)
Operating loss	(31,650)	(11,049)
Other charges	(1,125,381)	(895)
Other income	1,214	16,909
Loss before taxation	(1,155,817)	4,965
Taxation	264,293	(106,227)
Loss after taxation	(890,894)	(101,262)
Loss per share	(9.07)	(1.03)

The Company continued to be in a loss position because operationally it continued to stay inactive. Other charges increased because of fixed assets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Re-structuring of the management team to align with the new strategic direction of the Company;
- Exploring new ventures for diversification.

The Company works with internal and external stakeholders to mitigate / reduce to acceptable level the likely impacts of aforesaid risks.

BUSINESS PERFORMANCE HIGHLIGHTS

The Company's performance from a business viewpoint remained status quo this year since the focus was on preparing and developing a strong strategic and financial plan. We are confident that in the coming years the Company's performance will see an upward growth.

CORPORATE SOCIAL RESPONSIBILITY

No significant activities were undertaken from the platform of the Company as far as CSR is concerned since the Company was not operationally active this year. However, in the coming years as the revenue grows the management will allocate a certain percentage to initiatives such as child education and health as we believe these are the two key areas which require the most attention.

OBSERVATION OF THE AUDITORS

As regards the material uncertainty to continue as a going concern, we would like state that the management is focused on reviving the operations of the Company which is further elaborated in 'Future Outlook' section of this Report.

AUDITORS

The present Auditors, M/s. Salman Arshad Chartered Accountants, retired and being eligible have offered themselves for reappointment. Audit committee has recommended the reappointment.

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

Owing to the financial outlook of the Company, Non-Executive and Independent Directors of the Company have voluntarily waived their remuneration for attending the Board and Committee meetings of the Company.

PATTERN OF SHARES HOLDING

Pattern of shareholding as at June 30, 2018 required under the reporting framework is annexed.

FUTURE OUTLOOK

We are fully determined to move the Company from present situation of uncertainties and give a strong strategic direction to the Company. Firstly, the Company was able to successfully discharge the long-term bank loans and other liabilities. This was achieved through disposal of operating fixed assets.

With the liabilities paid off, we want to give the Company a fresh start. In this regard, it has been decided to shift focus to the leisure and hospitality sector which we believe to be a fast-growing industry. Negotiations are in final stages with prospective investors who belong to the hospitality sector and have shown a strong interest in making a sizeable investment in the Company. A viable business plan has also been prepared and the next steps are execution of the same.

INTERNAL FINANCIAL CONTROLS

The directors are aware of their responsibility with respect to internal financial controls. Currently there are weak or no financial controls as the Company is not operationally active. However, strong controls will be implemented once the Company is in operation.

EARNING PER SHARE

The loss per share of the company as at 2018 stood at Rs. 9.07 (2017: Rs. 1.03) per share.

STATEMENT ON CORPORATE AND FINANCIAL FRAME WORK

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Regulations of the stock exchange where the Company is listed. All necessary steps are being taken to ensure appropriate Corporate Governance in the Company as required by the Code.

- a) The Financial Statements prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting and Financial reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) As already stated above the Company has already developed a business plan and negotiations are underway with prospective investors from the hospitality sector. As such the management does not see any significant doubt to continue as going concern.
- f) Key operating and financial data for last six years is annexed with financial statement.
- g) The Company has neither declared dividend nor issued bonus shares for the current financial year because of operating and accumulated losses incurred.
- h) Information about taxes and levies is given in the notes to and forming part of financial statements.

- i) The Company does not have any scheme for its employees.
- j) During the year, 5 meetings of the Board of Directors, 5 meetings of the audit committee and 1 meeting of the Human Resource and Remuneration (HR&R) Committee were held separately. Attendance by each Director and member of the Committees is annexed below.
- k) The Company has no overdue of any substantial bank loan since now the same have been cleared.
- l) There was no trading in shares of the Company by its directors, CEO, CFO, Company Secretary and their spouses and minor children.

THE COMPOSITION OF THE BOARD

Total number of directors are seven as per the following:

- a) Male: Seven
b) Female: None

Composition of the Board is as follows:

Category	Names
a. Independent Directors	Mr. Shahban Ali Mr. Muhammad Zaman Mr. Jumma Baig
b. Other Non-Executive Director	Mr. Muhammad Hussain - Chairman
c. Executive Directors	Mr. Amin Dadabhoy Mr. Fazal Karim Dadabhoy Mr. Danish Dadabhoy

MEETINGS OF THE BOARD OF DIRECTORS

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

<i>Name of Directors</i>	<i>No. of Meetings Attended</i>
Mr. Muhammad Hussain Dadabhoy	5
Mr. Muhammad Amin Dadabhoy	5
Mr. Fazal Karim Dadabhoy	5
Mr. Jumma Baig	5
Mr. Shaban Ali	5
Mr. Muhammad Zaman	1
Mr. Danish Dadabhoy	5

MEETINGS OF THE AUDIT COMMITTEE

During the year five meetings of Audit Committee were held. Attendance by each director is as follows.

<i>Name of Directors</i>	<i>No. of Meetings Attended</i>
Mr. Shaban Ali – Chairman	5
Mr. Muhammad Hussain Dadabhoy	5
Mr. Muhammad Amin Dadabhoy	5

MEETINGS OF THE HUMAN RESOURCE AND REMUNERATION COMMITTEE

During the year one meeting of HR&R Committee were held. Attendance by each director is as follows.

<i>Name of Directors</i>	<i>No. of Meeting Attended</i>
Mr. Jumma Baig - Chairman	1
Mr. Muhammad Hussain Dadabhoy	1
Mr. Fazal Karim Dadabhoy	1

ACKNOWLEDGEMENT

We are pleased to record their appreciation for the continued dedications, commitment and loyalty of the employees of your company.

We are also thankful to all stakeholders for the loyalty they have shown during our difficult period.

We also appreciate the assistance and continued support of the various Government Departments, Bankers, Customers and Shareholders.

For and on behalf of the Board



Fazal Karim Dadabhoy
Director



Danish Dadabhoy
Director

Karachi: October 05, 2018

**Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2017
Dadabho Cement Industries Limited
For the Year Ended June 30, 2018**

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

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

- a) Male: Seven
- b) Female: None

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

2) The composition of board is as follows:

Category	Names
a. Independent Directors	Mr. Shahban Ali Mr. Muhammad Zaman Mr. Jumma Baig
b. Other Non-Executive Director	Mr. Muhammad Hussain Dadabho
c. Executive Directors	Mr. Amin Dadabho Mr. Fazal Karim Dadabho Mr. Danish Dadabho

3) The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.

4) The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5) The board has developed a vision/mission statement, overall corporate strategy. While significant policies of the company are in the process of formulation as the Company is planning for revival within the next financial year.

- 6) All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7) The meetings of the board were presided over by the Chairman. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 8) The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9) The Board has not arranged any training program during the year but ensures that, other than the exempt Directors, all the Directors acquire the prescribed certification under the training program within the stipulated time.
- 10) There has been no change in the position of Chief Financial Officer and the Company Secretary. While no appointment of head of internal audit has been made during the year due to operational inactivity of the Company.
- 11) CFO and CEO duly endorsed the financial statements before approval of the board.
- 12) The board has formed committees comprising of members given below:

Committees	Names and Designation
a. Audit Committee	Mr. Shahban Ali– Chairman Mr. Muhammad Hussain Dadabhoy Mr. Muhammad Amin Dadabhoy
b. HR and Remuneration Committee	Mr. Jumma Baig - Chairman Mr. Muhammad Hussain Dadabhoy Mr. Fazal Karim Dadabhoy

- 13) The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
- 14) The frequency of meetings of the committees were as per following:

Committees	Frequency of Meetings
a. Audit Committee	Five meetings were held in FY 2017-18.
b. HR and Remuneration Committee	One annual meeting held before June 30, 2018

- 15) Due to operational inactivity of the Company, the Board has not formed any internal audit function during the year.

- 16) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 17) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18) We confirm that all other requirements of the Regulations have been complied with except the following non-compliances with the Regulations which occurred due to the operational inactivity of the Company, but we assure our members that reasonable progress is being made by the Company's management and its Board to seek compliance by the end of next financial year:
- Executive directors of the Company are more than one-third of the elected directors;
 - Formal and effective mechanism is yet to be put in place for the annual evaluation of Board members;
 - Related party transactions could not be reviewed by the Audit Committee nor approved by the Board;
 - No orientation program could be arranged for the Directors during the year;
 - Subsequent to year end, CFO has been appointed who is qualified for the position under the Regulations;
 - Audit Committee and Human Resource and Remuneration Committee include executive members of the Board;
 - Code of conduct along with supporting policies and procedures are yet to be put on the Company's website;
 - Directors' Report on the affairs of the Company could not be annexed with the financial statements for the period ended September 30, 2017; and
 - Half yearly financial statements for the period ended December 31, 2017 could not be prepared by the management.



Fazal Karim Dadabhoy
Director



Danish Dadabhoy
Director

Karachi

Dated: October 5, 2018

DADABHOY CEMENT INDUSTRIES LIMITED

DADABHOY CEMENT INDUSTRIES LIMITED

FINANCIAL REVIEW FOR SIX YEARS

Particulars	2018	2017	2016	2015	2014	2013
PRODUCTION SUMMARY						
Clinker Production	-	-	-	-	-	-
Cement Production	-	-	-	-	-	-
Cement Dispatch	-	-	-	-	-	-
ASSETS EMPLOYED						
Fixed Assets	-	3,582,510	3,590,505	3,340,640	3,349,390	3,358,140
Long term Loan & Investments	-	188,600	189,215	209,350	209,305	210,370
Current Assets	180,279	13	20	31,186	31,234	77,838
Total Assets Employed	298,962	3,771,123	3,779,740	3,581,176	3,589,974	3,646,348
FINANCED BY						
Shareholders' Equity	128,922	2,007,839	2,097,092	151,219	170,782	233,938
Surplus on Revaluation	-	1,709,561	1,964,971	1,444,705	1,455,539	1,459,399
Long term Liabilities	-	600,000	600,000	602,416	602,416	602,416
Deferred Liabilities	-	585,505	491,287	921,550	775,117	775,117
Current Liabilities	170,040	577,779	591,361	461,286	588,144	577,502
Total Funds Invested	298,962	3,771,123	3,779,740	3,581,176	3,589,974	3,646,348
FINANCED BY						
Turnover (Net)	-	-	-	-	-	-
Operating Profit (Loss)	-	-	-	-	-	-
(Loss) / profit before Taxation	(1,155,817)	4965	(27,209)	(22,275)	(67,016)	(116,673)
Loss after Taxation	(890,894)	(101,262)	645	(799)	(67,016)	(116,673)
Cash Dividend	-	-	-	-	-	-
Profit (Loss) carried forward	(886,668)	(343,499)	(244,902)	(864,371)	(848,668)	(781,652)

**INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE
AS ON 30-06-2018**

Catagories of Shareholders	No. of Shareholders	Shares Held
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DIRECTORS

Mr. Mohammad Hussain Dadabhoy	1	1,568
Mr. Mohammad Amin Dadabhoy	1	1,042,092
Mr. Fazal Karim Dadabhoy	1	938,349
Mr. Danish Dadabhoy	1	1,232
Mr. Shahban Ali	1	500
Mr. Jumma Baig	1	500
Mr. Mohammad Zaman	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 CEMENT INDUSTRIES LIMITED

38TH ANNUAL GENERAL MEETING 2018

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 38TH Annual General Meeting of the Company to be held on 26th October 2018 and at any adjournment thereof.

Signed my me/us this _____ day of _____ 2018

Signed by the Shareholders

Important :

This form of Proxy duly complete 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.H.A, 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

38TH ANNUAL REPORT
