

39th ANNUAL REPORT 2019



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. 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 A A BAIG & Co., 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 39th Annual General Meeting of Dadabhoj Cement Industries Limited will be held on Tuesday the February 25th 2020 at 03:30 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 38th Annual General Meeting of the company held on October 26th, 2018.
2. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2019 together with Directors and Auditors Reports thereon.
3. To appoint auditors for the year ending June 30, 2020 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

Karachi.
January 31st, 2020

Muhammad Rashid
Company Secretary

Note

1. The Share Transfer Books of the company will remain closed from 18-02-2020 to 25-02-2020 (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, 2019 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, 2019, 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 Signing of MOU to set up new Cement Plant with Chinese celebration. 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 – January 31, 2020

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, 2019 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>2019</i>	<i>2018</i>
	<i>--- (Rupees in '000) ---</i>	
Sales-Net	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	(14,666)	(31,369)
Finance cost	(9)	(11)
Operating loss	(14,675)	(31,650)
Other charges	(529)	(1,125,381)
Other income	147,087	1,214
Profit / (loss) before taxation	131,883	(1,155,817)
Taxation	4,164	195,399
Profit / (loss) after taxation	136,047	(1,948,441)
Loss per share	(1.38)	(9.78)

The Company continued to be in a loss position because operationally it continued to stay inactive.

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

The Company is working with internal and external stakeholders to mitigate / reduce to acceptable level the likely impacts of the 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 multiple initiatives such as child education and health as we believe these are the two key areas which require the most attention of the corporate sector.

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. AA Baig & Co., 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, 2019 required under the reporting framework is annexed.

FUTURE OUTLOOK

We are fully determined to move the Company from present situation and give a strong strategic direction to the Company.

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 already been prepared.

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 2019 stood at Rs. 1.38 (2018: Rs. 9.78) per share.

STATEMENT ON CORPORATE AND FINANCIAL FRAMEWORK

The Directors of the Company are 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, 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.

DADABHOY CEMENT INDUSTRILES LIMITED

- j) During the year, 4 meetings of the Board of Directors, 4 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: Six
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. Fazal Karim Dadabhoy Mr. Danish Dadabhoy

MEETINGS OF THE BOARD OF DIRECTORS

During the year four 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	4
Mr. Fazal Karim Dadabhoy	4
Mr. Jumma Baig	4
Mr. Shaban Ali	4
Mr. Muhammad Zaman	4
Mr. Danish Dadabhoy	4

DADABHOY CEMENT INDUSTRIES LIMITED

MEETINGS OF THE AUDIT COMMITTEE

During the year four 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	4
Mr. Muhammad Hussain Dadabhoy	4
Mr. Fazal Karim Dadabhoy	4

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: January 31, 2020

**Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2017
Dadabhoy Cement Industries Limited
For the Year Ended June 30, 2019**

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

- 1) The total number of directors are six as per the following:
 - a) Male: Six
 - 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 Dadabhoy
c. Executive Directors	Mr. Fazal Karim Dadabhoy Mr. Danish Dadabhoy

- 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 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. Fazal Karim 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	Four meetings were held in FY 2018-19.
b. HR and Remuneration Committee	One annual meeting held before June 30, 2019

- 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;



Fazal Karim Dadabhoy
Director



Danish Dadabhoy
Director

Karachi

Dated: January 31, 2020

DADABHOY CEMENT INDUSTRIES LIMITED

DADABHOY CEMENT INDUSTRIES LIMITED

FINANCIAL REVIEW FOR SIX YEARS

Particulars	2019	2018	2017	2016	2015	2014	2013
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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	262,233	298,962	13	20	31,186	31,234	77,838
Total Assets Employed	262,233	298,962	3,771,123	3,779,740	3,581,176	3,589,974	3,646,348

FINANCED BY

Shareholders' Equity	251,352	115,305	2,063,746	2,097,092	151,219	170,782	233,938
Surplus on Revaluation	-	-	1,335,748	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	-	-	515,981	491,287	921,550	775,117	775,117
Current Liabilities	10,881	183,657	591,396	591,361	461,286	588,144	577,502
Total Funds Invested	262,233	298,962	3,771,123	3,779,740	3,581,176	3,589,974	3,646,348

FINANCED BY

Turnover (Net)	-	-	-	-	-	-	-
Operating Profit (Loss)	-	-	-	-	-	-	-
Profit / (loss) before Taxation	131,883	(1,155,817)	4965	(27,209)	(22,275)	(67,016)	(116,673)
Profit / (loss) after Taxation	136,047	(890,894)	(101,499)	645	(799)	(67,016)	(116,673)
Cash Dividend	-	-	-	-	-	-	-
Profit (Loss) carried forward	(764,238)	(900,285)	(287,592)	(244,902)	(864,371)	(67,016)	(781,652)

**INDEPENDENT AUDITOR'S REVIEW REPORT
 TO THE MEMBERS OF DADABHOY CEMENT INDUSTRIES LIMITED**

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the "Regulations"), prepared by the Board of Directors of "Dadabhoi Cement Industries Limited" for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019. Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph references, where it is stated in the Statement of Compliance:

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph references, where it is stated in the Statement of Compliance:

	Reference	Description
i.	Para 1	Company's total number of directors are less than the minimum number of directors as required under section 154 of Companies Act 2017
ii.	Para 5	Company does not have significant policies
iii.	Para 10 and 15	There is no internal audit function in the Company
iv.	Para 18 a	Executive directors of the Company are more than one-third of the elected directors
v.	Para 18 b	There is no formal mechanism for the annual evaluation of Board members
vi.	Para 18 c	Related party transactions could not be reviewed by the Audit Committee nor approved by the Board
vii.	Para 18 d	No orientation program could be arranged for the Directors during the year
viii.	Para 18 f	Audit Committee and Human Resource and Remuneration Committee include executive members of the Board
ix.	Para 18 g	Code of conduct and related policies are not displayed on the Company's website

Date: 7 JAN 2020
 Karachi

A A Baig & Co.
A A BAIG & Co.
 CHARTERED ACCOUNTANTS
AAB&Co

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DADABHOY CEMENT INDUSTRIES LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Adverse Opinion

We have audited the annexed financial statements of Dadabhoj Cement Industries Limited (the Company), which comprise the statement of financial position as at June 30, 2019 and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

Owing to the significance of the matter stated in the *Basis for Adverse Opinion* section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the **profit** and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

The company has accumulated losses as on the balance sheet date amounting to Rs. 764.24 million (2018: 900.28 millions). The operations of the Company are closed since financial year 2009 due to which the Company has been facing financial and operational difficulties and was unable to discharge its financial and operational liabilities in ordinary course of business. The Company was reporting nil sales since then and was totally dependent upon the financial support of its directors and sponsors to fulfil its operational and financial obligations. In previous year, the Company also disposed off all of its operating fixed assets and settled its outstanding bank loan and other obligations. Moreover, subsequent to the year-end SECP has ordered that the Company to wound up and PSX has also issued the notice in this respect.

These factors indicate the existence of material uncertainty that may cast significant doubts regarding the Company's ability to continue as a going concern. The financial statements do not disclose this fact. Further, the mitigating factors disclosed by the management in the financial statements in note 1.2 reflect only initial steps taken by the management for restarting the operational activities of the Company, which have not been materialized till the issue of these financial statements.

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

Key Audit Matters

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

In addition to the matter described in the *Basis for Adverse Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

AAB/60

Key audit matter	How the matter was addressed in our audit
1. Rectification in prior period errors	
<p>(Refer note no. 12.3 and 13.1 to the accompanying financial statements)</p> <p>During the year, Company has rectified an inadvertent error with respect to deferred tax and reversed the liability with corresponding credit to equity amounting to Rs. 69.5 million. Error has been rectified by restating the comparative figures, opening balance of the corresponding period and opening accumulated losses of the corresponding period. Moreover, an error pertaining to unrecognized deferred tax asset during the year 2018 amounting to Rs.87.48 million has also been rectified</p> <p>Further, during the year, Company has rectified an inadvertent error with respect to accrued expenses amounting Rs. 13.62 million. An expense pertaining to prior years was paid during the year</p> <p>The above transactions and events have been considered as important and are key audit matters because of the significance of the resulting changes in the financial statements.</p>	<p>We discussed the errors with the management and obtained understanding of the nature of errors.</p> <p>We performed re-calculation relating to deferred tax. We obtained sufficient appropriate audit evidence with respect to the calculations of deferred tax.</p> <p>We obtained supporting evidence regarding rectification of error in accrued liabilities in the form of letter for payment and acknowledgement of receipts.</p> <p>We ensured that adequate disclosures were made in the financial statements to discuss the transactions in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company.</p>
2. Liabilities no longer payable	
<p>During the year, liabilities no longer payable relating to trade payable, excise duty payable and advances from customers amounting Rs. 147.07 million were reversed on account of court order.</p> <p>The above transaction is considered as important and key audit matter because of the significance of the resulting changes in the financial statements.</p>	<p>We obtained the copy of court order relating to the decision of these payable, and</p> <p>In addition to above, we assessed the adequacy of disclosures in the financial statements of the Company regarding these payables as per the requirements of applicable standards.</p>

Information other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

AAB/6



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be

Added:



communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, except for the matter stated in Basis for Adverse Opinion section, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the company for the year ended June 30, 2018 were audited by another firm of Chartered Accountants, who vide their report dated October 05, 2018 expressed an adverse opinion thereon due to the existence of material uncertainty regarding the Company's ability to continue as a going concern.

The engagement partner on the audit resulting in this independent auditor's report is Mirza Asad Ali Baig.

Date: 24 OCT 2018
Karachi

A A Baig & Co.
A A BAIG & Co.
CHARTERED ACCOUNTANTS
AA9/16

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	------(Restated)-----		
		2019	2018	2017
				(Rupees in thousand)
ASSETS				
Non-Current Assets				
Property, plant and equipment	4	-	-	3,582,510
Long term investments	5	-	-	188,600
		-	-	3,771,110
Current Assets				
Advances and other receivables	6	6,889	15,097	-
Short term investment	7	118,622	118,683	-
Tax refunds due from the Government	8	-	135	-
Cash and bank balances	9	136,722	165,047	13
		262,233	298,962	13
Total Assets		262,233	298,962	3,771,123
EQUITY AND LIABILITIES				
Authorized Capital				
150,000,000 (2018: 150,000,000) Ordinary shares of Rs. 10 each		1,500,000	1,500,000	1,500,000
Issued, subscribed and paid up capital	10	982,366	982,366	982,366
Capital reserves				
Revaluation surplus on property, plant and equipment	11	-	-	1,335,748
Other capital reserve		33,224	33,224	33,224
Revenue reserve				
Accumulated losses		(764,238)	(900,285)	(287,592)
Shareholders' equity		251,352	115,305	2,063,746
Non-Current Liabilities				
Long term financing		-	-	600,000
Deferred liabilities	12	-	-	515,981
		-	-	1,115,981
Current Liabilities				
Trade and other payable	13	10,315	178,788	364,396
Short term borrowings		-	-	222,131
Unclaimed dividend		566	566	566
Provision for taxation		-	4,303	4,303
		10,881	183,657	591,396
Commitments and Contingencies	14	-	-	-
Total Equity and Liabilities		262,233	298,962	3,771,123

The annexed notes from 1 to 25 from an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees in thousand)	(Restated) 2018
Administrative expenses	15	(14,666)	(31,639)
Financial cost - bank charges		(9)	(11)
Operating loss		<u>(14,675)</u>	<u>(31,650)</u>
Other charges	16	(529)	(1,125,381)
Other income	17	147,087	1,214
Profit /(loss) before taxation		<u>131,883</u>	<u>(1,155,817)</u>
Taxation	18	4,164	195,399
Profit /(loss) after taxation		<u>136,047</u>	<u>(960,418)</u>
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Items that will not be reclassified subsequently to profit or loss			
Deficit on account of revaluation of operating fixed assets	11	-	(1,308,605)
Deferred tax thereon		-	320,582
Other comprehensive income / (loss) for the year		-	<u>(988,023)</u>
Total comprehensive income/ (loss) for the year		<u>136,047</u>	<u>(1,948,441)</u>
Earnings/ (loss) per share - basic and diluted (Rupees)	19	<u>1.38</u>	<u>(9.78)</u>

The annexed notes from 1 to 25 from an integral part of these financial statements.


 Chief Executive


 Director


 Chief Financial Officer

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Share Capital	Capital Reserves		Revenue Reserve	Shareholders' equity
	Issued, subscribed and paid up capital	Other capital reserve	Surplus on revaluation of fixed assets	Accumulated losses	
	----- (Rupees in thousand) -----				
Balance as at June 30, 2017 - before restatement	982,366	33,224	1,335,748	(343,499)	2,007,839
Effect of correction of error on account:					
Deferred tax (note 12.3)	-	-	-	69,524	69,524
Accrued expenses (note 13.1)	-	-	-	(13,617)	(13,617)
Balance as at June 30, 2017 - restated	982,366	33,224	1,335,748	(287,592)	2,063,746
Total comprehensive loss for the year					
Loss after taxation - Restated	-	-	-	(960,418)	(960,418)
Other comprehensive loss					
Deficit on account of revaluation of operating fixed assets - net of deferred tax	-	-	(988,023)	-	(988,023)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	(676)	676	-
Transferred from surplus on revaluation on account of disposal of assets - net of deferred tax	-	-	(347,049)	347,049	-
Balance as at June 30, 2018 - restated	982,366	33,224	-	(900,285)	115,305
Total comprehensive income for the year					
Profit after taxation	-	-	-	136,047	136,047
Other comprehensive income	-	-	-	-	-
Balance as at June 30, 2019	982,366	33,224	-	(764,238)	251,352

The annexed notes from 1 to 25 from an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit /(loss) before taxation		131,883	(1,155,817)
Adjustments for:			
Depreciation	15	-	1,999
Impairment loss on investment in DESCL	16	62	69,917
Loss on settlement of packing credit	16	-	1,500
Loss on settlement of long term loan	16	-	154,137
Impairment on account revaluation deficit	16	-	391,637
Loss on disposal of fixed assets	16	-	500,270
Liabilities no longer payable	17	(147,069)	-
Financial charges		9	11
Cash flow before working capital changes		<u>(15,116)</u>	<u>(36,347)</u>
Working capital changes:			
Decrease / (increase) in current assets			
Advances and other receivables		8,208	(15,097)
Decrease in current liabilities			
Trade and other payable		(21,404)	(185,608)
Cash used in operations		<u>(28,312)</u>	<u>(237,052)</u>
Financial charges paid		(9)	(11)
Taxes paid		(4)	(135)
Net cash used in operating activities		<u>(28,325)</u>	<u>(237,198)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from disposal of fixed assets		-	1,380,000
Net cash generated from investing activities		<u>-</u>	<u>1,380,000</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings repaid - net		-	(223,631)
Repayment of long term loan		-	(754,137)
Net cash used in financing activities		<u>-</u>	<u>(977,768)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(28,325)</u>	<u>165,034</u>
Cash and cash equivalents at beginning of the year		<u>165,047</u>	<u>13</u>
Cash and cash equivalents at end of the year	9	<u><u>136,722</u></u>	<u><u>165,047</u></u>

The annexed notes from 1 to 25 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

DADABHOY CEMENT INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 Dadabhoj Cement Industries Limited (DCIL) was incorporated on 09 August 1979 as a public limited company in Pakistan and is listed on Pakistan Stock Exchange Limited - PSX. Company is a subsidiary of Leo (Pvt.) Limited. The Company is engaged in the manufacturing and sale of ordinary Portland, slag and sulphate resistant cement. The Company's registered office is situated at Suite # 4, 2nd Floor, Plot no. 28-30 / C, Noor Centre, Khayaban-e-Ittehad, Lane no.12, Phase VII, D.H.A., Karachi.

Trading in shares of the Company was suspended by the Stock Exchanges on April 13, 2015 due to non compliances with respect to PSX regulations.

1.2 Going concern assumption:

The Company having accumulated losses as at reporting date amounting to Rs. 764.24 (2018: Rs. 900.29) million. The operations of the Company are closed since financial year 2009 due to which the Company has been facing financial and operational difficulties and was unable to discharge its financial and operational liabilities in due course of business. The Company was reporting nil sales since then and was totally dependent upon the financial support of its Directors and sponsors.

The management of the Company has prepared these financial statements on going concern basis due to the following reasons:

- a) The management intends to revive the operations of the Company by diversifying its operations towards hoteling and other related sectors for which the planning is still on the initial stage as on the reporting date.
- b) To achieve the objective mentioned in para (a) above, the Company has been corresponding with the prospective investors to attract the investment in the Company.
- c) The Company has entered a Memorandum of Understanding (MoU) with Guangzhou China Engineering Limited dated June 10, 2019 to join their capabilities, references and resources for setting up of a new cement plant with a capacity of 7000 T/D.

Management is confident that the Company will be able revive its operations in the foreseeable future which will result in improving the overall financial and operational outlook of the Company.

1.3 Subsequent to the year end, The Securities and Exchange Commission of Pakistan (SECP) vide its order dated October 28, 2019 under clause (m) Of Section 301 read with clause (b) of the Section 304 of the Companies Act, 2017 (under clause (b) of Section 309 read with clause (c) of Section 305 of the Companies Ordinance, 1984) has ordered that the Company is labile to wound up thereby authorizing the Registrar, the Company Registration Office Karachi, to present a petition for winding up of the Company. Pakistan Stock Exchange (PSX) has also issued notice bearing number PSX/N-1385 dated October 29, 2019 in this respect.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (Act); and
- provisions and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes. Further accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is also the functional currency of the Company.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, 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 basis of making the 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 standard 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 as follows:

Advances and other receivables

Company reviews its advances and other receivables for any provision required for any doubtful balances on an on-going balance. The provision is made while taking into consideration expected recoveries, if any.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws as applicable in Pakistan.

Investments

Company has made judgments and assumptions in determining that it has control over subsidiary and significant influence over associates, impairment of investments in subsidiaries, associates and other

Provision for contingencies

Company has made judgments and assumptions in disclosure and assessment of provision for contingencies.

2.5 New standards, amendments to approved accounting standards and new interpretations

2.5.1 Initial application of standards, amendments or an interpretation to existing standards

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

IFRS 9: Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

The revised provisions on the classification and measurement of financial assets (applicable mainly to trade receivables and other receivables) and financial liabilities (mainly trade creditors and interest-bearing debt) have not affected company's financial information. Consequently, the comparative figures have not been restated on the introduction of IFRS 9.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018.

Note	Original Classification under IAS 39	New Classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	
	(Rupees in thousand)				
Financial asset					
	Other receivables	(a) Loans and receivables	Amortized cost	1,480	1,480
	Cash and bank balances	(a) Loans and receivables	Amortized cost	165,047	165,047
	Investment in Dadabhoy Construction Technology Limited	Available for sale	At fair value through profit or loss	-	-
Financial liabilities					
	Trade and other payables	Amortized cost	Amortized cost	23,336	23,336
	Unclaimed dividend	Amortized cost	Amortized cost	566	566

- (a) Only financial assets classified as 'loans and receivables' have been classified as amortized cost.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts. Impairment losses related to trade debts are presented separately in the statement of profit or loss account. Trade debts are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers.

The IFRS 15 establish a five-steps model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company. However, related changes to the accounting policies have been made in these financial statements.

2.5.2 New standards and amendments to approved accounting standards that are not yet effective and have not been early adopted by the Company

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

Standard or Interpretation	Effective date (Annual period beginning on or after)	
IFRS 03	Definition of Business (Amendments)	01 January 2020
IFRS 09	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation	01 January 2019
IFRS 16	Leases	01 January 2019
IAS 01	Presentation of Financial Statements (Amendments)	01 January 2020
IAS 08	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	01 January 2020
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization	01 January 2020
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2018. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 01 First time adoption of International Financial Reporting Standards	01 July 2019
IFRS 14 Regulatory Deferral Accounts	01 January 2016
IFRS 17 Insurance Contracts	01 January 2021

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

2.5.3 Amendments to the Fourth Schedule to the Companies Act, 2017

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 888(I)/2019 dated July 29, 2019 has made amendments to the Fourth Schedule to the Companies Act, 2017. SECP in its S.R.O. 961(I)/2019 specified that amendments made through S.R.O. 888(I)/2019 are applicable to companies preparing financial statements as on June 30, 2019 and onward. Appropriate changes have been made to these financial statements consequent to these amendments.

Old Requirement	New Requirement
Number of persons employed as on the date of financial statements and average number of employees during the year, separately disclosing factory employees.	Number of persons employed as on the date of financial statements and average number of employees during the year
Auditor's opinion on latest available financial statements.	Omitted
Any penalty in terms of money or otherwise imposed under any law by any authority, on the Company shall be disclosed in the first annual report furnished after the imposition of the penalty. If, as a result of any appeal, revision petition, or review application, such penalty is reduced enhanced or waived, the original penalty imposed shall nevertheless be disclosed, and the fact of any reduction, enhancement or waiver shall be disclosed, in the first annual report furnished after such reduction, enhancement or waiver.	Omitted
Summary of significant transactions and events that have affected the company's financial position and performance during the year.	Omitted
Brief description of any legal action taken against the defaulting parties.	Omitted

Investments in associated companies or undertakings have been made in accordance with the requirements under the Act. Omitted

that the loans and advances have been made in compliance with the requirements of the Act. Omitted

Management assessment of sufficiency of tax provision made in the company's financial statements shall be clearly stated along with comparisons of tax provision as per accounts viz a viz tax assessment for last three years. Omitted

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Investments

These represents investments in shares of companies that are directly controlled by the Company or in which a substantive interest in the voting power is owned directly by the directors of the Company.

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

Investment in associates is accounted for using the equity method whereby investment is carried in the statement of financial position 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.

3.2 Cash and cash equivalents

It comprises of cash in hand and cash at banks which are carried at cost and subsequently measured at amortized cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and at banks.

3.3 Trade and other payables

Accrued and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations whether or not billed to the Company. Liabilities are written back and recognized as other income when these are considered to be no longer payable.

3.4 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.5 Taxation

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

Current

Provision for taxation is based on current year taxable income determined in accordance with the provisions of Income Tax Ordinance, 2001, enactive on the date of statement of financial position and carry adjustment to tax payable in respect of previous year.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

Deferred 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 for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates 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 reporting date. Deferred tax is charged or credited to profit or loss account, except in the case of items credited or charged to equity in which case it is included in equity.

3.6 Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- i. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Based on business model of the Company, it elected to classify irrevocably its equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- i. The rights to receive cash flows from the asset have expired, or
- ii. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d) Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At each reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.6.2 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

3.6.3 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

b) Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method.

Gains and losses are recognized in statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

3.7 Earnings per share

The company presents basic and diluted earnings per share for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the company by the weighted average number of ordinary shares. Diluted EPS is determined by adjusting profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

3.8 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
4.1	-	-

4.1 Property, plant and equipment

As at June 30, 2019

Description	As at June 30, 2019									
	-----Cost / Revalued Amounts-----				-----Accumulated Depreciation-----					
	As on July 01, 2018	Adjustment of depreciation on account of revaluation	Disposals during the year	As on June 30, 2019	As on July 01, 2018	Disposals / adjustment of depreciation on account of revaluation*	Charge for the year	As on June 30, 2019	Written down value as on June 30, 2019	Rate %
----- (Rupees in thousand) -----										
Owned Assets										
Freehold land	-	-	-	-	-	-	-	-	-	-
Building on freehold land	-	-	-	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

As at June 30, 2018

Description	As at June 30, 2018									
	-----Cost / Revalued Amounts-----				-----Accumulated Depreciation-----					
	As on July 01, 2017	Adjustment of depreciation on account of revaluation	Disposals during the year	As on June 30, 2018	As on July 01, 2017	Disposals / adjustment of depreciation on account of revaluation*	Charge for the year	As on June 30, 2018	Written down value as on June 30, 2018	Rate %
----- (Rupees in thousand) -----										
Owned Assets										
Freehold land	600,000	-	(600,000)	-	-	-	-	-	-	0%
Building on freehold land	319,800	(9,994)	(309,806)	-	7,995	(9,994)	1,999	-	-	2.5%
Plant and machinery	2,672,840	-	(2,672,840)	-	-	-	-	-	-	-
	<u>3,592,640</u>	<u>(9,994)</u>	<u>(3,582,646)</u>	<u>-</u>	<u>7,995</u>	<u>(9,994)</u>	<u>1,999</u>	<u>-</u>	<u>-</u>	

5 LONG TERM INVESTMENTS	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Associate			
Dadabhoy Sack Limited	5.1	-	-
Dadabhoy Construction Technology Limited	5.2	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
5.1 Dadabhoy Sack Limited - at equity method			
Investment - cost	5.1.1	2,420	2,420
Provision for impairment	5.1.2	<u>(2,420)</u>	<u>(2,420)</u>
Book value of investment as at June 30,		<u>-</u>	<u>-</u>

5.1.1 Dadabhoy Sack Limited (DSL) was incorporated in Pakistan on September 27, 1983. The principal activity of the company is the manufacturing and sale of paper bags. DSL's registered office is situated at suite # 4, 2nd floor, plot no. 28-30/C, Noor center, Khayaban-e-Ittehad, Lane no.12, Phase VII, D.H.A., Karachi, Sindh. Manufacturing facility of DSL is located at Deh, Hatal Buth, Thana Bula Khan, Main Super Highway, Jamshoro, Sindh. The Company holds 6.90% equity interest (276,000 shares) in the Dadabhoy Sack Limited (DSL) which has been presumed to be an associated company due to the fact that majority of the Directors of the Company are also the members on the Board of Directors of DSL. The reporting date of DSL is also the same as of the Company, i.e. June 30.

5.1.2 The investment in DSL is fully impaired due to the fact that during the current financial year, DSL has incurred after tax loss amounting to Rs. 12.162 (2018: Rs. 13.142) million raising its accumulated losses to Rs. 25.039 million after transfer of revaluation surplus of Rs. 9.867 million (2018: Rs. 22.743 million after transfer of revaluation surplus of Rs. 10.96 million). Further, the operations of DSL are closed since financial year 2008 due to which DSL is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. DSL is reporting nil sales since then and is totally dependent on the financial support of its Directors. Furthermore, trading in shares of DSL is also suspended in the PSX.

5.2 Dadabhoy Construction Technology Limited - fair value through profit and loss	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Investment - cost	5.2.1	6	6
Provision for impairment	5.2.2	<u>(6)</u>	<u>(6)</u>
Book value of investment as at June 30,		<u>-</u>	<u>-</u>

5.2.1 Dadabhoy Construction Technology Limited (DCTL) was incorporated in Pakistan on May 29, 1994 having its registered office and principal place of business located at Noor Centre, office No.4, 2nd floor, plot no. 30-C, Ittehad Lane no.12, Phase VII, D.H.A., Karachi. The Company holds 0.02% (2018: 0.02%) equity interest 550 shares (2018: 550 shares) in DCTL which has been presumed to be an associated company due to common directorship between the companies. The reporting date of DCTL is also the same as of the Company, i.e. June 30.

5.2.2 The investment in the DCTL is fully impaired due to the fact that during the year, DCTL has incurred loss of Rs. 8.486 million (2018: Profit of 43.284 million out of 47.01 million other income against sale of all fixed assets and liabilities written back), which indicates the existence of material uncertainty over the Company's ability to continue as a going concern and accordingly, DCTL may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business. The operations of DCTL are very slow since financial year 2014 and reporting meager / nil sales while the operations were completely closed during the current financial year due to which DCTL is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. DCTL is totally dependent on the financial support of its Directors. Since trading in shares of DCTL is suspended in the PSX therefore, fair value of share price cannot be measured reliably.

5.3 Summarized financial information of companies:	Note	2019 (Rupees in thousand)	2018
Dadabhoy Sack Limited			
Non-current assets		152,563	168,514
Current assets		3	3
Non-current liabilities		37,920	42,008
Current liabilities		2,294	1,996
Revenue		-	-
Other income		-	5,259
Loss before taxation		(16,250)	(12,625)
Loss after taxation		(12,162)	(13,143)
Other comprehensive income		-	-
Total comprehensive loss		(12,162)	(13,143)
Unrecognized losses of associates			
For the year		(839)	(983)
As On June 30,		(2,485)	(1,646)
Dadabhoy Construction Technology Limited			
Non-current assets		-	-
Current assets		60,001	60,077
Non-current liabilities		-	-
Current liabilities		66,893	58,484
Revenue		-	-
Other income		73	47,010
(Loss)/ Profit before taxation		(8,486)	42,041
(Loss)/ Profit after taxation		(8,486)	43,284
Other comprehensive income		-	-
Total comprehensive income / (loss)		(8,486)	43,284
Unrecognized profits / (losses) of associates			
For the Year		(2)	9
As On June 30,		(6)	(4)

Summarized financial information of have been prepared on the basis of audited financial statements of associated companies.

Due to a typographical error in previous year's financial statements it was written that summarized financial information of Dadabhoy Sack Limited was based on audited financial statements. Infact the same was based on draft financial statement. However, during the current year comparative summarized financial information has been updated as per audited financial statements. As a result non-current liabilities increased by 0.146 million, current liabilities decreased by Rs. 1.25 million, other income increased by 0.6 million, loss before tax decreased by 0.5 million, loss after tax decreased by 1.105 million and total comprehensive income decreased by 1.105 million.

6 ADVANCES AND OTHER RECEIVABLES	Note	2019 (Rupees in thousand)	2018
- Un-secured - considered good			
Advances to directors			
Against expenses	6.1	-	13,617
Others	6.2	4,958	-
Other receivables			
From Dadabhoy Hydrocarbon (Pvt.) Limited		667	482
From related parties	6.3	1,264	998
		6,889	15,097

6.1 This represents advance given to Muhammad Hussain Dadabhoy, the Director of the Company amounting Rs. Nil (2018: Rs. 13.617 million), for incurring company related expenses which has been adjusted. The maximum aggregate amount outstanding at any time during the year is Rs. 13.617 million (2018: Rs. 13.617).

6.2 This represents payments made on behalf of Muhammad Hussain Dadabhoy, the Director of the Company, of Rs. 4.958 million (2018: Rs. Nil). The maximum aggregate amount outstanding at any time during the year is Rs. 4.958 million (2018: Rs. Nil). Legal formalities in pursuant of the conditions as enumerated under the Companies Act, 2017 are not fulfilled relating to the payment of the advance.

6.3 This includes receivable from Dadabhoy Sack Limited amounting to Rs. 0.823 (2018: Rs. 0.677) million, Dadabhoy Energy Supply Limited amounting to Rs. 0.356 (2018: Rs. 0.321) million, and Dadabhoy Construction Technology Limited amounting to Rs. 0.085 million (2018: nil). This represents the reimbursable expenses incurred on behalf of the related parties and are recoverable on demand. Closing balance represents the maximum aggregate amount outstanding at any time during the year with respect to month end balances.

6.4 Age analysis of advances to related parties

Director	Dadabhoy Sack Limited	Dadabhoy Energy Supply Limited	Dadabhoy Construction Technology Limited
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----- Rupees in thousand -----

The age of advances at reporting date is as follows:

Past due amount	-	677	321	-
Less than 30 days	4,200	-	-	-
30-60 days	-	-	-	-
61-180 days	758	-	35	-
181-365 days	-	146	-	85

7 SHORT TERM INVESTMENT

Investments in associate	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Dadabhoy Energy Supply Company Limited		<u>118,622</u>	<u>118,683</u>

7.1.1 Dadabhoy Energy Supply Company Limited (DESCL) was incorporated in Pakistan on May 29, 1994 having its registered office and principal place of business located at Noor Centre, office No.4, 2nd floor, plot no. 30-C, Ittehad Lane No.12, Phase VII, D.H.A., Karachi. During the current year directors of the company disposed off their 20.86% (No. of shares 8,936,615) shareholding in the subsidiary, thereby, making DESCL as an associate of the Company.

During the previous year, management of DESCL had decided to windup the company, therefore, investment in DESCL had been classified as short term as it is likely that the Company will receive its due share of net assets of DESCL within the next financial year.

Investment at cost	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Investment - cost	7.1.3	205,000	205,000
Provision for impairment		(86,379)	(86,317)
Book value of investment as at June 30,		<u>118,622</u>	<u>118,683</u>
Book value of investment as at July 01,		118,683	188,600
Provision for impairment for the year		(62)	(69,917)
Book value of investment as at June 30,	7.1.5	<u>118,622</u>	<u>118,683</u>

7.1.3 DESCL was treated as a subsidiary of the Company as the Company was holding 47.86% equity interest (20,500,000 shares) in the DESCL alone and 68.72% (29,437,815 shares) together with its directors thus providing substantial interest in the voting power of the DESCL till August 17, 2018. The plea of the Company to treat DESCL as its subsidiary was accepted by the SECP.

On August 17, 2018, directors of the Company disposed off their 20.86% (8,936,615 shares) shareholding in the subsidiary, thereby, making DESCL as an associate of the Company.

The Company holds 47.86% (2018: 47.86%) equity interest (20,500,000 shares (2018: 20,500,000 shares)) in DESCL which is an associated company now. The reporting date of DESCL is also the same as of the Company, i.e. June 30.

7.1.4 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 DESCL.

7.1.5 As at June 30, 2019, the breakup value per share of DESCL was Rs. 5.786 (2018: Rs. 5.789) per share resulting in the impairment of Rs. 0.003 (2018: Rs. 3.41) per share. The breakup value is considered as recoverable value/ value in use of the Company based on the facts as disclosed in note 7.1.2

	2019	2018
	(Rupees in thousand)	
8 TAX REFUNDS DUE FROM THE GOVERNMENT		
Advance tax	-	135
	<u>-</u>	<u>135</u>
9 CASH AND BANK BALANCES		
Cash in hand	-	-
Cash at banks		
- in current account	3	40
- in saving account	136,719	165,007
9.1	<u>136,722</u>	<u>165,047</u>
	<u>136,722</u>	<u>165,047</u>

9.1 It carries markup ranging between 6.43% to 8.99% (2018: 4% to 5%) per annum.

10 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
(Number of shares)			(Rupees in thousand)	
<u>98,236,624</u>	<u>98,236,624</u>	Ordinary shares of Rs. 10 each	<u>982,366</u>	<u>982,366</u>
		fully paid up in cash		

10.1 Number of shares held by Leo (Pvt.) Limited, the holding company, and Dadabhoy Trading Corporation (Pvt.) Limited, the associated company, as on the reporting date are 61,938,455 shares (2018: 61,938,455 shares) and 9,131,360 shares (2018: 9,131,360 shares) respectively, representing 63.05% (2018: 63.05%) and 9.295% (2018: 9.295%) shareholding in the Company.

10.2 Reconciliation of issued, subscribed and paid up capital

2019	2018	
(Number of shares)		
98,236,624	98,236,624	Ordinary shares of Rs. 10 each fully paid up in cash - at beginning
-	-	Ordinary shares issued during the year
<u>98,236,624</u>	<u>98,236,624</u>	Ordinary shares of Rs. 10 each at the end of the year

10.3 The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

11 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	(Rupees in thousand)	
Balance as at July 01,	-	1,696,017
Revaluation deficit incurred during the year	-	(1,308,605)
	-	387,412
Transfer to equity in respect of incremental depreciation - net of deferred tax	-	(676)
Related deferred tax liability of incremental depreciation	-	(290)
Effect of disposal during the year	-	(386,446)
	-	(387,412)
Balance as at June 30,	-	-
Less: Related deferred tax liability		
- at the beginning of the year	-	360,269
- effect of revaluation deficit during the year	-	(320,582)
- effect of disposal during the year	-	(39,397)
- effect of tax rate adjustment	-	-
- on incremental depreciation for the year	-	(290)
	-	-
	-	-

12 DEFERRED LIABILITIES

Deferred tax liability	12.1	-	-
		-	-

12.1 Deferred taxation comprises differences relating to:

Deductible temporary differences

- investment in associates		(25,753)	(25,735)
- unused tax losses		-	(97,642)
		(25,753)	(123,377)
Add: unrecognized deferred tax asset	12.2	25,753	123,377
	12.3	-	-

12.2 The Company has not recognized its deferred tax asset relating to tax losses amounting to Rs. 25.8 (2018 - restated: Rs. 123.4) million as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

Unrecognized deductible temporary differences represent the unabsorbed tax depreciation, having indefinite availing period under the Income Tax Ordinance, 2001, which can be utilized by the Company against the taxable income arising in future.

12.3 During the year, Company has rectified an inadvertent error with respect to deferred tax and reversed the liability with corresponding credit to equity amounting to Rs. 69.5 million. Error has been rectified by restating the comparative figures, opening balance of the corresponding period and opening accumulated losses of the corresponding period. Moreover, an error pertaining to unrecognized deferred tax asset during the year 2018 amounting to Rs.87.48 million has been rectified. Summary of the rectification is as follows:

In accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the effect of the restatement is as follows:

	2018 (Rupees in thousand)	2017 (Rupees in thousand)
Effect on statement of financial position		
Increase/ (Decrease) in non current liabilities		
Deferred tax liability	<u>69,524</u>	<u>(69,524)</u>
Increase in un-recognised deferred tax asset		
Un-recognised deferred tax asset	<u>87,482</u>	<u>-</u>
Increase/ (decrease) in accumulated losses	<u>69,524</u>	<u>(69,524)</u>
(Decrease)/ Increase in shareholders' equity	<u>(69,524)</u>	<u>69,524</u>
Effect on profit or loss statement		
Decrease in tax income	<u>(69,524)</u>	
Increase in loss for the year	<u>69,524</u>	
Effect on EPS		
Increase in loss per share	<u>0.71</u>	

	2019 (Rupees in thousand)	(Restated) 2018 (Rupees in thousand)
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13 TRADE AND OTHER PAYABLE

	Note	2019 (Rupees in thousand)	(Restated) 2018 (Rupees in thousand)
Trade creditors		-	950
Accrued liabilities	13.1	3,982	22,386
Advance from customers - unsecured		-	4,880
SESSI payable		583	583
EOBI payable		600	600
Sales tax payable		2,666	2,666
Workers' Profit Participation Fund payable		2,484	2,484
Excise duty payable		-	144,239
		<u>10,315</u>	<u>178,788</u>

13.1 During the year, Company has rectified an inadvertent error with respect to accrued expenses. An expense pertaining to prior years was paid during the year.

In accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the effect of the restatement is as follows:

	2018 (Rupees in thousand)	2017 (Rupees in thousand)
Effect on statement of financial position		
Decrease in current liabilities		
Accrued expenses	<u>13,617</u>	<u>13,617</u>
Increase in accumulated losses	<u>13,617</u>	<u>13,617</u>
Decrease in shareholders' equity	<u>(13,617)</u>	<u>(13,617)</u>
Effect on profit or loss statement	<u>-</u>	<u>-</u>
Effect on EPS	<u>-</u>	<u>-</u>

14 COMMITMENTS AND CONTINGENCIES

There are no commitments binding on the Company as on the reporting date (2018: nil).

	Note	2019 (Rupees in thousand)	2018
15 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		1,329	2,004
Traveling and conveyance		100	24
Rent, rates and taxes	15.1	-	693
Printing and stationery		28	40
Entertainment		171	1,193
Utilities		118	133
Telephone and telex		57	89
Postage and telegram		5	9
Repairs and maintenance		63	203
Legal and professional		12,553	24,196
Depreciation		-	1,999
Fees and subscription		147	433
Fuel and power		-	263
Others		95	360
		14,666	31,639

15.1 Company is currently operating from the registered office, which is shared office for group companies, owned by Company's directors. For the premises, directors do not charge any rent expense.

	Note	2019 (Rupees in thousand)	2018
16 OTHER CHARGES			
Auditors' remuneration	16.1	467	600
Impairment loss on investment in DESCL		62	69,917
Impairment on account revaluation deficit		-	391,637
Loss on disposal of fixed assets		-	500,270
Loss on settlement of packing credit		-	1,500
Loss on settlement of long term loan		-	154,137
Settlement of mark-up against bridge loan facility		-	6,910
Penalties paid to regulators		-	411
		529	1,125,381

16.1 Auditors' remuneration

Audit fee		357	500
Review of Code of Corporate Governance		75	75
Half yearly review and review of CCG		35	-
Out of pocket expenses		-	25
		467	600

17 OTHER INCOME

Income from financial asset

Profit on saving account		18	1,214
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Income from non-financial asset

Liabilities no longer payable	17.1	147,069	-
		147,087	1,214

17.1 This represents liabilities no longer payable on account of excise duty payable amounting Rs. 144.239 million, advances from customers OGDCL amounting Rs. 0.180 million, other advances from customers amounting Rs. 1.7 million, and gain on write back/ extinguishment of liabilities on account of trade creditors amounting Rs. 0.950 million.

		2019	(Restated) 2018
	Note	(Rupees in thousand)	
18 TAXATION			
Current			
- current year	18.1	-	-
- prior year - reversal		(4,164)	-
		(4,164)	-
Deferred		-	(195,399)
		(4,164)	(195,399)

18.1 The Company is not liable to current tax, including minimum tax and ACT, on account of available unabsorbed tax depreciation.

18.2 The Company computes tax provisions based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Accordingly, the management of the Company has assessed that no tax provision is required in the financial statements. A comparison of last three years of income tax provision with tax assessed is not presented as the Company had nil tax liability on account of operational inactivity.

	Note	2019	(Restated) 2018
19 EARNINGS/ (LOSS) PER SHARE - BASIC AND DILUTED			
Profit /(loss) after taxation - Rupees in Thousands		136,047	(960,418)
Weighted average number of outstanding ordinary shares		98,236,624	98,236,624
Earnings/ (loss) per share - basic and diluted (Rupees)		1.38	(9.78)

20 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

Directors of the Company including Chief Executive Officer and executives have not drawn any remuneration during the year.

21 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of group companies (associated companies), Directors and their close family members, executives, major shareholders of the Company. The transactions with related parties are as follows:

	Note	2019 (Rupees in thousand)	2018
Key Management Personnel - Directors			
Loan received		-	10,760
Loan repaid		-	202,609
Advance to directors - others		4,958	-
Advance against expenses		-	25,600
Advance against expenses - returned		13,617	11,983
Leo (Pvt.) Limited - holding company 63.05% -Parent company			
Loan repaid		-	5,282
Dadabhoj Energy Supply Limited - associate (2018: Subsidiary) company - 47.86% holding			
Reimbursable expenses incurred		35	321

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Dadabhoy Sack Limited - associate by the way of common directorship and 6.90% holding			
Payment against purchases		-	20,842
Reimbursable expenses incurred		146	677
Dadabhoy Construction Technology Limited - common directorship and 0.02% holding			
Reimbursable expenses incurred		85	-

21.1 Related party balances have been disclosed in the relevant notes.

	Note	2019 (Rupees in thousand)	(Restated) 2018 (Rupees in thousand)
22 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial Assets			
- At amortized cost			
Other receivables	6	6,889	1,480
Cash and bank balances	9	136,722	165,047
		143,611	166,527
Financial Liabilities			
- At amortized cost			
Trade and other payable	13	3,982	23,336
Unclaimed dividend		566	566
		4,548	23,902

23 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market 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:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

23.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, advances, investments and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit ratings and related parties.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company's financial assets include receivable from related parties and directors which are credit worthy parties thereby mitigating any significant concentration risk. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk before any provisions at the reporting date is:

	2019	2018
	(Rupees in thousand)	
Other receivables	6,889	1,480
Bank balances	136,722	165,047
	<u>143,611</u>	<u>166,527</u>

Quality of financial assets

The Company keeps its fund with banks having good credit ratings. Currently the funds are kept with banks having short term rating of A-1+ to A-2 and long term rating of AA+ to A-.

Ageing of other receivable are are provided in note 6.4.

23.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with the financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation, monitoring financial position liquidity ratios against internal and external requirements and maintaining debt financing plans.

Following are the contractual maturities of the non-derivative financial liabilities:

<u>2019 - Non interest bearing</u>					
	Carrying amount	Contractual cash flows	Upto one year	More than one year but less than five years	More than than five years
----- (Rupees in thousand) -----					
Financial Liabilities					
Trade and other payable	3,982	3,982	3,982	-	-
Unclaimed dividend	566	566	566	-	-
	<u>4,548</u>	<u>4,548</u>	<u>4,548</u>	<u>-</u>	<u>-</u>
<u>2018 - Non interest bearing (Restated)</u>					
	Carrying amount	Contractual cash flows	Upto one year	More than one year but less than five years	More than than five years
----- (Rupees in thousand) -----					
Financial Liabilities					
Trade and other payable	23,336	23,336	23,336	-	-
Unclaimed dividend	566	566	566	-	-
	<u>23,902</u>	<u>23,902</u>	<u>23,902</u>	<u>-</u>	<u>-</u>

23.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is not exposed to any foreign exchange risk, interest rate risk and other price risk as at reporting date.

23.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arises from the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

- i Requirements for appropriate segregation of duties between various functions, roles and responsibility;
- ii Requirements for the reconciliation and monitoring of transactions;
- iii Compliance with regulatory and other legal requirements;
- iv Documentation of control and procedures;
- v Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- vi Ethical and business standards; and
- vii Risk mitigation, including insurance where this is effective.

23.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all the financial assets and liabilities reported in the financial statements approximate their fair values.

In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its financial and non-financial assets in terms of following fair value hierarchy:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2:** Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3:** Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

23.6 Fair value of non-financial assets

There is no non financial assets measured at fair value on a recurring basis.

23.7 Capital risk management

The Company's objective when managing capital is 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 to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability. There is no change in the Company approach in management of capital.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings from financial institutions including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. The gearing ratio as at the reporting date is nil as the Company has repaid all the liabilities to financial institutions.

24 GENERAL

- Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.
- Number of employees as on the balance sheet date and average number of employees during the year were 4 (2018: 2) and 7 (2018: 8).

25 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 24 January 2020 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer

**INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE
AS ON 30-06-2019**

Catagories of Shareholders	No. of Shareholders	Shares Held
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DIRECTORS

Mr. Mohammad Hussain Dadabhoy	1	1,568
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

39TH ANNUAL GENERAL MEETING 2019

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 39TH Annual General Meeting of the Company to be held on 25th February 2020 and at any adjournment thereof.

Signed my me/us this _____ day of _____ 2019

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

39TH ANNUAL REPORT
