

# 32<sup>nd</sup> ANNUAL REPORT 2015



**DADABHOJ  
GROUP**

**DADABHOJ SACK LIMITED**

# *Vision*

**To be recognized and accepted  
as leader in the country  
for  
manufacturing of  
state of the art  
three ply crafts bags  
for Cement Industries**

# **Mission**

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

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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

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

**CHIEF FINANCIAL OFFICER**

Mr. Muhammad Rashid

**COMPANY SECRETARY**

Mr. Muhammad Rashid.

**AUDITORS**

M/s M. Akhtar & Company, Chartered Accountants

**LEGAL ADVISOR**

Mr. Salim Thepdawala & Company

**BANKER**

Summit Bank Limited

**REGISTERED OFFICE**

Noor Centre Office NO.4, 2<sup>nd</sup> Floor  
Plot No.30-C Ittehad Lane 12 Phase  
VII D.O.H.A., Karachi.

**SHARE REGISTRAR**

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

**FACTORY**

Nooriabad Deh Kalu Kohar, District Dadu (Sindh)

**HUMAN RESOURCE & REMUNERATION COMMITTEE**

Mr. Syed Nasim Ahmed  
Mr. Mohammed Saeed  
Mr. Muhammad Amin Dadabhoy

**AUDIT COMMITTEE**

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

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of Dadabhoy Sack Limited will be held on Saturday the 10<sup>th</sup> October, 2015 at 04:30 p.m. at Jinnah Club, Jinnah Co-operative Housing Society behind KESC Office, Tipu Sultan Road Karachi, to transact the following business:

### ORDINARY BUSINESS:

1. To read and confirm the minutes of 31<sup>st</sup> Annual General Meeting of the company held on 11<sup>th</sup> October, 2014.
2. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2015 together with Directors' and Auditors' Reports thereon.
3. To appoint auditor for the year ending June 30, 2016 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

Karachi. September 11<sup>th</sup> 2015

Muhammad Rashid  
Company Secretary

### Note

1. The Share Transfer Books of the company will remain closed from 4<sup>th</sup> October, 2015 to 10<sup>th</sup> October, 2015 (both days inclusive).
2. Any member of the company entitled to attend and vote may appoint another member as his / her proxy to attend and vote on his / her behalf.
3. Proxies must be received at the registered office of the company not less than 48 hours before the meeting.

### **DIRECTOR REPORT TO THE MEMBERS**

The directors are pleased to present annual report together with audited financial statement and the auditor's report for the year ended June 30, 2015.

#### **FINANCIAL RESULTS (Rupees in thousands)**

	<b>2015</b>	<b>2014</b>
Net Sales	-	-
Gross (Loss) / Profit	-	-
Operating (Loss) / Profit	-	-
(Loss) / Profit after tax	(2,898,871)	(3,108,029)
(Loss) / Earning Per Share	(0.72)	(0.78)

#### **STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

Financial statements prepared by the company fairly present its state of affairs, results of operation, cash flow and changes in equity.

Proper books of accounts have been maintained by the company.

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.

International Accounting standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

The system of internal control has been effectively implemented and is continuously reviewed and monitored by internal audit.

There are no material departures from the best practices of governance as detailed in the listing regulations.

Key operating and financial data for last six years in summarized form is annexed.

There has been nothing outstanding against your company on account of taxes, duties, Levis and other charges except for those which have been disclosed in the financial statements and are being made in the normal course of business.

### **MEETINGS OF THE BOARD OF DIRECTORS**

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

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

### **APPROPRIATIONS**

No dividends have been declared, as the company would like to keep funds generated to future growth.

### **AUDITORS**

Present auditors M/s M. Akhtar & Company, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

### **FUTURE PROSPECTS**

We are confident and optimistic for better future prospects of the company.

### **PATTERN OF SHARES HOLDING**

Pattern of share holding as at June 30, 2015 required under the reporting framework is annexed.

### **ACKNOWLEDGMENTS**

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

Karachi

11<sup>th</sup> September, 2015

For and on behalf of the  
Board of Director



FAZAL KARIM DADABHOY  
Chief Executive Officer

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

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

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

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

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

The Board has developed a vision statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

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

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

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



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

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

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

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

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

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

The statutory auditors of the Company have confirmed that they are practicing members of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accounts (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

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

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

Karachi : 11<sup>th</sup> September, 2015



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**FAZAL KARIM DADABHOY**  
Chief Executive Officer

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**DADABHOY SACK LIMITED**

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**DADABHOY SACK LIMITED**

(Rupees in '000)

**FINANCIAL REVIEW FOR SIX YEARS**

Particulars	2015	2014	2013	2012	2011	2010
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**PRODUCTION SUMMARY**

Production in Bags	Nil	Nil	Nil	Nil	Nil	Nil
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**ASSETS EMPLOYED**

Total Assets Employed	53,422	56,056	58,996	63,708	64,897	67,812
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**FINANCED BY**

Shareholders' Equity	25,262	28,015	30,966	36,001	32,298	27,923
Surplus on Revaluation	11,369	13,514	13,672	13,848	13,848	13,848
Long term Liabilities	2,699	2,699	2,699	2,699	3,113	5,963
Deferred Liabilities	1,461	1,461	1,461	1,461	1,461	3,930
Current Liabilities	10,631	10,365	10,198	9,699	14,177	16,148
Total Funds Invested	53,422	56,056	58,996	63,708	64,897	67,812

**TURNOVER AND PROFIT**

Turnover (Net)	-	-	-	-	-	-
Operating Profit (Loss)	-	-	-	-	-	-
Profit / (Loss) before Taxation	(2,899)	(3,108)	(5,211)	3,703	(766)	488
Profit / (Loss) after Taxation	(2,899)	(3,108)	(5,211)	3,703	(684)	488
Cash Dividend	-	-	-	-	-	-
Profit (Loss) carried forward	(14,883)	(12,142)	(9,034)	(3,999)	(7,702)	(12,076)

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2015, prepared by the Board of Directors of Dadabhoy Sack Limited (the Company) to comply with the listing regulation No. 35 of Karachi Stock Exchange (Guarantee) Limited, Listing Regulation No. 35 of the Lahore Stock Exchange (Guarantee) Limited and Listing Regulation No. 35 of Islamabad Stock Exchange (Guarantee) Limited where the Company is listed.

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

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


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

Based on our review, noting has come to our attention which cause us to believe that the statement of compliance doesn't appropriately reflect the company's compliance, in all material respect, with the best practices contained in the Code.

Place: Karachi

Dated: 04 SEP 2015



  
MAHMOOD AKHTAR HAROON  
CHARTERED ACCOUNTANTS

**DADABHOY SACK LIMITED  
FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED  
JUNE 30, 2015**

**MA**

**M. AKHTAR & COMPANY**

**Chartered Accountants**

Suite # 87 - K, Ground Floor, Block - 2

Pakistan Employees Co-Operative

Housing Society, Karachi - 75400

Tell # 021-34539081

Cell# 0331-2239081

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

We have audited the annexed balance sheet of **DADABHOY SACK LIMITED** as at June 30, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

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


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



..2..

conform with approved accounting standards as applicable in Pakistan and give the information as required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the loss for the year then ended; and

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

  
**M. AKHTAR & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**Karachi**

11 SEP 2015



**DADABHOY SACK LIMITED**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2015**

ASSETS	Note	2015 Rupees	2014 Rupees
<b>Non-Current Assets</b>			
Property, plant and equipment	4	27,723,179	30,357,350
Long term deposits		4,418,516	4,418,516
		32,141,695	34,775,866
<b>Current Assets</b>			
Stores, spares and loose tools	5	408,304	408,304
Trade debts	6	20,841,679	20,841,679
Advance income tax	7	29,897	29,897
Cash and bank balances	8	803	563
		21,280,683	21,280,443
<b>Total Assets</b>		<b>53,422,378</b>	<b>56,056,309</b>
<b>EQUITY AND LIABILITIES</b>			
Authorised Capital			
10,000,000 Ordinary shares of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid up capital			
4,000,000 shares of Rs.10 each fully paid in cash		40,000,000	40,000,000
Accumulated losses		(14,738,186)	(11,984,258)
		25,261,814	28,015,742
<b>Surplus on revaluation of fixed assets</b>	9	13,369,509	13,514,453
<b>Non Current Liabilities</b>			
Liabilities against assets subject to finance lease	10	2,699,154	2,699,154
Deferred liabilities	11	1,460,995	1,460,995
		4,160,149	4,160,149
<b>Current Liabilities</b>			
Trade and other liabilities	12	9,881,175	9,616,235
Taxation		749,730	749,730
		10,630,905	10,365,965
		<b>53,422,378</b>	<b>56,056,309</b>

The annexed notes from 1 to 26 form an integral part of these financial statements.



**CHIEF EXECUTIVE**



**DIRECTOR**

**DADABHOY SACK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 RUPEES	2014 RUPEES
Sales - Net	13	-	-
Cost of sales	14	-	-
Gross (loss)/profit		<u>-</u>	<u>-</u>
Other income	15	-	-
		<u>-</u>	<u>-</u>
Administrative and general expenses	16	<u>(2,898,871)</u>	<u>(3,108,029)</u>
		<u>(2,898,871)</u>	<u>(3,108,029)</u>
Operating profit/ (loss)		<u>(2,898,871)</u>	<u>(3,108,029)</u>
Financial cost	17	-	-
Profit/(loss) before taxation		<u>(2,898,871)</u>	<u>(3,108,029)</u>
Taxation		-	-
	18	<u>-</u>	<u>-</u>
Net profit/(loss) after taxation		<u><u>(2,898,871)</u></u>	<u><u>(3,108,029)</u></u>
Earnings per share	20	<u><u>(0.72)</u></u>	<u><u>(0.78)</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



**CHIEF EXECUTIVE**



**DIRECTOR**



**DADABHOY SACK LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	(2,898,871)	(3,108,029)
Adjustments for:		
Depreciation	2,634,171	2,940,309
Advance for expenses written off	-	-
Profit on sale of fixed assets	-	-
	2,634,171	2,940,309
Cash flow from operating activities before working capital changes	(264,700)	(167,720)
<b>(Increase) decrease in current assets:</b>		
Trade debts	-	-
	-	-
<b>Increase (decrease) in current liabilities:</b>		
Due to Director	198,470	259,210
Trade and other payables	66,470	(91,280)
Cash flow from operating activities after working capital changes	240	210
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceed from Sale of Fixed Assets	-	-
Net cash used in investing activities	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Lease finance liability	-	-
Net cash outflow from financing activities	-	-
Net (decrease)/ increase in cash and cash equivalents	240	210
Cash and cash equivalents at beginning of the year	563	353
Cash and cash equivalents at end of the year	803	563

The annexed notes from 1 to 26 form an integral part of these financial statements.



**CHIEF EXECUTIVE**



**DIRECTOR**

**DADABHOY SACK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<b>Share Capital</b>	<b>Accumulated Profit/(Loss)</b>	<b>Total</b>
	----- (Rupees) -----		
Balance as at 30 June 2013	40,000,000	(9,034,028)	30,965,972
Profit/(loss) for the year 2014		(3,108,029)	(3,108,029)
Adjustment for incremental depreciation		157,799	157,799
Balance as at 30 June, 2014	40,000,000	(11,984,258)	28,015,742
Profit/(loss) for the year 2015		(2,898,871)	(2,898,871)
Adjustment of incremental depreciation		144,944	144,944
Balance as at 30 June, 2015	40,000,000	(14,738,186)	25,261,814

The annexed notes from 1 to 26 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

**DADABHOY SACK LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**1 STATUS AND NATURE OF BUSINESS**

- 1.1** The Company was incorporated on September 27, 1983 as a Private Limited Company by the name of Paperpro Industries (Private) Limited. The Company was converted into Public Limited Company on October 27, 1994 and its name was changed to Dadabhoy Sack Limited on January 19, 1995. Its registered office is located at Noor Centre Office No.4, 2nd Floor Plot No. 30-C Ittehad Lane 12 Phase VII D.O.H.A, Karachi. The main activity of the company is manufacturing of paper bags. In February 1996, the Company was listed at Stock Exchanges of Karachi and Lahore.

**2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**a) Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**b) New accounting standards, interpretations and amendments that are not yet effective:**

The following standards, interpretations and amendments in approved accounting standards are only effective for accounting periods beginning on or after July 01, 2008 and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures in the certain cases:

IAS 1 - Preparation of Financial statement-(effective on or after January 1, 2009 ).

IAS 23 - Borrowing Costs (effective on or after January 1, 2009) Amendments relating to mandatory capitalization of borrowing costs relating to qualifying assets.

IFRS 3 (amendment) - Business Combinations and consequential amendments to IAS 27- Consolidated and separate financial statements. IAS 28-Investment in associates and IAS 31-Interest in Joint Ventures (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009)

IFRS 8 - Operating Segments. effective for annual periods beginning on or after 1 January 2009).

IFRIC 11 - Group and Treasury Share Transactions.

IFRIC 12 - Services Concession Arrangements;(effective for annual periods beginning on or after 1 January 2008).

IFRIC 13 - Customer Loyalty Programmes;(effective for annual periods beginning on or after 1 July, 2008)

IFRIC 14 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their intersection.(effective for annual periods beginning on or after 1 January 2008).

IFRIC 15 - Agreement for the Construction of Real Estate.(effective for annual periods beginning on or after 1 October 2009).

IFRIC 16 - Hedge of Net Investment in Foreign Operation.(effective for annual periods beginning on or after 1 October 2008).

**c) Basis of measurement**

These financial statements have been prepared under the historical cost convention except for measurement of certain plant and machinery at revalued amounts and certain staff retirement benefits which have been measured at present value.

**d) Functional and presentation currency**

These Financial statements are presented in Pakistani Rupee which is the company's functional currency.

**e) Use of estimates and judgments**

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

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

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are revised if the revision and future periods if the revision affects both current and future periods.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Staff retirement benefits ( Defined Benefit Plan)**

The company operates an unfunded gratuity scheme covering all its permanent employees who have completed their minimum qualifying period of service with the company. Provision is made by the company with reference to employee's last drawn gross salary and number of years of service on the basis of terminal value of scheme on the reporting date to cover obligation under the scheme.

#### **3.2 Employees accumulated compensated absences**

The Company's policy in respect of earned leave is to make provision for accumulating earned leave, as per prescribed slab, maximum upto 30, days, over and above of which is considered as lapsed, if not availed by the employee.

### **3.3 Taxation**

#### **Current:**

Provision for current taxation is based on taxable income at the current rate of taxation or one-half percent of turnover under section 113 of the Income Tax Ordinance 2001 whichever is higher.

#### **Deferred:**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

### **3.4 Property, Plant and Equipment**

#### **Owned**

Property Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on all assets using the reducing balance method at the rates stated in note 4.

Depreciation on addition is charged from the quarter in which the assets are put to use while no depreciation is charged in the quarter in which the assets are disposed.

The surplus on revaluation of Property Plant and Equipment is reversed to the extent of incremental depreciation and is transferred to accumulated profit.

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

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

#### **Leased**

Leased assets in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Assets acquired under the finance lease are depreciated over the useful life of the assets at the rates applicable to the Company's own assets.

### **3.5 Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account.

### **3.6 Stores, spares and loose tools**

These are valued at lower of the moving average cost and net realizable value (less impairment loss if any) other than stores and spares in transit which are valued at cost comprising invoice value plus other charges paid thereon less impairment loss if any.

### **3.7 Stock-in-trade**

Stock -in-trade, except for stock -in- transit, are valued at the lower of cost and net realizable value.

Methods used to determine cost are:

- First-in-first-out
- Finished Goods: Average manufacturing cost
- Goods in transit: Cost plus expenses incurred thereon

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

### **3.8 Trade debts**

Trade debts are carried at original invoice amount less provision made for doubtful receivable balances, if any. Bad debts are written off when identified.

### **3.9 Foreign currency transactions**

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

### **3.10 Revenue recognition**

Sales are recorded on dispatch of goods to customers.

Scrap sales are recognized when delivery is made to customers.

Other income is accounted for on accrual basis.

### **3.11 Provisions**

Provisions are recognized when the company has a legal and constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and the reliable estimate of the amount can be made.

### **3.12 Borrowing costs**

Borrowing cost shall be recognized as an expense in the period in which they are incurred except borrowing cost that are directly attributable to acquisition, construction or production of qualifying asset shall be capitalized as a part of the cost of that asset.

### **3.13 Transactions with related parties**

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

### 3.14 Cash and cash equivalents

Cash and Cash Equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash-in-hand and bank balances only.

### 3.15 Financial Instruments

#### Financial Assets:

Financial Assets are deposits, trade debts, loans and advances, other receivables and cash and bank balances against which Company has right to receive cash. These are stated at their nominal value as reduced by appropriate allowances and estimated irrecoverable amount, if any.

#### Financial Liabilities:

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term loans, creditors, accrued and other liabilities for which Company has obligation to pay cash or another financial asset. All financial liabilities are initially measured at cost, which is the fair value of consideration received at initial recognition.

#### Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

## 4 PROPERTY, PLANT & EQUIPMENT

	Cost / Revaluation as as at 01 July 2014	(Deletion)	Cost / Revaluation as at 30 June 2015	Rate @	Accumulated depreciation as at 01 July 2014	(Deletion)	Depreciation for the year	Accumulated depreciation as at 30 June 2015	WDV as at 30 June 2015
<b>Owned Assets</b>									
	----- (Rupees) -----								
Land - freehold	4,500,000	-	4,500,000		-	-	-	-	4,500,000
Building on freehold land	4,000,000	-	4,000,000	10	2,424,758	-	157,524	2,582,282	1,417,718
Plant and machinery	32,077,500	-	32,077,500	10	10,679,277	-	2,139,822	12,819,099	19,258,401
Fork lifter	630,000	-	630,000	20	613,456	-	3,309	616,765	13,235
Office equipment	420,705	-	420,705	10	360,538	-	6,017	366,555	54,150
Electrical equipment	862,077	-	862,077	10	750,763	-	11,131	761,894	100,183
Security equipment	54,335	-	54,335	10	51,310	-	303	51,613	2,722
Furniture & fittings	5,920,288	-	5,920,288	10	3,695,263	-	222,503	3,917,766	2,002,522
	48,464,905	-	48,464,905		18,575,365	-	2,540,609	21,115,974	27,348,931
<b>Leased Assets</b>									
Motor Vehicles	6,807,525	-	6,807,525	20	6,339,715	-	93,562	6,433,277	374,248
2015 June	55,272,430	-	55,272,430		24,915,080	-	2,634,171	27,549,251	27,723,179
2014 June	55,272,430	-	55,272,430		21,974,771	-	2,940,309	24,915,080	30,357,350

4.1 Due to stoppage of the plant all the depreciation is charged to the Administrative expense, hence no production related depreciation was charged.

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

Land	82,115	82,115
Building on free hold land	2,227,625	2,227,625
Plant & machinery	8,081,098	8,081,098
	<u>10,390,838</u>	<u>10,390,838</u>

**4.3 Surplus on revaluation of fixed assets**

This represents surplus over book values resulting from the valuation of fixed assets carried out in the year 2005 adjusted only by the surplus realized on disposal of any of revalued assets, incremental depreciation arising out of revaluation and deferred taxation. The revaluation of fixed assets of the company was carried out by independent valuer M/s. Zafar Iqbal & Company and a report dated August 10, 2005 has been issued.

**5 STORES, SPARES AND LOOSE TOOLS**

Stores, spares and loose tools	408,304	408,304
	<u>408,304</u>	<u>408,304</u>

**6 TRADE DEBTS-UNSECURED**

Considered good	6.1	<u>20,841,679</u>	<u>20,841,679</u>
-----------------	-----	-------------------	-------------------

- 6.1 This represents an amount due from a holding company Dadabhoy Cement Industries Limited.

**7 ADVANCE INCOME TAX**

Advance income tax		<u>29,897</u>	<u>29,897</u>
		<u>29,897</u>	<u>29,897</u>

**8 CASH AND BANK BALANCES**

<u>Cash at banks in</u>			
Current accounts		-	-
PLS accounts		803	563
		<u>803</u>	<u>563</u>



	2015 Rupees	2014 Rupees
<b>9 SURPLUS ON REVALUATION OF FIXED ASSETS</b>		
Opening balance 1st July	13,514,453	13,672,252
Add: Surplus on Revaluation of fixed assets during the year	-	-
	<u>13,514,453</u>	<u>13,672,252</u>
Less: Adjustment of Incremental depreciation	(144,944)	(157,799)
Closing balance 30th June	<u><u>13,369,509</u></u>	<u><u>13,514,453</u></u>

#### 10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance	2,699,154	2,699,154
Paid/adjusted during the year	-	-
	<u>2,699,154</u>	<u>2,699,154</u>
	-	-
	<u><u>2,699,154</u></u>	<u><u>2,699,154</u></u>

#### 10.1

	2015			2014		
	Minimum lease payment	Financial Charges for Future Period	Present value of minimum lease payments	Minimum lease payment	Financial Charges for Future Period	Present value of minimum lease payments
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Not later than one year	1,795,515	-	1,795,515	1,795,515	-	1,795,515
Later than one year and not later than five years	6,134,222	3,435,068	2,699,154	6,134,222	3,435,068	2,699,154
Less: Over Due & Current maturity	(1,795,515)	-	(1,795,515)	(1,795,515)	-	(1,795,515)
	<u>6,134,222</u>	<u>3,435,068</u>	<u>2,699,154</u>	<u>6,134,222</u>	<u>3,435,068</u>	<u>2,699,154</u>

#### 10.2 Finance Lease-Significant terms and conditions

S. No.	Name of Leasing Company	Nature of lease	Frequency	Installments		Date of expiry	I. R. R.
				Amount Rupees	Number		
1.	Askari Commercial Leasing Limited	one vehicle	Monthly	111,966	60	Jan. 04, 2012	14.629%

**10.3** These are secured against demand promissory notes and security deposits. Lessee has assumed and is bearing entire risk of loss and damages to the assets and to bear the cost of repair, taxes and insurance.

**10.4** In case of breach, Askari Commercial Leasing Limited shall have a general lien over all assets of the lessee. The lessor shall become entitled to receive from the customer the amount of recomputed markup on outstanding sums in case of failure to repay on demand.

**10.5** The vehicles leased from Askari Commercial Leasing Limited are not to be sub leased, let for hire or loaned by lessee under any circumstances whatsoever.

<b>11 DEFERRED LIABILITY</b>		2015 Rupees	2014 Rupees
Deferred Taxation	11.1	1,358,328	1,358,328
Staff gratuity	11.2	<u>102,667</u>	<u>102,667</u>
		<u><u>1,460,995</u></u>	<u><u>1,460,995</u></u>
 <b>11.1 The net balance for deferred taxation is in respect of following temporary differences:</b>			
<b>Deferred tax liability</b>			
Revaluation surplus		<u>1,358,328</u>	<u>1,358,328</u>
		<u><u>1,358,328</u></u>	<u><u>1,358,328</u></u>
 <b>11.2 Liability for gratuity arose in the following manners:</b>			
Present Value of defined benefits obligations		<u>102,667</u>	<u>102,667</u>
Liability recognized in the balance sheet		<u><u>102,667</u></u>	<u><u>102,667</u></u>
 <b>11.2.1 Movement in net liability recognized</b>			
Opening Balance		<u>102,667</u>	<u>102,667</u>
Closing balance		<u><u>102,667</u></u>	<u><u>102,667</u></u>
 <b>12 TRADE AND OTHER PAYABLES</b>			
Accrued expenses		486,118	419,648
Income tax		4,451,004	4,451,004
Due to Directors		3,157,713	2,959,243
Due to Associates (DESCL)		239,244	239,244
Sales tax payable		590,225	590,225
SED Payable		37,500	37,500
Unclaimed Dividend		415,650	415,650
W.P.P.F	12.1	465,100	465,100
WWF		<u>38,621</u>	<u>38,621</u>
		<u><u>9,881,175</u></u>	<u><u>9,616,235</u></u>

	2015 Rupees	2014 Rupees
<b>12.1 Workers' profit participation fund</b>		
Balance at beginning of year	465,100	465,100
	<u>465,100</u>	<u>465,100</u>
Less: Payments during the year	-	-
Balance at the end of year	<u>465,100</u>	<u>465,100</u>

**12.1.1** This represents the amount of WPPF payable to the trust of the fund, the moment the workers approach the Company.

**13 SALES - Net**

Sales	-	-
Less: Sales tax & CED	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**14 COST OF SALES**

Opening stock-Raw material	-	-		
Purchases	<u>-</u>	<u>-</u>		
	-	-		
Closing stock-Raw material	<u>-</u>	<u>-</u>		
Raw material consumed	-	-		
Cost of goods manufactured	-	-		
Finished goods				
Opening balance	<table border="1" style="display: inline-table; width: 60px; height: 20px;"><tr><td style="text-align: center;">-</td></tr></table>	-	<table border="1" style="display: inline-table; width: 60px; height: 20px;"><tr><td style="text-align: center;">-</td></tr></table>	-
-				
-				
Closing balance	<u>-</u>	<u>-</u>		
	<u>-</u>	<u>-</u>		

**15 OTHER INCOME**

Profit on sale of fixed Assets	-	-
Liabilities written off	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

<b>16 ADMINISTRATIVE EXPENSES</b>		2015 Rupees	2014 Rupees
Advertisement & publicity		-	-
Auditor's remuneration	16.1	50,000	50,000
Legal and professional		50,000	-
Salaries & Wages		164,700	112,220
Depreciation	4	2,634,171	2,940,309
Fees and subscription		-	5,500
		<u>2,898,871</u>	<u>3,108,029</u>
<b>16.1 Auditors' remuneration</b>			
Audit fee		<u>50,000</u>	<u>50,000</u>
		<u>50,000</u>	<u>50,000</u>

## **17 FINANCIAL CHARGES**

Bank charges		-	-
Mark-up		-	-
		<u>-</u>	<u>-</u>

## **18 TAXATION**

### **18.1 Provision for taxation** **Prior year's tax written back**

-	-
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Provision for income tax has not been provided as there is no turnover for the current year.

## **19 REMUNERATION OF DIRECTORS**

		<u>Director</u>
The aggregate amount charged in the accounts for the year are as follows :		
Managerial remuneration	-	-
Travelling & utilities	-	-
	<u>-</u>	<u>-</u>
Number of persons	-	-

**19.1** In view of the current status of the company the directors have voluntarily waived the remuneration.

**20 EARNINGS PER SHARE - BASIC AND DILUTED**

Profit / (loss) after taxation	<u>(2,898,871)</u>	<u>(3,108,029)</u>
Weighted average ordinary shares in issue during the year	<u>4,000,000</u>	<u>4,000,000</u>
Earnings/(loss) per share	<u>(0.72)</u>	<u>(0.78)</u>

**21 PLANT CAPACITY**

	No of bags	
Installed capacity	<u>26,000,000</u>	<u>26,000,000</u>
Utilized capacity	<u>-</u>	<u>-</u>
Utilized capacity % age	<u>0.00%</u>	<u>0.00%</u>

**22 TRANSACTIONS WITH ASSOCIATED COMPANIES**

The related parties comprise of parties related to group companies (associated companies), Directors and their close family members, staff provident fund, executives, major shareholder of the company and financial institution having nominee on the Board of Directors. Remuneration and benefits to executives of the company are in accordance with the terms of the employment while contributing to the provident fund is in accordance with staff service rules.

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

## 23 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 23.1 Interest rate risk exposure

The information relating to the Company's exposure to interest rate risk based on maturity dates is as follows:

	2015						Total
	Interest bearing			Non-interest bearing			
	Maturity within one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	
RUPEES							
<b>Financial Assets</b>							
Trade debts	-	-	-	20,841,679	-	20,841,679	20,841,679
Advances	-	-	-	-	-	-	-
Deposits, prepayments & other receivable	-	-	-	-	-	-	-
Cash and bank balances	803		803	-	-	-	803
	803		803	20,841,679	-	20,841,679	20,842,482
<b>Financial Liabilities</b>							
Lease liability	-	2,699,154	2,699,154	-	-	-	2,699,154
Trade & Other Payable	-	-	-	9,881,175	-	9,881,175	9,881,175
	-	2,699,154	2,699,154	9,881,175	-	9,881,175	12,580,329
Net financial assets/(liabilities)	803	(2,699,154)	(2,698,351)	10,960,504	-	10,960,504	8,262,153

### 23.2 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter parties failed completely to perform as contracted. There is no credit risk as the company makes 100% sales to Dadabhoy Cement Industries Limited which is an associated company of DSL.

### 23.3 Concentration of credit risk

The Company is exposed to concentration of credit risk in respect of trade debts as there is only one customer to whom the company sells its goods. However, since the customer is an associated company the risk is mitigated.

### 23.4 Liquidity Risk

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

### **23.5 Fair value of the financial instruments**

The carrying value of all financial instruments reported in the financial statements approximates their fair value.

### **23.6 Financial risk management objectives**

The company's activities exposed it to a variety of financial risks, including the effect of changes in foreign exchange rates, credit and liquidity risks associated with various financial assets and liabilities respectively as referred in note no 24.1. The company finances its operation through equity and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. Taken as whole, risk arising from the companies financial instruments is limited as there is no significant exposure to market risk in that respect.

## **24 ACCOUNTING ESTIMATES AND JUDGMENTS**

### **24.1 Income Tax**

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

### **24.2 Property, Plant and Equipment**

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

## **25 DATE OF AUTHORIZATION FOR ISSUE**


These financial statements have been authorized for issue on \_\_\_\_\_ 2015 by the Board of Directors of the Company.

## **26 GENERAL**

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



\_\_\_\_\_  
**CHIEF EXECUTIVE**



\_\_\_\_\_  
**DIRECTOR**

**DADABHOY SACK LIMITED**  
**PATTERN OF SHAREHOLDING**  
**AS ON 30TH JUNE, 2015**

NO. OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
59	101	500	29,200
18	501	1,000	17,400
2	1,001	5,000	7,500
1	10,001	50,000	10,000
5	50,001	100,000	320,530
1	100,001	300,000	276,000
2	300,001	1,740,000	3,339,370
<b>88</b>			<b>4,000,000</b>

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage %
Individuals	84	284,630	7.12
Joint Stock Companies	3	3,615,370	90.38
Financial Institutions	1	100,000	2.50
	<b>88</b>	<b>4,000,000</b>	<b>100.00</b>

**INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE AS ON 30-06-2015**

SHAREHOLDERS CATEGORY	NO. OF SHARE HOLDER	SHAREHOLDING
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**ASSOCIATED COMPANIES**

DADABHOY TRADING CORPORATION (PVT) LTD.	1	1,739,370
DADABHOY CEMENT INDUSTRIES LTD.	1	276,000
DADABHOY HYDROCARBON LIMITED	1	1,600,000

**DIRECTORS**

MR. MUHAMMAD HUSSAIN DADABHOY	1	700
MR. MUHAMMAD AMIN DADABHOY	1	56,616
MR. FAZAL KARIM DADABHOY(CHIEF EXECUTIVE)	1	52,178
MRS. HUMAIRA DADABHOY	1	55,207
MRS. YASMEEN DADABHOY	1	56,529
MRS. NOOR BAKTH DADABHOY	1	700
MR. DANISH DADABHOY	1	500

**BANKS, DFIS, NBFIS, INSURANCE COMP.ETC.**

NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT	1	100,000
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GENERAL PUBLIC		284,630
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**SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST**

DADABHOY TRADING CORPORATION (PVT) LTD.	1	1,739,370
DADABHOY HYDROCARBON LIMITED	1	1,600,000



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**DADABHOY SACK LIMITED**

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**32<sup>nd</sup> ANNUAL GENERAL MEETING 2015**

**FORM OF PROXY**

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

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

A member of DADABHOY SACK LIMITED and holder of \_\_\_\_\_ Ordinary Shares  
as per registered Folio No. \_\_\_\_\_ Hereby  
appoint \_\_\_\_\_

Of \_\_\_\_\_

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

Of \_\_\_\_\_

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

As my / our proxy to vote for me/us and on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company to be held on 11<sup>th</sup> October 2015 and at any adjournment thereof.

Signed my me/us this \_\_\_\_\_ day of \_\_\_\_\_ 2015

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

A proxy should also be a shareholder of the Company.

Five Rupees Revenue Stamps
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For Office use

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

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