

# 34<sup>th</sup> ANNUAL REPORT 2017



**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

## **CONTENTS**

	<b><u>PAGE</u></b>
COMPANY INFORMATION	1
NOTICE OF ANNUAL GENERAL MEETING	2
DIRECTORS' REPORT TO THE MEMBERS	3
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	7
FINANCIAL REVIEW OF SIX YEARS	10
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	12
AUDITOR'S REPORT TO THE MEMBERS	14
BALANCE SHEET	16
PROFIT AND LOSS ACCOUNT	17
CASH FLOW STATEMENT	18
STATEMENT OF CHANGES IN EQUITY	19
NOTES TO THE FINANCIAL STATEMENTS	20
PATTERN OF SHAREHOLDINGS	36
FORM OF PROXY	37

**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. Reanda Haroon Zakaria & 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.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. Syed Amjad Raza Rizvi  
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 34<sup>th</sup> Annual General Meeting of Dadabhoy Sack Limited will be held on Tuesday the 24<sup>th</sup> October, 2017 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 33<sup>rd</sup> Annual General Meeting of the company held on 24<sup>th</sup> January, 2017.
2. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2017 together with Directors' and Auditors' Reports thereon.
3. To appoint auditor for the year ending June 30, 2018 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

Karachi. October 02<sup>nd</sup> 2017

Muhammad Rashid  
Company Secretary

### Note

1. The Share Transfer Books of the company will remain closed from 18<sup>th</sup> October, 2017 to 24<sup>th</sup> October, 2017 (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.

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**DADABHOY SACK LIMITED**

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**DADABHOY SACK LIMITED**

(Rupees in '000)

**FINANCIAL REVIEW FOR SIX YEARS**

Particulars	2017	2016	2015	2014	2013	2012
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**PRODUCTION SUMMARY**

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

Total Assets Employed	188,620	206,262	45,489	56,056	58,996	63,708
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**FINANCED BY**

Shareholders' Equity	19,437	19,754	21,226	28,015	30,966	36,001
Surplus on Revaluation	116,830	127,295	9,680	13,514	13,672	13,848
Long term Liabilities	-	-	2,699	2,699	2,699	2,699
Deferred Liabilities	42,130	49,010	1,253	1,461	1,461	1,461
Current Liabilities	10,223	10,203	10,631	10,365	10,198	9,699
Total Funds Invested	188,620	206,262	45,489	56,056	58,996	63,708

**TURNOVER AND PROFIT**

Turnover (Net)	-	-	-	-	-	-
Operating Profit (Loss)	-	-	-	-	-	-
Profit / (Loss) before Taxation	(17,662)	(6,478)	(2,015)	(3,108)	(5,211)	3,703
Profit / (Loss) after Taxation	(12,327)	(2,961)	(3,527)	(3,108)	(5,211)	3,703
Cash Dividend	-	-	-	-	-	-
Profit (Loss) carried forward	(20,564)	(20,246)	(18,774)	(12,142)	(9,034)	(3,999)

***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, 2017 together with the auditor's report thereon.

***OPERATING AND FINANCIAL RESULTS***

The Comparative financial results of the company are summarized below:-

	<i>June 30,</i> <i>2017</i>	<i>June 30</i> <i>2016</i>
	<i>--- (Rupees) ---</i>	
Sales-Net	-	-
Cost of sales	-	-
Gross (loss)	-	-
Administrative Expenses	<b>(18,031,807)</b>	(2,928,830)
Finance Cost	<b>(50,492)</b>	(4,983,540)
Operating loss	<b>(18,082,299)</b>	(7,912,370)
Other operating expenses	<b>(80,000)</b>	(2,299,957)
Other Income	<b>500,000</b>	3,734,383
Loss before Taxation	<b>(17,662,299)</b>	(6,477,944)
Taxation	<b>5,335,592</b>	3,517,437
Loss after taxation	<b>(12,326,707)</b>	(2,960,507)
Loss per share	<b>(3.08)</b>	(0.74)

During the current year, DCIL, major customer of the Company, has been corresponding with the prospective investors, including the ones from China, to attract the investment in and to refurbish its plant and to revive its overall operations. Management is confident that revival of DCIL would result in wiping off the negative shareholders' equity and would improve the overall financial outlook of the Company.

***OBSERVATION OF THE AUDITORS***

During the current year, the Company has incurred after tax loss amounting to Rs. 12.327 (2016: Rs. 2.961) million rising its accumulated losses to Rs. 20.564 (2016: Rs. 20.246) million. The operations of the Company are closed since financial year 2009 and the Company has been reporting nil sales since then due to which, it is suffering from continuous losses together with the liquidity issues. The Company is fully dependent upon the financial support of Directors and Sponsors to fulfill its operational and financial obligations.

These factors indicate the existence of material uncertainty that may cast doubts regarding the Company's ability to continue as a going concern and accordingly, Company may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business. 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.

The auditors have also observed the non-compliances with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance as we stated above the company is in process of revival and can assure the future compliance with the requirements of the Code.

#### ***AUDITORS***

The present Auditors M/s. Reanda Haroon Zakaria & Company, Chartered Accountants, retired and being eligible have offered themselves for reappointment. Audit committee has recommended the reappointment.

#### ***PATTERN OF SHARES HOLDING***

Pattern of share holding as at June 30, 2017 required under the reporting framework is annexed.

#### ***FUTURE PROSPECTS***

The Board of directors and its management team are fully determined to move the Company from present situation of uncertainties and for this a strategic plan has been developed and you will see positive improvements in the foreseeable future as discussed above.

#### ***EARNING PER SHARE***

The Loss per share of the company as at 2017 stood at (3.08) (2016: 0.74)



***STATEMENT ON CORPORATE AND FINANCIAL FRAME WORK***

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

- a) The Financial Statements prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained in the manner required under the Companies Ordinance 1984.
- 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) There is no internal audit function in the Company.
- f) We have an Audit Committee, majority of the members of which are amongst executive directors and the chairman is a non-executive director.
- g) Key operating and financial data for last six years is annexed with financial statement.
- h) The Company has neither declared dividend nor issued bonus shares for the current financial year because of operating and accumulated losses incurred.
- i) The statutory payments on account of taxes, duties, levies and charges have been paid as per respective laws.
- j) The Company does not have any schemes for its employees.
- k) During the year 3 meetings of the Board of Directors and 3 audit committee meetings were held separately. Attendance by each Director and member of the company is annexed.
- l) The Company has no overdue of any loan
- m) Directors have not attended any training program during the year but will obtain the required certification within the stipulated time.
- n) There was no trading in shares of the Company by its directors, CEO, CFO, Company Secretary and their spouses and minor children.

***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><i>Name of Directors</i></b>	<b><i>No. of Meetings Attended</i></b>
Mr. Muhammad Hussain Dadabhoy	3
Mr. Muhammad Amin Dadabhoy	3
Mr. Fazal Karim Dadabhoy	3
Mrs. Humaira Dadabhoy	3
Mrs. Yasmeen Dadabhoy	3
Mrs. Noor Bakht Dadabhoy	3
Mr. Danish Dadabhoy	3

***MEETINGS OF THE AUDIT COMMITTEE***

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

<b><i>Name of Directors</i></b>	<b><i>No. of Meetings Attended</i></b>
Mr. Muhammad Hussain Dadabhoy	3
Mr. Muhammad Amin Dadabhoy	3
Mr. Fazal Karim Dadabhoy	3

***ACKNOWLEDGEMENT***

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

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

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

For and On behalf of the Board



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**Fazal Karim Dadabhoy**  
**Chief Executive**

**Karachi: October 02, 2017**

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**DADABHOY  
SACK  
LIMITED**



Plot 28-30/C, Suite# 4, Noor Centre 2<sup>nd</sup> Floor,  
Lane 12, Phase VII Khayabane Ittehad,  
D.H.A. Karachi, Pakistan.  
Ph # 021-3531 2004 – 07 - 09  
Fax # 021-3531 2006  
Website: www.mhdadabhoy.com  
E-mail: mhdadabhoygroup@gmail.com

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE  
DADABHOY SACK LIMITED FOR THE YEAR ENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation no. 5.19 of the Rule Book of Pakistan Stock Exchange Limited (PSX), 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:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	Names
Non-Executive Director	Mr. Muhammad Hussain Dadabhoy
Executive Directors	Mr. Amin Dadabhoy
	Mr. Fazal Karim Dadabhoy
	Mr. Danish Dadabhoy
	Mrs. Humaira Dadabhoy
	Mrs. Yasmeen Dadabhoy
	Mrs. Noor Bakht Dadabhoy

The Company does not have any independent directors on its board at present.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loans to a banking company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. 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.



6. The Board has developed a vision/mission 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.
7. 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, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter except for the first and second quarters when meetings could not be held due to delay in the holding of AGM for the financial year ended June 30, 2016. 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.
9. None of the Directors have done the prescribed training program. The Directors will be trained within the prescribed time period. All the Directors on the Board are fully conversant with their duties and responsibilities.
10. There has been no change in the position of Chief Financial Officer and the Company Secretary. While no appointment of head of internal audit has been made due to operational inactivity of the Company.
11. The Directors' report for the year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) before approval of the Board.
13. The Directors, CEO, and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of Code.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are executive directors and the chairman of the Committee is a non-executive director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code except for the first and second quarters when meetings could not be held due to delay in the holding of AGM for the financial year ended June 30, 2016. The terms of reference of the committee have been formed and advised to the Committee for compliance.





17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom one is an executive director while remaining members are not the Directors of the Company.
18. Due to operational inactivity of the Company, the Board has not formed any internal audit function during the year.
19. 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, 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 the code of ethics as adopted by the ICAP.
20. 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 auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with except that the Executive directors of the Company are more than one-third of the elected directors towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

**Karachi**

**Dated: 02 October, 2017**

  
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**FAZAL KARIM DADABHOY**  
**Chief Executive**

**DADABHOY SACK LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **DADABHOY SACK LIMITED**, (the Company) for the year ended June 30, 2017 to comply with the requirements of Regulation no. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company (the Board). 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the management personnel and review of various documents prepared by the management 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 management's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. 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 upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

<i>Paragraph 1</i>	There is no representation of any independent director on the Board.
<i>Paragraph 8 and 16</i>	Meeting of the Board of Directors and Audit Committee could not be held in first and second quarters of the financial year ended June 30, 2017.
<i>Paragraph 10 and 18</i>	There is no internal audit function in the Company.
<i>Paragraph 15</i>	Code prescribes the Chairman of the Audit Committee to be an independent director and other members should be amongst the non-executive directors. While the Company has Audit Committee comprising of executive directors and the chairman is a non-executive director.
<i>Paragraph 17</i>	Human Resource and Remuneration Committee comprises of 3 members of whom 2 members are not on the board of the Company.
<i>Paragraph 24</i>	Executive directors of the Company are more than one-third of the elected directors.

  
**Reanda Haroon Zakaria & Company**  
**Chartered Accountants**

**Place:** Karachi

**Dated:** 02 OCT 2017

**Engagement Partner:**  
**Mohammad Iqbal**



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DADABHOY SACK LIMITED** as at June 30, 2017 and related profit and loss account, statement of comprehensive income, 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 repealed 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 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) During the current year, the Company has incurred after tax loss amounting to Rs. 12.327 (2016: Rs. 2.961) million rising its accumulated losses to Rs. 20.564 (2016: Rs. 20.246) million. The operations of the Company are closed since financial year 2009 and the Company has been reporting nil sales since then due to which, it is suffering from continuous losses together with the liquidity issues. The Company is fully dependent upon the financial support of Directors and Sponsors to fulfill its operational and financial obligations.

These factors indicate the existence of material uncertainty that may cast doubts regarding the Company's ability to continue as a going concern and accordingly, Company may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business. 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.

- b) in our opinion, except as stated in paragraph (a) above, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- c) in our opinion:
- i) except as stated in paragraph (a) above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
- ii) the expenditure incurred during the year was for the purpose of the Company's business; and
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- d) Owing to the significance of the matters stated in paragraph (a) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

  
**Reanda Haroon Zakaria & Company**  
Chartered Accountants

Place: Karachi

Dated: 02 OCT 2017

**Engagement Partner:**  
**Mohammad Iqbal**

**DADABHOY SACK LIMITED**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2017**

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	167,777,237	185,419,154
<b>Current Assets</b>			
Trade debts	5	20,841,679	20,841,679
Bank balance	6	733	923
		20,842,412	20,842,602
<b>Total Assets</b>		188,619,649	206,261,756
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Authorized Capital</b>			
10,000,000 Ordinary shares of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid up capital	7	40,000,000	40,000,000
Accumulated losses		(20,563,520)	(20,246,131)
<b>Shareholders' equity</b>		19,436,480	19,753,869
<b>Surplus on revaluation of fixed assets</b>	8	116,830,180	127,295,443
<b>Non Current Liabilities</b>			
Deferred liabilities	9	42,130,011	49,009,658
<b>Current Liabilities</b>			
Trade and other payables	10	5,674,545	6,114,053
Short term borrowings	11	3,798,703	3,339,003
Provision for taxation		749,730	749,730
		10,222,978	10,202,786
<b>Contingencies and commitments</b>	12	-	-
<b>Total Equity and Liabilities</b>		188,619,649	206,261,756

The annexed notes from 1 to 24 form an integral part of these financial statements.

  
 \_\_\_\_\_  
**Chief Executive**

  
 \_\_\_\_\_  
**Director**

**DADABHOY SACK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

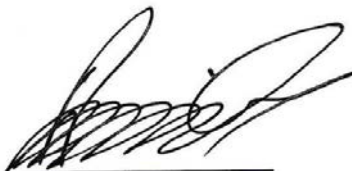
	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
Sales		-	-
Cost of sales		-	-
<b>Gross profit</b>		<u>-</u>	<u>-</u>
Administrative expenses	13	<b>(18,031,807)</b>	(2,928,830)
Finance cost		<b>(50,492)</b>	(4,983,540)
<b>Operating loss</b>		<u><b>(18,082,299)</b></u>	<u>(7,912,370)</u>
Other operating expenses	14	<b>(80,000)</b>	(2,299,957)
Other income	15	<b>500,000</b>	3,734,383
<b>Loss before taxation</b>		<u><b>(17,662,299)</b></u>	<u>(6,477,944)</u>
Taxation	16	<b>5,335,592</b>	3,517,437
<b>Loss after taxation</b>		<u><u><b>(12,326,707)</b></u></u>	<u><u>(2,960,507)</u></u>
<b>Loss per share - basic and diluted</b>	17	<u><u><b>(3.08)</b></u></u>	<u><u>(0.74)</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.


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**Chief Executive**


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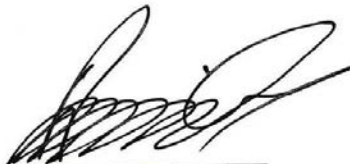
  
**Director**

**DADABHOY SACK LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
<b>Loss after taxation</b>	<b>(12,326,707)</b>	<b>(2,960,507)</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive loss for the year</b>	<b><u>(12,326,707)</u></b>	<b><u>(2,960,507)</u></b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

  
\_\_\_\_\_  
**Chief Executive**

  
\_\_\_\_\_  
**Director**



**DADABHOY SACK LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	<b>(17,662,299)</b>	<b>(6,477,944)</b>
<b>Adjustments for:</b>		
Depreciation	<b>17,641,917</b>	2,747,660
Gain on disposal of fixed asset	-	(2,906,353)
Liabilities written back	<b>(500,000)</b>	(828,030)
Finance cost	<b>50,492</b>	4,983,540
Impairment loss on fixed assets	-	1,791,756
Stores and spares written off	-	408,304
Advance income tax written off	-	29,897
<b>Cash outflows before working capital changes</b>	<b>(469,890)</b>	<b>(251,170)</b>
<b>Working capital changes:</b>		
<b>Increase in current liabilities</b>		
Trade and other payables	<b>60,492</b>	309,244
<b>Cash (used in) / generated from operations</b>	<b>(409,398)</b>	58,074
Finance cost paid	<b>(50,492)</b>	(4,937,588)
Long term deposit refunded	-	4,418,516
<b>Net cash used in operating activities</b>	<b>(459,890)</b>	<b>(460,998)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceed from disposal of fixed assets	-	3,218,226
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>3,218,226</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of lease liability	-	(2,699,154)
Proceeds from / (Adjustments of) short term borrowings	<b>459,700</b>	(57,954)
<b>Net cash generated from / (used in) financing activities</b>	<b>459,700</b>	<b>(2,757,108)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(190)</b>	120
<b>Cash and cash equivalents at beginning of the year</b>	<b>923</b>	803
<b>Cash and cash equivalents at end of the year</b>	<b>733</b>	<b>923</b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

  
**Chief Executive**

  
**Director**

**DADABHOY SACK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Share Capital</i>	<i>Accumulated Losses</i>	<i>Shareholders' equity</i>
	----- Rupees -----		
<b>Balance as at June 30, 2015 - restated</b>	40,000,000	(18,773,968)	21,226,032
Total comprehensive loss for the year	-	(2,960,507)	(2,960,507)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	1,488,344	1,488,344
<b>Balance as at June 30, 2016</b>	<b>40,000,000</b>	<b>(20,246,131)</b>	<b>19,753,869</b>
Total comprehensive loss for the year	-	(12,326,707)	(12,326,707)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	12,009,318	12,009,318
<b>Balance as at June 30, 2017</b>	<b>40,000,000</b>	<b>(20,563,520)</b>	<b>19,436,480</b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

  
 \_\_\_\_\_  
**Chief Executive**

  
 \_\_\_\_\_  
**Director**

**DADABHOY SACK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**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 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activity of the Company is the manufacturing and sale of paper bags. In February 1996, the Company was listed at Stock Exchanges of Karachi and Lahore (now the Pakistan Stock Exchange Limited - PSX). 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 October 26, 2009 due to non compliances with respect to PSX regulations.

**1.2 Going Concern Assumption:**

During the current year, the Company has incurred after tax loss amounting to Rs. 12.327 (2016: Rs. 2.961) million rising its accumulated losses to Rs. 20.564 (2016: Rs. 20.246) million. The operations of the Company are closed since financial year 2009 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. The operations of the Company are directly dependent upon the operations of its associated company, Dadabhoy Cement Industries Limited (DCIL), which is the major customer of the Company and is facing financial and operational problems and its operations are also closed. The Company is reporting nil sales since then and is totally dependent on the financial support of its Directors.

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

- a)** The Company has revaluation surplus on fixed assets amounting to Rs. 116.83 (2016: 127.295) million as on the balance sheet date, which is far more than the amount of accumulated losses of the company as stated above.
- b)** The management of the Company has prepared these financial statements on going concern basis due to the fact that during the current financial year, DCIL, major customer of the Company, has been corresponding with the prospective investors, including the ones from China, to attract the investment in and to refurbish its plant and to revive its overall operations. Management is confident that revival of DCIL would result in wiping off the negative shareholders' equity and would improve the overall financial outlook of the Company.



## **2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **2.1 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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

Considering the practical difficulties faced by the companies to comply with the requirements of the recently promulgated Companies Act, 2017, Securities and Exchange Commission of Pakistan (SECP), vide its circular no. 17 of 2017 dated July 20, 2017, has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

### **2.2 Basis of measurement**

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

### **2.3 Functional and presentation currency**

These 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: -

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

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. This also includes estimating the residual values and depreciable lives. Further, 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 and equipment with a corresponding affect on the depreciation charge and impairment (if any).

### ***Trade debts***

The Company reviews its trade debts against any provision required for any doubtful balances on a on-going basis. The provision is made while taking into consideration expected recoveries, if any.

## ***2.5 Standards, interpretations and amendments applicable to financial statements***

### ***2.5.1 New Standards, Interpretations and Amendments***

The following new / revised standards are effective for the year ended June 30, 2017. These standards 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 additional disclosures:

- IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 - Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

The adoption of the above accounting standards did not have any effect on the financial statements.

### ***2.5.2 Annual Improvements***

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal.
- IFRS 7 - Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations does not have any material effect on the financial statements

### 2.5.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following 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

<i>Standard or Interpretation</i>	<i>Effective Date (annual periods beginning on or after)</i>
IFRS 2 - Classification and Measurement of Share Based Payment Transactions (Amendments)	January 1, 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 7 - Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 1, 2017
IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	January 1, 2018
IAS 40 - Investment Property: Transfers of Investment Property - (Amendments)	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect 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.

<i>Standard or Interpretation</i>	<i>Effective Date (annual periods beginning on or after)</i>
IFRS 9 - Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019
IFRS 17 - Insurance Contracts	January 1, 2021

### **3 SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Property, plant and equipment**

##### ***Owned***

Property, plant and equipment are stated at cost or revaluation less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at revalued amount. 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 month in which the assets are put to use while no depreciation is charged in the month 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.

Fixed 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.

#### **3.2 Trade debts**

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

#### **3.3 Cash and cash equivalents**

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash at banks in current account.

#### **3.4 Trade and other payables**

Liabilities for trade and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations.

#### **3.5 Taxation**

##### ***Current***

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001.

##### ***Deferred***

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The Company recognizes a deferred tax asset only to the extent that it is probable that future taxable profit for the foreseeable future will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **3.6 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 balance sheet date and adjusted to reflect the current best estimate.

### **3.7 Borrowing cost**

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

### **3.8 Impairment**

#### ***Financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

#### ***Non-Financial assets***

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **3.9 Financial instruments**

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

### **3.10 Off setting of financial assets and financial liabilities**

Financial assets and financial liabilities offsets each other and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

### **3.11 Dividend and appropriation to reserves**

Dividend and appropriations to reserves are recognized in the statement of changes in equity in the period in which these are approved.

**4 PROPERTY, PLANT AND EQUIPMENT**

Note	2017 Rupees	2016 Rupees
4.1	<b>167,777,237</b>	185,419,154

**4.1 Operating fixed assets - tangible**

Description	As at June 30, 2017										
	COST / REVALUED AMOUNTS*					ACCUMULATED DEPRECIATION					Written Down Value as at June 30, 2017
	As at July 01, 2016	Addition	Disposal	As at June 30, 2017	Rate %	As at July 01, 2016	Disposal	Depreciation for the year	As at June 30, 2017		
----- (Rupees)-----						----- (Rupees)-----					
<b>Owned Assets</b>											
Land - freehold*	9,000,000	-	-	9,000,000		-	-	-	-	9,000,000	
Building on freehold land*	25,050,000	-	-	25,050,000	10	202,964	-	2,484,704	2,687,668	22,362,332	
Plant and machinery*	152,500,000	-	-	152,500,000	10	1,270,833	-	15,122,917	16,393,750	136,106,250	
Office equipment	420,705	-	-	420,705	10	371,970	-	4,874	376,844	43,861	
Electrical equipment	862,077	-	-	862,077	10	771,912	-	9,017	780,929	81,148	
Furniture & fittings	670,288	-	-	670,288	10	466,237	-	20,405	486,642	183,646	
<b>2017</b>	<b>188,503,070</b>	<b>-</b>	<b>-</b>	<b>188,503,070</b>		<b>3,083,916</b>	<b>-</b>	<b>17,641,917</b>	<b>20,725,833</b>	<b>167,777,237</b>	

Description	As at June 30, 2016									
	COST / REVALUED AMOUNTS*					ACCUMULATED DEPRECIATION				
	As at July 01, 2015	Surplus on Revaluation	Deletion / Impairment** / Adjustment of Depreciation on Account of Revaluation*	As at June 30, 2016	Rate %	As at July 01, 2015	Deletion / Impairment** / Adjustment of Depreciation on Account of Revaluation*	Depreciation for the year	As at June 30, 2016	Written Down Value as at June 30, 2016
	----- (Rupees)-----					----- (Rupees)-----				
<i>Owned Assets</i>										
Land - freehold*	4,500,000	4,500,000	-	9,000,000		-	-	-	-	9,000,000
Building on freehold land*	4,000,000	23,767,495	(2,717,495)	25,050,000	10	2,582,282	(2,717,495)	338,177	202,964	24,847,036
Plant and machinery*	32,077,500	142,212,685	(21,790,185)	152,500,000	10	20,752,015	(21,790,185)	2,309,003	1,270,833	151,229,167
Fork lifter**	630,000	-	(630,000)	-	20	616,765	(616,765)	-	-	-
Office equipment	420,705	-	-	420,705	10	366,555	-	5,415	371,970	48,735
Electrical equipment	862,077	-	-	862,077	10	761,894	-	10,018	771,912	90,165
Security equipment**	54,335	-	(54,335)	-	10	51,613	(51,613)	-	-	-
Furniture & fittings**	5,920,288	-	(5,250,000)	670,288	10	3,917,766	(3,474,201)	22,672	466,237	204,051
	<u>48,464,905</u>	<u>170,480,180</u>	<u>(30,442,015)</u>	<u>188,503,070</u>		<u>29,048,890</u>	<u>(28,650,259)</u>	<u>2,685,285</u>	<u>3,083,916</u>	<u>185,419,154</u>
<i>Leased Assets</i>										
Motor vehicles	6,807,525	-	(6,807,525)	-	20	6,433,277	(6,495,652)	62,375	-	-
2016	<u>55,272,430</u>	<u>170,480,180</u>	<u>(37,249,540)</u>	<u>188,503,070</u>		<u>35,482,167</u>	<u>(35,145,911)</u>	<u>2,747,660</u>	<u>3,083,916</u>	<u>185,419,154</u>

4.2 Had there been no revaluation, the written down values of specific classes of property, plant and equipment would have been amounted to:

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Land		82,115	82,115
Building on freehold land		878,407	976,008
Plant and machinery		<u>3,184,664</u>	<u>3,538,516</u>
		<u><u>4,145,186</u></u>	<u><u>4,596,639</u></u>

**5 TRADE DEBTS**  
*- Considered good*

From related party	5.1	<u><u>20,841,679</u></u>	<u><u>20,841,679</u></u>
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5.1 This represents amount due from Dadabhoy Cement Industries Limited (DCIL) - associated company over five years and is considered to be good and recoverable due to the revival steps being taken by the associated company as discussed in note 1.2 to these financial statements. Further, Forced Sale Value (FSV) of the fixed assets of DCIL, based on the latest valuation carried by an independent valuer, in June 2016 amounted to Rs. 2,686 million.

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Cash at bank in current account	<u><u>733</u></u>	<u><u>923</u></u>

**7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

<i>Number of shares</i>					
<i>2017</i>	<i>2016</i>				
<u><u>4,000,000</u></u>	<u><u>4,000,000</u></u>	Ordinary shares of Rs. 10 each			
		fully paid in cash	<u><u>40,000,000</u></u>	<u><u>40,000,000</u></u>	

7.1 1,739,370 (2016: 1,739,370), 276,000 (2016: 276,000) and 1,600,000 (2016: 1,600,000) Ordinary shares of Rs. 10 each are held by the associated companies - Dadabhoy Trading Corporation (Pvt.) Limited, Dadabhoy Cement Industries Limited and Dadabhoy Hydrocarbon Limited as at the year end, representing 43.48%, 6.90% and 40.00% of the total shareholding in the Company respectively.



## 8 SURPLUS ON REVALUATION OF FIXED ASSETS

	2017 Rupees	2016 Rupees
<b>Balance as at July 01, 2016</b>	<b>180,479,564</b>	12,156,405
Revaluation surplus arising during the year	-	170,480,179
	<b>180,479,564</b>	182,636,584
Transfer to equity in respect of incremental depreciation - net of deferred tax	<b>(12,009,318)</b>	(1,488,344)
Related deferred tax liability of incremental depreciation	<b>(5,146,850)</b>	(668,676)
	<b>(17,156,168)</b>	(2,157,020)
	<b>163,323,396</b>	180,479,564
<b>Less: Related deferred tax liability</b>		
- at the beginning of the year	<b>(53,184,121)</b>	(2,476,326)
- effect of revaluation surplus during the year	-	(51,453,856)
- effect of tax rate adjustment	<b>1,544,055</b>	77,385
- on incremental depreciation for the year	<b>5,146,850</b>	668,676
	<b>(46,493,216)</b>	(53,184,121)
<b>Balance as at June 30, 2017</b>	<b>116,830,180</b>	127,295,443

8.1 The latest revaluation of its land, building on freehold land and plant and machinery was carried out under market value basis by an independent valuer, M/s. Zafar Iqbal & Company as on June 20, 2016, resulting in a surplus of Rs. 170.480 million, over book values which were credited to surplus on revaluation of fixed assets.

Earlier, the Company had carried out the revaluation of its land, building on freehold land and plant and machinery under the market value basis by an independent valuer, M/s. Zafar Iqbal & Company as on August 10, 2005, resulting in a surplus of Rs. 26.408 million, over book values which were credited to surplus on revaluation of fixed assets.

8.2 In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its property and equipment 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).

Details of the Company's property and equipment in terms of fair value hierarchy, explained above, at June 30, 2017 is as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>----- Rupees -----</b>		
<b>Assets measured at fair value</b>			
Operating fixed assets - Freehold Land	-	<b>9,000,000</b>	-
- Buildings on freehold land	-	<b>22,362,332</b>	-
- Plant and machinery	-	<b>136,106,250</b>	-
<b>Total</b>	-	<b>167,468,582</b>	-

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
<b>9 DEFERRED LIABILITIES</b>			
Deferred taxation	9.1	<u>42,130,011</u>	<u>49,009,658</u>

**9.1 Deferred Tax Liability**

*Deferred taxation comprises differences relating to Taxable temporary differences*

Accelerated depreciation for tax purposes	47,633,171	54,689,938
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*Deductible temporary differences*

Unused tax losses	<u>(5,503,160)</u>	<u>(5,680,280)</u>
	<u>42,130,011</u>	<u>49,009,658</u>

**10 TRADE AND OTHER PAYABLES**

Accrued liabilities		4,658,730	5,148,730
Unclaimed dividend		415,650	415,650
Workers' Profit Participation Fund	10.1	561,544	511,052
Workers' Welfare Fund		<u>38,621</u>	<u>38,621</u>
		<u>5,674,545</u>	<u>6,114,053</u>

**10.1 Workers' Profit Participation Fund**

Balance at beginning of year	511,052	465,100
Interest on outstanding balance	50,492	45,952
Less: payments during the year	-	-
Balance at the end of year	<u>561,544</u>	<u>511,052</u>

**11 SHORT TERM BORROWINGS**

**- From Related Parties - unsecured**

From Directors	11.1	<u>3,798,703</u>	<u>3,339,003</u>
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**11.1** These loans are unsecured, interest free and payable on demand. These have been given by the related parties to facilitate the Company for fulfilling its operational and financial obligations. The treatment has been done in accordance with the guidelines given under Technical Release (TR) 32 "Accounting Directors' Loan" as issued by the Institute of Chartered Accountants of Pakistan (ICAP).

**12 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments binding on the Company as on the balance sheet date.

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
<b>13 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits		389,890	181,170
Depreciation	4	<u>17,641,917</u>	<u>2,747,660</u>
		<u>18,031,807</u>	<u>2,928,830</u>

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
<b>14 OTHER OPERATING EXPENSES</b>			
Auditor's remuneration	14.1	<b>80,000</b>	70,000
Impairment loss on fixed assets		-	1,791,756
Stores and spares written off		-	408,304
Advance income tax written off		-	29,897
		<b>80,000</b>	<b>2,299,957</b>

**14.1 Auditors' remuneration**

Audit fee	<b>60,000</b>	50,000
Review of Code of Corporate Governance	<b>15,000</b>	15,000
Out of pocket	<b>5,000</b>	5,000
	<b>80,000</b>	<b>70,000</b>

**15 OTHER INCOME**

***Income from other than financial asset***

Gain on disposal of fixed asset	4.4	-	2,906,353
Liabilities written back		<b>500,000</b>	828,030
		<b>500,000</b>	<b>3,734,383</b>

**16 TAXATION**

Current	16.1	-	-
Deferred		<b>(5,335,592)</b>	<b>(3,517,437)</b>
		<b>(5,335,592)</b>	<b>(3,517,437)</b>

**16.1** The Company is not liable to current tax, including minimum tax, on account of nil sales.

**16.2** Income Tax Returns of the Company have been finalized up to and including the tax year 2016 which are considered to be the deemed assessment subject to amendment u/s 122 of the Income Tax Ordinance, 2001.

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
<b>17 LOSS PER SHARE - BASIC AND DILUTED</b>		
<b>- Basic and Diluted</b>		
<b>Loss after taxation</b>	<b>(12,326,707)</b>	<b>(2,960,507)</b>
Weighted average number of ordinary shares outstanding	<b>4,000,000</b>	4,000,000
<b>Loss per share - basic and diluted</b>	<b>(3.08)</b>	<b>(0.74)</b>

**18 REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTORS**

In view of the current operational and financial position of the Company, the Directors of the Company have voluntarily waived their remuneration.

*No of bags*

## 19 PLANT CAPACITY

Installed capacity	<u>26,000,000</u>	<u>26,000,000</u>
Utilized capacity	<u>-</u>	<u>-</u>
Utilized capacity % age	<u>-</u>	<u>-</u>

## 20 TRANSACTIONS WITH RELATED PARTIES

20.1 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:

	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
Loan received from Directors		<u>459,700</u>	<u>181,290</u>
Proceeds from disposal of vehicle to Director		<u>-</u>	<u>3,218,226</u>

## 21 FINANCIAL INSTRUMENTS BY CATEGORY

### *Financial Assets*

#### *- Loans and receivables at amortized cost*

Trade debts	5	<u>20,841,679</u>	20,841,679
Bank balance	6	<u>733</u>	923
		<u>20,842,412</u>	<u>20,842,602</u>

### *Financial Liabilities*

#### *- At amortized cost*

Trade and other payables	10	<u>5,074,380</u>	485,651
Short term borrowings	11	<u>3,798,703</u>	3,339,003
		<u>8,873,083</u>	<u>3,824,654</u>

## 22 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

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.

## 22.1 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, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit ratings.

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 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:

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Trade debts	<b>20,841,679</b>	20,841,679
Bank balance	<b>733</b>	923
	<b><u>20,842,412</u></b>	<b><u>20,842,602</u></b>

### *Trade debts*

All the trade debts at the balance sheet date represent receivable from a related party which is considered good due to the reasons as discussed in note 5.1.

### *Quality of financial assets*

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

## 22.2 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 fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

*Following are the contractual maturities of the financial liabilities:*

*The following are the contractual maturities of the financial liabilities:*

		<b>2017</b>				
<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>Six months or less</i>	<i>Six to twelve months</i>	<i>More than twelve months</i>		
----- (Rupees) -----						
<i>Financial Liabilities</i>						
Trade and other payables	<b>5,074,380</b>	<b>5,074,380</b>	<b>5,074,380</b>	-	-	
Short term borrowings	<b>3,798,703</b>	<b>3,798,703</b>	-	<b>3,798,703</b>	-	
	<b>8,873,083</b>	<b>8,873,083</b>	<b>5,074,380</b>	<b>3,798,703</b>	-	
<hr/>						
		<b>2016</b>				
<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>Six months or less</i>	<i>Six to twelve months</i>	<i>More than twelve months</i>		
----- (Rupees) -----						
<i>Financial Liabilities</i>						
Trade and other payables	485,651	485,651	485,651	-	-	
Short term borrowings	3,339,003	3,339,003	-	3,339,003	-	
	3,824,654	3,824,654	485,651	3,339,003	-	

### **22.3 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 the balance sheet date.

### **22.4 Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

### **22.5 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.

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 banking companies including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. Since the Company has not taken any loan or borrowings from financial institutions, hence its gearing ratio is nil as on the balance sheet date.

### **23 GENERAL**

- Figures have been rounded off to the nearest Rupee.
- Number of employees as on the balance sheet date and average number of employees during the year were 1 (2016 : 1) and 1 (2016 : 1) respectively.


### **24 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on 02 October 2017 by the Board of Directors of the Company.



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**Chief Executive**



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**Director**

**DADABHOY SACK LIMITED**  
**PATTERN OF SHAREHOLDING**  
**AS ON 30TH JUNE, 2017**

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>

Catagories 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 30-06-2017**

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

**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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**34<sup>TH</sup> ANNUAL GENERAL MEETING 2017**

**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 34<sup>th</sup> Annual General Meeting of the Company to be held on 24<sup>th</sup> October 2017 and at any adjournment thereof.

Signed my me/us this \_\_\_\_\_ day of \_\_\_\_\_ 2017

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.H.A., 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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**34<sup>TH</sup> ANNUAL REPORT**

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