

HALF YEARLY REPORT 2020



**DADABHOY
GROUP**

DADABHOY SACK LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Danish Dadabhoy

Mr. Fazal Karim Dadabhoy

Mrs. Humaira Dadabhoy

Mrs. Noor Bakht Dadabhoy

Mr. Mohammad Irfan

Mr. Fazal Ur Rehman

Chairman

Chief Executive

CHIEF FINANCIAL OFFICER

Mr. Aslam Motan

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, 2nd Floor

Plot No.30-C Ittehad Lane 12 Phase

VII D.O.H.A., Karachi.

SHARE REGISTRAR

Formerly M/s. Technology Trade (Pvt) Ltd.

Dagia House, 241-C, Block 2, P.E.C.H.S. Off

Shahrah-e-Quaideen, Karachi.

FACTORY

Nooriabad Deh Kalu Kohar, District Dadu (Sindh)

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Mohammad Irfan - Chairman

Mr. Danish Dadabhoy

Mrs. Humaira Dadabhoy

AUDIT COMMITTEE

Mr. Fazal-ur-Rehman - Chairman

Mr. Fazal Karim Dadabhoy

Mr. Danish Dadabhoy

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF DADABHOY SACK LIMITED
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Dadabhoy Sack Limited** ("the Company") as at December 31, 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended [here-in-after referred to as the "interim financial statements"]. Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of these condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2020 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse Conclusion


During the half year ended December 31, 2020, the Company has incurred after tax loss amounting to Rs. 4.820 (December 31, 2019: Rs. 5.169) Million rising its accumulated losses to Rs. 28.292 (June 30, 2020: Rs. 27.464) Million. Further, current liabilities of the Company exceeded its current assets by Rs. 2.874 (June 30, 2020: Rs. 2.588) Million. The operations of the Company are closed since financial year 2008 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. The Company is reporting nil sales since then and is totally dependent on the financial support of its 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. These interim financial statements do not disclose this fact. Further, the mitigating factors disclosed by the management in these condensed interim 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 condensed interim financial statements.

Adverse Conclusion

Based on our review, owing to the significance of the matters stated in the basis for adverse conclusion and the possible adjustments that may require but are not determined, the accompanying interim financial statements as of and for the half year ended December 31, 2020, are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is **Farhan Ahmed Memon**.



Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: March 01, 2021

DADABHOY SACK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2020

		<i>(Un-audited)</i> <i>December 31,</i> <i>2020</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2020</i> <i>Rupees</i>
	<i>Note</i>		
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment	5	131,746,321	138,206,654
Current Assets			
Prepayments		50,000	-
Bank balance		2,847	2,847
		52,847	2,847
Total Assets		131,799,168	138,209,501
<u>EQUITY AND LIABILITIES</u>			
Authorized Capital			
10,000,000 Ordinary shares of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid up capital			
	6	40,000,000	40,000,000
Surplus on revaluation of property, plant and equipment		84,514,728	88,510,665
Accumulated losses		(28,291,696)	(27,463,898)
Shareholders' Equity		96,223,031	101,046,767
Non-Current Liabilities			
Deferred tax liability	7	32,698,805	34,572,302
Current Liabilities			
Trade and other payables	8	1,251,992	1,203,392
Unclaimed dividend		415,650	415,650
Short term borrowings	9	1,209,690	971,390
		2,877,332	2,590,432
Contingencies and commitments	10		
Total Equity and Liabilities		131,799,168	138,209,501

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Chief executive


Chief financial officer


Director

DADABHOY SACK LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	<i>Note</i>	<i>Half year ended</i>		<i>Quarter ended</i>	
		<i>December 31,</i>		<i>December 31,</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
		<i>----- Rupees -----</i>			
Sales		-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	-	-	-
Administrative expenses	11	(6,697,233)	(7,233,147)	(3,228,767)	(3,616,574)
Other charges		-	(47,500)	-	(47,500)
Operating loss		(6,697,233)	(7,280,647)	(3,228,767)	(3,664,074)
Other income		-	-	-	-
Loss before taxation		(6,697,233)	(7,280,647)	(3,228,767)	(3,664,074)
Taxation	12	1,873,497	2,111,388	-	1,055,694
Loss after taxation		(4,823,736)	(5,169,259)	(3,228,767)	(2,608,380)
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		(4,823,736)	(5,169,259)	(3,228,767)	(2,608,380)
Loss per share		(1.21)	(1.29)	(0.81)	(0.65)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Chief executive


Chief financial officer



Director

DADABHOY SACK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	<u>Capital reserve</u>			
	<i>Share capital</i>	<i>Surplus on revaluation of property, plant and equipment</i>	<i>Accumulated losses</i>	<i>Total</i>
	<u>----- Rupees -----</u>			
Balance as at June 30, 2019	40,000,000	97,390,526	(25,039,141)	112,351,385
Total comprehensive loss for the period	-	-	(5,169,259)	(5,169,259)
Transferred from revaluation surplus on account of incremental depreciation - net of deferred tax	-	(4,439,930)	4,439,930	-
Balance as at December 31, 2019	<u>40,000,000</u>	<u>92,950,596</u>	<u>(25,768,470)</u>	<u>107,182,126</u>
Balance as at June 30, 2020	40,000,000	88,510,665	(27,463,898)	101,046,767
Total comprehensive loss for the period	-	-	(4,823,736)	(4,823,736)
Transferred from revaluation surplus on account of incremental depreciation - net of deferred tax	-	(3,995,937)	3,995,937	-
Balance as at December 31, 2020	<u>40,000,000</u>	<u>84,514,728</u>	<u>(28,291,696)</u>	<u>96,223,031</u>

Capital reserves will be utilized for any purpose only after they are realized and transferred to unappropriated profits. However, these reserves can be individually offset against losses arising in future periods, (if any) from revalued assets.

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Chief executive


Chief financial officer


Director

DADABHOY SACK LIMITED
CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half year ended (Un-audited) December 31, 2020 2019 ----- Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,697,233)	(7,280,647)
Adjustments for:		
Depreciation	6,460,333	7,178,147
Cash outflow before working capital changes	(236,900)	(102,500)
Working capital changes:		
Increase in current assets		
Prepayments	(50,000)	-
Increase in current liabilities		
Trade and other payables	48,600	102,500
Net cash used in operating activities	(238,300)	-
B. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	238,300	-
Net cash generated from financing activities	238,300	-
Net increase / (decrease) in cash and cash equivalents (A+B)	-	-
Cash and cash equivalents at beginning of the period	2,847	2,847
Cash and cash equivalents at end of the period	2,847	2,847

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief executive



Chief financial officer



Director

DADABHOY SACK LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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 under the repealed Companies Act, 1913. The Company was converted into Public Limited Company on October 27, 1994 while 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, Sindh. Manufacturing facility of the Company is located at Deh, Hatal Buth, Thana Bula Khan, Main Super Highway, Jamshoro, Sindh.

Trading in shares of the Company was suspended by the Stock Exchanges on October 26, 2009 due to non-compliance with respect to Listing Regulations (now the PSX Rule Book).

1.2 Going concern assumption:

During the half year ended December 31, 2020, the Company has incurred loss after taxation amounting to Rs. 4.820 (December 31, 2019: Rs. 5.169) Million, rising its accumulated losses to Rs. 28.292 (June 30, 2020: Rs. 27.464) Million. Further, current liabilities of the Company exceeded its current assets by Rs. 2.874 (June 30, 2020: Rs. 2.588) Million. The operations of the Company are closed since financial year 2008 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. 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 condensed interim financial statements on going concern basis due to the following reasons:

- a)** The Company has revaluation surplus on property, plant and equipment amounting to Rs. 84.51 (June 30, 2020: Rs. 88.51) Million as on the reporting date, which is far more than the accumulated losses of the Company as stated above.
- b)** Management of the Company has firm intention to revive the overall operations of the Company for which the Company is seeking finance from external sources to fulfill the working capital requirements. Further, Management is currently corresponding with prospective customers including cement factories situated adjacent to the premises of the Company and is confident to achieve new orders and business which would result in wiping off the accumulated losses and would improve the overall financial and operational outlook of the Company.

2 BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Company for the half year ended December 31, 2020 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (The Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed.

- 2.2 The figures of condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2020 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2020. These condensed interim financial statements does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020.
- 2.3 These condensed interim financial statements has been prepared under 'historical cost convention.
- 2.4 These condensed interim financial statements are presented in Pakistani Rupees which is also the functional currency of the Company.
- 2.5 The comparative statement of financial position presented has been extracted from the annual financial statements for the year ended June 30, 2020, whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2020.

Certain standards, amendments and interpretations to the approved accounting standards are effective for accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's operation and are therefore not detailed in these condensed interim financial statements.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of these condensed interim financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.
- 4.2 In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2020.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2020.

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>December 31,</i>	<i>June 30,</i>
	<i>2020</i>	<i>2020</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>

5 PROPERTY, PLANT AND EQUIPMENT

<i>Opening WDV of operating fixed assets</i>	138,206,654	152,562,949
Less: depreciation for the period / year	(6,460,333)	(14,356,295)
<i>Closing WDV of operating fixed assets</i>	131,746,321	138,206,654

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

<i>Number of shares</i>					
<i>(Un-audited)</i>	<i>(Audited)</i>				
<i>December 31,</i>	<i>June 30,</i>				
<i>2020</i>	<i>2020</i>				
<i>Rupees</i>	<i>Rupees</i>				
		Ordinary shares of Rs. 10 each			
4,000,000	4,000,000	fully paid in cash	6.1	40,000,000	40,000,000

6.1 1,739,370 (June 30, 2020: 1,739,370), 276,000 (June 30, 2020: 276,000) and 1,600,000 (June 30, 2020: 1,600,000) Ordinary shares of Rs. 10 each are held by the associated Companies - Dadabhoy Trading Corporation (Private) Limited, Dadabhoy Cement Industries Limited and Dadabhoy Hydrocarbon Limited as at the period end, representing 43.48%, 6.90% and 40.00% of the total shareholding in the Company respectively.

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>December 31,</i>	<i>June 30,</i>
	<i>2020</i>	<i>2020</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>

7 DEFERRED TAX LIABILITY

Deferred tax liability	7.1	32,698,805	34,572,302
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7.1 *Deferred taxation comprises differences relating to:*

<i>Taxable temporary difference</i>		
Accelerated depreciation for tax purposes	35,596,433	37,469,930
<i>Deductible temporary difference</i>		
Unused tax losses	(2,897,628)	(2,897,628)
	32,698,805	34,572,302

8 TRADE AND OTHER PAYABLES

Accrued liabilities		373,742	325,142
Other payable	8.1	878,250	878,250
		1,251,992	1,203,392

8.1 This represents amount payable on demand to Dadabhoy Cement Industries Limited - associated Company, on account of reimbursable expenses incurred by the associated Company on behalf of the Company.

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>December 31,</i>	<i>June 30,</i>
	<i>2020</i>	<i>2020</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>

9 SHORT TERM BORROWINGS

- From related parties

Directors	9.1	<u>1,209,690</u>	<u>971,390</u>
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9.1 The loan is unsecured, interest free and payable on demand. Loan was given by the Directors to facilitate the Company for fulfilling its working capital requirements. 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).

10 CONTINGENCIES AND COMMITMENTS

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

11 ADMINISTRATIVE EXPENSES

		<i>Half year ended</i>	
		<i>(Un-audited)</i>	
		<i>December 31,</i>	
		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
Professional charges		48,600	55,000
Fees and subscription	11.1	188,300	-
Depreciation		6,460,333	7,178,147
		<u>6,697,233</u>	<u>7,233,147</u>

11.1 This represents annual listing fee of current and prior year paid to Pakistan Stock Exchange Limited.

12 TAXATION

		<i>Half year ended</i>	
		<i>(Un-audited)</i>	
		<i>December 31,</i>	
		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
Current	12.1	-	-
Deferred		(1,873,497)	(2,111,388)
		<u>(1,873,497)</u>	<u>(2,111,388)</u>

12.1 The Company is not liable to current tax, including Minimum tax and ACT on account of nil sales and taxable income.

13 TRANSACTIONS WITH RELATED PARTIES

13.1 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>Half year ended</i> <i>(Un-audited)</i> <i>December 31,</i>	
	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
<i>Key management personnel - directors</i>		
Loan received from Director	<u>238,300</u>	<u>-</u>
Loan payable at period end	<u>1,209,690</u>	<u>971,390</u>
<i>Dadabhoy Cement Industries Limited - common directorship and 6.90% holding</i>		
Amount received during the period	<u>238,300</u>	<u>-</u>
Amount paid during the period	<u>238,300</u>	<u>-</u>
Amount payable at period end	<u>878,250</u>	<u>878,250</u>

14 GENERAL

Figures have been rounded off to the nearest Rupees.

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements has been authorized for issue on March 01, 2021 by the Board of Directors of the Company.



Chief executive



Chief financial officer



Director