

# HALF YEARLY REPORT DEC 2021



**DADABHOJ  
GROUP**

**DADABHOJ SACK LIMITED**



**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mr. Danish Dadabhoy	Chairman
Mr. Fazal Karim Dadabhoy	Chief Executive
Mrs. Humaira Dadabhoy	
Mrs. Noor Bakht Dadabhoy	
Mr. Mohammad Irfan	
Mr. Fazal Ur Rehman	
Mr. Munir Hussain	

**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, 2<sup>nd</sup> 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

**REANDA**

Reanda Haroon Zakaria & Company  
Chartered Accountants



**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 **Dadabhoj Sack Limited** ("the Company") as at December 31, 2021 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, 2021 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2021.

*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*

- a) During the half year ended December 31, 2021, the Company has incurred after tax loss amounting to Rs. 4.540 (December 31, 2020: Rs. 4.824) Million rising its accumulated losses to Rs. 30.470 (June 30, 2021: Rs. 29.531) Million. Further, current liabilities of the Company exceeded its current assets by Rs. 3.524 (June 30, 2021: Rs. 3.016) 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.

- b) The Company has not carried out Revaluation of items of Property, plant and equipment as the same is required to be carried out every three to five years in accordance with the requirements of IAS 16. The last revaluation was carried out for the year ended June 30, 2016. Therefore, we could not determine the amount of adjustment that may have arisen had the revaluation being carried out.

#### *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, 2021, 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: **28 FEB 2022**

RR20211014790XgmzIP1

**DADABHOY SACK LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT DECEMBER 31, 2021**

		(Un-audited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
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Note

**ASSETS**

**Non-Current Assets**

Property, plant and equipment	5	119,471,689		125,285,988
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**Current Assets**

Inventory	6	361,000		-
Bank balance		2,847		2,847
		363,847		2,847

<b>Total Assets</b>		119,835,536		125,288,835
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**EQUITY AND LIABILITIES**

**Authorized Capital**

10,000,000 ordinary shares of Rs. 10 each		100,000,000		100,000,000
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Issued, subscribed and paid up capital	7	40,000,000		40,000,000
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Surplus on revaluation of property, plant and equipment		76,922,447		80,518,790
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Accumulated losses		(30,469,870)		(29,530,889)
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<b>Shareholders' Equity</b>		86,452,577		90,987,901
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**Non-Current Liabilities**

Deferred tax liability	8	29,855,627		31,282,202
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**Current Liabilities**

Trade and other payables	9	1,441,992		1,393,392
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Unclaimed dividend		415,650		415,650
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Short term borrowings	10	1,669,690		1,209,690
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		3,527,332		3,018,732
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<b>Contingencies and commitments</b>	11			
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<b>Total Equity and Liabilities</b>		119,835,536		125,288,835
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The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

Rm.

**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, 2021**

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2021	2020	2021	2020
		----- Rupees -----			
Sales		-	-	-	-
Cost of sales	12	(99,000)	-	-	-
Gross loss		(99,000)	-	-	-
Administrative expenses	13	(5,862,899)	(6,697,233)	(2,907,150)	(3,228,767)
Other charges		-	-	-	-
Operating loss		(5,961,899)	(6,697,233)	(2,907,150)	(3,228,767)
Other income		-	-	-	-
Loss before taxation		(5,961,899)	(6,697,233)	(2,907,150)	(3,228,767)
Taxation	14	1,426,575	1,873,497	1,426,575	1,873,497
Loss after taxation		(4,535,324)	(4,823,736)	(1,480,575)	(1,355,270)
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		(4,535,324)	(4,823,736)	(1,480,575)	(1,355,270)
Loss per share		(1.13)	(1.21)	(0.37)	(0.34)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

Rm.

**DADABHOY SACK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	<u>Capital reserve</u>			<u>Total</u>
	<u>Share capital</u>	<u>Surplus on revaluation of property, plant and equipment</u>	<u>Accumulated losses</u>	
	----- Rupees -----			
<b>Balance as at June 30, 2020</b>	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	-
<b>Balance as at December 31, 2020</b>	<u>40,000,000</u>	<u>84,514,728</u>	<u>(28,291,696)</u>	<u>96,223,031</u>
<b>Balance as at June 30, 2021</b>	40,000,000	80,518,790	(29,530,889)	90,987,901
Total comprehensive loss for the period	-	-	(4,535,324)	(4,535,324)
Transferred from revaluation surplus on account of incremental depreciation - net of deferred tax	-	(3,596,344)	3,596,344	-
<b>Balance as at December 31, 2021</b>	<u>40,000,000</u>	<u>76,922,447</u>	<u>(30,469,870)</u>	<u>86,452,577</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 18 form an integral part of these condensed interim financial statements.

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

R.S.

**DADABHOY SACK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Half year ended	
	(Un-audited)	
	December 31,	
	2021	2020
	----- Rupees -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(5,961,899)	(6,697,233)
Adjustments for:		
Depreciation	5,814,299	6,460,333
Cash outflow before working capital changes	(147,600)	(236,900)
Working capital changes:		
Increase in current assets		
Prepayments	-	(50,000)
Inventory	(361,000)	-
	(361,000)	(50,000)
Increase in current liabilities		
Trade and other payables	48,600	48,600
Net cash used in operating activities	(460,000)	(238,300)
<b>B. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings - net	460,000	238,300
Net cash generated from financing activities	460,000	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 18 form an integral part of these condensed interim financial statements.

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

  
 \_\_\_\_\_  
 Chief Financial Officer

  
 \_\_\_\_\_  
 Director

Rhs.



## **DADABHOY SACK LIMITED**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**

#### **FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

## **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, 2021, the Company has incurred loss after taxation amounting to Rs. 4.540 (December 31, 2020: Rs. 4.824) Million, rising its accumulated losses to Rs. 30.47 (June 30, 2021: Rs. 29.531) Million. Further, current liabilities of the Company exceeded its current assets by Rs. 3.524 (June 30, 2021: Rs. 3.016) 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. 76.92 (June 30, 2021: Rs. 80.52) 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, 2021 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, 2021 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2021. 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, 2021.
- 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, 2021, 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, 2020.

### **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, 2021.

Certain standards, amendments and interpretations to the approved accounting standards are effective for accounting periods beginning on or after July 1, 2021 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, 2021.
- 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, 2021.

		<i>(Un-audited)</i> <i>December 31,</i> <i>2021</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2021</i> <i>Rupees</i>
	<i>Note</i>		
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
<i>Opening WDV of operating fixed assets</i>		125,285,988	138,206,654
Less: depreciation for the period / year		<u>(5,814,299)</u>	<u>(12,920,666)</u>
<i>Closing WDV of operating fixed assets</i>		<u>119,471,689</u>	<u>125,285,988</u>

## 6 INVENTORY

### *Raw material*

- In hand

<u>361,000</u>	<u>-</u>
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## 7 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>2021</i>	<i>2021</i>				
<i>Rupees</i>	<i>Rupees</i>				
<u>4,000,000</u>	<u>4,000,000</u>	Ordinary shares of Rs. 10 each			
		fully paid in cash	7.1	<u>40,000,000</u>	<u>40,000,000</u>

7.1 1,739,370 (June 30, 2021: 1,739,370), 276,000 (June 30, 2021: 276,000) and 1,600,000 (June 30, 2021: 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>December 31,</i> <i>2021</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2021</i> <i>Rupees</i>
	<i>Note</i>		
<b>8 DEFERRED TAX LIABILITY</b>			
Deferred tax liability	8.1	<u>29,855,627</u>	<u>31,282,202</u>

8.1 *Deferred taxation comprises differences relating to:*

<i>Taxable temporary difference</i>			
Accelerated depreciation for tax purposes		32,036,790	33,722,937
<i>Deductible temporary difference</i>			
Unused tax losses		<u>(2,181,163)</u>	<u>(2,440,735)</u>
		<u>29,855,627</u>	<u>31,282,202</u>

		<i>(Un-audited)</i> <i>December 31,</i> <i>2021</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2021</i> <i>Rupees</i>
	<i>Note</i>		
<b>9 TRADE AND OTHER PAYABLES</b>			
Accrued liabilities		190,000	190,000
Other payable	9.1	1,251,992	1,203,392
		<u>1,441,992</u>	<u>1,393,392</u>

9.1 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>December 31,</i> <i>2021</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2021</i> <i>Rupees</i>
	<i>Note</i>		
<b>10 SHORT TERM BORROWINGS</b>			
<i>- From related parties</i>			
Directors	10.1	1,669,690	1,209,690

10.1 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).

## 11 CONTINGENCIES AND COMMITMENTS

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

	<u>Half year ended</u> <i>(Un-audited)</i> <i>December 31,</i>	
	<i>2021</i> <i>Rupees</i>	<i>2020</i> <i>Rupees</i>
<b>12 COST OF SALES</b>		
Purchases	460,000	-
Less: closing	(361,000)	-
Material damaged / wastage	<u>99,000</u>	<u>-</u>

## 13 ADMINISTRATIVE EXPENSES

Professional charges	48,600	48,600
Fees and subscription	-	188,300
Depreciation	5,814,299	6,460,333
	<u>5,862,899</u>	<u>6,697,233</u>



		<i>Half year ended</i>	
		<i>(Un-audited)</i>	
		<i>December 31,</i>	
		<i>2021</i>	<i>2020</i>
		<i>Rupees</i>	<i>Rupees</i>
<b>14 TAXATION</b>			
	14.1	-	-
Current		-	-
Deferred		<u>(1,426,575)</u>	<u>(1,873,497)</u>
		<u>(1,426,575)</u>	<u>(1,873,497)</u>

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

#### 15 TRANSACTIONS WITH RELATED PARTIES

15.1 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>2021</i>	<i>2020</i>
		<i>Rupees</i>	<i>Rupees</i>
<b>Key management personnel - directors</b>			
Loan received from Director		<u>460,000</u>	<u>238,300</u>
Loan payable at period end		<u>1,669,690</u>	<u>1,209,690</u>
<b>Dadabhoy Cement Industries Limited - common directorship and 6.90% holding</b>			
Amount received during the period		<u>48,600</u>	<u>238,300</u>
Amount paid during the period		<u>-</u>	<u>238,300</u>
Amount payable at period end		<u>1,251,992</u>	<u>1,203,392</u>

#### 16 RECLASSIFICATION

Following amounts of prior period have been reclassified for better presentation:

<i>From</i>	<i>To</i>	<i>Rupees</i>
Accrued liabilities	Other payable	<u>325,142</u>

**17 GENERAL**

Figures have been rounded off to the nearest Rupees.

**18 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements has been authorized for issue on 28 FEB 2022 by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director

Pls.