



PUNJAB OIL MILLS LIMITED

An ISO 9001, 14001, OHSAS 18001, FSSC 22000 & Halal Certified Company

POML ANNUAL REPORT 2019



BUILDING A BETTER TOMORROW

**“SAY NO TO
CORRUPTION”**

CANOLIVE®
Premium Cooking Oil

SEHAT PAR AB
NO SAMJHOTA



HEALTH KA PERFECT PARTNER

POWER OF THREE
CANOLA & SUNFLOWER OIL
WITH OLIVE EXTRACT





CONTENTS

| | |
|---|-------|
| Our Vision | 02 |
| Our Mission | 03 |
| Company Information | 04 |
| Information for Shareholders | 05-06 |
| Chairman Review | 07 |
| Notice of Annual General Meeting | 08-13 |
| Directors' Report | 14-32 |
| Statement of Compliance with the Code of Corporate Governance | 33-34 |
| Key Financial Data Last Six Years | 35 |
| Auditors' Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance | 36 |
| Auditors' Report on the Audit of the Financial Statements | 37-41 |
| Statement of Financial Position | 42 |
| Statement of Profit or Loss Account | 43 |
| Statement of Comprehensive Income | 44 |
| Statement of Cash Flows | 45 |
| Statement of Changes in Equity | 46 |
| Notes to the Financial Statements | 47-79 |
| Pattern of Shareholding | 80-81 |
| Information Under Section 213 | 82 |
| Form of Proxy | 83-84 |



OUR VISION

To establish POML as a growing and diversified food and consumer goods company that consistently exceeds customer's expectations by delivering the highest standards in product development, production, distribution and marketing, while maximizing shareholder value by efficient allocation of the Company's resources.

POML seeks to combine innovation and creativity with diligent resource and risk management to consistently create value for all its stakeholders and play a meaningful and sustainable role in the economic and social development of Pakistan.

POML has no wish to influence people's beliefs; instead disassociates itself from any activity that challenges our commitment to cultural diversity and equal opportunity.



OUR MISSION

To achieve excellence in the development, production and marketing of edible oils & fats and soap products in order to maximize customer satisfaction, achieve and sustain growth, minimize costs and maximize profits; resulting in a secure and rewarding investment to our shareholders and investors.

**COMPANY INFORMATION**

| | | |
|--|--|--|
| BOARD OF DIRECTORS | Mr. Tahir Jahangir Mr. Izaz Ilahi Malik Mr. Usman Ilahi Malik Mr. Jillani Jahangir Mr. Furqan Anwar Batla Syed Tahir Hussain Naqvi Mr. Firasat Ali | Chairman/Director Managing Director/Chief Executive Officer Executive Director Non-Executive Director Non-Executive Director Independent Director Non-Executive Director (NIT Nominee) |
| AUDIT COMMITTEE | Syed Tahir Hussain Naqvi Mr. Furqan Anwar Batla Mr. Firasat Ali Mr. Jillani Jahangir | Chairman Member Member Member |
| HUMAN RESOURCE & REMUNERATION COMMITTEE | Mr. Jillani Jahangir Mr. Furqan Anwar Batla Syed Tahir Hussain Naqvi Mr. Izaz Ilahi Malik Mr. Firasat Ali | Chairman Member Member Member Member |
| CHIEF FINANCIAL OFFICER | Mr. Muhammad Saeed Malik | |
| COMPANY SECRETARY | Mr. Adeel Baig | |
| HEAD OF INTERNAL AUDIT | Mr. Zaka Ullah Malik | |
| AUDITORS | M/s Maqbool Haroon Shahid Safdar & Co. Chartered Accountants | |
| LEGAL ADVISORS | A.G.H.S Law Associates | |
| BANKERS | JS. Bank Limited MCB Bank Limited Habib Metropolitan Bank Limited Faysal Bank Limited | |
| REGISTERED OFFICE/WORKS | Plot No. 26-28, Industrial Triangle, Kahuta Road, Islamabad Tel: 051 -4490017-20, Fax: 051-4490016 & 4492803 Email. corporate@punjaboilmills.com Website: www.punjaboilmills.com | |
| SHARE REGISTRAR OFFICE | M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore Tel: 042 -35916714, 35916719 Fax: 042 -35869037 Email. corplink786@yahoo.com | |

پاکستان کا #1
ٹرانس فیٹ فری
بناسپتی



خائقہ® جیو ہزاروں سال



Punjab Oil Mills Limited

AA ISO 9001, 14001, FSSAI 22000 & OHSA 18001 CERTIFIED COMPANY



Pakistan Standards

NaturelleTM

COOKING OIL



Pure natural health
No Chemicals No Preservatives
Refined with natural materials



Manufactured by: Punjab Oil Mills Limited
Kohat Road, Phase-1, Industrial Estate, Kohat
Kohat Road, Industrial Estate, P.O. Box-4490017-21
www.naturellecookingoil.com

Information for Shareholders

Company's Registered Office/Works

Plot Nos. 26, 27, 28, Industrial Triangle,
Kahuta Road, Islamabad.
Tel: 051-4490017-20
Fax: 051-4490016, 051-4492803

Share Registrar

M/s. Corplink (Private) Limited
Wings Arcade, 1-K, Commercial Model
Town, Lahore.
Tel: 042-35916714, 042-35916719
Fax: 042-35869037

Stock Symbol

The Stock Symbol for dealing in equity
Shares of Punjab Oil Mills Limited is
'POML'

Listing Fees

The Annual listing fee for the Financial Year 2019-2020 paid with the prescribed time limit.

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act, 2017 and allied rule, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Share Transfer System

Shares transfer received by the Company's Share Registrar are registered with the prescribed period.

Notification of SECP for the purpose of CNIC of Shareholders

The shareholders are informed that SECP through SRO 779(I)2011 dated August 18, 2011 has made it mandatory that dividend warrants issued by the issuer should bear Computerized National Identity Card (CNIC) numbers of the registered shareholders, except in the case of minor(s) and corporate shareholders. The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of foreigner copy of passport, unless it has already been provided.

Financial Information

The Company has uploaded the Annual and Quarterly Accounts on the Company's website.

Company's Website

Updated information regarding the Company can be accessed at www.punjaboilmills.com.

Share Price and Volume during the financial year 2019

| Months | Highest Rate (Rs.) | Lowest Rate (Rs.) | Closing Rate (Rs.) | No. of Shares Traded |
|----------------|-----------------------|----------------------|-----------------------|-------------------------|
| July-2018 | 273.52 | 265.93 | 271.00 | 4,000 |
| August-2018 | 263.08 | 252.20 | 258.45 | 2,100 |
| September-2018 | 245.00 | 243.75 | 244.00 | 2,900 |
| October-2018 | 202.69 | 196.15 | 198.63 | 7,200 |
| November-2018 | 215.87 | 208.63 | 213.25 | 31,200 |
| December-2018 | 224.04 | 220.02 | 222.27 | 35,000 |
| January-2019 | 211.13 | 204.81 | 206.96 | 22,200 |
| February-2019 | 200.71 | 197.69 | 199.64 | 10,800 |
| March-2019 | 198.77 | 198.77 | 198.77 | 700 |
| April-2019 | 214.34 | 211.13 | 212.79 | 4,400 |
| May-2019 | 202.86 | 202.86 | 204.84 | 400 |
| June-2019 | 197.57 | 197.57 | 199.81 | 300 |



CHAIRMAN'S REVIEW

This was a year with rapid changes due to the devaluation of the Pak rupees by about 40%. This had an immediate impact on our costs as our raw materials and most of the packing materials are imported. Their prices were always in US Dollars – so the impact on costs was immediate.

Despite the steep rise in costs and our prices we have been able to improve our sales in both quantity and value. The new brands introduced “Naturelle” and “Ella” are finding their share in the market. Coffee did not fare too well so we have revamped our efforts for this year. Mushrooms have now been popularized and are in much demand. We sell all that we can produce. There are production glitches that cause frequent crop failures. However the devaluation of the rupee has helped as imported mushrooms have become very expensive.

The results for the year reflect all the above improvements.

Meanwhile the factory has now been thoroughly modernized and a new state of the art continuous refinery has been installed. This will give us better quality, larger quantities, and lower costs. Hopefully this will help us in future years.

The imposition of sales tax has had its obvious effect on the distribution network. Hopefully we will overcome these difficulties in the near future.

The board and management worked well together, and I am great full to our members for their continued support and encouragement.

Tahir Jahangir,
Chairman of the Board



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of the shareholders of PUNJAB OIL MILLS LIMITED will be held on Monday, October 28, 2019, at 11:00 A.M. at Plot No. 26, 27, 28 Industrial Triangle, Kahuta Road, Islamabad, the Registered Office of the Company, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 37th Annual General Meeting of the company held on Monday, November 12, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon.
3. To approve Final Cash Dividend @ 40% i.e. Rs. 4.00/- per Share. This is in addition to Interim Cash Dividend already paid @ 35% (i.e. Rs. 3.50 per share) announced by the Board of Directors of the Company for the financial year 2018-2019.
4. To appoint External Auditors of the Company for the year ending June 30, 2020 as recommended by the Board of Directors and to fix their remuneration.

SPECIAL BUSINESS

5. To ratify and approve transactions carried out with associated Companies in the normal course of the business by passing the following ordinary resolutions:

RESOLVED that the transactions carried out in normal course of business with associated Companies as disclosed in respective notes to the Audited Financial Statements for the year ended June 30, 2019 be and are hereby ratified and approved.

FURTHER RESOLVED that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the year ended June 30, 2020 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company.

6. To consider and approve the remuneration of the Executive Directors of the Company.
7. To transact any other business with the permission of the Chair.

By the order of the Board

(Adeel Baig)
Company Secretary

Lahore:
Dated: October 05, 2019

**Notes:**

1. The share transfer books of the Company will remain closed from Tuesday, October 22, 2019 to Monday, October 28, 2019 (both days inclusive). Transfers received in order by the Share Registrar of the Company, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore up to the close of business on Monday, October 21, 2019 will be treated in time for entitlement of the dividend.
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her Participant's ID Number and CDC Account/Sub-Account No. along with Original Computerized National Identity Card (CNIC) or Original Passport at the time of attending the meeting. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
3. Form of proxy, in order to be valid must be properly filled-in/executed and received at the Registered Office of the Company situated at Plot No. 26-28, Industrial Triangle Kahuta Road, Islamabad not later than 48 hours before the meeting.
4. Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their address. Shareholders maintaining their shares in electronic form should have their address updated with their Participant or CDC Investor Account Service.
5. Shareholders who have not yet submitted their International Bank Account No. (IBAN) are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, in case of physical shares.
6. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholders' Broker/Participant/CDC Account Services.
7. The rates of deduction of income tax from dividend payments under the Income Tax Ordinance are as follows:

| | | |
|--------------------------------------|---|-----|
| For filers of income tax returns | - | 15% |
| For non-filers of income tax returns | - | 20% |

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20% shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.
8. Withholding tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to M/s. Corplink (Private) Limited, by the first day of Book Closure.
9. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing.
10. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing of a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such



facility in that city.

“I/We, _____ of _____, being a member of Punjab Oil Mills Limited, holder of _____ ordinary share (s) as per Registered Folio No. _____ hereby opt for video conference facility at _____”

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access the facility.

STATEMENTS OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 RELATING TO THE SPECIAL BUSINESS SENT TO THE SHAREHOLDERS ALONGWITH ANNUAL REPORT.

This statement sets out the material facts concerning the Special Business, given in agenda item No.5 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

Transactions carried out with associated companies during the year ended June 30, 2019 to be passed as a Special Resolution The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the required quorum of directors seemingly could not be formed for approval these transactions which have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2019 with associated company as under is being placed before the shareholders for their consideration and approval/ratification:

| Name | Description of Transaction | Amount in Rupees |
|---------------------------|----------------------------|------------------|
| Hala Enterprises Limikted | Sharing of Office Expenses | 3,460,280 |

Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2020 to be passed as a Special Resolution. The Company would be conducting transactions with associated companies in the normal course of business.

The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2020. The Directors are interested in the resolutions to the extent of their common directorships and shareholding in the associated companies and the privileges attached there on.

سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ پنجاب آئل ملز لمیٹڈ کا 38 واں سالانہ اجلاس عام بروز سوموار 28 اکتوبر 2019ء کو صبح 11:00 بجے بمقام پلاٹ نمبر 26-28 انڈسٹریل ٹرائی اینگل کھوٹہ روڈ، اسلام آباد جو کہ کمپنی کارپسٹرڈ آفس ہے میں درج ذیل امور کی انجام دہی کیلئے ہوگا۔

عام امور

- 1- 37 ویں سالانہ اجلاس کے منٹس کی منظوری جو کہ 12 نومبر 2018 بروز سوموار منعقد ہوا۔
- 2- 30 جون 2019ء کو ختم ہونے والے سال کے لئے کمپنی کے نظر ثانی شدہ مالیاتی حسابات مع ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصول، غور و خوض اور منظوری دینا۔
- 3- حتمی نقد منافع منقسمہ بشرح 40% یعنی 4.00 روپے فی شیئر کا اعلان کرنا۔ یہ مال سال 2018-19ء کیلئے کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے اعلان کردہ عبوری منافع منقسمہ پہلے ہی ادا شدہ بشرح 35% (یعنی 3.5 روپے فی شیئر) کے علاوہ ہے۔
- 4- 30 جون 2020ء کو ختم ہونے والے سال کیلئے بورڈ آف ڈائریکٹرز کی سفارشات کی مطابقت کمپنی کے ایکسٹرنل آڈیٹرز کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔

خصوصی امور

- 5- مندرجہ ذیل عام قراردادوں کو منظور کر کے کاروبار کے معمول کے مطابق وابستہ کمپنیوں کے ساتھ کئے جانے والے لین دین کی توثیق اور منظوری کے لئے قرار پایا کہ 30 جون 2019ء کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ معمول کے کاروبار میں کی گئی ٹرانزیکشنز کی بذریعہ ہذا توثیق اور منظوری دی گئی ہے۔
- ”قرار پایا کہ کمپنی کے چیف ایگزیکٹو بذریعہ ہذا 30 جون 2020ء کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ معمول کے کاروبار میں کی گئی اور کی جانے والی تمام ٹرانزیکشنز کو منظور کرنے کے باختیار ہیں اور سلسلہ میں چیف ایگزیکٹو بذریعہ ہذا کوئی اور تمام ضروری عوامل کرنے اور کمپنی کی جانب سے اس سلسلہ میں جو بھی ضروری ہوں کوئی اور تمام ایسے دستاویزات پر رسمی معاہدات دستخط/کمل کرنے کے بھی باختیار ہیں۔
- 6- کمپنی کے ڈائریکٹرز کے مشاہرہ پر غور و خوض اور منظوری دینا۔
- 7- صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی کرنا۔ درج ذیل ذیل قرارداد کو بطور خصوصی قرارداد پر غور و خوض اور منظور کرنا:-

کمپنی سیکرٹری

لاہور: 5 اکتوبر 2019

کمپنیز ایکٹ 2017 کی دفعہ 3-134 کے تحت مادی حقائق کے اعداد و شمار خصوصی کاروبار سے متعلق سالانہ رپورٹ کے ساتھ شیئر ہولڈرز کو بھیجے گئے ہیں
نوٹ:-

کمپنی کے حصص منتقل کتا ہیں 22 اکتوبر 2019ء تا 28 اکتوبر 2019ء (بشمول ہر دو ایام) بند رہیں گی۔ کمپنی رجسٹرار، میسرز کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل ماڈل ٹاؤن لاہور میں 21 اکتوبر 2019ء کو کاروبار کے اختتام تک موصول ہونے والی منتقلیاں ڈیویڈنڈ اور بونس شیئرز کے استحقاق کیلئے بروقت تصور ہوگی۔

ایک رکن، جو اپنے شیئر سنٹرل ڈیپازٹری کمپنی پاکستان لمیٹڈ میں جمع کرا چکے ہوں، اپنے پارٹیسپنٹس آئی ڈی نمبر اور سی ڈی سی اکاؤنٹ/سب اکاؤنٹ نمبر مع اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ اجلاس میں شرکت کے وقت لازماً اپنے ہمراہ لائیں۔

سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا اہل رکن اپنی بجائے شرکت اور ووٹ کیلئے کسی دیگر رکن کو اپنا/اپنی پر کسی مقرر کر سکتا ہے۔

پراکسی فارم، کارآمد ہونے کے لئے لازماً مناسب پُر/مکمل شدہ اور کمپنی کے رجسٹرڈ دفتر بواقع پلاٹ نمبر 28-26، انڈسٹریل ٹرائی اینگل کھوڑ روڈ، اسلام آباد میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانا چاہئے۔

مادی صورت میں حصص کے حامل ارکان سے التماس ہے کہ اپنے پتوں میں کسی تبدیلی کی اطلاع کمپنی کے سینئر رجسٹرار کو فی الفور مطلع فرمائیں۔ الیکٹرونک فارم میں اپنے حصص برقرار رکھنے والے حصص داران کو اپنے ایڈریس اپنے پارٹنیشنٹ یا سی ڈی سی انویسٹر اکاؤنٹ سروسز کے ہاں اپ ڈیٹ رکھنے چاہئیں۔

حصص داران جنہوں نے اپنے انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) ابھی جمع نہیں کرائے سے درخواست ہے کہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرونک کریڈٹ مینڈیٹ فارم پُر اور دستخط کر کے CNIC کی کاپی کے ہمراہ کمپنی رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1، کمرشل ماڈل ٹاؤن، لاہور کو ارسال کریں، بصورت مادی حصص۔

سی ڈی سی میں حصص رکھنے کی صورت میں الیکٹرونک کریڈٹ مینڈیٹ فارم لازماً شیئر ہولڈرز کے بروکر / پارٹنیشنٹ / سی ڈی سی اکاؤنٹ سروسز کو براہ راست جمع کرائے جانے چاہئیں۔ SRO.787 (1)/2014 مورخہ 08 ستمبر 2014ء کی رو سے نوٹیفکیشن کی پیروی میں SECP نے کمپنی کے ارکان کو سالانہ مالی حسابات اور نوٹسز بذریعہ الیکٹرونک میل سسٹم (ای میل) وصول کرنے کی سہولت دینے کی ہدایت کی ہے۔ ہم اپنے ارکان کو اس سہولت کی پیشکش کرتے ہوئے خوش ہیں کہ جو ارکان کمپنی کی سالانہ مالی حسابات اور نوٹسز مستقبل میں بذریعہ ای میل وصول کرنے کے خواہشمند ہیں اس سلسلہ میں ارکان سے التماس ہے کہ کمپنی کی ویب سائٹ یعنی www.punjaboilmills.com میں دستیاب درخواست فارم پر بذریعہ ای میل اپنی رضامندی پہنچائیں۔ براہ مہربانی یقینی بنائیں کہ آپ کی ای میل، ایسی ای میل جو سائز میں 1 ایم بی فائل سے بڑی ہو سکتی ہے وصول کرنے کیلئے کافی حقوق اور دستیاب جگہ رکھتی ہے۔ اس کے علاوہ یہ رکن کی ذمہ داری ہے کہ اپنی رجسٹرڈ ای میل میں کوئی تبدیلی شیئر رجسٹرار کو بروقت اپ ڈیٹ کریں۔

انکم ٹیکس آرڈیننس 2001 کے تحت ڈیویڈنڈ ادائیگیوں سے انکم ٹیکس کی ڈیڈکشن کے ریٹس درج ذیل کے مطابق ہیں:

انکم ٹیکس ریٹرن کے فائلر کیلئے 15%

انکم ٹیکس ریٹرن کے نان فائلر کیلئے 20%

کمپنی کو نقد ڈیویڈنڈ کی رقم پر 20% کی بجائے 15% کی شرح سے ٹیکس ڈیڈکشن کا اہل بنانے کیلئے حصص داران جن کے نام ایف بی آر کی ویب سائٹ پر مہیا شدہ ایکٹو ٹیکس پیئر ز فہرست (ATL) میں درج نہیں، باوجود حقیقت کہ وہ فائلرز ہیں، سے التماس ہے کہ کتابوں کی بندش کے پہلے روز سے قبل یقینی بنائیں کہ ان کے نام ATL میں درج ہیں، بصورت دیگر ان کے نقد ڈیویڈنڈ پر ٹیکس 15% کی بجائے 20% کی شرح سے منہا کیا جائے گا۔

ڈیویڈنڈ انکم سے ود ہولڈنگ ٹیکس ایگزیمیشن صرف اس صورت میں ہوگی اگر کارآمد ٹیکس ایگزیمیشن سرٹیفکیٹ یا قانونی مجاز عدالت سے سٹے آرڈر کتابوں کی بندش کے پہلے روز تک کارپ لنک (پرائیویٹ) لمیٹڈ کو فراہم کیا گیا۔ اس سلسلہ میں تمام حصص داران جو مشترکہ حصص رکھتے ہوں سے التماس ہے کہ اپنے ملکیتی حصص کی بابت اصل شیئر ہولڈر اور مشترکہ ہولڈر کا شیڈ ہولڈنگ تناسب درج ذیل کے مطابق تحریری صورت میں ہمارے شیئر رجسٹرار کو مہیا کریں (اگر پہلے مہیا نہیں کئے گئے)۔

مطلوبہ معلومات نوٹس ہذا کے 10 یوم کے اندر ہمارے شیئر رجسٹرار کو لازماً پہنچ جانی چاہئیں، بصورت دیگر یہ فرض کر لیا جائے گا کہ اصل شیئر ہولڈر اور مشترکہ ہولڈر کے ملکیتی حصص مساوی ہیں۔ کسی سوال / مسئلہ / معلومات کیلئے سرمایہ کاران، کمپنی سیکرٹری سے فون: 051-4490017 اور ای میل ایڈریس info@punjaboilmills.com پر اور / یا میسرز کارپ لنک (پرائیویٹ) لمیٹڈ سے فون: 042-35916714 اور ای میل ایڈریس corplink786@gmail.com پر رابطہ کر سکتے ہیں۔

ارکان وڈیوکانفرنس سہولت سے بھی مستفید ہو سکتے ہیں۔ اس سلسلہ میں براہ مہربانی درج ذیل فارم کو پورا کرکے رجسٹرڈ دفتر میں سالانہ اجلاس عام کے انعقاد سے 10 یوم قبل جمع کرائیں۔ اگر کمپنی جغرافیائی محل وقوع میں سکونتی مجموعی %10 یا زیادہ شیئر ہولڈنگ کے مالک ارکان سے وڈیوکانفرنس کے ذریعے اجلاس میں شرکت کیلئے اجلاس کی تاریخ سے کم از کم 10 یوم قبل رضامندی وصول ہوتی ہے تو، کمپنی اس شہر میں ایسی سہولت کی دستیابی کے حوالے سے شہر میں وڈیوکانفرنس سہولت کا انتظام کر کرے گی۔

”میں/ہم..... ساکن..... بحیثیت رکن، پنجاب آئل ملز لمیٹڈ، مالک..... عام حصص، بمطابق رجسٹرڈ فولیو نمبر..... بذریعہ ہذا..... میں وڈیوکانفرنس سہولت کا خواہشمند ہوں۔“

کمپنی ارکان کو وڈیوکانفرنس سہولت کے مقام بارے اطلاع مع سہولت تک رسائی کے قابل بنانے کے لئے ضروری مکمل معلومات سالانہ اجلاس عام کی تاریخ سے کم از کم 5 یوم قبل پہنچائے گی۔

کمپنیز ایکٹ 2017ء کی دفعہ 134 کی پیروی میں خصوصی امور سے متعلقہ مادی حقائق کا بیان نوٹس ہذا کے ایجنڈا آئٹم نمبر 5 میں دیئے گئے خصوصی امور سے متعلقہ مادی حقائق کی وضاحت کرتا ہے جو ارکان کی طرف سے منظور شدہ تصور کیا جائے گا۔ بیان کا مقصد ایسی خصوصی قرارداد سے متعلقہ مادی حقائق کی وضاحت کرنا ہے۔

30 جون 2019 کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ کی گئی ٹرانزیکشنز خصوصی قرارداد کے طور پر منظوری کی گئی ہیں۔ شریک کمپنیوں (متعلقہ پریٹوں) کے ساتھ معمول کے کاروبار میں کی گئی ٹرانزیکشنز فہرستی کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء کی کلاز 15 کی پیروی میں سہ ماہی بنیاد پر آڈٹ کمپنی کی سفارشات کے مطابق بورڈ کی طرف سے منظور کی گئی تھیں۔ بورڈ کے اجلاس کے دوران ڈائریکٹرز کی طرف سے یہ واضح کیا گیا تھا کہ اکثر کمپنی ڈائریکٹرز شریک کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور شیئرز رکھنے کی وجہ سے ان ٹرانزیکشنز میں دلچسپی رکھتے تھے، ان ٹرانزیکشنز کی منظوری کے لئے ڈائریکٹرز کا مطلوبہ قورم پورا نہیں ہو سکا تھا جو اجلاس عام میں حصص داران کی طرف سے منظور کیا جانا ہے۔ مذکورہ بالا کے مد نظر، شریک کمپنیوں کے ساتھ 30 جون 2019 کو ختم ہونے والے مالی سال کے دوران ہونے والی ٹرانزیکشنز درج ذیل کے مطابق غورو خوض اور منظوری/تصدیق کیلئے حصص داران کے روبرو رکھی جا رہی ہیں۔

| نام | لین دین کی تفصیل | رقم روپوں میں خرید۔ فروخت۔ دیگر |
|----------------------|--------------------------|------------------------------------|
| بالہ انٹرپرائز لمیٹڈ | آفس کے اخراجات کا اشتراک | 3,460,280 |

30 جون 2020 کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ کی گئی اور کی جانے والی ٹرانزیکشنز کیلئے

چیف ایگزیکٹو کو اجازت بطور خصوصی قرارداد منظور کی گئی۔

اکثر ڈائریکٹرز، شریک کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور شیئر ہولڈنگ کی وجہ سے ان ٹرانزیکشنز میں دلچسپی رکھتے ہیں۔ اس لئے شریک کمپنیوں کے ساتھ ایسی ٹرانزیکشنز حصص داران کی طرف سے منظور کی جانی ہیں۔

فہرستی کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء کی کلاز 15 کی دفعات کی تعمیل میں، حصص داران 30 جون 2020 کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ معمول کے کاروبار میں کی گئی اور کی جانے والی ٹرانزیکشنز کی منظوری دینے کیلئے چیف ایگزیکٹو کو اختیار بنا سکتے ہیں۔ ڈائریکٹرز شریک کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور شیئر ہولڈنگ اور منسلک اسحقاق کی حد تک قراردادوں میں دلچسپی رکھتے ہیں۔

خصوصی امور سے متعلقہ کمپنیز ایکٹ 2017ء کی دفعہ (3) 134 کے تحت مادی حقائق کا بیان سالانہ رپورٹ کے ہمراہ حصص داران کو ارسال کیا گیا ہے۔

**Directors' Report for the year ended 30th June 2019**

The Directors of your company take pleasure in presenting the 38th Annual Report on the operations of the company along with the audited financial statements for the year ended June 30th, 2019.

Operating and Financial Results

Following is the summary of comparative financial results:

| | Rupees | | % Change | |
|--|---------------|---------------|----------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| Sales (net of sales tax) | 5,504,226,272 | 4,950,808,026 | 11.2 | 11.5 |
| Gross Profit | 808,226,206 | 739,662,775 | 9.3 | 6.4 |
| Operating Profit | 250,135,554 | 189,507,206 | 32.0 | (14.4) |
| Financial Cost & Other Charges | (31,715,826) | (22,142,363) | 43.2 | 6.4 |
| Operating Income | 10,061,658 | 6,923,421 | 45.3 | (9.9) |
| Profit before taxation | 228,481,386 | 174,288,264 | 31.1 | (16.3) |
| Provision for taxation | (121,103,566) | (105,132,622) | 15.2 | 63.2 |
| Profit after taxation | 107,377,820 | 69,155,642 | 55.3 | (51.9) |
| Un-appropriated Profit brought forward | 675,200,680 | 647,652,720 | 4.2 | 13.80 |
| EPS (in Rupees) | 19.92 | 12.83 | | |

Appropriations:

| | 2018-2019 | 2017-2018 |
|---|--------------|--------------|
| Un-Appropriated Profit brought forward | 675,200,680 | 647,652,720 |
| Incremental Depreciation / Others | 9,097,906 | 9,603,512 |
| 12% Final Cash Dividend for the year 2018 | (6,468,783) | (21,562,608) |
| 35% Interim Cash Dividend for the year 2019 | (18,867,282) | (29,648,586) |
| Balances as at 30 June 2019 / 2018 | 766,340,341 | 675,200,680 |

Effect of Changes in Equity

In accounting policy in respect of staff

| | | |
|--|-------------|-------------|
| Retirement Benefit obligation net of Tax. | (2,086,017) | (2,503,345) |
| On revaluation of Property, Plant & Equipment. | 11,183,923 | 12,107,057 |
| Balance as at June 30, 2019/2018 | 766,340,341 | 675,200,680 |

Sales revenue for the year under review increased by 11.2% compared to the same period last year. This was a continuation of the trend seen in the first 3 quarters. The bulk of this increase is attributable to higher prices followed by higher volumes, especially in the cooking oil segment.

Gross margins for the year were mostly stable at 14.7% compared to 14.9% achieved last year. Compared to previous 3 quarters, this means an improving trend over the course of the year as gross margin at the half-year mark and 9-month mark were 14% and 14.3% respectively. This improvement was achieved as product prices were increased over time to offset the increase in higher raw material costs.

With stable margins at the gross level, higher revenue enabled us to record a 9.3% increase in gross profit for the year under review.



Although administrative costs increased by 22% for the year, a 7% decline in selling and distributions costs constrained the over-all increase in operating expenses to 1.4% over the same period last year. The highest contributors to the increase in operating costs were salaries & wages that went up both due to annual increments as well as additional hiring for our newer products. Selling and distribution cost mainly decreased because the management took a conscious decision to reduce the advertising spent for the year after the company faced reduced profitability during first half of the year when currency devaluations led to a sharp increase in raw material costs. It was deemed prudent to trim fixed costs by postponing some expenses where possible until margins stabilized at the gross level.

As a result of only a nominal increase in total operating expense together with higher revenue, our operating margins increased from 3.8% last year to 4.5% for the year under review, leading to a healthy 32% increase in operating profits.

Higher financial charges, higher contribution to WWF and WPPF, and higher other income combined with improved operating profits to increase profit before tax by 31.1% for the twelve months under review. The most notable change here was the sharp increase in interest expense, mainly mark-up on short term borrowings, as the company resorted to increased use of this mode of financing for its working capital needs and average interest rates rose by 343 basis points for the year under review.

Although the profit before tax was higher by 31%, the increase in tax provision for the year was only up by 15.2%. Consequently, the company posted a profit after tax of PKR 107.4 Million for the year, up 55.3% from PKR 69.2 Million posted last year.

The directors have noted that the edible oils industry is a low margin industry and hence comparatively speaking the company is showing satisfactory performance at the operating level; especially keeping in view the general state of the economy and an intensely competitive environment. The directors have no doubt what so ever that the company is a going concern.

We would like to confirm that the financial statements, prepared by the management of the listed company, fairly present its state of affairs and operations and proper books of account have been maintained according to the applicable and appropriate accounting policies and standards. A system of internal control has also been put in place to effectively implement and monitor the workings of the company to ensure compliance with all relevant policies and guidelines as per the Code of Corporate Governance issued by the SECP.

Disclosure of Dividend

During the year under review the Board of Directors announced 35% Interim Cash Dividend i.e. Rs. 35 for every 100 shares and paid to the Shareholders within stipulated time period in accordance with the applicable law. The Board has also announced Final Cash Dividend at the rate of 40% for the year ended 30 June 2019 to all the Shareholders of the Company.

Contribution to the National Exchequer:-

During the year the Company contributed PKR 418.317 Million to the National Exchequer in the forms of various duties & taxes.

Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the nature of business, performance of the Company, future prospects and uncertainties.

**Meetings of Board of Directors**

During the year under review, 4 Meetings of the Board of Directors were held from July 2018 to June 2019. All written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. Attendance by each Director was as under:-

| Sr. No. | Name of Directors | | No. of Meetings Attended |
|---------|--------------------------|-------------------------|--------------------------|
| 1 | Mr. Tahir Jahangir | Chairman | 4 |
| 2 | Mr. Izaz Ilahi Malik | Chief Executive Officer | 3 |
| 3 | Mr. Usman Ilahi Malik | Executive Director | 4 |
| 4 | Mr. Jillani Jahangir | Non-Executive Director | 3 |
| 5 | Mr. Furqan Anwaar Batla | Non-Executive Director | 4 |
| 6 | Syed Tahir Hussain Naqvi | Independent Director | 4 |
| 7 | Mr. Firasat Ali | NIT Nominee Director | 4 |

The Minutes of the Meetings were appropriately recorded and circulated within the stipulated time. In accordance with CCG the Chief Financial Officer and the Company Secretary were attended all meetings during the year June 30, 2019.

Board Audit Committee

The Board of Directors of the Company has set up an Audit Committee comprising of four Members in accordance with the Code of Corporate Governance; during the year June 30, 2019, four Meetings of the Committee were held. Attendance by each member was as under:

| Sr. No. | Name of Directors | | No. of Meetings Attended |
|---------|--------------------------|----------|--------------------------|
| 1 | Syed Tahir Hussain Naqvi | Chairman | 4 |
| 2 | Mr. Jillani Jahangir | Member | 3 |
| 3 | Mr. Furqan Anwaar Batla | Member | 4 |
| 4 | Mr. Firasat Ali | Member | 4 |

In compliance with the Code of Corporate Governance, Audit Committee also met with the External Auditors without the Chief Financial Officer and Head of Internal Audit once in a year.

Terms of Reference of Audit Committee:

The board of directors of every company shall determine the terms of reference of the audit committee. The board of directors shall provide adequate resources and authority to enable the audit committee to carry out its responsibilities effectively. The terms of reference of the audit committee shall be explicitly documented and shall also include the following:

- a) determination of appropriate measures to safeguard the company's assets;
- b) review of annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:
 - (i) major judgmental areas;
 - (ii) significant adjustments resulting from the audit;



- (iii) going concern assumption;
 - (iv) any changes in accounting policies and practices;
 - (v) compliance with applicable accounting standards;
 - (vi) compliance with these regulations and other statutory and regulatory requirements; and
 - (vii) all related party transactions.
- c) review of preliminary announcements of results prior to external communication and publication;
 - d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
 - e) review of management letter issued by external auditors and management's response thereto;
 - f) ensuring coordination between the internal and external auditors of the company;
 - g) review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
 - h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
 - i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
 - j) review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
 - k) instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
 - l) determination of compliance with relevant statutory requirements;
 - m) monitoring compliance with these regulations and identification of significant violations thereof;
 - n) review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
 - o) recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
 - p) consideration of any other issue or matter as may be assigned by the board of directors

Human Resource and Remuneration Committee

The Board has established a Human Resource & Remuneration Committee comprising of during the year under review one meeting was held attendance by each member was as under:

| Sr. No. | Name of Directors | | No. of Meetings Attended |
|----------------|--------------------------|----------|---------------------------------|
| 1 | Syed Tahir Hussain Naqvi | Chairman | 1 |
| 2 | Mr. Izaz Ilahi Malik | Member | 1 |
| 3 | Mr. Furqan Anwaar Batla | Member | 1 |
| 4 | Mr. Firasat Ali | Member | 1 |

Terms of Reference of HR and Remuneration Committee:

The Terms of reference of committee shall be determined by the board of directors which may include the following:



- i. recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management).

The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;

- ii. undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- iii. recommending human resource management policies to the board;
- iv. recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- v. consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- vi. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

Performance Evaluation of Board of Directors and Committees of the Board

The evaluation of Board's role of oversight and its effectiveness is a continual process, which is appraised by the Board itself. The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company;
- Strategy formulation for sustainable operation;
- Board's independence; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

Directors' Remuneration

The remuneration of the Board members is recommended by Board and approved by the shareholders in General meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2018-19, please refer notes to the Financial Statements.

External Auditors

The present External Auditors M/s. Maqbool Haroon Shahid Safdar and Company Chartered Accountants, retire, and being eligible, offer themselves for reappointment. The Board of Directors recommend the reappointment of M/s. Maqbool Haroon Shahid Safdar and Company Chartered Accountants for the year ending June 30, 2019.

Internal Audit

The Company has an independent Internal Audit function. The Board Audit Committee quarterly reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Audit Committee. The Board Audit Committee approves the audit plan, based on an annual and quarterly assessment of the operating areas. The Internal Audit function carries out reviews on the



financial, operational and compliance controls and reports findings to the Board Audit Committee, Chief Executive and the divisional management.

Material changes

There have been no material changes since June 30, 2019 to date of the report and the Company has not entered into any material commitment during this period, which would have an adverse impact on the financial position of the Company. All the material events and other price sensitive information have been reported to PSX on as and when basis.

Pattern of Shareholding

The pattern of shareholding of the Company has been annexed to this report.

Related Party Transactions

All transactions with related parties have been executed at arm's length and have been disclosed in the financial statements under relevant notes.

Communication

The Company focuses on the importance of the communication with the shareholders. The annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The activities of the company are updated on its web site at www.punjaboilmills.com.pk on timely basis.

Corporate Governance

The Board gives prime importance to conducting the Company's business in accordance with the best international and local corporate governance practices and is committed to inculcating healthy corporate culture, ethical business practices, reliable and transparent financial reporting, and open communication channels with the stakeholders, and compliance with applicable laws and regulations. As a result, good corporate governance principles have been deeply ingrained in Company's decision making and operating set up as well as monitoring processes.

The Company recognizes and respects the rights of each and every stakeholder including shareholders, employees, financiers, creditors, business partners, local communities and others. The Company encourages active participation of shareholders in all general meetings of the Company and values their views towards better governance and operational management. The Company is also cognizant of its legal and ethical obligations towards its business partners, local communities and other stakeholders; and takes appropriate actions to timely respond to their expectations after taking into account a pragmatic view of interests associated with the Company.

The status of each Director on Company's Board whether non-executive or independent has been disclosed in this report in accordance with the revised Code of Corporate Governance, 2017 (CCG) issued by the Securities and Exchange Commission of Pakistan.

The Code of Conduct for directors and employees of the Company has been approved by the Board and changes were made in line with new requirements stated in revised CCG. The said Code of Conduct strengthens the standard for professional business-like behavior expected of directors and employees and binds them to demonstrate ethical, honest and responsible attitude. The Code has been disseminated across the Company to all directors and employees for their information compliance.

Before each meeting of the board of directors a closed period is declared by the company during which directors, CEO, Executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly. The Board has reviewed the status of executives in terms of clause (xvi) of CCG and has set a threshold defining categories of management employees as executives consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in Company shares.



The Directors of the Company are fully aware of their duties and responsibilities and strive to discharge their fiduciary responsibilities in the best possible manner in compliance with all applicable corporate laws and regulations.

During the year, the Board was actively involved in performance their duties including those required to be performed under various laws and the Memorandum and Articles of Association of the Company with the ultimate objective of safeguarding the interests of the shareholders, enhancing the profitability of the Company, increasing shareholder's wealth and promoting market confidence.

Corporate and Financial Reporting Framework

- I. The Financial Statements, prepared by the Management of the Company, present its state of affairs fairly, the result of its operations, Cash Flows and change in equity.
- II. Proper Books of Accounts of the Company have been maintained.
- III. Appropriate Accounting Policies have been applied in preparation of Financial Statements and any changes in Accounting Policies have been disclosed in the Financial Statements. The Accounting Estimates are based on reasonable and prudent judgment.
- IV. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of Financial Statements and any departure therefrom has been adequately disclosed and explained.
- V. The system of Internal Control is sound in design and has been effectively implemented and monitored.
- VI. There are no significant doubts upon the Company's ability to continue as a Going Concern.
- VII. Key operating and Financial Data of last six years has been given in the Annual Report.
- VIII. Information about outstanding taxes, duties, levies and charges is given in Notes to the Accounts.
- IX. Significant plans and decisions regarding Corporate Restructuring, Business Expansion and discontinuance of operations along with future prospects, risks and uncertainties have been disclosed in relevant sections of Directors Report.
- X. The value of investment in employee retirement fund based on the latest Audited Accounts as of 30 June, 2019 is as follows:

Gratuity Fund PKR 95.321 Million

- I. Details of number of Board and Committees' meetings held during the year and attendance by each Director has been disclosed in the Annual Report. Leave of absence was granted to Directors/Members who could not attend some of the Board and Committee meetings.
- II. A statement of the pattern of shareholding in the Company as at 30 June, 2019 of certain classes of shareholders whose disclosure is required under the revised CCG and the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown in the Annual Report.

Code of Conduct

The Company has prepared a "Code of Conduct Directors and Employee" and approved by the Board.

Priority Standards of Conduct

- I. **Safety:** There can be no production without safety.
- II. **Quality:** To achieve total customer satisfaction by manufacturing and marketing products that achieve the highest quality levels for any given price and provide the customers with the best value for their money. We stand to maximize customer utility for all users of our products by strictly conforming to all relevant foods laws and standards, adapting, enhancing and innovating product attributes to better serve customer needs, continually improving our quality management systems, and controlling our costs and prices.



III. **Productivity:** With safety and quality each of us will strive to excel the performance in all fields of our activities i.e. Production, Sales & Marketing, Planning & Development, Finance, Import, Supply Chain Management, Human Resources & Administration etc.

Safety, Health and Environment

Punjab Oil Mills Limited conducts its business responsibility and in a way to make sure health, safety and protection from environmental aspects of its associates and the society. We implement and maintain the programs that provide reasonable assurance that the business will do the following:

1. To comply with all applicable government and internal health, safety and environmental requirements.
2. Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment.

Compliance with the Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed with the Annual Report.

Corporate Social Responsibility

Punjab Oil Mills is cognizant of its legal and ethical responsibilities towards the local communities where it operates. As such the Board has authorized the management to exercise its Corporate Social Responsibilities by serving the local communities in the areas of health and education. While contributing to the society POML is giving special discounts of 50% on all purchases of SOS villages/orphan homes. POML is also collaborating with the Pakistan National Heart Association in providing free medicines and medical camps and raising awareness of Heart Diseases in the Public.

ISO 9001: AND FSSC 22000 CERTIFICATIONS

The Company has fully documented and independently management and Food Safety Management Systems as per rules of ISO 9001 and FSSC 22000. This ensures that the products made by us conform to the highest quality standards and are free from all types of Food Safety Hazards to safeguard the health of our consumers. We are the only Pakistan Company that regularly tests its premium cooking oils for pesticides and other harmful chemicals as per International Standards from an regularly tests its premium cooking oils for pesticides and other harmful chemicals as per International Standards from an accredited laboratory in Germany.

Director Training Program

In compliance with the Code of Corporate Governance 2017. Three Directors have already completed Director's Training Programme. Further three Directors meet the criteria of exemption under the clause (xi) of the Code and are accordingly exempted from the Directors' Training Program. Arrangements are being made for the remaining One Director to acquire the required certification under the Directors Training Program.

Staff Retirement Benefits

The Company operates an un-funded gratuity scheme covering all employees whose period of services with the Company is more than one year. Provision is made annually to cover the liability under the scheme. The Company pays a lump-sum gratuity to members on leaving the Company after completion of one year of continuous service.

Future Outlook

Although the year under review was a challenging one with continued stiff competition from other players, unforeseen market uncertainties and ever increasing input costs, the management's focus on maintaining margins by investing in brands enabled it to both improve volume of our key products and enhance overall



profitability. However, the price control actions by the Government of Punjab upset the market balance, and at least for now constrained our ability to increase and/or hold prices in case of higher input costs. As we usually have to pass on oil cost decreases to the consumers due to market competition, any significant increase in oil prices could lead to depressed margins.

The management strongly feels that the improved financial performance of the Company is an ideal opportunity to explore and execute growth strategies in terms of revenue and profits. As such we plan to continue our current strategy of growing our higher margins products via increased marketing efforts and introduction of new products and product variants. While this is likely to push up operating costs in the medium term, it would pay dividends in the longer run.

Management is also continuing to upgrade its processing machineries to improve quality and lower costs. In this regard we will be bringing our new physical refining plant for bansapati online before the end of first quarter. This should serve to lower or production costs in the second half.

It should be noted that to continue our strategy of investing in brands and technology to drive sales, profitability and profits, we need to retain our earnings to finance the same or look for alternate and possible more expensive, sources of funding.

Acknowledgements

We should like to take this opportunity to thank our customers, suppliers and bankers for their continued support and cooperation towards the progress of the Company. We hope that this support would continue in the future as well.

We would also like to thank our dedicated and talented team of executives, staff and workers for the hard work put in during the period. We expect continued efforts from our employees to achieve even better results in the next year.

And last, but not the least, the management is thankful to the Board for its usual support and guidance in executing the vision and objectives set for the Company.

For and behalf of the Board

(USMAN ILAHI MALIK)
EXECUTIVE DIRECTOR

Islamabad:

Date: 30 September, 2019



ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون ، 2019 کو ختم ہونے والے سال کے آڈٹ شدہ مالی بیانات کے ساتھ کمپنی کے کاموں سے متعلق 38 ویں سالانہ رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

آپریٹنگ اور مالی نتائج

مالی نتائج کا خلاصہ ذیل میں ہے:

| تبدیلی % | | روپے | | |
|----------|------|---------------|---------------|---------------------------|
| 2018 | 2019 | 2018 | 2019 | |
| 11.5 | 11.2 | 4,950,808,026 | 5,504,226,272 | سیلز (نیٹ سیلز ٹیکس) |
| 6.4 | 9.3 | 739,662,775 | 808,226,206 | کل منافع |
| (14.4) | 32.0 | 189,507,206 | 250,135,554 | آپریٹنگ منافع |
| 6.4 | 43.2 | (22,142,363) | (31,715,826) | مالی لاگت اور دیگر معاوضے |
| (9.9) | 45.3 | 6,923,421 | 10,061,658 | آپریٹنگ انکم |
| (16.3) | 31.1 | 174,288,264 | 228,481,386 | ٹیکس لگانے سے پہلے منافع |
| 63.2 | 15.2 | (105,132,622) | (121,103,566) | ٹیکس لگانے کی فراہمی |
| (51.9) | 55.3 | 69,155,642 | 107,377,820 | ٹیکس لگانے کے بعد منافع |
| 13.80 | 4.2 | 647,652,720 | 675,200,680 | غیر مختص منافع آگے لایا |
| | | 12.83 | 19.92 | ای پی ایس (روپے میں) |

مختص:

| 2017-2018 | 2018-2019 | |
|--------------|--------------|-------------------------------------|
| 647,652,720 | 675,200,680 | غیر مختص شدہ منافع آگے لایا |
| 9,603,512 | 9,097,906 | بڑھتی ہوئی فرسودگی |
| (21,562,608) | (6,468,783) | سال 2018 کے لئے 12% حتمی نقد منافع |
| (29,648,586) | (18,867,282) | سال 2019 کے لئے 35% عبوری نقد منافع |
| 675,200,680 | 766,340,341 | توازن بطور |

ایکویٹی میں تبدیلی کا اثر

| | | |
|--|-------------|-------------|
| عملے کے سلسلے میں اکاؤنٹنگ پالیسی میں | | |
| ریٹائرمنٹ بینیفٹ کی ذمہ داری نیٹ ٹیکس | (2,086,017) | (2,503,345) |
| پراپرٹی ، پلانٹ اور آلات کی دوبارہ تشخیص | 11,183,923 | 12,107,057 |
| 30 جون ، 2018/2019 تک بیلنس | 766,340,341 | 675,200,680 |

جائزے کے تحت سال کے دوران فروخت آمدنی میں گزشتہ سال کے اسی عرصے کے مقابلے میں 11.2 فیصد کا اضافہ ہوا ہے۔ یہ ابتدائی 3 سہ ماہیوں میں دیکھا گیا رجحان کا تسلسل تھا۔ اس اضافے کا زیادہ تر حصہ اعلی قیمتوں سے منسوب ہے جس کے بعد اعلی مقدار ، خاص طور پر کھانا پکانے سے متعلق تیل کے حصے ہے

اس سال کے مجموعی مارجن زیادہ تر 14.7 فیصد پر مستحکم رہا جبکہ اس سے پچھلے سال کے 14.9 فیصد کا اضافہ ہوا تھا۔ پچھلے 3 سہ ماہیوں کے مقابلے میں 6 ماہ اور 9 ماہ میں مجموعی مارجن بالترتیب 14% اور 14.3% رہا یہ بہتری اس لئے حاصل کی گئی ہے کہ وقت کے ساتھ ساتھ مصنوعات کی قیمتوں میں اضافہ کر کے اعلی خام مال کی قیمتوں میں اضافے کو پورا کیا گیا جاتا ہے۔

مجموعی سطح پر مستحکم مارجن کے ساتھ ، اعلی آمدنی کے تحت جاری سال کے دوران مجموعی منافع میں 9.3 فیصد اضافہ ریکارڈ کیا۔

اگرچہ اس سال کے دوران انتظامی اخراجات میں 22% کا اضافہ ہوا ہے ، فروخت اور تقسیم کے اخراجات میں 7% کمی نے آپریٹنگ اخراجات میں ہونے والے تمام اضافے کو گزشتہ سال مقابلے میں 1.4 فیصد تک محدود کر دیا۔ آپریٹنگ اخراجات میں اضافے میں سب سے زیادہ تعاون کرنے والے تنخواہوں اور اجرتوں میں شامل تھے جو سالانہ اضافے کے ساتھ ساتھ ہماری نئی مصنوعات کے اضافی خدمات لینے کی وجہ سے بڑھ گئے ہیں۔ فروخت اور تقسیم کی لاگت میں بنیادی طور پر کمی واقع ہوئی کیونکہ انتظامیہ نے سال کے پہلے 6 مہینوں کے دوران کمپنی کے منافع میں کمی کا سامنا کرنے کے بعد سال کے لئے خرچ کی جانے والی اشتہارات کو کم کرنے کا فیصلہ کیا جب کہ کرنسی کی قدر میں کمی سے خام مال کی لاگت میں تیزی سے اضافہ ہوا۔ یہ سمجھا جاتا تھا کہ جہاں تک ممکن ہو کچھ اخراجات کو ملتوی کر کے مقررہ اخراجات کو کم کرنا ہو گا جب تک کہ منافع مجموعی سطح پر مستحکم نہ ہو جائے۔

آمدنی کے کل آپریٹنگ اخراجات میں صرف معمولی اضافے کے نتیجے میں ، ہمارے آپریٹنگ مارجن گزشتہ سال 3.8 فیصد سے بڑھ کر رواں سال 4.5 فیصد ہو گئے ، جس سے آپریٹنگ منافع میں صحت مند 32 فیصد اضافہ ہوا۔

اعلی مالی معاوضے ، WWF اور WPPF میں زیادہ شراکت ، اور بہتر آپریٹنگ منافع کے ساتھ مل کر اعلی آمدنی ٹیکس سے پہلے منافع میں بارہ مہینوں میں 31.1 فیصد اضافہ ہوا۔ یہاں سب سے قابل ذکر تبدیلی سود کے اخراجات میں تیز اضافہ تھا ، بنیادی طور پر مختصر مدت کے ادھار پر مارک اپ ، چونکہ اس کمپنی نے اس کے کام کرنے والے سرمائے کی ضروریات کے لئے مالی اعانت کے اس طریقے کے استعمال میں اضافہ کیا ہے اور سال کے اوسط سود کی شرح میں 343 بیس پوائنٹس basis points کا اضافہ ہوا ہے۔

اگرچہ ٹیکس سے قبل 31 فیصد زیادہ منافع ہوا ، لیکن سال کے دوران ٹیکس کی فراہمی میں صرف 15.2 فیصد اضافہ ہوا۔ اس کے نتیجے میں ، کمپنی نے سال اس PKR 107.4 ملین ٹیکس کے بعد منافع کمایا ، جو گذشتہ سال پوسٹ کیے گئے KR P 69.2 ملین سے 55.3 فیصد زیادہ ہے۔

ڈائریکٹرز نے نوٹ کیا ہے کہ خوردنی تیل کی صنعت ایک کم مارجن کی صنعت ہے، اور اس وجہ سے کمپنی آپریٹنگ سطح پر تسلی بخش کارکردگی دکھا رہی ہے۔ خاص طور پر معیشت کی عمومی حالت اور انتہائی مسابقتی ماحول کو مدنظر رکھتے ہوئے۔ ڈائریکٹرز کو کمپنی کے آپریشن جاری رہنے میں کوئی شک نہیں ہے۔

ہم اس بات کی تصدیق کرنا چاہیں گے کہ مالیاتی گوشوارے ، کمپنی کی انتظامیہ کے ذریعہ تیار کردہ ہے، قابل اطلاق اور مناسب اکاؤنٹنگ پالیسیوں اور معیارات کے مطابق اکاؤنٹ کی مناسب کتابیں منصفانہ طور پر پیش کیے۔ ایس ای سی پی کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے مطابق تمام متعلقہ پالیسیوں اور رہنما اصولوں کی تعمیل کو یقینی بنانے کے لئے کمپنی کے کام کو موثر انداز میں نافذ کرنے اور نگرانی کے لئے اندرونی کنٹرول کا نظام بھی مرتب کیا گیا ہے۔

منافع کا انکشاف

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز نے 35% عبوری کیش ڈویڈنڈ لاگو قانون کے مطابق مقررہ مدت کے اندر اندر ہر 100 حصص کے لئے 35 روپے کی ادائیگی کا اعلان کیا ہے۔ بورڈ نے کمپنی کے تمام حصص یافتگان کو 30 جون 2019 کو ختم ہونے والے سال کے لئے 40% کی شرح سے حتمی نقد منافع کا بھی اعلان کیا ہے۔

قومی جانچ پڑتال میں شراکت

سال کے دوران کمپنی نے مختلف ڈیویڈنڈ اور ٹیکسوں کی شکل میں قومی جانچ پڑتال میں 418.317 ملین روپے کی امداد کی۔

چیئرمین کا جائزہ

چیئرمین کا جائزہ سالانہ رپورٹ میں شامل کیا گیا ہے جس میں کاروباری نوعیت ، کمپنی کی کارکردگی، مستقبل کے امکانات اور غیر یقینی صورتحال کے متعلق بتایا گیا ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

زیر جائزہ سال کے دوران ، بورڈ آف ڈائریکٹرز کی 4 اجلاس جولائی 2018 سے جون 2019 تک منعقد ہوئے۔ ایجنڈا اور ورکنگ پیپرز کے ساتھ بورڈ اجلاسوں کے

تمام تحریری نوٹسز اجلاسوں سے کم از کم سات دن پہلے ہی نشر کیے گئے تھے۔ ہر ڈائریکٹر کی حاضری اس طرح تھی:

جناب طاہر جہانگیر چیئرمین

جناب اعزاز الہی ملک چیف ایگزیکٹو آفیسر۔

جناب عثمان الہی ملک ایگزیکٹو ڈائریکٹر۔

مسٹر جیلانی جہانگیر نان ایگزیکٹو ڈائریکٹر۔

مسٹر فرقان انور بتلا نان ایگزیکٹو ڈائریکٹر۔

سید طاہر حسین نقوی آزاد ڈائریکٹر۔

جناب فیرسات علی این آئی ٹی نامزد ڈائریکٹر۔



| سیریل نمبر | ڈائریکٹر کا نام | عہدہ | اجلاس میں شرکت کی تعداد |
|------------|---------------------|---------------------------|-------------------------|
| 1 | جناب طاہر جہانگیر | چیئرمین | 4 |
| 2 | جناب اعزاز الہی ملک | چیف ایگزیکٹو آفیسر | 3 |
| 3 | جناب عثمان الہی ملک | ایگزیکٹو ڈائریکٹر | 4 |
| 4 | جیلانی جہانگیر | نان ایگزیکٹو ڈائریکٹر | 3 |
| 5 | فرقان انور باٹلا | نان ایگزیکٹو ڈائریکٹر | 4 |
| 6 | سید طاہر حسین نقوی | آزاد ڈائریکٹر | 4 |
| 7 | جناب فراست علی | این آئی ٹی نامزد ڈائریکٹر | 4 |

اجلاسوں کے منٹس کو مقررہ وقت کے اندر مناسب طریقے سے ریکارڈ کیا گیا تھا۔ سی سی جی کے مطابق چیف فنانشل آفیسر اور کمپنی سیکریٹری 30 جون 2019 کو تمام میٹنگوں میں شریک ہوئے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں۔

بورڈ کی آڈٹ کمیٹی۔

کمپنی کے بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے ضابطے کے مطابق چار ممبروں پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے۔ سال 30 جون ، 2019 کو کمیٹی کے تین اجلاس ہوئے۔ ہر ممبر کی حاضری اس طرح تھی:

| سیریل نمبر | ڈائریکٹر کا نام | عہدہ | اجلاس میں شرکت کی تعداد |
|------------|-------------------|---------------------------|-------------------------|
| 1 | جناب طاہر جہانگیر | چیئرمین | 4 |
| 2 | جیلانی جہانگیر | نان ایگزیکٹو ڈائریکٹر | 3 |
| 3 | فرقان انور باٹلا | نان ایگزیکٹو ڈائریکٹر | 4 |
| 4 | جناب فراست علی | این آئی ٹی نامزد ڈائریکٹر | 4 |

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں ، آڈٹ کمیٹی نے سال میں ایک بار چیف فنانشل آفیسر اور ہیڈ آف انٹرنل آڈٹ کے بغیر بیرونی آڈیٹرز سے بھی ملاقات کی۔

آڈٹ کمیٹی کے کام کی شرائط:

ہر کمپنی کا بورڈ آف ڈائریکٹر آڈٹ کمیٹی کے کام کی شرائط طے کرے گا۔ بورڈ آف ڈائریکٹر آڈٹ کمیٹی کو اپنی ذمہ داریوں کو مؤثر طریقے سے نبھانے کے لئے مناسب وسائل اور اختیار فراہم کرے گا۔ آڈٹ کمیٹی کے کام کی شرائط واضح طور پر دستاویز کی جائیں گی اور ان میں مندرجہ ذیل بھی شامل ہوں گے:

(ا) کمپنی کے اثاثوں کی حفاظت کے لئے مناسب اقدامات کا تعین؛

(ب) بورڈ آف ڈائریکٹرز کی منظوری سے قبل کمپنی کے سالانہ اور عبوری مالی بیانات کا جائزہ۔

(i) اہم فیصلہ کن طبقات

(ii) آڈٹ کے نتیجے میں اہم ایڈجسٹمنٹ

(iii) کام کے جاری رہنے کا مفروضہ جانا

(iv) اکاؤنٹنگ پالیسیوں اور طریقوں میں کوئی تبدیلی۔

(v) قابل اطلاق اکاؤنٹنگ معیارات کی تعمیل۔

(vi) ان ضوابط اور دیگر قانونی اور ضابطہ تقاضوں کی تعمیل۔ اور

(vii) پارٹی سے متعلق تمام لین دین۔

(ج) بیرونی مواصلات اور اشاعت سے قبل نتائج کے ابتدائی اعلانات کا جائزہ۔

(h) بیرونی آڈیٹرز کو سہولت فراہم کرنا اور عبوری اور حتمی آڈٹ سے پیدا ہونے والے بڑے مشاہدات (جہاں انتظامیہ کی غیر

موجودگی میں ، جہاں ضروری ہو) کے بیرونی آڈیٹرز کے ساتھ گفتگو کرنا جو آڈیٹر اجاگر کرنا چاہتے ہیں

(e) بیرونی آڈیٹرز اور انتظامیہ کے جوابات کے ذریعہ جاری کردہ انتظامی خط کا جائزہ۔

(f) کمپنی کے اندرونی اور بیرونی آڈیٹرز کے مابین ہم آہنگی کو یقینی بنانا؛

(جی) اندرونی آڈٹ کے دائرہ کار اور وسعت کا جائزہ ، آڈٹ پلان ، فریم ورک اور طریقہ کار کی رپورٹنگ اور اس بات کو یقینی

بنانا کہ اندرونی آڈٹ افعال کے لئے مناسب وسائل موجود ہوں اور مناسب طریقے سے کمپنی کے اندر لاگو کیے جائیں۔

(h) دھوکہ دہی ، بدعنوانی اور طاقت کے غلط استعمال کی وجہ سے کی گئی سرگرمیوں کی اندرونی تحقیقات کی بڑی کھوجوں

اور اس پر انتظامیہ کے ردعمل پر غور؛

(i) یہ جاننا کہ اندرونی اختیارات کاسسٹم بشمول مالی اور آپریشنل کنٹرولز ، خریداری اور فروخت کی بروقت اور مناسب

ریکارڈنگ ، وصولیوں اور ادائیگیوں ، اثاثوں اور واجبات اور رپورٹنگ کے لئے اکاؤنٹنگ سسٹم کا ڈھانچہ مناسب اور موثر ہے۔

(r) چیف ایگزیکٹو آفیسر کے مشورے سے ، بورڈ آف ڈائریکٹرز کے ذریعہ متعین کسی بھی معاملے پر خصوصی منصوبوں ، رقم

کے مطالعے یا دیگر تحقیقات کے کا آغاز کرنا اور بیرونی آڈیٹرز کو یا کسی دوسرے بیرونی ادارے کو کسی بھی معاملے کی

ترسیل پر غور کرنا؛

(t) متعلقہ قانونی تقاضوں کی تعمیل کا عزم؛

(u) ان ضوابط سے مطابقت کی نگرانی اور اس کی نمایاں خلاف ورزیوں کی نشاندہی

(t) عملے اور انتظامیہ کے مالی اور دیگر معاملات میں اصل یا ممکنہ غلطیوں کے بارے میں اعتماد ، خدشات ، اگر کوئی بے تو ،

اعتماد میں آڈٹ کمیٹی کو رپورٹ کرنے کے انتظامات کا جائزہ لیں اور علاج معالجے اور تخفیف اقدامات کی سفارش کریں۔

(w) بورڈ آف ڈائریکٹرز کو بیرونی آڈیٹرز کی تقرری ، ان کی برطرفی ، آڈٹ فیس ، کسی بھی ایسی خدمت کی فراہمی کی اجازت

جو کمپنی کو اس کے مالیاتی بیانات کے آڈٹ کے علاوہ بیرونی آڈیٹرز کے ذریعہ پیش کی جائے۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی

کی سفارشات پر غور کرے گا اور جہاں یہ کام کرتا ہے ورنہ وہ اس کی وجوہات کو ریکارڈ کرے گا۔

(p) بورڈ آف ڈائریکٹرز کے ذریعہ تفویض کردہ کسی بھی دوسرے معاملے پر غور کرنا۔

انسانی وسائل اور معاوضہ کمیٹی۔

بورڈ نے انسانی وسائل اور معاوضہ کمیٹی قائم کی ہے جس پر اس سال جائزہ کے تحت اجلاس ہوا جس میں ہر ممبر کی شرکت اس طرح تھی۔

| نمبر سیریل | ڈائریکٹر کا نام | عہدہ | اجلاس میں شرکت کی تعداد |
|------------|---------------------|---------|-------------------------|
| 1 | جناب جیلانی جہانگیر | چیئرمین | 1 |
| 2 | جناب اعزاز الہی ملک | رکن | 1 |
| 3 | فرقان انور باٹلا | رکن | 1 |
| 4 | جناب فراست علی | رکن | 1 |

ایچ آر اور معاوضہ کمیٹی کے حوالہ کی شرائط:

کمیٹی کے حوالہ کی شرائط بورڈ آف ڈائریکٹرز کے ذریعہ طے کی جائیں گی جس میں مندرجہ ذیل شامل ہوسکتے ہیں:

i۔ ڈائریکٹرز (دونوں ایگزیکٹو اور غیر ایگزیکٹو ڈائریکٹرز اور سینئر مینجمنٹ کے ممبران) کے معاوضے کے طے کرنے کی پالیسی فریم ورک پر غور اور منظوری کے لئے بورڈ کو سفارش کریں۔

ii۔ مجموعی طور پر بورڈ کی کارکردگی کی تشخیص کا ایک باقاعدہ عمل، یا تو براہ راست یا بیرونی آزاد مشغول سے ہو۔

iii۔ بورڈ کو انسانی وسائل کے انتظام کی پالیسیوں کی سفارش کرنا۔

iv۔ بورڈ کے انتخاب کی سفارش، تشخیص، ترقی، چیف آپریٹنگ آفیسر کا معاوضہ (ریٹائرمنٹ فوائد سمیت)، چیف فنانشل آفیسر، کمپنی سکرپٹری اور اندرونی آڈٹ کے سربراہ۔

v۔ اہم انتظامی عہدوں کے لئے ایسے معاملات پر چیف ایگزیکٹو آفیسر کی سفارشات پر غور اور منظوری جو چیف ایگزیکٹو آفیسر یا چیف آپریٹنگ آفیسر کو براہ راست رپورٹ کرتے ہیں۔

vi۔ انسانی وسائل اور معاوضے کے مشیر مقرر کیے گئے ہیں، ان کی اسناد کمیٹی کے ذریعہ معلوم ہوں گی اور ان کے ذریعہ ایک بیان دیا جائے گا کہ آیا ان کی کمپنی سے کوئی دوسرا تعلق ہے یا نہیں۔

بورڈ آف ڈائریکٹرز اور کمیٹیوں کی کارکردگی کا اندازہ

بورڈ کے کردار اور اس کی تاثیر کا اندازہ ایک مستقل عمل ہے، جو بورڈ ہی کے ذریعہ تشخیص کیا جاتا ہے۔ بنیادی شعبے یہ ہیں:

۔ کمپنی کے وژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کی صف بندی۔

۔ آپریشن کے لئے حکمت عملی تیار کرنا۔

۔ بورڈ کی آزادی۔

۔ ذمہ داریوں کو نبھانے کے سلسلے میں بورڈ کی کمیٹیوں کی کارکردگی کا اندازہ۔

ڈائریکٹرز کا معاوضہ

بورڈ کے ممبروں کے معاوضے کی سفارش بورڈ کے ذریعہ کی جاتی ہے اور عام اجلاس میں اس کی منظوری دی جاتی ہے۔ تاہم، کارپوریٹ گورننس کے کوڈ کے مطابق، اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنی معاوضے کے فیصلے میں حصہ نہ لے۔ کمپنی غیر ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی میٹنگ میں شرکت کے لئے فیس کے سوا۔ بہترین ہنر کو برقرار رکھا جاسکے، کمپنی کی معاوضے کی پالیسیاں انڈسٹری کے رجحانات اور کاروباری طریقوں کے مطابق ہیں۔ ڈائریکٹرز اور سی ای او کی اجرت کے بارے میں معلومات کے لئے 2018-19، برائے مہربانی مالیاتی گوشوارے کے نوٹ کا حوالہ دیکھ سکتے ہیں۔

بیرونی آڈیٹر

موجودہ بیرونی آڈیٹرز میسرز مقبول ہارون شاہد صفدر اور کمپنی چارٹرڈ اکاؤنٹنٹس، ریٹائر ہونے اور اہل ہونے، خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز 30 جون 2020 کے لئے میسرز مقبول ہارون شاہد صفدر اور کمپنی چارٹرڈ اکاؤنٹنٹس کو دوبارہ تقرری کی سفارش کرتے ہیں۔

اندرونی آڈٹ

کمپنی کے اندرونی آڈٹ کا ایک آزاد فنکشن ہے۔ بورڈ آڈٹ کمیٹی سہ ماہی اس فنکشن کے وسائل کی مناسبات اور اتھارٹی کا جائزہ لیتی ہے۔ اندرونی آڈٹ کا سربراہ آڈٹ کمیٹی کو فعال طور پر رپورٹ کرتا ہے۔ اندرونی آڈٹ تقریب میں مالی، آپریشنل اور تعمیل کنٹرولوں پر جائزہ لیا جاتا ہے اور بورڈ آڈٹ کمیٹی، چیف ایگزیکٹو اور ڈویژنل مینجمنٹ کو نتائج کی اطلاع ملتی ہے۔

مادی تبدیلیاں

رپورٹ کی تاریخ میں 30 جون، 2019 سے لے کر اب تک مادی تبدیلیاں نہیں کی گئیں اور کمپنی نے اس عرصے کے دوران کسی مادی عزم کو قبول نہیں کیا ہے، جس سے کمپنی کی مالی حیثیت پر منفی اثر پڑے گا تمام مادی واقعات اور دیگر قیمتوں سے متعلق حساس معلومات کی بنیاد پر اور کب پی ایس ایکس کو بتایا گیا ہے۔

شیئر ہولڈنگ کا نمونہ

کمپنی کی شیئر ہولڈنگ کے نمونہ کمپنی کی رپورٹ میں دی گئی ہے۔

پارٹی سے متعلق معاملات

متعلقہ فریقوں کے ساتھ تمام لین دین کو لمبائی میں انجام دیا گیا ہے اور متعلقہ نوٹوں کے تحت مالی بیانات میں انکشاف کیا گیا ہے۔

مواصلات

کمپنی حصص یافتگان کے ساتھ بات چیت کی اہمیت پر مرکوز ہے۔ سالانہ، 6 ماہ اور سہ ماہی کی رپورٹس کمپنیز ایکٹ، 2017 میں متعین وقت کے اندر تقسیم کی جاتی ہیں۔

کارپوریٹ گورننس

بوکاروبار کو چلانے کو اولین اہمیت دینا ہے اور صحتمند کارپوریٹ ثقافت کو فروغ دینے کے لئے پر عزم ہے، اخلاقی کاروباری طریقوں، قابل اعرڈ مقامی کارپوریٹ گورننس کے بہترین طریق کار کے مطابق کمپنی کے تمام اور شفاف مالی رپورٹنگ، اور اسٹیک ہولڈرز کے ساتھ آزاد مواصلات کے چینلز، اور قابل اطلاق قوانین اور ضوابط کی تعمیل۔ اس کے نتیجے میں، کارپوریٹ گورننس کے اچھے اصول کمپنی کے فیصلے سازی اور آپریٹنگ سیٹ اپ کے ساتھ ساتھ مانیٹرنگ کے عمل میں بھی گہرائی سے قائل ہیں۔

کمپنی شیئر ہولڈرز ، ملازمین ، فنانسینرز ، قرض دہندگان ، کاروباری شراکت داروں ، مقامی برادریوں اور دیگر سمیت ہر ایک کے اسٹیک ہولڈر کے حقوق کو پہچانتی ہے اور ان کا احترام کرتی ہے۔ کمپنی کے تمام عمومی اجلاسوں میں حصص یافتگان کی فعال شرکت کی حوصلہ افزائی کرتی ہے اور بہتر حکمرانی اور آپریشنل مینجمنٹ کے نتئیں اپنے خیالات کی قدر کرتی ہے۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ نظر ثانی شدہ کارپوریٹ گورننس ، 2017 (سی سی جی) کے مطابق اس رپورٹ میں کمپنی کے بورڈ میں ہر ڈائریکٹر کی حیثیت کا انکشاف کیا گیا ہے۔ بورڈ کے ذریعہ کمپنی کے ڈائریکٹرز اور ملازمین کے لئے ضابطہ اخلاق کی منظوری دی گئی ہے اور نظر ثانی شدہ سی سی جی میں بیان کی گئی نئی تقاضوں کے عین مطابق تبدیلیاں کی گئیں۔ کمپنی کے ڈائریکٹرز اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں اور تمام قابل اطلاق کارپوریٹ قوانین اور قواعد و ضوابط کی تعمیل میں ان کی ذمہ داریوں کو پوری طرح سے نبھانے کی کوشش کرتے ہیں۔ سال کے دوران ، بورڈ اپنے فرائض کی انجام دہی میں فعال رہا جس میں مختلف قوانین کے تحت انجام دینے کی ضرورت تھی اور کمپنی کے میمورنڈم اور آرٹیکل آف ایسوسی ایشن کے حتمی مقصد کے ساتھ حصص یافتگان کے مفادات کا تحفظ کرنا ، کمپنی کے منافع میں اضافہ کرنا تھا۔ ، حصص یافتگان کی دولت میں اضافہ اور مارکیٹ پر اعتماد کو فروغ دینا تھا۔

کارپوریٹ اور مالی رپورٹنگ کا فریم ورک۔

- 1) پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کی شقوں کی تعمیل میں ، بورڈ ممبران مندرجہ ذیل بیانات کو ریکارڈ پر رکھتے ہوئے راضی ہیں:
- 2) کمپنی کی انتظامیہ کے ذریعہ تیار کردہ مالی بیانات اس کی صورتحال ، اس کے آپریشن ، نقد بہاؤ اور ایگزیٹو میں بدلاؤ کے نتائج کو منصفانہ طور پر پیش کرتے ہیں
- 3) کمپنی اکاؤنٹس کی کتابوں کو برقرار رکھتی ہے۔
- 4) سالانہ اکاؤنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
- 5) سالانہ اکاؤنٹس کی تیاری میں آئی ایف آر ایس کی پیروی کی جاتی ہے
- 6) اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے مستحکم ہے اور اس کی مؤثر طریقے سے نگرانی اور عمل درآمد کیا گیا ہے۔
- 7) کمپنی کے کاروبار جاری رکھنے کی صلاحیت پر کوئی شک نہیں ہے
- 8) کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کی مادی روانگی نہیں ہوئی ہے ، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔
- 9) اس سالانہ رپورٹ میں پچھلے چھ سالوں کے کلیدی آپریشنل اور مالی اعداد و شمار کا خلاصہ الحاق کیا گیا ہے۔
- 10) ٹیکسوں اور محصولات کے بارے میں معلومات نوٹس میں دی گئی ہیں اور مالی وگشوا رے کا حصہ بناتے ہیں۔
- 11) عملے کے ریٹائرمنٹ فنڈز کے ذریعہ ان کے متعلقہ اکاؤنٹس کی بنیاد پر کی جانے والی سرمایہ کاری کی قیمت مندرجہ ذیل ہے۔

گریجویٹ فنڈ 95.321 ملین روپے۔

ا۔ سال کے دوران ہونے والے بورڈ اور کمیٹیوں کے اجلاسوں کی تفصیلات اور ہر ڈائریکٹر کی حاضری سالانہ رپورٹ میں ظاہر کی گئی ہے۔ غیر حاضری کی چھٹی ان ڈائریکٹرز / ممبروں کو دی گئی جو بورڈ اور کمیٹی کے اجلاسوں میں شرکت نہیں کرسکتے تھے۔

کمپنی میں شیئر ہولڈنگ اور اضافی معلومات کے لئے رپورٹ جس کے انکشاف سی سی جی کے تحت ضروری ہے اور جس میں سال کے دوران ڈائریکٹرز ، ایگزیکٹوز اور ان کے نابالغ بچوں کے ذریعے حصص کی خرید و فروخت کا بیان ہے۔ 30 جون ، 2019 کی سالانہ رپورٹ میں دکھایا گیا ہے۔

ضابطہ اخلاق

کمپنی نے "ضابطہ اخلاق ڈائریکٹرز اور ملازم" تیار کیا ہے اور بورڈ کے ذریعہ اس کی منظوری دی گئی ہے۔

ترجیحی معیارات

I. حفاظت: حفاظت کے بغیر کوئی پیداوار نہیں ہوسکتی ہے۔

II. کوالٹی: مینوفیکچرنگ اور مارکیٹنگ پروڈکٹس کے ذریعہ گاہکوں کے مکمل اطمینان کو کسی بھی قیمت پر حاصل کرتے ہیں اور صارفین کو ان کے پیسوں کے لئے بہترین قدر مہیا کرتے ہیں۔ ہم اپنے متعلقہ کھانے پینے کے تمام قوانین اور معیارات پر سختی سے عمل کرتے ہوئے، صارفین کی ضروریات کو بہتر طور پر پیش کرنے اور اپنے معیار کے نظم و نسق کے نظام کو مستقل طور پر بہتر بنانے، اور اپنے اخراجات اور قیمتوں پر قابو پانے کے ذریعے اپنے صارفین کے لئے صارفین کی افادیت کو زیادہ سے زیادہ بنانے کے لئے کھڑے ہیں۔

III. پیداواری صلاحیت: حفاظت اور معیار کے ساتھ ہم میں سے ہر ایک اپنی سرگرمیوں کے تمام شعبوں یعنی پیداوار، سیلز اینڈ مارکیٹنگ، پلاننگ اینڈ ڈویلپمنٹ، فنانس، امپورٹ، سپلائی چین منیجمنٹ، ہیومن ریسورسز اینڈ ایڈمنسٹریشن وغیرہ کی کارکردگی کو بہتر بنانے کی کوشش کرے گا۔

حفاظت، صحت اور ماحولیات

پنجاب آئل ملز لمیٹڈ اپنی کاروباری ذمہ داری نبھاتی ہے اور اس سے اس کے ساتھیوں اور معاشرے کے ماحولیاتی پہلوؤں سے صحت، حفاظت اور تحفظ کو یقینی بناتی ہے۔ ہم ان پروگراموں کو نافذ اور برقرار رکھتے ہیں جو مناسب یقین دہانی فراہم کرتے ہیں کہ کاروبار مندرجہ ذیل کام کرے گا:

1. تمام قابل اطلاق حکومت اور داخلی صحت، حفاظت اور ماحولیاتی ضروریات کی تعمیل کرنا۔
2. سہولیات کو ڈیزائن اور ایک طرح سے کام انجام دیں جو انسانی صحت، حفاظت اور ماحولیات کے لئے خطرہ سے گریز کریں۔

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کا بیان سالانہ رپورٹ کے ساتھ وابستہ ہے۔

کاروباری سماجی ذمہ داری

پنجاب آئل ملز جہاں کام کرتی ہے وہاں کی مقامی برادریوں کے بارے میں اپنی قانونی اور اخلاقی ذمہ داریوں کا علم رکھتی ہے۔ چونکہ بورڈ نے انتظامیہ کو صحت اور تعلیم کے شعبوں میں مقامی کمیونٹی کی خدمت کر کے اپنی کاروباری سماجی ذمہ داریوں کو استعمال کرنے کا اختیار دیا ہے۔ جبکہ معاشرے میں شراکت کرتے ہوئے پی او ایم ایل، یتیم بچوں کے لئے پناہ گاہوں - کی تمام کھانا پکانے کے تیل کی خریداری پر 50% کی خصوصی رعایت دے رہا ہے۔ پی او ایم ایل پاکستان نیشنل ہارٹ ایسوسی ایشن کے ساتھ بھی مفت دوائیں اور میڈیکل کیمپ مہیا کرنے اور عوام میں دل کی بیماریوں سے آگاہی بڑھانے میں تعاون کر رہی ہے۔

آئی ایس او 9001 اور ایف ایس ایس سی 22000 سرٹیفیکیشنز

کمپنی نے آئی ایس او 9001 اور ایف ایس ایس سی 22000 کے قواعد کے مطابق مکمل طور پر دستاویزی اور آزادانہ طور پر مینجمنٹ اور فوڈ سیفٹی مینجمنٹ سسٹمز تیار کیے ہیں۔ اس سے یہ یقینی بنتا ہے کہ ہماری تیار کردہ مصنوعات اعلیٰ معیار کے معیار کے مطابق ہیں اور ہر طرح کے فوڈ سیفٹی کے خطرات سے آزاد ہیں تاکہ حفاظت کی جاسکے۔ ہمارے صارفین کی صحت ہم واحد پاکستان کمپنی ہیں جو جرمنی میں ایک تسلیم شدہ لیبارٹری کے بین الاقوامی معیار کے مطابق بین الاقوامی معیار کے مطابق باقاعدگی سے اس کے پریمیم پکانے والے تیل کو کیتناشک اور دیگر نقصان دہ کیمیائیوں کے لئے بین الاقوامی معیار کے مطابق باقاعدگی سے جانچتی ہے۔

ڈائریکٹر ٹریننگ پروگرام

کوڈ آف کارپوریٹ گورننس 2017 کی تعمیل میں ، تین ڈائریکٹرز ضابطہ اخلاق کی شق (XI) کے تحت استثنیٰ کے معیار پر پورا اترتے ہیں اور اسی کے مطابق ڈائریکٹرز کے تربیتی پروگرام سے مستثنیٰ ہیں۔ بقیہ ڈائریکٹرز کے لئے ڈائریکٹرز ٹریننگ پروگرام کے تحت مطلوبہ سرٹیفیکیشن حاصل کرنے کے انتظامات کیے جارہے ہیں۔

عملے کی ریٹائرمنٹ کے فوائد

کمپنی ایک غیر فنڈ سے چلنے والی گریجنٹی اسکیم چلاتی ہے جس میں تمام ملازمین کو شامل کیا جاتا ہے جنکی کمپنی کے ساتھ خدمات کی مدت ایک سال سے زیادہ ہے۔ اس اسکیم کے تحت ذمہ داری کو پورا کرنے کے لئے ہر سال کے فنڈ مفروضہ کیے جاتی ہے۔ کمپنی مسلسل ملازمت کے ایک سال کے مکمل ہونے کے بعد کمپنی چھوڑنے پر ممبروں کو یکمشت گریجنٹی ادا کرتی ہے۔

مستقبل کا نظارہ

اگرچہ زیر نظر سال ایک چیلنجنگ تھا جس کے ساتھ دوسرے حریفوں کا سخت مقابلہ رہا، غیر متوقع منڈی کی غیر یقینی صورتحال اور بڑھتی ہوئی لاگتوں کی وجہ سے ، برانڈز میں سرمایہ کاری کر کے انتظامیہ کی توجہ مارجن کو برقرار رکھنے پر ہے جس سے یہ ہماری اہم مصنوعات کی مقدار کو بہتر بنانے اور مجموعی منافع کو بڑھا سکتا ہے۔ تاہم ، حکومت پنجاب کی جانب سے پرائس کنٹرول کے اقدامات سے مارکیٹ کا توازن پریشان ہے ، اور کم از کم ابھی زیادہ ان پٹ لاگتوں کی صورت میں قیمتوں میں اضافے اور / یا انعقاد کی ہماری قابلیت کو محدود کر دیا گیا ہے۔ چونکہ ہمیں عام طور پر مارکیٹ میں مسابقت کی وجہ سے صارفین کے لئے تیل کی قیمت میں کمی کا سامنا کرنا پڑتا ہے ، تیل کی قیمتوں میں کوئی نمایاں اضافہ افسردگی کے مارجن کا باعث بن سکتا ہے۔

انتظامیہ کو سختی سے محسوس ہوتا ہے کہ کمپنی کی بہتر مالی کارکردگی محصول اور منافع کے لحاظ سے ترقی کی حکمت عملیوں کو دریافت کرنے اور اس پر عمل درآمد کرنے کا ایک بہترین موقع ہے۔ اس طرح ہم مارکیٹنگ کی بڑھتی ہوئی کوششوں اور نئی مصنوعات اور مصنوعات کی مختلف حالتوں کے تعارف کے ذریعہ اپنی اعلیٰ مارجن مصنوعات بڑھانے کی اپنی موجودہ حکمت عملی کو جاری رکھنے کا ارادہ رکھتے ہیں۔ اگرچہ اس سے درمیانی مدت میں آپریٹنگ اخراجات میں اضافہ ہونے کا امکان ہے ، لیکن اس سے طویل عرصے میں منافع ادا ہوگا۔

معیار اور کم اخراجات کو بہتر بنانے کے لئے انتظامیہ اپنی پروسیسنگ مشینریوں کو اپ گریڈ کرنا جاری رکھے ہوئے ہے۔ اس سلسلے میں ، ہم پہلی سہ ماہی کے اختتام سے قبل بانسپتی کے لئے اپنا نیا کارخانہ لائیں گے۔

واضح رہے کہ فروخت ، منافع اور منافع کو بڑھانے کے لئے برانڈز اور ٹکنالوجی میں سرمایہ کاری کرنے کی اپنی حکمت عملی کو جاری رکھنے کے لئے ، ہمیں اپنی کمائی کو اسی طرح کی مالی اعانت کے لئے برقرار رکھنے یا متبادل اور فنڈنگ کے ذرائع تلاش کرنے کی ضرورت ہے۔

اعتراضات

ہمیں اپنے صارفین کا شکریہ ادا کرنے کے لئے یہ موقع اٹھانا چاہیں، سپلائرز اور بینکر کی ترقی کی طرف ان کی مسلسل مدد اور تعاون۔ ہم امید کرتے ہیں کہ یہ تعاون مستقبل میں بھی جاری رہے گا۔

ہم اس مدت کے دوران دی گئی سخت محنت کے لئے ایگزیکٹوز ، عملہ اور کارکنوں کی اپنی سرشار اور باصلاحیت ٹیم کا بھی شکریہ ادا کرنا چاہیں گے۔ ہم اپنے ملازمین کی جانب سے اگلے سال میں مزید بہتر نتائج حاصل کرنے کے لئے جاری کوششوں کی توقع کرتے ہیں۔

اور آخر میں انتظامیہ بورڈ کے لئے طے شدہ وژن اور اہداف کو عملی جامہ پہنانے میں اپنی معمول کی مدد اور رہنمائی پر بورڈ کا شکر گزار ہے۔

بورڈ کے لئے اور اس کی طرف سے

(عثمان الہی ملک)

ایگزیکٹو ڈائریکٹر

اسلام آباد:

تاریخ: 30 ستمبر ، 2019۔



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 AS AT, JUNE 30, 2019

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

1. The total number of Directors are Seven (7) as per the following:
2. The composition of Board is as follows:

| Category | Names |
|--------------------------|--|
| Non- Executive Directors | i) Mr. Tahir Jahangir ii) Mr. Jillani Jahagir iii) Mr. Furqan Anwaar Batla |
| Executive Directors | i) Mr. Izaz Ilahi Malik ii) Mr. Usman Ilahi Malik |
| Independent Director | i) Syed Tahir Hussain Naqvi |
| Nominee Director | i) Mr. Firasat Ali |

Further, as per the proviso to regulation 6 of the 2017 code, grace period has been prescribed in respect of transition phase for the composition of the Board with respect to minimum number of independent directors as specified in the 2017 code. Accordingly, requirements of minimum number of directors will be complied in next elections of directors.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company. Further under the 2017 code, the maximum number of directorship in listed companies a person can hold has been reduced to 5. As per the proviso to regulation 3 of the 2017 code, grace period of one year has been prescribed to comply with this requirement.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall Corporate Strategy 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.
6. All powers of the Board has been duly exercised and decisions on relevant matters have been taken by Board/as empowered by the relevant provisions of the Act and these regulations.
7. The meetings of the Board were presided over by the Chairman and, in absence, by a director elected by the board for his purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors have a formal policy and transparent procedures for remunerations of directors in accordance with the Act and these Regulations.
9. In compliance with the Code of Corporate Governance 2017, three Directors meet the criteria of exemptions under the clause (xi) of the Code and are accordingly exempted from the Directors' Training Program.
10. The board has approved appointment of CFO Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the Financial Statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

a) Audit Committee

| Name | Designation |
|------------------------------|-------------|
| i) Syed Tahir Hussain Naqvi | Chairman |
| ii) Mr. Jillani Jahagir | Member |
| iii) Mr. Furqan Anwaar Batla | Member |
| iv) Mr. Firasat Ali | Member |

**b) HR and Remuneration Committee**

The Board of Directors formed a Human Resource and Remuneration (HR & R) Committee as required under the revised Code of Corporate Governance.

| Name | Designation |
|-------------------------------|-------------|
| i) Mr. Jillani Jahagir | Chairman |
| ii) Mr. Izaz Ilahi Malik | Member |
| iii) Syed Tahir Hussain Naqvi | Member |
| iv) Mr. Furqan Anwaar Batla | Member |
| v) Mr. Firasat Ali | Member |

13. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

| Meeting | Frequency |
|-----------------|---|
| Audit Committee | Four meetings of Audit Committee were held during the financial year ended June 30, 2019. |

14. The Board set up an effective Internal Audit Function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
15. The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their Spouses and Minor Children do not hold Certificates of the Company and that the firms and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
16. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. We confirm that all other requirements of the Regulations have been complied with.

Mian Tahir Jahangir
Chairman

Oliva

Olive Pomace Oil



THE FINEST HEALTH RECIPE



In collaboration with
GENOSA ID, S.A. SPAIN



Punjab Oil Mills Limited

An ISO 9001, 14001, FSSC 22000 & OHSAS 18001 CERTIFIED COMPANY



TRU BRU

PREMIUM ARABICA BLEND & CLASSIC

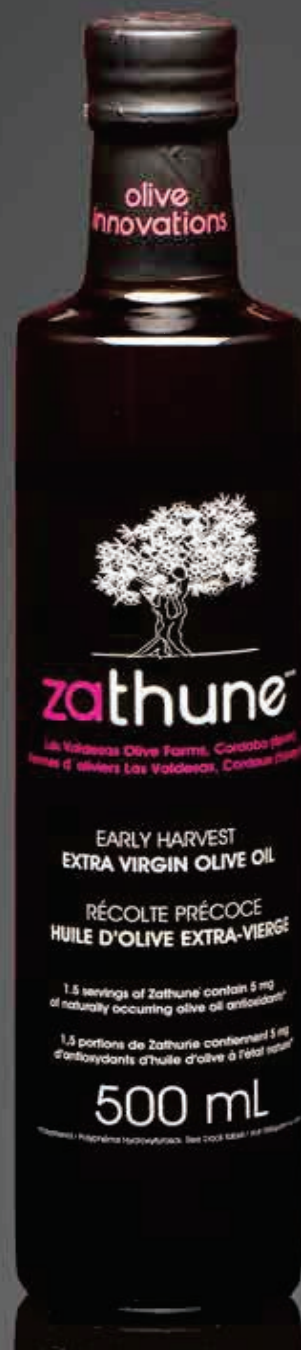
THE TRUE TASTE OF COFFEE





zathune^{TM/MC}

Extra Virgin Olive Oil



**KEY FINANCIAL DATA LAST SIX YEARS**

| PARTICULARS | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Issued, Subscribed and paid up capital | 53,906,520 | 53,906,520 | 53,906,520 | 53,906,520 | 53,906,520 | 53,906,520 |
| Capital Reserves | 23,137,159 | 23,137,159 | 23,137,159 | 23,137,159 | 23,137,159 | 23,137,159 |
| General Reserves | 8,600,000 | 8,600,000 | 8,600,000 | 8,600,000 | 8,600,000 | 8,600,000 |
| Deferred Liabilities | 61,370,223 | 63,496,427 | 70,318,023 | 86,700,393 | 93,038,292 | 99,819,739 |
| Current Liabilities | 698,221,198 | 733,263,525 | 764,520,505 | 822,222,804 | 793,643,904 | 856,306,600 |
| Operating Fixed Assets | 380,269,303 | 387,008,216 | 417,943,280 | 654,904,327 | 644,451,088 | 685,598,237 |
| Current Assets | 969,707,270 | 1,157,568,762 | 1,292,418,851 | 1,375,741,612 | 1,375,489,892 | 1,481,133,521 |
| Sales | 4,772,826,452 | 4,254,101,191 | 4,210,607,625 | 4,441,220,968 | 4,950,808,026 | 5,504,226,272 |
| Gross Profit | 502,724,939 | 674,347,335 | 800,993,530 | 695,054,052 | 739,662,775 | 808,226,206 |
| Operating Profit | 190,084,326 | 306,655,680 | 339,468,572 | 221,320,317 | 189,507,206 | 250,135,554 |
| Profit before taxation | 180,315,462 | 288,620,460 | 321,409,788 | 208,195,369 | 174,288,264 | 228,481,386 |
| Profit after taxation | 83,533,865 | 189,213,861 | 205,820,169 | 143,777,070 | 69,155,642 | 107,377,820 |



Independent Auditors' Review Report of Punjab Oil Mills Limited
Review Report on Statement of Compliance contained in
Listed Companies (Code of corporate governance)
Regulations, 2017

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Date: 30 September 2019
Lahore

Maqbool Haroon Shahid Safdar & Co.
Chartered Accountant



**Independent Auditor's Report
To the members of Punjab Oil Mills Limited
Report on the Audit of the Financial Statements**

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



Following is the Key audit matters:

Key audit matters**1) Revenue**

(Reference note No. 31)

The Company primarily generates revenue from sale of Cooking oil, Ghee, Specialty Fats, Soap and other products. During the year the company's revenue exceeds Rs. 5 billion which is 150 % more than the total assets.

We identified recognition of sales as a key audit matter because sales is one of the key performance indicator of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.

2) First time adoption of IFRS 9 – Financial Instruments

(Reference note No. 50.02)

The Company has adopted IFRS 9 with effect from 01 July 2018. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company.

Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.

We have considered the first-time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.

How the matter was addressed in our audit

Our audit procedures amongst others included the following:

- Evaluated management controls over revenue and checked their validation including controls to ensure that majority sales are made to tax filers.

- Performed verification of sales with underlying documentation including gate pass, delivery challan, bargain docket, stock register and sales invoice.
- Obtained confirmations from debtors on sample basis.
- Recalculated the commission and discounts as per Company's policy and performed verification over special discount on sample basis if any exists.
- Analyzed market by comparing Company's sales volume with published data.
- Ensured that presentation and disclosures related to revenue are being addressed appropriately.

Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.

Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose.

We checked the mathematical accuracy of the ECL model by performing recalculation on test basis.

In addition to above, we assessed the adequacy of disclosures in the financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.

**3) Tax contingencies**

(Reference note No. 17)

Various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. The tax contingencies require the management of the Company to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgement and estimates in relation to such contingencies may be complex and can significantly impact the financial statements.

For such reasons we have considered tax contingencies as a key audit matter.

Our key audit procedures in this area included, amongst others, a review of the correspondence of the Company with the relevant tax authorities and tax advisors including judgements or orders passed by the competent authorities.

We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 17 to the financial statements.

Further-more we have taken legal advice from legal advisor of the Company.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Shahid Mehmood.

Dated: 30 September 2019
Lahore

Maqbool Haroon Shahid Safdar & Co.
Chartered Accountants





STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

| EQUITY AND LIABILITIES | Note | 2019 Rupees | 2018 Rupees |
|--|-------------|------------------------|------------------------|
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | | |
| 10,000,000 (2018: 10,000,000) ordinary shares of Rs. 10/- each | | 100,000,000 | 100,000,000 |
| Issued, subscribed and paid-up capital | 8 | 53,906,520 | 53,906,520 |
| Capital reserves | 9 | 23,137,159 | 23,137,159 |
| Surplus on revaluation of property, plant and equipment- net of tax | 10 | 390,508,899 | 398,801,925 |
| Revenue reserves | 11 | 774,940,341 | 683,800,680 |
| | | 1,242,492,919 | 1,159,646,284 |
| NON CURRENT LIABILITIES | | | |
| Deferred liabilities | 12 | 99,819,739 | 93,038,292 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | 483,392,506 | 470,685,311 |
| Short term borrowings | 14 | 123,944,702 | 86,314,308 |
| Accrued mark up | 15 | 1,285,902 | 326,325 |
| Unclaimed dividend | | 9,229,882 | 7,799,300 |
| Provision for taxation | 16 | 238,453,608 | 228,518,660 |
| | | 856,306,600 | 793,643,904 |
| Contingencies and commitments | 17 | - | - |
| | | 2,198,619,258 | 2,046,328,480 |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment - tangible assets | 18 | 607,267,326 | 641,196,364 |
| Capital work in progress - tangible assets | 19 | 66,828,324 | 3,254,724 |
| Intangible assets | 20 | 11,502,587 | - |
| | | 685,598,237 | 644,451,088 |
| Investment in associate | 21 | - | - |
| Long term deposits | 22 | 31,887,500 | 26,387,500 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | 23 | 129,813,682 | 117,742,127 |
| Stock in trade | 24 | 329,388,854 | 332,410,002 |
| Trade debts | 25 | 702,282,920 | 639,667,499 |
| Loans and advances | 26 | 69,571,739 | 35,766,093 |
| Trade deposits and short term prepayments | 27 | 16,963,220 | 15,939,002 |
| Other receivables | 28 | 1,701,781 | 1,903,524 |
| Advance income tax | 29 | 210,370,932 | 198,041,652 |
| Cash and bank balances | 30 | 21,040,393 | 34,019,993 |
| | | 1,481,133,521 | 1,375,489,892 |
| | | 2,198,619,258 | 2,046,328,480 |

The annexed notes from 01 to 52 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

EXECUTIVE DIRECTOR

STATEMENT OF PROFIT OR LOSS ACCOUNT





**STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2019**

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|----------------|----------------|
| Sales - net | 31 | 5,504,226,272 | 4,950,808,026 |
| Cost of sales | 32 | 4,696,000,066 | 4,211,145,251 |
| Gross profit | | 808,226,206 | 739,662,775 |
| Operating expenses: | | | |
| Selling and distribution cost | 33 | 365,752,660 | 392,321,752 |
| Administrative expenses | 34 | 192,337,992 | 157,833,817 |
| | | 558,090,652 | 550,155,569 |
| Operating profit | | 250,135,554 | 189,507,206 |
| Finance cost | 35 | 15,956,014 | 8,178,223 |
| Other operating charges | 36 | 15,759,812 | 13,964,140 |
| | | 31,715,826 | 22,142,363 |
| | | 218,419,728 | 167,364,843 |
| Other income | 37 | 10,061,658 | 6,923,421 |
| Profit before taxation | | 228,481,386 | 174,288,264 |
| Taxation | 38 | 121,103,566 | 105,132,622 |
| Net profit for the year | | 107,377,820 | 69,155,642 |
| Earnings per share - basic and diluted | 39 | 19.92 | 12.83 |

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 01 to 52 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

EXECUTIVE DIRECTOR



STATEMENT OF COMPREHENSIVE INCOME



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

| | Note | 2019 Rupees | 2018 Rupees |
|--|------|--------------------|-------------------|
| Profit for the year | | 107,377,820 | 69,155,642 |
| Other comprehensive income: | | | |
| Items that will not be reclassified to the statement of profit or loss: | | | |
| Deferred tax adjustment attributable to changes in proportion of income taxable under normal tax regime related to revaluation surplus | | 2,890,897 | 1,481,432 |
| Deferred tax adjustment attributable to changes in tax rates related to revaluation surplus | | - | 613,707 |
| | | 2,890,897 | 2,095,139 |
| Remeasurement losses on defined benefit plans | | (2,336,750) | (2,841,386) |
| Deferred tax thereon | | 250,733 | 337,841 |
| | | (2,086,017) | (2,503,545) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 108,182,700 | 68,747,236 |

The annexed notes from 01 to 52 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

EXECUTIVE DIRECTOR

STATEMENT OF CASH FLOWS





STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

| CASH FLOW FROM OPERATING ACTIVITIES | Note | 2019 Rupees | 2018 Rupees |
|--|-------|---------------------|---------------------|
| Profit for the year before taxation | | 228,481,386 | 174,288,264 |
| Adjustments for following items: | | | |
| Workers' profit participation fund | 36 | 12,174,016 | 9,385,202 |
| Workers' welfare fund | 36 | 2,590,296 | 3,748,438 |
| Gain on disposal of property, plant and equipment | 37 | (312,014) | (723,751) |
| Provision for staff retirement benefits | 12.01 | 12,701,403 | 6,293,927 |
| Depreciation | 18.01 | 40,561,405 | 41,816,047 |
| Amortization | 33 | 1,643,235 | - |
| Finance cost | 35 | 15,956,014 | 8,178,223 |
| | | 85,314,355 | 68,698,086 |
| Operating profit before working capital changes | | 313,795,741 | 242,986,350 |
| (Increase) / decrease in current assets: | | | |
| Stores, spare parts and loose tools | | (12,071,555) | 4,632,717 |
| Stock in trade | | 3,021,148 | (31,291,304) |
| Trade debts | | (62,615,421) | 34,778,790 |
| Loan and advances | | (33,805,646) | (7,146,580) |
| Trade deposits and short term prepayments | | (1,024,218) | (1,274,834) |
| Other receivables | | 201,743 | (520,882) |
| | | (106,293,949) | (822,093) |
| Increase / (decrease) in current liabilities: | | | |
| Trade and other payables | | 8,801,857 | (33,112,968) |
| Cash generated from operations | | 216,303,649 | 209,051,289 |
| Workers' profit participation fund paid | | (9,619,784) | (11,704,012) |
| Workers' welfare fund paid | | (1,473,820) | (4,505,479) |
| Staff retirement benefits paid | | (5,065,862) | (1,352,992) |
| Finance cost paid | | (14,761,807) | (7,752,506) |
| Income tax paid | | (123,547,112) | (105,259,133) |
| Dividend paid | | (23,905,483) | (49,638,782) |
| | | (178,373,868) | (180,212,904) |
| Net cash generated from operating activities | | 37,929,781 | 28,838,385 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | 18 | (7,215,353) | (19,657,179) |
| Intangibles | 20 | (13,145,822) | - |
| Proceeds from disposal of property, plant and equipment | 18 | 895,000 | 1,235,000 |
| Capital work in progress | 19 | (63,573,600) | (12,216,877) |
| Long term deposits | 22 | (5,500,000) | (6,000,000) |
| Net cash used in investing activities | | (88,539,775) | (36,639,056) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Short term borrowings | | 37,630,394 | (8,136,967) |
| Net cash flow generated from / (used in) financing activities | | 37,630,394 | (8,136,967) |
| Net decrease in cash and cash equivalents | | (12,979,600) | (15,937,638) |
| Cash and cash equivalents at the beginning of the year | | 34,019,993 | 49,957,631 |
| Cash and cash equivalents at the end of the year | 30 | 21,040,393 | 34,019,993 |

The annexed notes from 01 to 52 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

EXECUTIVE DIRECTOR

STATEMENT OF CHANGES IN EQUITY





**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

| | (Rupees) | | | | | |
|---|---------------|------------------|---------------------|------------------|------------------------|---------------|
| | Share Capital | Capital Reserves | Revaluation Surplus | Revenue Reserves | | Total |
| | | | | General Reserves | Un-appropriated Profit | |
| Balance as at 01 July 2017 - as restated | 53,906,520 | 23,137,159 | 408,813,843 | 8,600,000 | 647,652,720 | 1,142,110,242 |
| Profit for the year ended 30 June 2018 | - | - | - | - | 69,155,642 | 69,155,642 |
| Other comprehensive income for the year | - | - | 2,095,139 | - | (2,503,545) | (408,406) |
| Total comprehensive income for the year | - | - | 2,095,139 | - | 66,652,097 | 68,747,236 |
| Transfer from surplus on revaluation of property, plant and equipment on account of | | | | | | |
| - Incremental depreciation - net of deferred tax | - | - | (12,107,057) | - | 12,107,057 | - |
| Transaction with owners recorded directly in Equity - Distributions | | | | | | |
| 40 % final dividend for the year 2017 | - | - | - | - | (21,562,608) | (21,562,608) |
| 55 % interim dividend for the year 2018 | - | - | - | - | (29,648,586) | (29,648,586) |
| | - | - | - | - | (51,211,194) | (51,211,194) |
| Balance as at 01 July 2018 | 53,906,520 | 23,137,159 | 398,801,925 | 8,600,000 | 675,200,680 | 1,159,646,284 |
| Profit for the year ended 30 June 2019 | - | - | - | - | 107,377,820 | 107,377,820 |
| Other comprehensive income for the year | - | - | 2,890,897 | - | (2,086,017) | 804,880 |
| Total comprehensive income for the year | - | - | 2,890,897 | - | 105,291,803 | 108,182,700 |
| Transfer from surplus on revaluation of property, plant and equipment on account of | | | | | | |
| - Incremental depreciation - net of deferred tax | - | - | (11,183,923) | | 11,183,923 | - |
| Transaction with owners recorded directly in Equity - Distributions | | | | | | |
| 12 % final dividend for the year 2018 | - | - | - | - | (6,468,783) | (6,468,783) |
| 35 % interim dividend for the year 2019 | - | - | - | - | (18,867,282) | (18,867,282) |
| | - | - | - | - | (25,336,065) | (25,336,065) |
| Balance as at 30 June 2019 | 53,906,520 | 23,137,159 | 390,508,899 | 8,600,000 | 766,340,341 | 1,242,492,919 |

Appropriations of dividend are disclosed in note 49 to these financial statements.
The annexed notes from 01 to 52 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

EXECUTIVE DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019****1 LEGAL STATUS AND NATURE OF BUSINESS**

Punjab Oil Mills Limited ('the Company') was incorporated in Pakistan as a Public Limited Company on 05 February 1981. The Company is listed on Pakistan Stock Exchange Limited. The registered office and Plant of the company are located at Plot No. 26, 27 and 28, Industrial Triangle, Kahuta Road, Islamabad, Pakistan. The head office of the company is located at 120-A, E/1 Halli Road Gulberg III, Lahore, Pakistan.

The Company is principally engaged in the manufacturing and sale of Ghee, Cooking Oil, Speciality Fats, Laundry Soap, Mushroom and Coffee.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period/year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are reflected in note 50.

3 BASIS OF PREPARATION**3.01 Statement of compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) issued by Institute of Chartered Accountant of Pakistan as notified under the Companies Act, 2017 ; and
- Provisions of and directives issued under the Companies Act, 2017.

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

3.02 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

- Standards, amendments to published standards and interpretations effective in current year

The Company has adopted the following revised standards and amendments of IFRSs which became effective for

| | | |
|------------|--|-----------------|
| IAS 7 | Statement of Cash Flows - Disclosure Initiative - (Amendments) | |
| IAS 12 | Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments) | |
| IFRS 2 - | Classification and Measurement of Share-based Payments Transactions | 01 January 2018 |
| IFRS 4 - | Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments) | 01 January 2018 |
| IFRS 9 - | Financial Instruments | 30 June 2019 |
| IFRS 15 - | Revenue from Contracts with Customers | 30 June 2019 |
| IAS 40 - | Transfer of Investment Property (Amendments) | 01 January 2018 |
| IFRIC 22 - | Foreign Currency Transactions and Advance Consideration | 01 January 2018 |

The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

- Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.



| Standard or Interpretation | Effective Date (Annual periods beginning on or after) |
|--|--|
| IFRS 9 - Prepayment Features with Negative Compensation - (Amendments) | 01 January 2019 |
| IAS 28 - Income taxes: Income tax consequences of payments on financial instruments classified as equity | 01 January 2019 |
| IAS 1 - Definition of material (Amendments) | 01 January 2020 |
| IAS 8 - Accounting policies, changes in accounting estimates and errors - (Amendments) | 01 January 2020 |
| IFRS 11 - Joint arrangements: Previously held interests in a joint operations | 01 January 2019 |
| IFRS 16 - Leases | 01 January 2019 |
| IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments) | 01 January 2019 |
| IAS 28 - Long term Interests in Associates and Joint Ventures (Amendments) | 01 January 2019 |
| IFRIC 23 - Uncertainty over Income Tax Treatments | 01 January 2019 |

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for the Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

| Standard or Interpretation | Effective Date (Annual periods beginning on or after) |
|--|--|
| IFRS 14 - Regulatory Deferral Accounts | 01 January 2016 |
| IFRS 17 - Insurance contracts | 01 January 2021 |

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts, employee benefits at present value and investment in associates on equity basis. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

5 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.



Judgment made by management in the application of approved standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent year are as follows:

5.01 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method, and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from those items.

5.02 Fair value of financial instruments having no active market

Fair value of financial instruments having no active market is determined using discounted cash flow analysis after incorporating all factors that market participants would consider in setting a price and using inputs that reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

5.03 Taxation

The Company takes into account income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by tax department at the assessment stage and where the Company considers that its view of items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

5.04 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

5.05 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present market and depreciated replacement values.

5.06 Stores, spares and loose tools and stock-in-trade

The Company estimates the net realizable values of its stores, spares and loose tools and stock-in-trade to assess any diminution in the respective carrying values.

5.07 Staff retirement benefit obligations

The present values of these obligations depend on a number of factors that are determined on actuarial basis, using a number of assumptions. Any change in these assumptions will impact the carrying amounts of these obligations. The underlying assumptions and the present value of these obligations are disclosed in notes 7.03 and 12.01 respectively.

5.08 Expected credit losses

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

6 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are prepared in Pak Rupees which is the Company's functional currency.

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**7.01 Tangible fixed assets and depreciation****a) Owned**

Property, plant and equipment (except leasehold land, building on leasehold land, plant, machinery and equipment, laboratory equipments and, scales and weigh bridge) are stated at cost less accumulated depreciation and any accumulated impairment losses. Leasehold land are stated at revalued amounts and building on leasehold land, plant, machinery and equipment, laboratory equipments and, scales and weigh bridge are stated at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.



Residual value and the useful life of assets are reviewed annually at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the year in which these are incurred.

b) Depreciation

Depreciation on property, plant and equipment (except leasehold land) is charged to statement of profit or loss by applying the reducing balance method so as to write off the cost/depreciable amount of the assets over their estimated useful lives at the rates specified in note 18 to the financial statements. Depreciation on additions is charged from the month in which the asset was available for use up to the month prior to disposal. The residual values, depreciation method and useful lives of property, plant and equipment are reviewed by the management, at each financial year-end and adjusted if appropriate.

c) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Disposal of an asset is recognized when significant risk and rewards, incidental to the ownership of an asset, have been transferred to the buyer. Gains and losses on disposal of assets are taken to the statement of profit or loss, and the related surplus on revaluation of property, plant and equipment, if any, is transferred directly to retained earnings/unappropriated profits.

d) Surplus on revaluation

Surplus on revaluation of revalued assets is credited through OCI to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation, if any) is transferred directly to retained earnings/unappropriated profits.

7.02 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any.

Costs associated with maintaining these assets are charged to the statement of profit or loss as and when incurred. However, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognised as intangible asset. Direct costs include purchase cost of the asset, salaries and other service benefits of staff deployed towards development of the asset and other related overheads. Expenditure incurred in respect of design, construction and testing of an intangible asset are also added to the carrying amount of that asset.

Expenditure which enhances or extends the performance of the asset beyond its original specifications is recognised as a capital improvement and added to the original cost of the asset.

Intangible asset is estimated to have definite useful life and is amortised from the month of purchase, made available for use or extended support cost is incurred, using the straight line method over specified rates.

7.03 Staff Retirement Benefits

Defined Benefit Plan

The company operates an un-funded gratuity scheme covering all employees whose period of services with the company is more than one year. Provision is made annually to cover the liability under the scheme. The company pays a lump-sum gratuity to members on leaving the company after completion of one year of continuous service. The benefit is calculated as follows:

Last drawn gross salary x Number of completed years of services

Six or more months of service in excess of completed years of services is counted as one complete year. However, less than six month of services is ignored.

During the year, the company assessed its liabilities under the gratuity scheme through actuarial valuation under IAS-19 (Employee Benefits).



Amounts arising as a result of 'Remeasurement', representing the actuarial gains and losses are recognised in the statement of financial position immediately, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur.

As per actuarial valuation carried out as at 30 June 2019, the following significant assumptions were used:

| | 2019 | 2018 |
|---|------------------------------|-------|
| Discount factor used | 14.25% | 9.00% |
| Expected rate of eligible salary increase in future years | 13.25% | 8.00% |
| Actuarial valuation method | Projected Unit Credit Method | |

7.04 Trade and other payables

Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost,, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

7.05 Dividend and appropriation to reserves

Dividend and appropriation to reserve are recognized in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post statement of financial position event.

7.06 Taxation

Current and prior years:

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred:

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Income subject to final tax regime is also considered in accordance with the requirements of Technical Release-27 of Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

7.07 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

7.08 Investment in related parties

Investment in associated companies where the company has significant influence but not control over the financial and operating policies is accounted for using equity basis of accounting under which the investment in associate is initially recognized at cost and the carrying amounts are increased or decreased to recognize the company's share of profit or loss for the associate after the date of acquisition, less impairment losses, if any. The Company's share of profit or loss of the associate is recognized in the Company's profit or loss. Distributions received from associated companies reduce the carrying amount of the investment. Adjustments to the carrying amounts are also made for changes in the associate's equity that have not been recognized in the associate's profit or loss. The Company's share of those changes is recognized directly in equity of the Company.



Gain/(loss) on sale of above investments, if any, are recognized in the period of sale. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognized in statement of profit or loss.

7.09 Stores, spare parts and loose tools

Stores, spares and loose tools are stated at lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items-in-transit are stated at cost accumulated up to the statement of financial position date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence, if any. Impairment is also made for slow moving items identified as surplus to the requirements of the Company.

7.10 Stock in trade

These are valued at lower of cost and net realizable value. Cost of raw materials and components represents invoice value plus other charges paid thereon. Cost of inventory is based on weighted average cost. Cost in relation to work-in-process and finished goods represents direct cost of raw materials, wages and appropriate manufacturing overheads. Goods-in-transit are stated at cost accumulated up to the statement of financial position date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

The Company reviews the carrying amount of stock-in-trade on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolete items, if any.

7.11 Impairment**Financial assets**

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost on date of initial recognition. The amount of expected credit loss is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial assets.

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to 12 months' expected credit losses, with the exception of trade debts contract assets and lease receivables, for which the Company recognizes lifetime expected credit losses estimated using a provision matrix. The provision matrix is based on the Company's historical credit loss experience, adjusted for factors that are specific to counter parties, general economic conditions and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. All impairment losses are recognized in profit or loss. An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization. If no impairment loss had been recognized.

The Company writes off a financial asset when there is information indicating that the counter party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or loss.

Non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss.

**7.12 Trade debts and other receivables****Financial assets**

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

7.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and saving accounts.

7.14 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are re-translated into rupees at the foreign exchange rates approximating those prevailing at the reporting date. Exchange differences, if any, are charged instatement of profit or loss.

7.15 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognized at that point in time, as the control has been transferred to the customers and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts. Revenue from other sources is recognized on the following basis:

- Interest income on deposits with banks and other financial assets is recognized on accrual basis.
- Dividend income is recognized when the Company's right to receive dividend has been established.

7.16 Borrowing costs

Borrowing costs are charged to income as and when incurred except to the extent of costs directly attributable to the acquisition, construction or production of qualifying assets that are capitalized as part of the cost of relevant asset.

7.17 Financial instruments**Recognition**

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets**(i) Initial Measurement**

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Subsequent Measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.



Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

7.18 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

7.19 Offsetting of financial assets and financial liabilities

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

7.20 Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention on the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

7.21 Derivatives

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

**7.22 Contingencies and commitments**

Capital commitments and contingencies, unless those are actual liabilities are not incorporated in the financial statements.

7.23 Provisions

Provisions are recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each statement of financial position date and adjusted to reflect best estimate.

7.24 Related parties

- a) Hala Enterprises Limited, an associated company
- b) Premier Garments Limited, an associated company
- c) Teejay Corporation (Private) Limited, an associated company
- d) Directors and key management personnel

7.25 Related party transactions and transfer pricing

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

7.26 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

7.27 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

| 8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL | Note | 2019 Rupees | 2018 Rupees |
|--|-------------|------------------------|------------------------|
| 2,854,543 (2018: 2,854,543) ordinary shares of Rs. 10/- each fully paid in cash | | 28,545,430 | 28,545,430 |
| 2,536,109 (2018: 2,536,109) ordinary shares of Rs. 10/- each issued as fully paid bonus shares | | 25,361,090 | 25,361,090 |
| | | 53,906,520 | 53,906,520 |

- Fully paid ordinary shares, which have a par value Rs. 10/-, carry one vote per share and carry right to dividends.

- Ordinary shares of the company held by associated undertakings as at the year end are 415,793 (2018: 415,793).

- There are no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital.

- There are no shares reserved for issue under options and contracts for the sale of shares.

| 9 CAPITAL RESERVES | Note | 2019 Rupees | 2018 Rupees |
|---------------------------|-------------|------------------------|------------------------|
| Share premium | 9.01 | 23,137,159 | 23,137,159 |

9.01 This reserve can be utilized by the company only for the purposes specified in Section 81 of the Companies Act, 2017.



| 10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- NET OF TAX | Note | 2019 Rupees | 2018 Rupees |
|---|--------------|---------------------------|---------------------------|
| Land-Lease hold | | 290,000,000 | 290,000,000 |
| Building-on Lease hold land | | 72,651,098 | 79,670,900 |
| Plant, machinery and equipment | | 51,646,865 | 56,637,166 |
| Scales and weigh bridge | | 820,019 | 916,973 |
| | | <u>415,117,982</u> | <u>427,225,039</u> |
| Related deferred taxation | 10.01 | (13,425,160) | (16,316,057) |
| | | <u>401,692,822</u> | <u>410,908,982</u> |
| Incremental depreciation on revalued assets | | (12,528,199) | (13,740,844) |
| Related deferred taxation | | <u>1,344,276</u> | <u>1,633,787</u> |
| Transferred to retained earnings during the year | | (11,183,923) | (12,107,057) |
| | | <u>390,508,899</u> | <u>398,801,925</u> |
| 10.01 This includes Rs. 2,890,897 (2018: Rs. 1,481,432) relating to deferred tax adjustment attributable to changes in proportion of income taxable under normal tax regime and an amount of Rs. Nil (2018: Rs. 613,707) relating to deferred tax adjustment attributable to changes in tax rates. | | | |
| 10.02 The revaluation of land, building, plant and machinery, laboratory equipment, and scales and weigh bridge was carried out by an independent valuer "M/s Tracom (Private) Limited" as at 23 June 2017 on the basis of market and depreciated replacement values and was duly certified by the statutory auditors. Previously, revaluation of land, building, plant and machinery, laboratory equipment, and scales and weigh bridge was carried out as at 28 June 2012. | | | |
| 11 REVENUE RESERVES | Note | 2019 Rupees | 2018 Rupees |
| General reserves | 11.01 | 8,600,000 | 8,600,000 |
| Unappropriated profit | | <u>766,340,341</u> | <u>675,200,680</u> |
| | | <u>774,940,341</u> | <u>683,800,680</u> |
| 11.01 The general reserves are used from time to time to transfer profits from retained earnings. There is no policy of regular transfer. | | | |
| 12 DEFERRED LIABILITIES | Note | 2019 Rupees | 2018 Rupees |
| Staff retirement benefits | 12.01 | 95,320,549 | 85,348,258 |
| Deferred taxation | 12.02 | <u>4,499,190</u> | <u>7,690,034</u> |
| | | <u>99,819,739</u> | <u>93,038,292</u> |
| 12.01 Staff retirement benefits | | | |
| <i>Statement of financial position liability</i> | | | |
| Opening balance | | 85,348,258 | 77,565,937 |
| Amount recognized during the year | | <u>12,701,403</u> | <u>6,293,927</u> |
| | | <u>98,049,661</u> | <u>83,859,864</u> |
| Remeasurement chargeable in other comprehensive income | | 2,336,750 | 2,841,386 |
| Benefits paid during the year | | <u>(5,065,862)</u> | <u>(1,352,992)</u> |
| Closing balance | | <u>95,320,549</u> | <u>85,348,258</u> |
| <i>The amounts recognized in the statement of financial position are as follows</i> | | | |
| Present value of defined benefit obligation | | 84,848,258 | 77,065,937 |
| Benefits due but not paid | | <u>500,000</u> | <u>500,000</u> |
| | | <u>85,348,258</u> | <u>77,565,937</u> |
| <i>Charge for the defined benefit plan</i> | | | |
| Service cost | | 5,293,023 | 5,011,749 |
| Gains and losses arising on plan curtailment / settlements | | - | (4,638,004) |
| Interest cost | | <u>7,408,380</u> | <u>5,920,182</u> |
| Charged to statement of profit or loss | | <u>12,701,403</u> | <u>6,293,927</u> |

**Sensitivity analysis for actuarial assumptions**

The calculation of defined benefit obligation is sensitive to assumptions set-out in note 7.03. The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of change in respective assumptions.

| | Change in assumptions | Increase Rupees | Decrease Rupees |
|-----------------------------|-----------------------|------------------|------------------|
| Discount rate | 1% | 92,940,899 | 96,932,182 |
| Increase in future salaries | 1% | 96,975,034 | 92,870,036 |
| | | 2019 | 2018 |
| Expected mortality rate | | SLIC 2001 - 2005 | SLIC 2001 - 2005 |
| Retirement assumptions | | 60 years | 60 years |

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of plan participants. An increase in salary of plan participants will increase the defined benefit obligation.

The average duration of the defined benefit obligation is 2 years.

| 12.02 | Deferred taxation | Note | 2019 Rupees | 2018 Rupees |
|-------|--|------|------------------|------------------|
| | Deferred taxation comprises of the following: | | | |
| | Deferred tax liability on taxable temporary differences in respect of the following: | | | |
| | - Accelerated tax depreciation allowance | | 5,912,920 | 6,630,160 |
| | - Surplus on revaluation of assets | | 13,425,160 | 16,316,057 |
| | | | 19,338,080 | 22,946,217 |
| | Deferred tax asset on deductible temporary differences in respect of the following: | | | |
| | - Staff retirement benefits | | (10,227,895) | (10,147,908) |
| | - Provision for damaged stock | | (2,338) | (1,385) |
| | - Investment accounted for under IAS- 28 | 21 | - | - |
| | - Provision for doubtful debts | | (4,608,657) | (5,106,890) |
| | | | (14,838,890) | (15,256,183) |
| | | | 4,499,190 | 7,690,034 |



12.03 Deferred taxation has been provided using tax rate of taxation applicable to tax year 2019 under the provisions of Income Tax Ordinance, 2001 to the extent of income of the Company chargeable under normal tax regime. Tax effect of reduction in tax rate is income amounting to Rs. Nil (2018: Rs. 0.26 million).

| 13 TRADE AND OTHER PAYABLES | Note | 2019 Rupees | 2018 Rupees |
|--|--------------|------------------------|------------------------|
| Creditors | | 166,360,954 | 117,193,138 |
| Accrued expenses | | 97,694,439 | 96,017,805 |
| Workers' profit participation fund | 13.01 | 22,099,953 | 19,311,091 |
| Security deposits | 13.02 | 380,000 | 380,000 |
| Workers' welfare fund | | 4,864,914 | 3,748,438 |
| Tax deducted at source | | 1,001,059 | 1,050,454 |
| Advances from customers | | 184,057,879 | 224,513,218 |
| Sales tax payable | | 6,933,308 | 8,471,167 |
| | | 483,392,506 | 470,685,311 |
| 13.01 Workers' Profit Participation Fund (W.P.P.F.) | | | |
| Opening balance | | 19,311,091 | 21,347,768 |
| Provision for the year | | 12,174,016 | 9,385,202 |
| Mark up on W.P.P.F. | | 234,630 | 282,133 |
| | | 31,719,737 | 31,015,103 |
| Payment during the year | | (9,619,784) | (11,704,012) |
| | | 22,099,953 | 19,311,091 |

13.02 These security deposits are non utilizable. Further, the Company has not utilized any such deposit for the purpose of its business during the year. These security deposits are kept in a separate bank account.

| 14 SHORT TERM BORROWINGS | Limit Sanctioned Rupees in million | Note | 2019 Rupees | 2018 Rupees |
|---|---|--------------|------------------------|------------------------|
| From Banking Companies -Secured: | | | | |
| Habib Metropolitan Bank Limited | | | | |
| - Finance against trust receipt | (50.00) | 14.01 | - | - |
| - Letter of guarantee | 12.67 | 14.02 | - | - |
| - Running finance | 30.00 | 14.03 | - | - |
| - Letter of credit (sight) | 200.00 | 14.04 | - | - |
| JS Bank Limited | | | | |
| - Running finance | 40.00 | 14.05 | 39,631,046 | 16,759,344 |
| - Cash finance | 25.00 | 14.06 | - | - |
| - Finance against trust receipt | (85.00) | 14.07 | 84,313,656 | 69,554,964 |
| - Bank Guarantee | 31.00 | 14.08 | - | - |
| - Letter of credit (sight) | 250.00 | 14.09 | - | - |
| | | | 123,944,702 | 86,314,308 |

14.01 This facility has been obtained for retirement of LC documents carrying mark up @ 3 months KIBOR + 1.5% to be paid on quarterly basis. It is secured against lien over import documents.

14.02 This facility has been obtained to meet contractual obligation with the business concerns. It carries commission as per schedule of charges of the bank. It is secured against 100% lien over Company's multiplier account (20614-714-149744).



14.03 This facility has been obtained to meet working capital requirements. It carries mark up @ 3 month KIBOR + 1.5% p.a to be paid on quarterly basis. It is secured against pari passu charge of Rs. 107 million over Company's current assets with 40% margin and parri passu mortgage charge of Rs. 134 million on Company's Fixed Assets with 25% margin, duly registered with SECP.

14.04 This facility has been obtained for retirement of import documents. It carries commission @ 0.2% per quarter. It is secured against 5% cash margin on LC.

The above mentioned facilities from 14.01 to 14.04 were unavailed as at year end.

14.05 This facility has been obtained to meet working capital requirements. It carries mark up @ 1 month KIBOR + 500 bps p.a to be paid on quarterly basis. It is secured against pari passu charge of Rs. 300 million over all present and future current assets of the Company with 25% margin and 1st Charge of Rs. 380 million over Company's present and future Fixed Assets, duly registered with SECP. Out of total limit, an amount of Rs. 0.37 million (2018: Rs. 23.24 million) was not availed as at year end.

14.06 This facility has been obtained to finance already purchased stock of local edible oil / palm oil / seed oil. It carries mark up @ 1 month KIBOR + 500 bps p.a. to be paid on quarterly basis. It is secured against pledge of oil stock with 20% margin. Oil stock shall be stored in exclusively assigned in oil tanks for JS Bank pledge at factory premises. Charge of Rs. 31.250 million duly registered with SECP over pledged stock with 20% margin.

14.07 This facility has been obtained for retirement of LC documents. It carries mark up @ 1 month KIBOR + 500 bps p.a to be paid on quarterly basis. Out of total limit, an amount of Rs. 0.69 million (2018: 15.44 million) was not availed as at year end.

14.08 This facility has been obtained for guarantee to Sui Northern Gas Pipe Lines Limited and Excise & Taxation and any other Government & Semi Government organisation. It carries commission as per schedule of charges of the bank. Total limited was availed as at year end.

14.09 This facility has been obtained to import oil (Edible/Palm/Seed/Olive), coffee beans, agglomerated coffee, instant coffee, mushroom spawn, tin plates, chemicals/packaging material/vitamins and spare parts . It carries commission @ 0.2% per quarter. It is secured against 5% cash margin and lien over import documents, whichever is higher. Out of total limit Rs. 138.29 million (2018: Rs. Nil) was not availed as at year end.

The above mentioned facilities from 14.05 to 14.08 will expire on 31 December 2019 and are collaterally secured against the following:

1st charge of Rs. 380 million over fixed assets situated at 26, 27 and 28 Industrial Triangle, Kahuta Road, Islamabad owned by the Company having market value of Rs. 494.55 amd forced sale value of Rs. 395.64 million.

15 ACCRUED MARKUP

Note

Accrued mark up on short term borrowings

| 2019 Rupees | 2018 Rupees |
|--------------------|--------------------|
| 1,285,902 | 326,325 |
| 1,285,902 | 326,325 |
| | |
| 228,518,660 | 214,769,904 |
| 121,152,780 | 104,144,064 |
| 349,671,440 | 318,913,968 |
| 111,217,832 | 90,395,308 |
| 238,453,608 | 228,518,660 |

16 PROVISION FOR TAXATION

Opening balance

Add: Taxation - current

Less: Tax payments /adjustments during the year

17 CONTINGENCIES AND COMMITMENTS

17.01 CONTINGENCIES

- a) - The company challenged "Infrastructure Development Cess" levied under Sindh Finance Act, 1994 (as amended by Sindh (Amendment) Ordinance, 2001) in the Sindh High Court vide Suit No. 463/2003. Initially, Hon'ble Sindh High Court decided the levy of "Infrastructure Development Cess" on the carriage of goods against the company. The company has filed an appeal before Supreme Court of Pakistan against the decision of Hon'ble Sindh High Court. Pursuant to direction of Hon'ble Supreme court the company paid 50% of the total amount and for the remaining 50%, the company has provided bank guarantees amounting to Rs. 45.31 million (2018: 37.6 million) in



favour of Excise and Taxation Authorities. The company may be contingently liable for payment of the said amount equal to 50% in case of unfavourable decision. However, the management is confident that the ultimate decision shall be in favour of the Company. Therefore, no provision has been made in these financial statements for an amount of Rs. 7.89 million.

The company has provided bank guarantees amounting to 4.5 million (2018: Rs. 4.5 million) and 47.85 million (2018: Rs. 42.35 million) in favour of Sui Northern Gas Pipelines Limited for industrial use of gas and Excise and Taxation Department respectively.

- b) The Taxation Officer of Inland Revenue had issued assessment order vide DCR No. 02/53 on 31 October 2011 for the tax year 2009 incorporating the liability of Income Tax and WWF and raising demand for payment of Income Tax and WWF amounting to Rs. 448.22 million and Rs. 58.66 million respectively. The company filed an appeal on 02 December 2012 before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favour of the company vide Order No. 623/2011 on 20 January 2012. However, tax department filed an appeal in ITAT against the decision of the CIT(A). However, the management is confident that the ultimate decision shall be in favour of the Company. Therefore, no provision has been made in these financial statements for the said amounts.
- c) The Taxation officer of Inland Revenue issued order u/s 161/205 of the Income Tax Ordinance, 2001 on 30 June 2015 for the tax year 2009 creating demand of Rs. 1.27 million. The company filed appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the said order on 30 July 2015. On 10 February 2016 CIT(A) maintained the demand of Rs. 614,016 under section 161 which has been paid by the Company whereas the default surcharge of Rs. 633,137 imposed under section 205 was waived off. However, Tax department filed an appeal in ITAT against the decision of the CIT(A). The management is hopeful that the ultimate decision shall be in favour of the company. However, as a matter of prudence, the management has not reversed provision for Rs. 633,137 in these financial statements.
- d) The Taxation officer of Inland Revenue issued order u/s 122(1) and u/s 122(4) of the Income Tax Ordinance, 2001 for the tax year 2010, 2011 and 2012 on 31 August 2015 creating demand for Rs. 26.57 million. The company filed appeal against the Commissioner Income Tax (Appeals) {CIT(A)} against the said order on 09 October 2015 and the case was decided in favour of the company on 10 February 2016. However, Tax department filed an appeal in ITAT against the decision of the CIT(A). However, as a matter of prudence, the company has not reversed the provision created in previous years. The management is hopeful that the said demand shall be waived off.
- e) The Taxation Officer of Inland Revenue had issued assessment orders vide DCR No. 37/53 and 38/53 on 17 June 2015 for the tax years 2006 and 2007 respectively incorporating liability of Income Tax and WWF amounting to Rs. 5,403,105 and Rs. 8,157,718 respectively. The company filed an appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer on 26 June 2015 and the case was decided in favour of the company on 29 October 2015 vide Order No. 160/2015 and 161/2015. However, tax department filed an appeal in ITAT against the decision of the CIT(A) on 07 January 2016. The matter was again decided in favour of the company. For tax years 2006 and 2007, department of inland revenue issued notices u/s 122(5A) of the Income Tax Ordinance, 2001. Subsequently, after the initial proceedings and vacation of stay order by Honorable Court, the department of inland revenue issued assessment order u/s 122(5A) of the Income Tax Ordinance, 2001 creating liability amounting to Rs. 13,560,823. The company filed appeal to CIT(A) against the order and the CIT(A) had decided the case in favour of the company. The Tax department has gone into appeal before the ITAT against this order. The company as a matter of prudence has not reversed the provision for tax years 2006 and 2007 for an amount of Rs. 13,560,823 as aggregate liability which was created during the prior years. The management is hopeful that the ultimate decision shall be in favour of the Company.

17.02 COMMITMENTS

- Letters of credit other than for capital expenditure as at the statement of financial position date amounted to Rs. 111.81 million (2018: Rs. 167.05 million).



18 PROPERTY, PLANT AND EQUIPMENT

The following is a statement of operating fixed assets (tangible):

| | Land-lease hold | Building on lease hold land | Plant and machinery | Laboratory equipment | Scales and weigh bridge | Guest house furniture and machinery | Office equipment | Furniture and fittings | Owned vehicles | Total |
|--|--------------------|-----------------------------|---------------------|----------------------|-------------------------|-------------------------------------|-------------------|------------------------|-------------------|--------------------|
| Rupees | | | | | | | | | | |
| At 30 June 2017 | | | | | | | | | | |
| Cost/revalued amount | 290,423,524 | 111,660,170 | 149,902,000 | 2,650,000 | 950,000 | 318,812 | 14,038,462 | 4,452,779 | 79,237,715 | 653,633,462 |
| Accumulated depreciation | - | (930,501) | (1,273,933) | (55,208) | (9,500) | (305,039) | (5,784,179) | (1,480,310) | (36,312,043) | (46,150,713) |
| Net book value | 290,423,524 | 110,729,669 | 148,628,067 | 2,594,792 | 940,500 | 13,773 | 8,254,283 | 2,972,469 | 42,925,672 | 607,482,749 |
| Year ended 30 June 2018 | | | | | | | | | | |
| Additions | - | - | 5,232,284 | - | - | - | 2,232,082 | 112,543 | 12,080,270 | 19,657,179 |
| Transfers from capital work in progress during the year (Note 19.01) | - | 6,182,456 | 50,201,275 | - | - | - | - | - | - | 56,383,731 |
| Disposals (note 18.03) | | | | | | | | | | |
| Cost | - | - | (314,875) | - | - | - | - | - | (1,254,000) | (1,568,875) |
| Depreciation | - | - | 35,423 | - | - | - | - | - | 1,022,204 | 1,057,627 |
| Net book value | - | - | (279,452) | - | - | - | - | - | (231,796) | (511,248) |
| Depreciation charge for the year (note 18.01) | - | (11,394,118) | (19,016,526) | (648,698) | (112,860) | (1,377) | (949,372) | (305,004) | (9,388,092) | (41,816,047) |
| Net book value as at 30 June 2018 | 290,423,524 | 105,518,007 | 184,765,648 | 1,946,094 | 827,640 | 12,396 | 9,536,993 | 2,780,008 | 45,386,054 | 641,196,364 |
| Year ended 30 June 2019 | | | | | | | | | | |
| Additions | - | - | 5,492,470 | - | - | - | 1,620,283 | 102,600 | - | 7,215,353 |
| Transfers from capital work in progress during the year (Note 19.01) | - | - | - | - | - | - | - | - | - | - |
| Disposals (note 18.03) | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | - | (1,323,000) | (1,323,000) |
| Depreciation | - | - | - | - | - | - | - | - | 740,014 | 740,014 |
| Net book value | - | - | - | - | - | - | - | - | (582,986) | (582,986) |
| Depreciation charge for the year (note 18.01) | - | (10,551,801) | (19,060,458) | (486,523) | (99,317) | (1,240) | (1,054,642) | (280,766) | (9,026,658) | (40,561,405) |
| Net book value as at 30 June 2019 | 290,423,524 | 94,966,206 | 171,197,660 | 1,459,571 | 728,323 | 11,156 | 10,102,634 | 2,601,842 | 35,776,410 | 607,267,326 |



| Land-lease hold | Building on lease hold land | Plant and machinery | Laboratory equipment | Scales and weigh bridge | Guest house furniture and machinery | Office equipment | Furniture and fittings | Owned vehicles | Total |
|---------------------------------------|-----------------------------|---------------------|----------------------|-------------------------|-------------------------------------|------------------|------------------------|----------------|---------------|
| Rupees | | | | | | | | | |
| 290,423,524 | 117,842,626 | 205,020,684 | 2,650,000 | 950,000 | 318,812 | 16,270,544 | 4,565,322 | 90,063,985 | 728,105,497 |
| - | (12,324,619) | (20,255,036) | (703,906) | (122,360) | (306,416) | (6,733,551) | (1,785,314) | (44,677,931) | (86,909,133) |
| 290,423,524 | 105,518,007 | 184,765,648 | 1,946,094 | 827,640 | 12,396 | 9,536,993 | 2,780,008 | 45,386,054 | 641,196,364 |
| - | 10 | 10-15 | 25 | 12 | 10 | 10 | 10 | 20 | |
| Annual rates (%) of depreciation 2018 | | | | | | | | | |
| At 30 June 2019 | | | | | | | | | |
| 290,423,524 | 117,842,626 | 210,513,154 | 2,650,000 | 950,000 | 318,812 | 17,890,827 | 4,667,922 | 88,740,985 | 733,997,850 |
| - | (22,876,420) | (39,315,494) | (1,190,429) | (221,677) | (307,656) | (7,788,193) | (2,066,080) | (52,964,575) | (126,730,524) |
| 290,423,524 | 94,966,206 | 171,197,660 | 1,459,571 | 728,323 | 11,156 | 10,102,634 | 2,601,842 | 35,776,410 | 607,267,326 |
| - | 10 | 10-15 | 25 | 12 | 10 | 10 | 10 | 20 | |
| Annual rates (%) of depreciation 2019 | | | | | | | | | |

18.01 Depreciation charge for the year has been allocated as follows:

| | | |
|-------------------------|-------------------|-------------------|
| Cost of sale | 2019 | 2018 |
| Administrative expenses | Rupees | Rupees |
| | 36,505,265 | 37,634,442 |
| | 4,056,140 | 4,181,605 |
| | <u>40,561,405</u> | <u>41,816,047</u> |

18.02 The revaluation of land, building, plant machinery and equipment, laboratory equipment, and scales and weigh bridge was carried out by an independent valuer. Had there been no revaluation, the cost, accumulated depreciation and written down value of the revalued assets would have been as follows:

| Particulars | AS ON 30 JUNE 2019 | |
|--------------------------------|--------------------|--------------------|
| | Cost | Written Down Value |
| Land-lease hold | 423,524 | 423,524 |
| Building on lease hold land | 69,361,383 | 30,683,045 |
| Plant, machinery and equipment | 242,523,189 | 127,573,548 |
| Laboratory equipment | 4,528,107 | 2,250,933 |
| Scales and weigh bridge | 1,127,655 | 17,869 |
| Rupees 2019 | 317,963,858 | 160,948,919 |
| Rupees 2018 | 312,471,388 | 173,722,377 |



18.03 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

The following operating fixed assets were disposed off during the year:

| Particulars | Cost | Accumulated Depreciation | Net Book Value | Sale Proceeds | Gain / (loss) | Relationship of purchaser with the Company | Mode Of Disposal | Buyer's Name |
|---|------------------|--------------------------|----------------|------------------|----------------|--|------------------|--------------------------------|
| Suzuki Mehran SW-315 | 610,000 | 496,643 | 113,357 | 500,000 | 386,643 | Third Party | Negotiation | Mr. Kamraan Akhtar |
| Suzuki Mehran BJD-071 | 713,000 | 243,371 | 469,629 | 395,000 | (74,629) | Third Party | Negotiation | M/S SPI Insurance Limited |
| Rupees 2019 | 1,323,000 | 740,014 | 582,986 | 895,000 | 312,014 | | | |
| Cultus SS 683 | 901,000 | 691,970 | 209,030 | 575,000 | 365,970 | Third Party | Negotiation | Yasir Qureshi |
| Sale of transformer | 314,875 | 35,423 | 279,452 | 400,000 | 120,548 | Third Party | Negotiation | Khan Group Oil & Scrap Dealers |
| Aggregate of items of operating fixed assets with individual values not exceeding Rs. 500,000 | 353,000 | 330,233 | 22,767 | 260,000 | 237,233 | Third Party | Negotiation | Azam Khan |
| Rupees 2018 | 1,568,875 | 1,057,626 | 511,249 | 1,235,000 | 723,751 | | | |

18.04 There has been no disposal during the year whose net book value exceeds Rs. 500,000/.

18.05 Included in fixed assets are assets which are secured with a bank against 1st parri passu charge for Rs. 380 million (2018: Rs. 380 million) over fixed assets (including land, building and, plant and machinery) of the company.

18.06 Forced sales value as per last revaluation report as at June 23, 2017:

| Asset Class | Forced sale value |
|-----------------------------|--------------------|
| Land-lease hold | 232,000,000 |
| Building on lease hold land | 89,328,680 |
| Plant and machinery | 122,041,600 |
| Scales and weigh bridge | 760,000 |
| Total | 444,130,280 |

The above amounts do not include assets which were capitalized during the period from 23 June 2017 to 30 June 2019.

18.07 Particulars of immovable assets of the Company are as follows:

| Location | Addresses | Usage of immovable property | Total Area (Sq. ft.) | Covered Area (Sq. ft.) |
|-----------|---|-----------------------------|----------------------|------------------------|
| Islamabad | Plot No. 26, 27 & 28, Industrial Triangle, Main Kahuta Road, Islamabad. | Production Plant | 360,000 | 135,544 |



| | | 2019 Rupees | 2018 Rupees |
|--|---|------------------------|------------------------|
| 19 CAPITAL WORK IN PROGRESS | Note | | |
| Opening balance | | 3,254,724 | 47,421,578 |
| Additions during the year | | 63,573,600 | 12,216,877 |
| | | 66,828,324 | 59,638,455 |
| Less: Transferred to property, plant and equipment | 19.01 | - | 56,383,731 |
| | | 66,828,324 | 3,254,724 |
| 19.01 Transfers to property, plant and equipment are represented by:- | | | |
| Building | | - | 6,182,456 |
| Plant and machinery | | - | 50,201,275 |
| | | - | 56,383,731 |
| 20 INTANGIBLE ASSETS | | | |
| Net carrying value | | | |
| Motion picture film-Additions | | 13,145,822 | - |
| Less: Amortization charge | | 1,643,235 | - |
| Netbook value (NBV) as at 30 June | | 11,502,587 | - |
| Gross carrying value | | | |
| Cost | | 13,145,822 | - |
| Less: Accumulated amortization | 33 | 1,643,235 | - |
| Net book value | | 11,502,587 | - |
| Amortization rate per annum | | 50% | 50% |
| 21 INVESTMENT IN ASSOCIATE | | | |
| Premier Garments Limited - unlisted | | 2,720,000 | 2,720,000 |
| Accumulated provision for the diminution in the value of investment | 20.01 | (2,720,000) | (2,720,000) |
| | | - | - |
| 21.01 | 27,200 (2017: 27,200) ordinary shares of Rs. 100/- each, represent 38.86% (2017: 38.86%) equity in Premier Garments Limited. The breakup value of shares of the investee company is nil. The investment has been accounted for under IAS-28 (Investment in associates and joint ventures). Due to impairment, provision for diminution in the value of investment was made in 2006. | | |
| 21.02 | The summarized financial information of the associates over which the Company exercises significant influence, based on the latest audited financial statements for the year ended 30 June 2018, is as follows: | | |
| Premier Garments Limited | | 2018 Rupees | 2017 Rupees |
| Total assets | | 9,864,944 | 9,730,371 |
| Total liabilities | | 22,191,103 | 22,288,217 |
| Net Assets | | (12,326,159) | (12,557,846) |
| Company's share of net assets of associate | | (4,789,945) | (4,879,979) |
| Total revenue | | 1,200,000 | 1,800,000 |
| Total profit for the year | | 246,708 | 347,614 |
| Company's share of profit for the current year | | 95,871 | 135,083 |
| Share of unrecognised accumulated losses | | 6,176,112 | 6,457,554 |
| 21.03 | Investment in Associate is made in accordance with the requirements of the Companies Act, 2017. | | |
| 22 LONG TERM DEPOSITS | Note | 2019 Rupees | 2018 Rupees |
| Deposits against bank guarantees | | 31,887,500 | 26,387,500 |
| | | 31,887,500 | 26,387,500 |
| 23 STORES, SPARE PARTS AND LOOSE TOOLS | | | |
| Stores | | 116,657,902 | 109,581,754 |
| Spare parts | | 10,524,624 | 6,528,298 |
| Loose tools | | 2,631,156 | 1,632,075 |
| | | 129,813,682 | 117,742,127 |
| 23.01 | No identifiable stores and spares are held for specific capitalization. | | |



| 24 STOCK IN TRADE | Note | 2019 Rupees | 2018 Rupees |
|--|-------|---------------------------|---------------------------|
| Raw materials | | | |
| - In hand | | 91,203,622 | 83,398,211 |
| - In transit | | 82,365,790 | 99,803,666 |
| Work in process | | 49,454,050 | 68,042,124 |
| | | <u>223,023,462</u> | <u>251,244,001</u> |
| Finished goods | | 109,438,851 | 84,217,671 |
| Less: Provision for damaged stock | | <u>3,073,459</u> | <u>3,051,670</u> |
| | | <u>106,365,392</u> | <u>81,166,001</u> |
| | | <u>329,388,854</u> | <u>332,410,002</u> |
| 25 TRADE DEBTS | | | |
| Foreign debts - secured | 25.01 | - | 7,250,574 |
| Trade debts- unsecured but considered good | | 702,282,920 | 632,416,925 |
| Considered doubtful- unsecured | | 42,951,135 | 42,951,135 |
| | | <u>745,234,055</u> | <u>682,618,634</u> |
| Less : Provision for doubtful debts | 25.02 | 42,951,135 | 42,951,135 |
| | | <u>702,282,920</u> | <u>639,667,499</u> |

25.01 This represents receivable against export sales to U.A.E under payment against documents.

25.02 Provision for doubtful debts

Opening balance
Provision made during the year

Less: Provision written off during the year
Closing balance

- After considering past events, current conditions and forecasts, there is no indication of any shortfall in contractual cashflows of trade debtors, therefore, expected credit loss is not charged during the year.

26 LOANS AND ADVANCES

Considered good:

| | | | |
|-------------------------------|----------------------|--------------------------|--------------------------|
| Suppliers | 26.01 | 52,614,941 | 21,647,973 |
| Receivable from related party | 26.02 | 774,563 | 490,618 |
| Advances to Employees: | | | |
| - Executives | 26.03, 26.05 & 26.06 | 14,760,205 | 8,050,884 |
| - Other employees | 26.04, 26.05 & 26.06 | 1,422,030 | 5,576,618 |
| | | <u>69,571,739</u> | <u>35,766,093</u> |

26.01 It contain advances given to Abu Dhabi Vegetable Oil and MSW General Trading LLC located in Abu Dhabi and Dubai, UAE respectively in the normal force of business as per agreed terms & conditions.

26.02 Related parties - unsecured

Hala Enterprises Limited

Nature of transaction:

| | | |
|----------------------------|-----------------------|-----------------------|
| Sharing of office expenses | 774,563 | 490,618 |
| | <u>774,563</u> | <u>490,618</u> |

These are settleable in the ordinary course of business. The amount is receivable within one month therefore there is no indication of impairment of any past due balances. Further, balances receivable from related party (associated undertaking) are subject to mark up @ 14 % (2018: 10 %) p. a. The maximum aggregate amount outstanding at any time during the year was Rs. 774,563 (2018: 490,618). These are settleable in ordinary course of business.

26.03 These include loans exceeding Rs. 1 million to Mr. Muhammad Saeed Malik.



26.04 These include loans exceeding Rs. 1 million to Mr. Tanveer Zaidi and Mr. Shoukat Ali.

26.05 Advances given to executives and other employees of the company are for purchase of house, vehicles or for personal use in accordance with their terms of the employment. Any outstanding loan due from an employee at the time of leaving the Company is adjustable against final settlement of staff retirement benefits.

26.06 The advances are given to employees as per company's HR policy.

| | | 2019 Rupees | 2018 Rupees |
|--|--------------|--------------------|--------------------|
| 27 TRADE DEPOSITS AND SHORT TERM PREPAYMENT | Note | | |
| Security deposits | | 6,084,553 | 5,784,553 |
| Letter of credit - margin | | 7,445,500 | 6,908,200 |
| Prepayments | | 3,433,167 | 3,246,249 |
| | | 16,963,220 | 15,939,002 |
| 28 OTHER RECEIVABLES | | | |
| Zakat on dividend, receivable from government | | 76,962 | 76,962 |
| Sales tax receivable | | 402,270 | 402,270 |
| Other receivables: | | | |
| - from fair price shop | | 1,222,549 | 1,424,292 |
| | | 1,701,781 | 1,903,524 |
| 29 ADVANCE INCOME TAX | | | |
| Opening balance | | 198,041,652 | 183,177,827 |
| Payments during the year | | 125,020,932 | 109,764,612 |
| | | 323,062,584 | 292,942,439 |
| Adjustments during the year | | (112,691,652) | (94,900,787) |
| | | 210,370,932 | 198,041,652 |
| 30 CASH AND BANK BALANCES | | | |
| Cash in hand | | 6,659,383 | 5,196,279 |
| Cash with banks: | | | |
| - In current accounts | | 10,533,679 | 16,111,689 |
| - In deposit accounts | 30.01 | 3,847,331 | 12,712,025 |
| | | 21,040,393 | 34,019,993 |

30.01 These carry profit ranging from 6% to 10% (2018: 3% to 6%) per annum approximately.

| | | 2019 Rupees | 2018 Rupees |
|-----------------------|-------------|----------------------|----------------------|
| 31 SALES | Note | | |
| - Export sales | | | |
| Cooking oil | | - | 35,589,122 |
| - Local sales | | | |
| Ghee | | 1,785,736,754 | 1,717,118,798 |
| Cooking oil | | 3,742,222,640 | 3,152,221,207 |
| Speciality fats | | 85,131,062 | 136,791,306 |
| | | 5,613,090,456 | 5,006,131,311 |
| Soap | | 41,010,287 | 38,637,947 |
| Gases | | 256,284 | 96,050 |
| Coffee | | 1,546,713 | 1,300,174 |
| Mushroom | | 6,334,085 | 4,244,760 |
| | | 49,147,369 | 44,278,931 |
| Less: Sales tax | | 7,415,712 | 6,815,651 |
| | | 41,731,657 | 37,463,280 |
| | | 5,654,822,113 | 5,079,183,713 |
| Less: Trade discount | | 147,251,232 | 124,802,588 |
| Commission | | 3,344,609 | 3,573,099 |
| | | 150,595,841 | 128,375,687 |
| | | 5,504,226,272 | 4,950,808,026 |



| 32 COST OF SALES | Note | 2019 Rupees | 2018 Rupees |
|---|--------------|-----------------------------|-----------------------------|
| Raw material consumed | 32.01 | 3,951,859,249 | 3,509,151,348 |
| Stores and spare parts consumed | | 16,209,377 | 19,085,427 |
| Chemicals consumed | | 75,487,975 | 68,055,612 |
| Packing materials consumed | | 349,096,818 | 302,162,569 |
| Salaries, wages and benefits | 32.02 | 61,135,570 | 52,679,210 |
| Power, fuel and lubricants | | 153,335,640 | 160,362,040 |
| Repair and maintenance | | 7,016,885 | 12,478,679 |
| Filling and loading | | 43,599,777 | 53,368,395 |
| Insurance | | 5,548,926 | 4,517,250 |
| Provision for damaged stock | | 21,789 | 11,651 |
| Depreciation | 18.01 | 36,505,265 | 37,634,442 |
| | | <u>4,699,817,271</u> | <u>4,219,506,623</u> |
| Work in process: | | | |
| Opening | | 68,042,124 | 57,652,690 |
| Closing | | (49,454,050) | (68,042,124) |
| | | <u>18,588,074</u> | <u>(10,389,434)</u> |
| Cost of goods manufactured | | <u>4,718,405,345</u> | <u>4,209,117,189</u> |
| Finished goods: | | | |
| Opening | | 71,932,299 | 72,689,745 |
| Closing | | (96,435,477) | (71,932,299) |
| | | <u>(24,503,178)</u> | <u>757,446</u> |
| | | <u>4,693,902,167</u> | <u>4,209,874,635</u> |
| Finished goods purchased for resale: | | | |
| Opening | | 12,285,372 | 8,148,472 |
| Purchases | | 2,815,901 | 5,407,516 |
| | | <u>15,101,273</u> | <u>13,555,988</u> |
| Closing stock | | (13,003,374) | (12,285,372) |
| | | <u>2,097,899</u> | <u>1,270,616</u> |
| Cost of purchased goods sold | | <u>4,696,000,066</u> | <u>4,211,145,251</u> |
| 32.01 Raw material consumed | | | |
| Opening | | 83,398,211 | 62,270,143 |
| Purchases | | 3,959,664,660 | 3,530,279,416 |
| | | <u>4,043,062,871</u> | <u>3,592,549,559</u> |
| Closing | | (91,203,622) | (83,398,211) |
| | | <u>3,951,859,249</u> | <u>3,509,151,348</u> |
| 32.02 Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 6.99 million (2018: Rs. 3.46 million). | | | |

| 33 SELLING AND DISTRIBUTION COST | Note | 2019 Rupees | 2018 Rupees |
|---|--------------|---------------------------|---------------------------|
| Salaries, wages and benefits | 33.01 | 56,845,472 | 43,301,291 |
| Travelling and conveyance | | 8,105,834 | 6,278,971 |
| Advertisement | | 199,982,246 | 224,791,704 |
| Export charges | | - | 4,839,452 |
| Carriage outward | | 52,146,501 | 48,129,270 |
| Redistribution expenses | | 37,269,820 | 46,425,445 |
| Amortization | | 1,643,235 | - |
| Promotional expenses | | - | 4,854,852 |
| Other selling expenses | | 9,759,552 | 13,700,767 |
| | | <u>365,752,660</u> | <u>392,321,752</u> |

33.01 Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 1.27 million (2018: Rs. 0.63 million).



33.02 Advertisement include below the line (BTL) expenses for the year Rs. 88.82 million (2018: Rs. 83.54 million).

| 34 ADMINISTRATIVE EXPENSES | Note | 2019 Rupees | 2018 Rupees |
|-----------------------------------|--------------|------------------------|------------------------|
| Directors' meeting fee | | 2,140,000 | 2,248,000 |
| Directors' remuneration | | 33,614,271 | 24,135,697 |
| Salaries, wages and benefits | 34.01 | 69,895,557 | 58,090,038 |
| Travelling and conveyance | | 14,410,372 | 11,162,616 |
| Entertainment | | 880,219 | 1,796,014 |
| Printing and stationary | | 1,931,414 | 1,733,002 |
| Postage, telephone and telex | | 4,785,295 | 4,521,903 |
| Rent, rates and taxes | | 21,391,180 | 11,545,955 |
| Donations | 34.02 | 480,000 | 500,000 |
| Fees and subscription | | 2,050,165 | 1,413,930 |
| Legal and professional charges | | 7,008,219 | 5,242,363 |
| Vehicle running and maintenance | | 12,913,449 | 12,339,076 |
| Repair and maintenance | | 2,338,962 | 4,159,559 |
| Power, fuel and lubricant | | 2,335,060 | 2,442,062 |
| Advertisement | 34.03 | 8,332,594 | 9,366,321 |
| Depreciation | 18.01 | 4,056,140 | 4,181,605 |
| Office expenses | | 3,775,095 | 2,955,676 |
| | | 192,337,992 | 157,833,817 |

34.01 Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 4.45 million (2018: Rs. 2.20 million).

34.02 Donation during the year:

| | | |
|--|---------|---------|
| - Pakistan National Heart Association (PANAHA) | 480,000 | 500,000 |
| - None of the directors or their spouses had any interest in the donee's fund. | | |

34.03 Advertisement include below the line (BTL) expenses for the year Rs. 3.70 million (2018: Rs. 3.48 million).

| 35 FINANCE COST | Note | 2019 Rupees | 2018 Rupees |
|--|--------------|------------------------|------------------------|
| Mark up on short term borrowings | | 13,417,731 | 5,896,931 |
| Mark up charged on W.P.P.F. | | 234,630 | 282,133 |
| Bank charges | | 2,303,653 | 1,999,159 |
| | | 15,956,014 | 8,178,223 |
| 36 OTHER OPERATING CHARGES | | | |
| Auditors' remuneration | 36.01 | 995,500 | 830,500 |
| Workers' profit participation fund | | 12,174,016 | 9,385,202 |
| Workers' welfare fund | | 2,590,296 | 3,748,438 |
| | | 15,759,812 | 13,964,140 |
| 36.01 Auditors' Remuneration | | | |
| Audit fee | | 825,000 | 660,000 |
| Half yearly review fee | | 82,500 | 82,500 |
| Other attestation services | | 55,000 | 55,000 |
| Out of pocket expenses | | 33,000 | 33,000 |
| | | 995,500 | 830,500 |
| 36.02 Workers' Welfare Fund reversal written back | | | |
| Provision for the current year | | 4,864,914 | 3,748,438 |
| Prior year adjustment | | (2,274,618) | - |
| | | 2,590,296 | 3,748,438 |



| 37 OTHER INCOME | Note | 2019 Rupees | 2018 Rupees |
|---|------|--------------------|--------------------|
| Income from financial assets | | | |
| Profit on bank deposits | | 5,184,317 | 3,105,656 |
| Markup earned from related party | | 69,932 | 26,785 |
| Exchange gain / (loss) | | 1,124,664 | 1,223,029 |
| Income from non financial assets | | | |
| Scrap sale | | 3,370,731 | 1,844,200 |
| Gain on disposal of property, plant and equipment | | 312,014 | 723,751 |
| | | 10,061,658 | 6,923,421 |
| 38 TAXATION | | | |
| Taxation | | | |
| -Current year | | 121,152,789 | 111,217,841 |
| -Prior years | | (9) | (7,073,777) |
| | | 121,152,780 | 104,144,064 |
| Deferred taxation | | | |
| For current year | | (49,214) | 988,558 |
| | | 121,103,566 | 105,132,622 |

38.01 - Income tax return has been filed to the income tax authorities up to and including tax year 2018 under the provisions of the Income Tax Ordinance, 2001.

- Provision for current year income tax represents final tax on locally produced oil and minimum tax on imported oil under section 148A and section 148(8) of the Income Tax Ordinance, 2001 respectively. The numeric tax reconciliation has not been presented being impracticable.

38.02 As per the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

| | 2018 Rupees | 2017 Rupees | 2016 Rupees |
|---------------------------------------|----------------|----------------|----------------|
| Provision as per financial statements | 111,217,841 | 91,632,628 | 98,147,839 |
| Tax assessment | 111,217,832 | 92,914,902 | 98,147,839 |

| 39 EARNINGS PER SHARE | Note | 2019 | 2018 |
|--|--------|--------------|--------------|
| Basic Earnings per share: | | | |
| Profit after taxation | Rupees | 107,377,820 | 69,155,642 |
| Weighted average number of ordinary shares | Number | 5,390,652 | 5,390,652 |
| Earnings per share - basic and diluted | Rupees | 19.92 | 12.83 |

39.01 There has been no effect of dilution on earnings per share during the year as the Company had no such commitments.

40 TRANSACTIONS WITH RELATED PARTY

40.01 Disclosure of transactions between the company and its related parties:-

Related parties comprise associated companies, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Details of the transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:



| Nature of transaction | Relationship with the Company | 2019 Rupees | 2018 Rupees |
|----------------------------|-------------------------------|----------------|----------------|
| Sharing of office expenses | Associated Company | 3,460,280 | 2,794,350 |
| Markup earned | Associated Company | 69,932 | 26,785 |

40.02 The related party status of outstanding balances as at June 30, 2019 are included in loans and advances (note 26). These are to be settled in the ordinary course of business.

40.03 Following are the related parties with whom the company had entered into transactions or have arrangements / agreements in place.

| Company Name | Basis of associated company | Aggregate % of Shareholding in the Company |
|------------------------------|-----------------------------|--|
| M/s Hala Enterprises Limited | Common directorship | 0.96% |

There were no transactions with directors and key management personnel other than those undertaken as per terms of their employment that have been disclosed in note 44 of the notes to the financial statements.

41 FINANCIAL INSTRUMENTS BY CATEGORY

| Financial assets as per statement of financial position | Note | 2019 Rupees | 2018 Rupees |
|---|------|--------------------|--------------------|
| Long term deposits | | 31,887,500 | 26,387,500 |
| Trade debts | | 702,282,920 | 639,667,499 |
| Loans and advances | | 16,182,235 | 13,627,502 |
| Trade deposits | | 6,084,553 | 5,784,553 |
| Other receivables | | 1,222,549 | 1,424,292 |
| Bank balances | | 14,381,010 | 28,823,714 |
| | | 772,040,767 | 715,715,060 |
| Financial liabilities as per statement of financial position | | | |
| Trade and other payables | | 286,155,346 | 232,522,034 |
| Short term borrowings | | 123,944,702 | 86,314,308 |
| Accrued interest/mark-up | | 1,285,902 | 326,325 |
| Unclaimed dividend | | 9,229,882 | 7,799,300 |
| | | 420,615,832 | 326,961,967 |

Fair values of financial assets and liabilities

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.
- The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: 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).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).



41.01 Financial Instruments measured at fair value

41.01.01 Recurring fair value measurements

There are no recurring fair value measurements as at the reporting date.

41.01.02 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

41.02 Financial Instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

41.03 Assets and liabilities other than financial instruments

41.03.01 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how their fair values are determined are as follows:

| Assets | Level 1 | Level 2 | Level 3 | 30-Jun-19 Rupees |
|--------|---------|---------|---------|---------------------|
|--------|---------|---------|---------|---------------------|

| | | | | |
|---------------------|---|-------------|---|-------------|
| Buildings | - | 94,966,206 | - | 94,966,206 |
| Plant and machinery | - | 171,197,660 | - | 171,197,660 |

| Assets | Level 1 | Level 2 | Level 3 | 30-Jun-18 Rupees |
|--------|---------|---------|---------|---------------------|
|--------|---------|---------|---------|---------------------|

| | | | | |
|---------------------|---|-------------|---|-------------|
| Buildings | - | 105,518,007 | - | 105,518,007 |
| Plant and machinery | - | 184,765,648 | - | 184,765,648 |

The Company does not hold any instrument which could be included in Level 1 and Level 3. For fair value measurements categorised into Level 2 the following information is relevant:

| | Valuation technique | Significant inputs | Sensitivity |
|---------------------|--|--|--|
| Buildings | Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year. | Estimated construction costs and other ancillary expenditure. | A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 4.75 million (2018: Rs. 5.28 million). |
| Plant and machinery | Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year. | Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation. | A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 8.56 million (2018: Rs. 9.24 million). |



There were no transfers between fair value hierarchies during the year.

41.03.02 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

The Company has investment in associate which is stated at cost (refer note21).

42 FINANCIAL INSTRUMENTS

42.01 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports edible palm oil, tin plates and some items of chemicals and exports cooking oil and is exposed to currency risk, primarily with respect to liabilities denominated in US Dollars.

The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

At reporting date, if the Pakistani Rupee had weakened by 5% (2018: 5%) against the US Dollar / Dirham with all other variables held constant, post-tax profit for the year would have been lower by Rs. 7,874,448 (2018: 1,543,189) mainly as a result of foreign exchange losses on translation of US Dollar-denominated trade payables.

The company's exposure to currency risk is as follows:

| | 2019 | | 2018 | |
|--|-------------|------------|------------|------------|
| | Rupees | Dirham | Rupees | Dirham |
| Statement of financial position items | | | | |
| Advances to suppliers | 38,233,534 | 874,309 | - | - |
| Trade debts | - | - | 7,250,574 | 224,198 |
| | Rupees | US Dollars | Rupees | US Dollars |
| L/C Margin | 7,445,500 | 46,353 | 6,908,200 | 56,748 |
| Off-balance sheet commitments | | | | |
| Letter of credit | 111,809,930 | 696,093 | 16,705,000 | 137,224 |

| | 2019 | 2018 |
|--|--------|--------|
| | Rupees | Rupees |
| The following significant exchange rates were applied during the year: | | |
| Rupees per US Dollar | | |
| Reporting date rate | 160.63 | 121.73 |
| Average rate | 147.65 | 110.07 |
| Rupees per Dirham | | |
| Reporting date rate | 42.03 | 32.34 |
| Average rate | 40.19 | 33.11 |

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's interest rate risk arises from short term borrowings and interest bearing assets. Borrowings obtained at variable rates exposes the company to cash flow interest rate risk.

At the statement of financial position date the interest rate profile of the Company's interest bearing financial instruments was:



| | Note | 2019 Rupees | 2018 Rupees |
|---------------------------------|------|----------------|----------------|
| Floating rate instrument | | | |
| Financial liabilities | | | |
| Short term borrowings | | 123,944,702 | 86,314,308 |
| Financial assets | | | |
| Bank balances- saving accounts | | 3,847,331 | 12,712,025 |

Cash flow sensitivity analysis for floating rate

If interest rate at the year end date, fluctuates by 1% higher/lower with all other variables held constant, profit after taxation for the year would have been Rs. 1,200,974 lower/higher (2018: 736,023 lower/higher), mainly as a result of higher/lower interest income/expense on floating rate borrowings and bank balances. This analysis is prepared assuming the amounts of liabilities outstanding / assets deposits at the statement of financial position dates were outstanding / deposits for the whole year.

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss.

Therefore, a change in interest rate at the date of financial position would not affect profit or loss of the company.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as its investment is in non-listed securities.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. Out of the total financial assets of Rs. 772,040,767 (2018: Rs. 715,715,060), the maximum exposure to credit risk amounts to Rs. 772,040,767 (2018: Rs. 708,464,486).

Geographically, there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts, loans and receivables at the reporting date by type of parties was:

| | Note | 2019 Rupees | 2018 Rupees |
|---|------|--------------------|--------------------|
| Government institution and utility store | | 70,832,887 | 113,285,162 |
| Private sector's companies | | 78,062,226 | 52,176,393 |
| Distributors | | 337,830,658 | 517,157,078 |
| Others | | 285,314,996 | 13,627,502 |
| | | 772,040,767 | 696,246,136 |
| The aging of loans and receivables at the reporting date was: | | | |
| Past due 0-6 months | | 656,234,652 | 584,725,133 |
| Past due 6-12 months | | 77,204,077 | 59,520,582 |
| More than one year | | 38,602,038 | 52,000,421 |
| | | 772,040,767 | 696,246,136 |

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which have not impaired are as under:



| | Note | 2019 Rupees | 2018 Rupees |
|--------------------|------|--------------------|--------------------|
| Long term deposits | | 31,887,500 | 26,387,500 |
| Trade debts | | 702,282,920 | 639,667,499 |
| Loans and advances | | 16,182,235 | 13,627,502 |
| Trade deposits | | 6,084,553 | 5,784,553 |
| Other receivables | | 1,222,549 | 1,424,292 |
| Bank balances | | 14,381,010 | 28,823,714 |
| | | 772,040,767 | 715,715,060 |

The credit quality of receivables can be assessed by considering reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

| 30-Jun-19 | | | |
|---------------------------------|------------------|------------|-----------|
| | Rating agency | Short term | Long term |
| National Bank of Pakistan | PACRA | A1+ | AAA |
| United Bank Limited | JCR-VIS | A1+ | AAA |
| Habib Metropolitan Bank Limited | PACRA | A1+ | AA+ |
| Bank Al-Falah Limited | PACRA | A1+ | AA+ |
| Allied Bank Limited | PACRA | A1+ | AAA |
| Faysal Bank Limited | PACRA | A1+ | AA |
| MCB Bank Limited | PACRA | A1+ | AAA |
| JS Bank Limited | PACRA | A1+ | AA- |

(c) **Liquidity risk**

Liquidity risk represents the risk that the company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business, the company maintains flexibility in funding by maintaining committed credit lines available.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| 30 June 2019 | Carrying Amount | Contractual cash flows | 6 months or less | 6 - 12 month | 1 - 2 years | 2 - 5 years | More than 5 years |
|---|--------------------|---------------------------|---------------------|------------------|-------------|-------------|----------------------|
| RUPEES | | | | | | | |
| Non-derivative Financial Liabilities | | | | | | | |
| Trade and other payables | 286,155,346 | 286,155,346 | 286,155,346 | - | - | - | - |
| Short term borrowings | 123,944,702 | 134,033,801 | 128,989,251 | 5,044,549 | - | - | - |
| Accrued interest/mark-up | 1,285,902 | 1,285,902 | 1,285,902 | - | - | - | - |
| Unclaimed dividends | 9,229,882 | 9,229,882 | 9,229,882 | - | - | - | - |
| | 420,615,832 | 430,704,931 | 425,660,381 | 5,044,549 | - | - | - |
| 30 June 2018 | Carrying Amount | Contractual cash flows | 6 months or less | 6 - 12 month | 1 - 2 years | 2 - 5 years | More than 5 years |
| RUPEES | | | | | | | |
| Non-derivative Financial Liabilities | | | | | | | |
| Trade and other payables | 232,522,034 | 232,522,034 | 232,522,034 | - | - | - | - |
| Short term borrowings | 86,314,308 | 93,340,293 | 89,827,300 | 3,512,992 | - | - | - |
| Accrued interest/mark-up | 326,325 | 326,325 | 326,325 | - | - | - | - |
| Unclaimed dividends | 7,799,300 | 7,799,300 | 7,799,300 | - | - | - | - |
| | 326,961,967 | 333,987,952 | 330,474,959 | 3,512,992 | - | - | - |

The contractual cash flows relating to above financial liabilities have been determined on the basis of interest rates/mark-up rates effective as at 30 June 2019/2018. The rates of interest/mark-up have been disclosed in note 14 to these financial statements.

**43 CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

However, the Company can finance its operations through equity, loans and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Net debt is calculated as total borrowings as referred to in note "the notes to the financial statements" less cash and bank balances. Total capital employed includes 'total equity' as shown in the statement of financial position and 'net debt'. The gearing ratio as at 30 June 2019 and as at 30 June 2018 is as follows:

| | Note | 2019 Rupees | 2018 Rupees |
|------------------------|------|----------------|----------------|
| Debt | | 123,944,702 | 86,314,308 |
| Cash and bank balances | | 21,040,393 | 34,019,993 |
| Net debt | | 102,904,309 | 52,294,315 |
| Total equity | | 1,242,492,919 | 1,159,646,284 |
| Total capital employed | | 1,345,397,228 | 1,211,940,599 |
| Gearing ratio (%) | | 7.65% | 4.31% |

44 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

| | CHIEF EXECUTIVE | | DIRECTORS | | EXECUTIVES | |
|--------------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019 Rupees | 2018 Rupees | 2019 Rupees | 2018 Rupees | 2019 Rupees | 2018 Rupees |
| Managerial remuneration | 5,326,080 | 4,841,880 | 7,656,528 | 7,172,324 | 17,203,567 | 16,547,850 |
| House rent and utilities | 2,355,000 | 2,140,920 | 3,385,428 | 3,171,348 | 8,876,506 | 6,333,266 |
| Bonus | 956,462 | 941,477 | 420,775 | 453,143 | 3,111,587 | 2,060,315 |
| Medical expenses | 2,030,698 | 418,005 | 3,148,948 | 378,069 | 1,904,166 | 433,454 |
| Travelling expenses | 1,343,171 | 800,772 | 6,991,181 | 3,817,759 | 4,146,667 | 4,122,473 |
| | 12,011,411 | 9,143,054 | 21,602,860 | 14,992,643 | 35,242,493 | 29,497,358 |
| Number of persons | 1 | 1 | 6 | 6 | 8 | 10 |

44.01 The Chief Executive is provided with free use of company maintained car and reimbursement of residential telephone expenses. Certain directors and executives are also provided with free use of company maintained cars.

44.02 Aggregate amount charged in the financial statements for the year for meeting fee to 4 directors was Rs. 2,140,000 (2018: Rs. 2,248,000)

44.03 Entitlement of bonus is only for the Executive directors.

45 CAPACITY AND PRODUCTION**Rated Capacity/Production**

| | | 2019 | 2018 |
|------------------------|-------|---------------|---------------|
| Ghee / speciality fats | M.TON | 14,000 | 14,000 |
| Cooking oil | M.TON | 19,000 | 16,000 |
| | | 33,000 | 30,000 |

Actual Production

| | | | |
|------------------------|-------|---------------|---------------|
| Ghee / speciality fats | M.TON | 12,575 | 12,563 |
| Cooking oil | M.TON | 18,851 | 16,974 |
| | | 31,426 | 29,537 |

**45.01 RATED CAPACITY**

On the basis of blending hard oil with soft oil, rated capacity comes to 33,000 M. Ton annually. The rated capacity is interchangeable between Ghee and Cooking Oil depending on demand.

45.02 REASONS FOR SHORTFALL

Due to shut down in supply of Sui gas and electricity during the year, the actual production of Ghee/Speciality fats short falls the rated capacity / production.

46 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment.

46.01 Revenue from sale of ghee, cooking oil, speciality fats, soap, and gases represents 99.82% (2018: 99.86%) of the total income of the company.

46.02 100.00% (2018: 99.28%) of the gross sales of the Company are made to customers located in Pakistan. Remaining 0.00% (2018: 0.72%) are the exports made to U.A.E.

46.03 All non current assets of the Company as at 30 June 2019 are located in Pakistan.

46.04 None of the customers of the Company accounts for more than 10% of the gross sales of the Company for the year.

47 EMPLOYEES

Average number of employees during the year - factory
- others

Number of employees at the end of the year - factory
- others

| 2019 Number | 2018 Number |
|----------------|----------------|
| 169 | 229 |
| 29 | 29 |
| 198 | 258 |
| 177 | 240 |
| 29 | 29 |
| 206 | 269 |

48 SHARIAH SCREENING DISCLOSURE

| | 2019 | | 2018 | |
|--|--------------|----------------------|--------------|----------------------|
| | Conventional | Shariah Compliant | Conventional | Shariah Compliant |
| | Rupees | | | |
| Loans and advances | 774,563 | 68,797,176 | 490,618 | 35,275,475 |
| Bank Balances | 3,847,331 | 10,533,679 | 12,712,025 | 16,111,689 |
| Short term borrowings | 123,944,702 | - | 86,314,308 | - |
| Revenue | - | 5,504,226,272 | - | 4,950,808,026 |
| Mark-up paid | 13,652,361 | - | 6,179,064 | - |
| Profit on bank deposits | 5,184,317 | - | 3,105,656 | - |
| Exchange gain / (loss) on actual currency | - | - | - | - |
| | - | 1,124,664 | - | 1,223,029 |
| Interest income from related party | 69,932 | - | 26,785 | - |

49 NON ADJUSTING EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Board of Directors in its meeting held on 30 September 2019 proposed final cash dividend at the rate of Rs.4.00 per share (2018: Rs. 1.20 per share) for the year ended 30 June 2019 subject to the approval of the members at the forthcoming Annual General Meeting to be held on 28 October 2019. These financial statements do not reflect the proposed dividend payable.

**50 CHANGE IN ACCOUNTING POLICIES****50.01 IFRS 15 'Revenue from Contracts with Customers'**

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company manufactures and contracts with customers for the sale of Ghee, Coffee, Vegetable Oil, Soap, Fats and Gas which generally include single performance obligation. The management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, does not have an effect on the financial statements of the Company.

50.02 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and



- Its contractual terms give rise on specified dates to cash flows that are solely Payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The accounting policies that apply to financial instruments are stated in note 7.16 to the financial statements.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 01 July 2018:

| Financial Assets - 2018 | Note | Classification | | Carrying amount | |
|---------------------------------------|-------|-----------------------|----------------|--------------------|--------------------|
| | | IAS 39 | IFRS 9 | IAS 39 | IFRS 9 |
| Investment in associate | 21 | FVTPL | FVTPL | - | - |
| Trade debts | 25 | Loans and receivables | Amortized cost | 639,667,499 | 639,667,499 |
| Loans, Deposits and other receivables | 26,27 | Loans and receivables | Amortized cost | 7,208,845 | 7,208,845 |
| Bank balances | 30 | Loans and receivables | Amortized cost | 28,823,714 | 28,823,714 |
| Total | | | | 675,700,058 | 675,700,058 |

(ii) Impairment

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

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

Loss allowance on bank balances is measured at 12 months expected credit losses. Since this asset is short term in nature, therefore no credit loss is expected on these balances.



51 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on 30 September 2019.

52 GENERAL

- Figures have been rounded off to the nearest rupee, unless otherwise stated.
- Comparative figures have been rearranged and reclassified, where necessary, for the purpose of better presentation and comparison.

A handwritten signature in black ink, appearing to be 'Ch. Asif'.

CHAIRMAN / DIRECTOR

A handwritten signature in black ink, appearing to be 'Naseem'.

EXECUTIVE DIRECTOR



PATTERN OF SHAREHOLDING AS ON JUNE 30, 2019

| No. of Shareholders | Shareholders From | To | Total Shares Held |
|---------------------|-------------------|---------|-------------------|
| 526 | 1 | 100 | 17,014 |
| 413 | 101 | 500 | 105,163 |
| 69 | 501 | 1,000 | 51,651 |
| 62 | 1,001 | 5,000 | 146,028 |
| 17 | 5,001 | 10,000 | 121,717 |
| 6 | 10,001 | 15,000 | 78,100 |
| 3 | 15,001 | 20,000 | 51,900 |
| 1 | 20,001 | 25,000 | 22,500 |
| 1 | 25,001 | 30,000 | 25,492 |
| 2 | 30,001 | 35,000 | 61,918 |
| 1 | 35,001 | 40,000 | 39,836 |
| 1 | 40,001 | 45,000 | 44,000 |
| 1 | 50,001 | 55,000 | 51,971 |
| 1 | 70,001 | 75,000 | 72,570 |
| 1 | 90,001 | 95,000 | 93,047 |
| 1 | 200,001 | 205,000 | 201,400 |
| 1 | 215,001 | 220,000 | 217,112 |
| 1 | 220,001 | 225,000 | 224,732 |
| 2 | 225,001 | 230,000 | 456,602 |
| 1 | 230,001 | 235,000 | 234,000 |
| 2 | 260,001 | 265,000 | 528,152 |
| 1 | 340,001 | 345,000 | 340,893 |
| 1 | 360,001 | 365,000 | 363,822 |
| 1 | 425,001 | 430,000 | 429,934 |
| 1 | 435,001 | 440,000 | 437,124 |
| 1 | 455,001 | 460,000 | 456,323 |
| 1 | 515,001 | 520,000 | 517,651 |
| 1,119 | | | 5,390,652 |

| Categories of Shareholders | Shares held | Percentage |
|--|------------------|---------------|
| Directors, CEO and their spouses | 1,393,954 | 25.86% |
| Associated Companies/Undertaking and Related Parties | 415,793 | 7.71% |
| NIT and ICP | 561,397 | 10.41% |
| Banks Development Financial Institutions and Non-Banking | | |
| Financial Institutions | - | - |
| Insurance Companies | - | - |
| Modarabas and Mutual Funds | 439,600 | 8.16% |
| Share holders holding 10% or more | - | - |
| General Public | - | - |
| a. Local | 2,522,288 | 46.79% |
| b. Foreign | | |
| Others (to be specified) | | |
| Joint Stock Companies | 42,620 | 0.79% |
| Foreign Companies | 15,000 | 0.28% |
| | 5,390,652 | 100.00 |



**Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2019**

| Sr. No. | Name & Category of Shareholders | No. of Shares Held | Percentage |
|---------|---------------------------------|--------------------|------------|
|---------|---------------------------------|--------------------|------------|

Associated Companies, Undertakings and Related Parties:

| | | | |
|---|--|---------|---------|
| 1 | M/s Teejay Corporation (Private) Limited | 363,822 | 6.7491% |
| 2 | M/s Hala Enterprises Limited | 51,971 | 0.9641% |

Mutual Funds (Name Wise Detail)

| | | | |
|---|--|---------|---------|
| 1 | CDC - Trustee And Opportunity Fund (CDC) | 201,400 | 3.736% |
| 2 | CDC - Trustee National Investment (unit) Trust (CDC) | 517,651 | 9.6028% |
| 3 | Golden Arrow Selected Stock Fund Limited (CDC) | 234,000 | 4.3408% |

Directors and their Spouse and Minor Children (Name Wise Detail)

| | | | |
|---|--|---------|---------|
| 1 | Mr. Tahir Jahangir | 39,836 | 0.7390% |
| 2 | Mr. Izaz Ilahi Malik | 72,570 | 1.3462% |
| 3 | Mr. Usman Ilahi Malik | 456,323 | 8.4651% |
| 4 | Mr. Furqan Anwar Batla | 437,224 | 8.1108% |
| 5 | Mr. Jillani Jahangir | 340,893 | 6.3238% |
| 6 | Syed Tahir Hussain Shah | 3,108 | 0.0577% |
| 7 | Mr. Firasat Ali (NIT Nominee) | - | - |
| 8 | Mrs. Nageen Malik W/O Mr. Izaz Ilahi Malik | 44,000 | 0.8162% |

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

- -

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting intrest in the listed company

| S. No. | Name of Shareholder | Holding | Percentage |
|--------|--|---------|------------|
| 1 | CDC - Trsutee National Investment (Unit) Trust (CDC) | 517,651 | 9.6028% |
| 2 | Mr. Usman Ilahi Malik | 456,323 | 8.4651% |
| 3 | Mr. Mansoor Ilahi Malik | 429,934 | 7.9755% |
| 4 | M/S Teejay Corporation (Pvt) Ltd | 363,822 | 6.7491% |
| 5 | Mian Jilani Jahangir | 340,893 | 6.3238% |
| 6 | Mr. Furqan Anwar Batla | 437,224 | 8.1108% |

All trades in the shares of the listed company, carried out by its directors, Executives and their spouses and minor children shall also be disclosed:

| S.No. | Name | ----- NIL ----- | Transmitted | Purchase |
|-------|------|-----------------|-------------|----------|
|-------|------|-----------------|-------------|----------|

**ANNEXURE “A”**

Dated: September 30, 2019

Dear Shareholder (s),

INFORMATION UNDER SECTION 213 OF THE COMPANY ACT 2017

In pursuance of Section 213 of the Companies Act, 2017, you are hereby informed that the Board of Directors of the Punjab Oil Mills Limited has recommended for the approval of the shareholders, an increase of the following:-

| Name & Designation | Last Drawing | Increase | After Increase | Yearly |
|--|---------------------|-----------------|-----------------------|-----------------|
| Mr. Tahir Jahangir Chairman/Director | PKR 640,090/- | PKR 64,009/- | PKR 704,099/- | PKR 8,449,188/- |
| Mr. Izaz Illahi Malik Chief Executive Officer | PKR 640,090/- | PKR 64,009/- | PKR 704,099/- | PKR 8,449,188/- |
| Mr. Usman Illahi Malik Director | PKR 280,073/- | PKR 28,007/- | PKR 308,080/- | PKR 3,696,960/- |

The above remuneration shall be subject to such adjustments, bonuses and other entitlements as may be granted at any time and from time to time by the Board of Directors of the Company and /or in accordance with the policies and the services rules of the Company for the time being in force.

Yours Sincerely
For **PUNJAB OIL MILLS LIMITED**

By the Order of the Board
Company Secretary



FORM OF PROXY

I/We _____

of _____ being a Member of **Punjab Oil Mills Limited** and holder(s) of _____

Ordinary Shares as per Share Register Folio No. _____

For beneficial owners as per CDC List

CDC Participant I.D. No.

Sub Account No. _____

[illegible]

Passport No. _____

hereby appoint Mr./Mrs./Miss. _____ of _____ an other member of
the Company or failing him /her Miss/Mrs/Mr. _____
of _____ another member of the Company as my / our proxy to attend and vote for me / us and my /our
behalf at Annual General Meeting of the Company to be held on Monday, October 28, 2019, at 11:00 A.M. and at every
adjournment thereof, if any.

Please affix
Rupees Five
Revenue Stamp

(Signature should agree with the specimen
signature registered with the Company)

Signed this _____ day of October 2019

Signature of Shareholder _____

Signature of Proxy

[illegible]

Important:

1. This Proxy Form, duly completed and signed, must be received at above mentioned address the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities In addition to the above the following requirements have to be met
 - i. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy forms.
 - ii. The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - iii. In case of a corporate entity, the Board of Directors resolution /power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

پراکسی فارم

میں مسٹر/مسز/امس۔۔۔۔۔ ساکن۔۔۔۔۔ بحیثیت ممبر پنجاب آئل ملز لمیٹڈ

شیر فو لیونبر۔۔۔۔۔ کے تحت مسٹر/مسز/امس۔۔۔۔۔ ساکن

یا فرد مذکورہ کی عدم دستیابی کی صورت میں مسٹر/مسز/امس۔۔۔۔۔

ساکن۔۔۔۔۔ کو اپنا نمائندہ مقرر کرتا /کرتی ہوں کہ 28 اکتوبر 2019 بروز پير کو صبح گیارہ بجے (11:00)

پر منعقد ہونے والے کمپنی کے سالانہ اجلاس اور اس کے بعد کسی بھی اور کہیں اور بھی منعقد ہونے والے دوسرے اجلاس کے لیے اپنا نمائندہ مقرر کر سکتا /سکتی ہوں۔

دستخط شیئر ہولڈر

(دستخط کمپنی کے پاس دستخط نمونہ کے مطابق ہوں)

قومی شناختی کارڈ نمبر / پاسپورٹ نمبر -----

دستخط مقرر کرده نماينده-----اكتوبر 2019

گواہان

| | |
|-----------------------|-----------------------|
| 1- دستخط | 2- دستخط |
| نام | نام |
| پتہ | پتہ |
| قومی شناختی کارڈ نمبر | قومی شناختی کارڈ نمبر |

نوٹ:








- 1- پراسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرادیا جائے۔
- 2- اگر کوئی ممبر ایک سے زیادہ پراسی فارم کمپنی کے رجسٹرڈ دفتر میں جمع کروادے گا تو پراسی فارم قابل قبول نہیں ہوگا۔
- 3- مقرر کردہ نمائندے کے لیے کمپنی کا ممبر ہونا لازمی نہیں۔
- سی ڈی سی اکاؤنٹ ہولڈر/ کارپوریٹ ایجنٹی ہونے کی صورت میں درج ذیل شرائط پر عمل کرنا ہوگا۔
- (i) ممبر اور پراسی کی قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراسی فارم کے ہمراہ منسلک کرنا ہوں گی۔
- (ii) پراسی کو اجلاس کے وقت اپنا اصلی شناختی کارڈ یا اصلی پاسپورٹ پیش کرنا ہوگا۔
- (iii) کارپوریٹ ایجنٹی کی صورت میں ڈائریکٹر کی پاس کردہ قرارداد/ پاور آف اٹارنی مع نامزد فرد کے دستخط کے نمونہ پراسی فارم کے ہمراہ اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرانا ہوگی۔










**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



PUNJAB OIL MILLS LIMITED

An ISO 9001, 14001, OHSAS 18001, FSSC 22000 & Halal Certified Company

MANUFACTURERS OF



Contact Information

Address: Plot No. 26-27-28,
Industrial Triangle, Kahuta Road, Islamabad.
Ph: 051-4490017-21

🌐 www.punjaboilmills.com | ✉ info@punjaboilmills.com

🌐 www.canolive.com.pk

Join us on social media

CanOlive

📘 facebook.com/OliveYourLife

📷 instagram.com/canoliveoil

Trubru

📘 facebook.com/trubrucoffee

Naturelle

📘 facebook.com/naturellepk

📷 instagram.com/naturellepk