



**Punjab Oil Mills Limited**

An ISO 9001 & FSSC 22000 CERTIFIED COMPANY

**CANOLIVE®**  
Premium Cooking Oil



**Oliva**  
Olive Pomace Oil



FIRST PRESS  
**NATURELLE**  
ORGANICALLY REFINED  
COOKING OIL

POML

Delivering Performance

Annual Report 2017

POML  
ANNUAL REPORT  
2017

# Delivering Performance



**Punjab Oil Mills Limited**

An ISO 9001 & FSSC 22000 CERTIFIED COMPANY

**“SAY NO TO  
CORRUPTION”**



CANOLIVE®  
Premium Cooking Oil

# Nutritionists ki choice CanOlive, Kionkay...



**SEHAT PAR AB  
NO SAMJHOTA**

**Zarmeena Faisal**  
Certified Nutritionist & Fitness Coach.



[www.canolive.com.pk](http://www.canolive.com.pk)

 OliveYourLife



Punjab Oil Mills Limited

GENOSA ID, S.A.  
Superior quality of products  
GENOSA ID, S.A. Spain



  
**SPAIN PAKISTAN**  
In collaboration with  
**GENOSA OF SPAIN**



## ***CONTENTS***

Our Vision	02
Our Mission	03
Company Information	04
Information for Shareholders	05-06
Notice of Annual General Meeting	07-13
Directors' Report	14-23
Statement of Compliance with the Code of Corporate Governance	24-25
Key Financial Data Last Six Years	26
Auditors' Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	27
Auditors' Report to the Members	28
Balance Sheet	29
Profit and Loss Account	30
Statement of Comprehensive Income	31
Cash Flow Statement	32
Statement of Changes in Equity	33
Notes to the Financial Statements	34-57
Pattern of Shareholding	58-59
Information Under Section 213	60
Form of Proxy	61



# OUR VISION

To establish POML as a growing and diversified food and consumer goods company that consistently exceeds customer 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 the Country.

POML has no wish to influence people in their personnel beliefs but specifically 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 high levels of growth, minimize costs and maximize profits; resulting in a secure and rewarding investment to our shareholders and investors.



**COMPANY INFORMATION**

<b>BOARD OF DIRECTORS</b>	Mr. Tahir Jahangir Mr. Izaz Ilahi Malik Mr. Usman Ilahi Malik Mr. Jillani Jahangir Mr. Furqan Anwar Batla Syed Tahir Hussain Naqvi Syed Zubair Ahmad Shah	Chairman/Director Managing Director/Chief Executive Officer Executive Director Non-Executive Director (Certified) Non-Executive Director (Certified) Non-Executive Director (Independent) Non-Executive Director (NIT Nominee)
<b>AUDIT COMMITTEE</b>	Syed Tahir Hussain Naqvi Mr. Furqan Anwar Batla Syed Zubair Ahmad Shah Mr. Jillani Jahangir	Chairman Member Member Member
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	Mr. Jillani Jahangir Mr. Furqan Anwar Batla Syed Tahir Hussain Naqvi Mr. Izaz Ilahi Malik Syed Zubair Ahmad Shah	Chairman Member Member Member Member
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Muhammad Saeed Malik	
<b>COMPANY SECRETARY</b>	Mr. Usman Saleem	
<b>HEAD OF INTERNAL AUDIT</b>	Mr. Zaka Ullah Malik	
<b>AUDITORS</b>	M/s Maqbool Haroon Shahid Safdar & Co. Chartered Accountants	
<b>LEGAL ADVISORS</b>	A.G.H.S Law Associates	
<b>BANKERS</b>	JS. Bank Limited MCB Bank Limited Habib Metropolitan Bank Limited Faysal Bank Limited	
<b>REGISTERED OFFICE/WORKS</b>	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	
<b>SHARE REGISTRAR OFFICE</b>	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 فیت فوری  
بناسپتی



® خائِقہ

جیو ہزاروں سال



Punjab Oil Mills Limited  
An ISO 9001 & FSSC 22000 CERTIFIED COMPANY





## Information for Shareholders

### Company's Registered Office/Works

Plot No. 26-28, 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

### Listing on Stock Exchange

Pakistan Stock Exchange Limited  
(Formerly known as Karachi stock  
exchange limited)

### 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 2017-2018 has been paid within 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 rules,  
the Securities and Exchange Commission  
of Pakistan (SECP) Regulations and the  
Listing requirements.

### Share Transfer System

Share transfers received by the Company's  
Share Registrar are registered within the  
prescribed period.

### Notification of SECP for the purpose of CNIC of Shareholders

The shareholders are informed that SECP  
through SRO 779(1)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.

### Dividend Mandate (Optional)

Transferee of shares may exercise option for  
dividend mandate by using the revised "Form of  
Transfer Deed". The revised form of transfer  
deed will enable the transferees to received cash  
dividend directly in their bank accounts, if such  
transferee provides particulars of his/her/its bank  
account which he/she/it desires to be used for  
credit of cash dividend. The existing  
shareholders have the option to seek the dividend  
mandate by using the standardized "Dividend  
Mandate Form" if they so desire. Shareholders  
maintaining shareholding under Central  
Depository System (CDS) are advised to submit  
their bank mandate information directly to the  
relevant participant/CDC Investor Account  
Service.

### Annual General Meetings

Pursuant to Section 132 of the Companies  
Act, 2017, The Company holds a General Meeting  
of shareholders at least once a year.  
Every shareholder has a right to attend the  
General Meeting. The notice of such meeting is  
sent to all the shareholders at least 21 days  
before the meeting and also advertised in at least  
one English and one Urdu newspaper having  
circulation in Karachi, Lahore & Islamabad.





### Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote on his/her behalf. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy who ought to be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the Company not less than forty eight hours before the meeting.

### 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](http://www.punjaboilmills.com). The website contains the latest financial results of the Company together with Company's profile and product range.

### Share Price and Volume

The following table shows the monthly high, low and closing share prices of the Company and the volume of shares traded on the Pakistan Stock Exchange Limited (Formerly known as Karachi stock exchange limited)

Months	Highest Rate (Rs.)	Lowest Rate (Rs.)	Closing Rate (Rs.)	No. of Shares Traded
July	271.28	268.64	270.70	29,600
August	307.17	299.56	303.42	133,200
September	339.80	317.45	337.53	64,800
October	345.06	335.59	339.04	85,900
November	326.24	322.57	324.82	75,400
December	324.02	319.19	321.87	60,000
January	326.51	325.08	326.10	49,300
February	325.54	319.89	323.52	31,500
March	361.01	335.76	358.70	41,800
April	354.59	346.29	349.58	23,400
May	349.39	345.73	348.79	4,400
June	316.28	316.13	316.28	15,800



## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 36<sup>th</sup> Annual General Meeting of the shareholders of **PUNJAB OIL MILLS LIMITED** will be held on Thursday 26<sup>th</sup> October 2017 at 10:30 A.M. at Plot No. 26, 27, 28 Industrial Triangle, Kahuta Road, Islamabad to transact the following business:

### **ORDINARY BUSINESS**

1. To confirm the minutes of the 35<sup>th</sup> Annual General Meeting of the company held on October 31<sup>st</sup>, 2016.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2017 together with the Directors' and Auditors' Reports thereon.
3. To approve Final Cash Dividend @ 40 % i.e. Rs. 4.0 per Share. This is in addition to interim dividend already paid @ 60% [i.e. Rs.6.0 per share] announced by the Board of Directors of the Company for the financial year 2016-2017.
4. To appoint External Auditors of the Company for the year ending June 30, 2018 as recommended by the Board of Directors and to fix their remuneration.

### **SPECIAL BUSINESS**

#### **Ordinary Resolutions**

5. To consider to pass the following ordinary resolutions:
  - a) "RESOLVED that the transactions carried out in normal course of business with associated Companies during the year ended June 30, 2017 be and are hereby ratified and approved."
  - b) "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 ensuing year ending June 30, 2018 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."

Statement under section 134 of the Companies Act, 2017 in the above matters mentioned in item No.4 is annexed.

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

By order of the Board

**(USMAN SALEEM)**  
Company Secretary

Lahore:  
October 04, 2017



**Notes:**

1. The share transfer books of the Company will remain closed from 19<sup>th</sup> October 2017 to 26<sup>th</sup> October 2017 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective, must be received at the Registered Office of the Company 48 hours before the time of holding the meeting and must be duly stamped signed and witnessed. A proxy must be member of the Company. Form of Proxy is enclosed herewith.
3. CDC shareholders desiring to attend the meeting are requested to bring their computerized original National Identity Card, Account and participant's ID numbers, for identification purpose and in case of proxy, to enclose an attested copy of his/her National Identity Card
4. The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.
5. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Shares Registrar. In case of non-receipt of the copy of a valid CNIC, the company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP order dated July 13, 2015 to withhold the dispatch of dividend warrants of such shareholders. The shareholders while sending CNIC must quote their respective folio number and name of the Company.
6. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders 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.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

7. The prescribed rates of withholding tax from the amount of dividend paid by the Company are as under:

For filers of income tax returns - 15.0%

For non-filers of income tax returns - 20.0%

To enable the Company to make tax deduction on the amount of cash dividend @ 15.0% instead of 20.0%, all the shareholders whose names are not entered into the Active Taxpayers' List (ATL) provided on the website of the FBR, despite the fact that they are filers, are advised to



make sure that their names are entered into ATL before the date of payment of the cash dividend otherwise tax on their cash dividend will be deducted @20.0% instead of 15.0%.

8. The FBR has clarified that the shareholders' account jointly held by Filers and Non-filers shall be dealt with separately and in such particular situation, each account holder is to be treated individually as either a filer or a non-filer and tax will be deducted according to his shareholding. If the shares are not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the close of business on October 18<sup>th</sup>, 2017.

Folio/ CDS Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/joint Shareholder
---------------------------	------------------------	------	--------------	-----------------	--------------------------------

9. Members are requested to promptly notify Share Registrar of the Company of any change in their addresses.
10. Pursuant to Notification vide S.R.O.787 (1)/2014 of September 08, 2014; SECP has directed to facilitate the members of the Company receiving Annual Financial Statements and Notices through Electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. [www.punjaboilmills.com](http://www.punjaboilmills.com). Please ensure that your email has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the members to timely update the Share Registrar of any change in registered e-mail address.

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 at 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 \_\_\_\_\_.”

**STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134(3) OF THE COMPANIES ACT, 2017**

This statement sets out the material facts concerning the Special Business, given in agenda item No.4 of the Notice that will be considered by the members.

**1. Agenda Item No. 4(a) of the Notice - Transactions carried out with associated companies during the year ended June 30, 2017 to be passed as an Ordinary 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 5.19.6 (b) of the Code of Corporate Governance, 2012.

In view of the above, the transactions conducted during the financial year ended June 30, 2017 with associated company as under is being placed before the shareholders for their consideration and approval/ratification.

NAME	DESCRIPTION OF TRANSACTION	AMOUNT IN RS ,, 000		
		PURCHASE	SALE	OTHERS
Hala Enterprises Limited	Sharing of office expenses			2,003

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

**2. Agenda Item No. 4(b) of the Notice - Authorization to the Chief Executive of the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2018 to be passed as an Ordinary Resolution**

The Company would be conducting transactions with associated companies in the normal course of business. Two of our 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 5.19.6 (b) of the Code of Corporate Governance, 2012, 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, 2018.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

**A Statement under Section 134 of the Companies Act, 2017 in respect of special business along with proposed resolutions is being sent to the members along with this notice.**

**Disclosure to the Shareholders under Section 213 of the Companies Act 2017 is being sent to the members along with Annual Report 2017.**



## اطلاع سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ پنجاب آئل ملز لمیٹڈ کے حصص داران 36 واں سالانہ اجلاس عام، پلاٹ نمبر 26، 27 اور 28 انڈسٹریل ٹرائی اینگل، کھوٹہ روڈ، اسلام آباد پر بروز جمعرات 26 اکتوبر 2017ء صبح 10-30 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عام امور:.....

- 1- 131 اکتوبر 2016ء کو منعقدہ کمپنی کے 35 ویں سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
  - 2- 30 جون 2017ء ختمہ سال کیلئے کمپنی کے تصفیج شدہ مالیاتی گوشواروں معدان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظور کرنا۔
  - 3- حتمی نقد منافع منقسمہ بشرح 40% یعنی 4.0 روپے فی شیئر کی منظوری دنیا یہ مالی سال 2016-2017ء کیلئے کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے اعلان کردہ عبوری منافع منقسمہ پہلے ادا شدہ بشرح 60% (یعنی 6 روپے فی شیئر) کے علاوہ ہے۔
  - 4- بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 30 جون 2018ء ختمہ سال کیلئے کمپنی کے ایکسٹرنل آڈیٹرز کا تقرر داران کے صلہ خدمت کا تعین کرنا۔
- خصوصی امور:.....
- 5- کمپنی کے ڈائریکٹرز کے صلہ خدمت پر غور و خوض اور منظوری دینا۔
  - 6- صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی کرنا۔

بحکم بورڈ (عثمان سلیم)

کمپنی سیکرٹری

لاہور:.....

104 اکتوبر 2017ء

نوٹ:.....

- 1- کمپنی کی حصص منتقلی کتاب میں 19 اکتوبر 2017ء تا 26 اکتوبر 2017ء (بشمول ہر دو ایام) بند رہیں گی۔
- 2- اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر کسی دیگر ممبر کو اپنی بجائے شرکت اور ووٹ دینے کیلئے اپنا پراکسی مقرر کر سکتا ہے۔ تاکہ پراکسیاں مؤثر ہو سکیں، کمپنی کے رجسٹرڈ دفتر پر اجلاس کے انعقاد کے وقت سے 48 گھنٹے قبل لازماً وصول اور باقاعدہ مہر، دستخط اور گواہی شدہ ہونی چاہئیں پراکس لازماً کمپنی کا ممبر ہونا چاہئے۔ پراکسی فارم منسلک ہے۔
- 3- اجلاس میں شرکت کے خواہشمند سی ڈی سی حصص داران سے درخواست ہے کہ اپنی شناخت کے مقصد کیلئے اپنے کمپیوٹرائزڈ اصل قومی شناختی کارڈ، اکاؤنٹ اور پانچٹکس کے آئی ڈی نمبرز اپنے ہمراہ لائیں اور پراکسی کی صورت میں اپنے قومی شناختی کارڈ کی مصدقہ کاپی منسلک کریں۔
- 4- سی ڈی سی اکاؤنٹس کی حامل کارپورٹ حصص داران کو اپنے قومی ٹیکس نمبر (NTN) یا تاریخ معدان کے متعلقہ پانچٹکس جمع کرنا ہو گئے، جبکہ کارپوریٹ فزیکل حصص داران کو اپنے سرٹیفکیٹس کی کاپی کمپنی یا اس کے شیئرز رجسٹرار کے ہاں ارسال کرنی چاہئے۔ NTN یا NTN سرٹیفکیٹس جو بھی صورت ہو، ارسال کرتے ہوئے حصص داران کمپنی نام اور متعلقہ فولیو نمبرز لازماً تحریر کریں۔
- 5- سکیورٹیز اینڈ ایکسچینج کمیشن پاکستان (SECP) کی ہدایات کی پیروی میں حصص داران کے CNIC نمبرز، ڈیوئیڈنڈ وارنٹس پر درج کرنے کیلئے لازماً درکار ہیں اس لئے حصص داران سے درخواست ہے کہ اپنے CNIC کی کاپی شیئرز رجسٹرار کو مہیا کریں (اگر پہلے مہیا نہیں کی گئی) کارآمد CNIC کی کاپی وصول نہ ہونے کی صورت میں کمپنی SECP کے مراسلہ 2012 (1) SRO83 مورخہ 05 جولائی 2012ء پر عمل کرنے کے قابل نہیں ہوگی اور اس لئے SECP کے حکم مورخہ 13 جولائی 2015ء کے تحت ایسے حصص داران کے ڈیوئیڈنڈ وارنٹس کی ترسیل روک لینے پر مجبور ہوگی CNIC ارسال کرتے وقت حصص داران اپنے متعلقہ فولیو نمبرز اور کمپنی کا نام لازماً تحریر کریں۔
- 6- کمپنیز ایکٹ 2017ء کی دفعہ 242 کی پرویزن کے تحت لسٹڈ کمپنیوں کیلئے یہ لازمی ہے کہ اپنے حصص داران کو نقد منافع منقسمہ، مستحق حصص داران سے موسوم بینک اکاؤنٹ میں براہ راست الیکٹرونک طریقہ کے ذریعے ادا کریں اپنے بینک اکاؤنٹ میں براہ راست ڈیوئیڈنڈ وصول کرنے کیلئے، حصص داران سے التماس ہے کہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرونک کریڈٹ مینڈیٹ فارم پر کر کے اور باقاعدہ دستخط شدہ مع CNIC کی کاپی، کمپنی کے رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آر کیڈ 1-K، کمرشل ماڈل ٹاؤن، لاہور کو ارسال کریں، بصورت مادی حصص۔
- سی ڈی سی کے ملکیتی حصص کی صورت میں الیکٹرونک کریڈٹ مینڈیٹ فارم براہ راست حصص دار کے بروکر، پارٹنر شپ سی ڈی سی اکاؤنٹ سروسز کو لازماً جمع کرائیں۔
- 7- کمپنی کی طرف سے ادا کردہ منافع منقسمہ کی رقم سے وہ ہولڈنگ ٹیکس کی مجوزہ شرحیں حسب ذیل ہیں:-

اکم ٹیکس ریٹرز کے فائلرز کیلئے- 15.0/

اکم ٹیکس ریٹرز کے نان فائلرز کیلئے- 20.0/

کمپنی کو نقد منافع منقسمہ کی رقم پر ٹیکس ڈیڈکشن 20.0% کی بجائے 15.0% شرح پر کرنے کے قابل بنانے کیلئے تمام حصص داران جن کے نام ایف بی آر کی ویب سائٹ پر مہیا شدہ ایکٹو ٹیکس پیئرز فہرست (ATL) میں درج نہیں ہیں باوجود اس کے حقیقت کے کہ وہ فائلرز ہیں سے درخواست ہے کہ نقد منافع منقسمہ کی تاریخ ادائیگی سے قبل ATL میں اپنے ناموں کا اندراج یقینی بنائیں۔ بصورت دیگر ان کے





نقد منافع منقسمہ پریکس 15.0% کی بجائے 20.0% شرح سے منہا کیا جائے گا۔

8۔ ایف بی آر نے وضاحت کی ہے کہ فائلرز اور نان فائلرز کی طرف سے مشترکہ اکاؤنٹ کے حامل حصص داران سے الگ الگ برتاؤ ہوگا اور ایسی خاص صورتحال میں، ہر ایک اکاؤنٹ ہولڈر سے انفرادی طور پر یا تو فائلر یا نان فائلر سلوک ہوگا اور بالترتیب سٹر ہولڈنگ پریکس منہا کیا جائے گا اگر حصص قابل تحقیق نہیں ہیں تو ہر ایک اکاؤنٹ ہولڈر، حصص کے مساوی تناسب کا مالک تصور ہوگا اور اس کے مطابق ٹیکس منہا کیا جائے گا اس لئے اعلیٰ شرح پریکس کی کٹوتی سے بچنے کیلئے جوائنٹ اکاؤنٹس ہولڈر سے درخواست ہے کہ اپنے شیئر ہولڈر کی درج ذیل تفصیلات کمپنی کے شیئر رجسٹر اکر کو 18 اکتوبر 2017ء کاروبار کے اختتام تک مہیا کریں۔

فولیورسی ڈی ایس اکاؤنٹ نمبر	نام شیئر ہولڈر	CNIC	شیئر ہولڈنگ	کل حصص	پرنسپل/جوائنٹ شیئر ہولڈر

9۔ ممبران سے درخواست ہے کہ اپنے پتوں میں کوئی تبدیلی کمپنی کے شیئر رجسٹر اکر کو فی الفور مطلع فرمائیں۔

10۔ نوٹیفکیشن برائے 2014(1)SRO787 مورخہ 08 ستمبر 2014 کی پیروی میں SECP نے کمپنی کے ممبران کو سالانہ مالیاتی گوشوارے اور نوٹسز الیکٹرونک میل سسٹم (ای میل) کے ذریعے وصول کرنے کی سہولت دینے کی ہدایت کی ہے۔ ہم اپنے ممبران جو کمپنی کے سالانہ مالیاتی گوشوارے اور نوٹسز آئندہ ای میل کے ذریعے وصول کرنے کے خواہشمند ہوں کو یہ سہولت پیش کرتے ہوئے خوشی محسوس کرتے ہیں اس سلسلے میں ممبران سے بذریعہ ہذا درخواست ہے کہ کمپنی کی ویب سائٹ [www.punjaboilmills.com](http://www.punjaboilmills.com) پر دستیاب شیئرڈ درخواست فارم پر ای میل کے ذریعے اپنی رضامندی ارسال کریں براہ مہربانی یقینی بنائیں کہ آپ کی میل، ایسی ای میل جو سائز میں 1 ایم بی سے بڑی ہو سکتی ہے۔ وصول کرنے کے کافی حقوق اور جگہ دستیاب رکھتی ہے۔ مزید برآں، یہ ممبران کی ذمہ داری ہے کہ رجسٹرڈ ای میل ایڈریس میں کسی تبدیلی کا بروقت شیئر رجسٹر اکر کو مطلع فرمائیں۔

ممبران وڈیو کانفرنس سہولت سے بھی مستفید ہو سکتے ہیں بابت ہذا میں، براہ مہربانی درج ذیل کو پورا سالانہ اجلاس عام کے انعقاد سے 10 یوم قبل کمپنی کے رجسٹرڈ پتہ پر جمع کرائیں اگر کمپنی اجلاس کی تاریخ سے کم از کم 10 یوم وڈیو کانفرنس کے ذریعے اجلاس میں شرکت کیلئے جغرافیائی محل وقوع پر سکونت مجموعی 10% یا زیادہ شیئر ہولڈنگ کے حامل ممبران سے رضامندی وصول کرتی ہے تو، کمپنی اس شہر میں ایسی سہولت کی دستیابی کے حوالہ سے شہر میں وڈیو کانفرنس سہولت کا انتظام کرے گی۔

”میں رہم ..... سکنہ ..... بحیثیت رکن پنجاب آئل ملز لمیٹڈ، مالک ..... عام حصص بمطابق رجسٹرڈ فولیو نمبر ..... بذریعہ ہذا ..... میں وڈیو کانفرنس سہولت اختیار کرنا چاہتے ہیں۔“

## کمپنیز ایکٹ 2017ء کی دفعہ (3) 134 کی پیروی میں خصوصی امور سے متعلقہ مادی حقائق کی وضاحت

یہ بیان نوٹس کے ایجنڈا آئٹم نمبر 4 میں دیئے گئے خصوصی امور سے متعلقہ مادی حقائق کا تعین کرتا ہے جو ارکان کے زیر غور ہونگے:

- 1۔ نوٹس کا ایجنڈا آئٹم نمبر (a) 4 جو کہ 30 جون 2017ء تک سال کے دوران شریک کمپنیوں کے ساتھ کئے گئے لین دین کو عام قرارداد کے طور پر منظور کرنا۔  
شریک کمپنیوں کے (متعلقہ پارٹیوں) کے ساتھ معمول کے کاروبار میں کئے گئے لین دین کوڈ آف کارپوریٹ گورننس 2012ء کی شق (b) 5.19.6 کی پیروی میں سہ ماہی بنیاد پر آڈٹ کمیٹی کے سفارش کے مطابق بورڈ کی طرف سے منظوری دی گئی۔  
بورڈ کے اجلاس کے دوران ڈائریکٹرز کی طرف سے نشاندہی کی گئی تھی کہ کمپنی ڈائریکٹرز کی اکثریت شریک کمپنیوں میں مشترکہ ڈائریکٹر شپ اور حصص رکھنے کی بدولت اس لین دین میں دلچسپی رکھتے تھے اس لین دین کی منظوری کیلئے ڈائریکٹرز کا کورم پورا نہیں ہوا جو اجلاس عام میں حصص داران کی طرف سے منظور کیا جاتا ہے۔  
مذکورہ بالا کی روشنی میں 30 جون 2017ء تک مالی سال کے دوران شریک کمپنی کے ساتھ لین دین، حسب ذیل کے مطابق حصص داران کے روبرو ان کے غور و خوض اور منظوری / توثیق کیلئے رکھا جا رہا ہے۔

نام	لین دین کی تفصیل	رقم - 000 روپوں میں خرید..... فروخت..... دیگر
ہالڈانگ پرائیز لمیٹڈ	آفس کے اخراجات کا اشتراک	2,003

- 2۔ نوٹس کے ایجنڈا آئٹم نمبر (b) 4-30 جون 2018ء تک سال کے دوران شریک کمپنیوں کے ساتھ کئی گئی اور کئے جانے والے لین دین کیلئے چیف ایگزیکٹو کو با اختیار بنانے کی بطور خصوصی امور منظور دینا۔  
کمپنی، شریک کمپنیوں کے ساتھ معمول کے کاروبار میں لین دین کا آغاز کرے گی ڈائریکٹرز کی اکثریت شریک کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور شیئر ہولڈنگ کی بدولت اس لین دین میں دلچسپی رکھتے ہیں لہذا، شریک کمپنیوں کے ساتھ ایسے لین دین کی حصص داران کی طرف سے منظوری دی جانی چاہئے۔  
کوڈ آف کارپوریٹ گورننس 2012ء کی شق (b) 5.19.6 کی پرویز پر عمل کرنے کی خاطر حصص داران 30 جون 2018ء تک سال کے دوران شریک کمپنیوں کے ساتھ معمول کے کاروبار میں کئے گئے اور کئے جانے والے لین دین کی منظوری کیلئے چیف ایگزیکٹو کو با اختیار بنائیں۔  
ڈائریکٹرز شریک کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور اپنے شیئر ہولڈنگ کی حد تک قرارداد میں دلچسپی رکھتے ہیں۔  
خصوصی امور مع مجوزہ قرارداد کی بابت کمپنیز ایکٹ 2017ء کی دفعہ 134 کے تحت وضاحت نوٹس ہذا کے ہمراہ ارکان کو ارسال کی جا رہی ہے۔  
کمپنیز ایکٹ 2017ء کی دفعہ 213 کے تحت حصص داران کو ڈی کلوزر سالانہ رپورٹ 2017ء کے ہمراہ ارکان کو ارسال کیا جا رہا ہے۔



## **Directors' Report for the year ended 30th June 2017**

The Directors of your company take pleasure in presenting the 36<sup>th</sup> Annual Report on the operations of the company along with the audited financial statements for the year ended June 30<sup>th</sup>, 2017.

### **Operating Performance**

Sales revenue for the year under review increased by 5.5% compared to the same period last year. This was a continuation of our recovery from the sales drop in the first quarter (due to reasons already outlined in first quarter review). This recovery was made possible by an over-all rise in average selling prices as well as volume growth of 4.6% in the last quarter compared to same period last year. Consistent with market trends, bulk of the recovery in volumes came from the cooking oil segment, which is our current area of focus.

Gross margins for the year were unchanged from the 9 month mark at 16%. This was, however, a decline from the previous fiscal year. This was mainly because of higher raw material cost for the period under review which was not fully reflected in increase of our product prices. Although raw material prices rose for the period, our ability to pass on the entire quantum of this increase was constrained by our effort to maintain market share as over-all market prices did not increase as anticipated. This was partly due to the price regulations in Punjab and partly due to more aggressive pricing by our key competitors. Consequently the gross profit decline by 13% for the year under review.

Operating expenses increased marginally by 2.6% for the period under review; combination of 4.7% increase in selling and distribution expense and 2% decrease in administrative cost. The administrative costs declined mainly because we had booked PKR 16.8mn as provision for doubtful debts in previous year. With no such provision this year, the over-all administrative expense showed a decline. However, if we take out the said provision from the equation, the administrative costs increased by 11% for the year.

Despite only a small increase in operating costs for year, the decrease at the gross level reduced the operating margin to 5% from 8% achieved previous year, leading to a 35% fall in operating profit for the period under review.

Higher financial charges, lower contribution to WWF and WPPF, and lower other income combined with reduced operating profits to decrease profit before tax by 35% for the twelve months under review. However, a reduction in provision for taxation by 44% limited the decline in profit after tax to 30% compared to same period last year. A lower over-all provision for tax was recorded for this year on account of prior year adjustments stemming from reversals of PKR 19.6mn and PKR 6.9mn pertaining to tax years 2012/13 and 2015/16 respectively (Please see note 36). Consequently the company posted a profit after tax of PKR 143.8 mn for the year.

### **Future Outlook**

The year under review was a challenging one with stiff competition from other players and continuing market uncertainties due to lack of legal and procedural clarity pertaining to regulatory actions taken by Punjab government on price control and food safety. We particularly experienced a decrease in revenue during the first quarter which had to be made-up in the latter part of the year.



This scenario of reduced profitability is expected to continue during the ongoing year, especially in a situation of higher raw material costs.

At the same time we have a number of new products being launched in the market and a need to maintain and enhance our marketing efforts on our core products. This will push up our marketing costs and reduce operating margins.

However, the management is monitoring the situation very closely and paying close attention to maintaining margins wherever possible and achieving our targets for the year. We feel we should not compromise our investment in company brands and new technology, and wisely use our available earnings and cash to build platforms for future growth. As such we need to retain our earnings to finance the same or look for alternate and possibly more expensive, sources of funding.

### **Acknowledgements**

We would 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.

Islamabad  
Date: 25th September, 2017

For and on behalf of the Board

Izaz Ilahi Malik  
Chief Executive Officer



## 30 جون 2017 کو اختتام پذیر ہونے والے سال کے لیے ڈائریکٹروں کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2017 کو ختم ہونے والے مالی سال کے لیے آڈٹ شدہ مالیاتی دستاویزات کے ساتھ کمپنی کے امور پر مبنی 36 ویں سالانہ رپورٹ آپ کے سامنے پیش کر رہے ہیں

**کمپنی کے امور کی کارکردگی**

زیر غور سال کے لیے کمپنی کی آمدن مصنوعات کی فروخت سے گزشتہ سال کے مقابلے میں 5.5 فیصد اضافہ ہوا۔ یہ ہماری ریکوری میں اس تسلسل کا نتیجہ ہے جو پہلی سہ ماہی میں فروخت میں کمی کے باعث عمل میں آیا (ان وجوہات کا ذکر پہلے سے ہی پہلی سی ماہی کے جائزے میں ہو چکا ہے) یہ ریکوری اوسطاً فروخت کی شرح میں مجموعی اضافے اور گزشتہ برس کی آخری سہ ماہی میں اسی دورانیہ کے مقابلے میں مجموعی ولیم میں 4.6 فیصد اضافے کی بدولت ممکن ہوئی۔ مارکیٹ کی رجحانات میں تسلسل اور کوکنگ آئل کی مد میں بڑے پیمانے پر ریکوری کے باعث ولیم میں اضافہ اس کی اہم وجوہات ہیں جن پر اس وقت ہماری نظر ہے۔

زیر غور سال کے لیے مارک کی مجموعی شرح میں کوئی تبدیلی نہیں جو 9 ماہ سے 16 فیصد رہی رہا۔ تاہم اس کی اہم وجہ گزشتہ مالی سال سے آنے والی کمپنی ہے۔ زیر غور سال میں اس ضمن میں ایک بنیادی طے خام مال کی قیمتوں میں اضافہ ہے۔ جس کا عکس ہماری مصنوعات کی قیمتوں اضافہ کی صورت میں نظر نہیں آیا۔ اگرچہ اس دوران خام مال کی قیمتوں میں قابل ذکر اضافہ ہوا تاہم ہم نے اپنی بھرپور صلاحیتوں کے ساتھ اس اضافے کے اثرات کو اپنے مارکیٹ شیئر پر اثر انداز نہیں ہونے دیا کیونکہ بحیثیت مجموعی مارکیٹ کی قیمتوں میں وہ اضافہ دیکھنے میں آیا جس کی توقع کی جا رہی تھی اس کی ایک وجہ جزوی طور پر پنجاب میں پرائس ریگولیشنز اور مجموعی طور پر ہی ہمارے حریف کی جانب سے مزید مسابقتی قیمتیں تھیں۔ جس کا نتیجہ زیر غور سال کے لیے 13 فیصد کمی کی صورت میں سامنے آیا۔

زیر غور سال کے لیے آپریشنل اخراجات میں 2.6 فیصد اضافہ ہوا جبکہ مجموعی طور پر فراخت اور ڈسٹری بیوشن کے اخراجات 4.7 فیصد ہوا اور انتظامی اخراجات میں 2 فیصد کمی ہوئی۔ انتظامی اخراجات میں اس کمی کی بڑی وجہ گزشتہ برس ہماری طرف سے شکایتی قرض کی مد میں 16.8 ملین روپے کی بکنگ تھی جبکہ زیر غور سال میں اس نوعیت کی کوئی ذمہ داری نہ ہونے کے باعث مجموعی انتظامی اخراجات میں کمی ہوئی۔ تاہم اگر ہم کسی مسابقتی عمل کے لیے نوعیت کا کوئی قدم اٹھاتے ہیں تو سال رواں کی لیے ہمارے انتظامی اخراجات میں 11 فیصد اضافہ ہو جائے گا۔ سال رواں میں آپریشنل اخراجات میں ایک مختصر اضافے سے قطع نظر مجموعی طور پر آپریٹنگ مارجن کی شرح میں کمی واقع ہوئی اور یہ شرح گزشتہ سال کے مقابلے میں 8 فیصد سے کم ہو کر 5 فیصد ہو گئی جبکہ زیر غور سال کے لیے آپریٹنگ منافع میں 35 فیصد کمی واقع ہوئی ہے۔

زیادہ مالیاتی اخراجات WWF اور WPPF میں کم شراکت اور آپریٹنگ منافع میں کمی کے ساتھ زیر غور سال کے 12 ماہ میں قبل از ٹیکس منافع میں 35 فیصد کمی کے باعث کمپنی کے لیے گزشتہ سال کے مقابلے میں ٹیکسیشن کی مد میں 44 فیصد کوٹہ کے ساتھ بعد از ٹیکس منافع میں 30 فیصد کمی ہوئی ہے زیر غور سال میں گزشتہ برس کے اکاؤنٹ پر 19.6 ملین اور 6.9 ملین روپے کی ایڈجسٹمنٹ کے ساتھ ٹیکس کی مجموعی پرویشن بالترتیب برائے ٹیکس سال 2012/13 اور 2015/16 کے لیے عمل میں آئی۔ (براہ مہربانی نوٹ 36 ملاحظہ فرمائیں) مجموعی طور پر کمپنی کے زیر غور سال کے لیے بعد از ٹیکس 143.8 ملین روپے کا منافع ظاہر کیا گیا۔

## مستقبل کے امکانات

زیر غور سال چیلنجوں سے بھرپور سال تھا جس کی بڑی وجوہات میں زلزلہ سٹری کے دیگر برانڈز کے ساتھ سخت مقابلہ اور حکومت پنجاب کی طرف سے قیمتوں پر کنٹرول اور غذائی تحفظ کے لیے کیے جانے والے اقدامات میں ابہام اور ان کا واضح نہ ہونا تھا۔ ہمیں پہلی سہ ماہی میں آمدنی میں کمی کا سامنا کرنا پڑا ہے جس کے اثرات سال کے بقیہ حصے پر مرتب ہوں گے۔ منافع میں کمی کی یہ صورتحال سال رواں میں بھی جاری رہنے کا امکان ہے بالخصوص خام مال کی قیمتوں میں اضافہ اس کی بڑی وجہ بنے گا۔



اسی اثناء میں ہم نے بہت سی نئی مصنوعات مارکیٹ میں پیش کی ہیں تاہم اپنی مرکزی مصنوعات کی فروخت کے ولیم کو برقرار رکھنے کے لیے ہمیں مارکیٹنگ میں اضافے کی ضرورت ہے یہ عمل ہمارے مارکیٹنگ کے اخراجات میں اضافے کی ضرورت ہے۔ یہ عمل ہمارے مارکیٹنگ کے اخراجات میں اضافے کا باعث بنے گا جس سے آپریٹنگ مارجن کم ہوں گے۔ تاہم انتظامیہ اس تمام صورتحال کا بغور جائزی لے رہی ہے اور اپنے مارجن کو برقرار رکھنے کے لیے ہر ممکن کوشش کر رہی ہے اس کے ساتھ ساتھ سال رواں کے لیے اپنے اہداف کو حاصل کرنے کے لیے بھی کوشش جاری ہے ہم محسوس کرتے ہیں کہ ہمیں اپنے برانڈز اور نئی ٹیکنالوجی کے لئے سرمائی کاری پر کوئی سمجھوتہ نہیں کرنا چاہیے اور دستیاب آمدنی اور کیش کی مدد سے ایک ایسے پلیٹ فارم کی بنیاد رکھنی چاہیے جو مستقبل میں ترقی کا ضامن بن سکے۔ اس مقصد کے لیے ہمیں آمدنی کی غرض سے مالیاتی وسائل درکار ہوں گے یا ہمیں فنڈنگ کے لیے ممکنہ طور پر زیادہ مہنگے وسائل کی طرف رجوع کرنا پڑے گا۔

### اعتراف

اس اجلاس کے موقع پر ہم اپنے تمام صارفین، سپلائرز اور بکرز کا شکریہ ادا کرتے ہیں جنہوں نے کمپنی کی ترقی کے لیے ہماری مدد کی اور ان کا مسلسل تعاون ہمیں حاصل رہا۔ ہم پُر امید ہیں کہ یہ تعاون اور معاونت مستقبل میں بھی ہمیں حاصل رہے گی۔ ہم اپنے چیف ایگزیکٹو آفیسر کی پر عزم، محنتی اور متحرک ٹیم، کمپنی کے تمام اسٹاف اور کارکنوں کے بھی شکر گزار ہیں جنہوں نے زیر غور سال کے دوران انتہائی محنت اور لگن کے ساتھ اپنے ذمہ داریاں سرانجام دیں۔ ہم توقع کرتے ہیں کہ سال رواں میں بھی بہتر نتائج کے لیے ہمارے اسٹاف ممبرز کی کوششیں جاری رہیں گی۔ آخر میں کمپنی کی انتظامیہ اپنے بورڈ کا شکریہ ادا کرتی ہے جنہوں نے مقاصد کے حصول کے لیے ہمیں اپنے بھرپور تعاون سے نوازا اور ہمیں حسب معمول ہر مرحلے پر ان کی راہنمائی اور معاونت حاصل رہی۔

برائے اور بورڈ کی طرف سے

(اعزاز الہی ملک)

چیف ایگزیکٹو آفیسر

اسلام آباد

بتاریخ 25 ستمبر 2017

**Financial Results****Financial and Operating Results**

	2017 RUPEES	2016 RUPEES
Operating Profit	221,320,317	339,468,572
Finance cost & other Charges	(20,805,943)	(27,694,240)
Other operating income	7,680,995	9,635,456
Profit before taxation	208,195,369	321,409,788
Taxation	(64,418,299)	(11,589,619)
Profit after tax	143,777,070	205,820,169
Un-appropriated profit brought forward	568,955,826	426,984,684
Available for appropriation	712,732,896	632,804,853

**Appropriations:-**

	2016 RUPEES	2015 RUPEES
70% Final dividend for the year 2016	(37,734,564)	(37,734,564)
60% Interim dividend during the year 2017	(32,343,912)	(32,343,912)

**Effect of changes in Equity**

In accounting policy in respect of staff Retirement benefit obligation net of tax on revaluation of property, plant and equipment	(2,776,428)	(1,945,595)
Balance as at June 30, 2017/2016	647,652,720	568,955,826

**Disclosure of Dividend & Bonus Shares**

During the year under review the Board of Directors approved 60% Interim Cash Dividend and paid to the Shareholders within stipulated time period in accordance with the applicable law. The Board has also proposed final cash dividend at the rate of 40% for the year ended 30 June 2017 to all the shareholders of the company.

**Contribution to the National Exchequer**

During the year the company contributed Rs. 385.510 Million to the national exchequer in the forms of various duties and taxes.

**Corporate Affairs**

The shareholders elected seven Directors of the Board for the tenure of three years in their Extraordinary General Meeting held on December 29, 2016. The Board is going to retire in December 2019.

**Board Meetings**

During the year under review, six meetings of the Board of Directors were held from July 2016 to June 2017. 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:

<u>Sr. No.</u>	<u>Name of Director</u>	<u>Meetings Attended</u>
1.	Mr. Tahir Jahangir	6
2.	Mr. Izaz Ilahi Malik	6
3.	Mr. Usman Ilahi Malik	5
4.	Syed Zubair Ahmad Shah	6
5.	Mr. Jillani Jahangir	6
6.	Syed Tahir Hussain Naqvi	6
7.	Mr. Furqan Anwar Batla	6

Leave of absence was granted to the members not attending the Board Meeting. The Minutes of the meetings were appropriately recorded and circulated within the stipulated time.

In accordance with CCG the Chief Financial Officer and Company Secretary were attended all meetings during the year June 30, 2017.

**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, 2017, four (4) meetings of the committee were held. Attendance by each member was as under:

<u>Sr. No.</u>	<u>Name of Members</u>	<u>Meetings Attended</u>
1.	Syed Tahir Hussain Naqvi (Chairman)	4
2.	Syed Zubair Ahmad Shah (Member)	4
3.	Mr. Jillani Jahangir (Member)	2
4.	Mr. Furqan Anwar Batla (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 Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements.

The Terms of Reference of the Audit Committee are consistent with those stated in the Code of Corporate Governance and broadly include the following:

- (i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.
- (ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.
- (iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- (iv) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.

- (v) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.

- (vi) Institute special projects, value for money studies or other investigations on any matters specified by the Board of Directors or the CEO from time to time.

### **Human Resource and Remuneration Committee**

The Board has established a Human Resource and Remuneration Committee comprising of five members mentioned below. During the year under review one meeting was held attended as follows:

<u>Sr. No.</u>	<u>Name of Members</u>	<u>Meetings Attended</u>
1.	Mr. Jillani Jahangir (Chairman)	1
2.	Mr. Izaz Ilahi Malik (Member)	-
3.	Mr. Syed Tahir Hussain Naqvi (Member)	1
4.	Mr. Furqan Anwar Batla (Member)	1
5.	Mr. Syed Zubair Ahmad Shahd	1

### **Terms of Reference**

The Committee shall be responsible for:

- i) recommending human resource management policies to the board;
- ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- iii) recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and
- iv) Considering and approving recommendations to CEO on key management positions who report directly to CEO or COO.

### **Internal Audit and Control**

The Board has set up an independent audit function headed by a qualified and a full time



employee of the Company reporting to the Chairman Audit Committee and administratively to the Chief Executive Officer. The scope of internal audit within the Company is clearly defined which broadly involves review and evaluation of its' internal control system in accordance with business risk assessments. This includes independent assessment and evaluation of the effectiveness and efficiency of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets of the Company and compliance with laws and regulations. The Internal Audit also undertakes special studies, value for money studies and such other special projects as and when required by the Board Audit Committee and the CEO.

### **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, 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 their interests associated with the Company.

The status of each Director on Company's Board whether non-executive, executive or independent has been disclosed in this report in accordance with the revised Code of Corporate Governance,

2012 (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 the new requirements stated in the 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 performing 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 shareholders' 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



- changes in equity.
- (ii) Proper books of account 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 investments in employee retirement funds based on the latest audited Accounts as of 30 June, 2017 are as follows:

**Gratuity Fund Rs. 77.566 Million**

- (xi) Details of number of Board and Committees' meetings held during the year and attendance by each Director have been disclosed in the Annual Report. Leave of absence was granted to Directors who could not attend some of the board and committee meetings.
- (xii) A statement of the pattern of shareholding in the Company as at 30 June, 2017 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 customer 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 food 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 responsibly 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 discount 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 certified quality management and food safety management systems as per the 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 safe guard the health of our consumers. We are the only Pakistani company that 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 2012, 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 Directors 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.

### **Transaction with Related Parties**

The Board of Directors has approved the policy for transaction / contract between the Company and its related parties on an arm's length basis and relevant rates are to be determined as per the "comparable un-controlled price method". The company has fully complied with the best practices on transfer pricing as contained in the listing regulations of Stock Exchanges in Pakistan.

### **Pattern of Shareholding and information under clause XIX(i) and (j) of the Code of Corporate Governance**

The statement of pattern of shareholding along with categories of shareholders of the company as at June 30, 2017, as required under Section 227 of the Companies Act, 2017 and Code of Corporate Governance is annexed with this report.

**Statutory Auditors of the Company**

The present Auditor of the Company, M/s Maqbool Haroon Shahid Safdar and Company, Chartered Accountants, Lahore, shall retire and being eligible, offer themselves for re-appointment for the year 2017-2018. The Audit Committee of the Board has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2018 on the same remuneration.

**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 has 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 possibly more expensive, sources of funding.

**Acknowledgments**

We would 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 on behalf of the Board

Izaz Ilahi Malik  
Chief Executive Officer



## Statement of Compliance

with the best practices of the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listing Regulations of Pakistan Stock Exchange Limited (Formerly known as Karachi stock exchange limited) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

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

Category	Names
Non-Executive Directors	i) Mr. Tahir Jahangir ii) Mr. Jillani Jahangir iii) Mr. Furqan Anwar Batla
Executive Directors	i) Mr. Izaz Ilahi Malik ii) Mr. Usman Ilahi Malik
Independent Director	i) Syed Tahir Hussain Naqvi
Nominee Director	i) Syed Zubair Ahmad Shah

The independent directors meet the criteria of independent under clause i(b) of the CCG.

Company along with its supporting policies and procedures.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI. None of the directors is a member of any of the Stock Exchanges.
4. No. casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings.





The minutes of the meetings were appropriately recorded and circulated.

9. In compliance with the Code of Corporate Governance 2012, 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 Directors to acquire the required certification under the Directors Training Program.
10. The Board has approved appointments of the Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment in compliance of the Code of Corporate Governance, 2012.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. During the year Directors purchased shares from the Market and properly disclosed to SECP and Joint Registrar of the Company.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of five members, of whom four are non-executive directors including the chairman of the committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the CCG. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of five (5) members, of whom two (2) are non-executive directors including Chairman of the Committee one (1) is Chief Executive Officer one (1) is independent Director & one (1) is a nominee director.
18. The Board has set up an effective Internal Audit-function headed by an internal auditor who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and Stock Exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Izaz Ilahi Malik  
Chief Executive Officer

# TRU BRU

PREMIUM ARABICA BLEND & CLASSIC

## THE TRUE TASTE OF COFFEE



**KEY FINANCIAL DATA LAST SIX YEARS**

<b>PARTICULARS</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
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	56,722,063	54,013,247	61,370,223	63,496,427	70,318,023	86,700,393
Current Liabilities	595,454,035	622,938,678	698,221,198	733,263,525	764,520,505	822,222,804
Operating Fixed Assets	386,991,777	393,416,290	380,269,303	387,008,216	417,943,280	654,904,327
Current Assets	720,718,980	814,982,248	969,707,270	1,157,568,762	1,292,418,851	1,375,741,612
Sales	4,168,048,880	4,525,960,699	4,772,826,452	4,254,101,191	4,210,607,625	4,441,220,968
Gross Profit	243,071,754	405,375,055	502,724,939	674,347,335	800,993,530	695,054,052
Operating Profit	92,261,564	175,188,618	190,084,326	306,655,680	339,468,572	221,320,317
Profit before taxation	83,338,733	163,215,720	180,315,462	288,620,460	321,409,788	208,195,369
Profit after taxation	9,142,831	63,038,116	83,533,865	189,213,861	205,820,169	143,777,070



**AUDITORS' REVIEW REPORT TO THE MEMBERS**  
**On Statement of Compliance with Best Practices of the Code of**  
**Corporate Governance**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Punjab Oil Mills Limited** ("the Company") for the year ended 30 June 2017 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange where the Company is listed.

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

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's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were 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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

Lahore  
Date: 25 September 2017.

Maqbool Haroon Shahid Safdar and Company  
Chartered Accountants  
Muhammad Safdar



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Punjab Oil Mills Limited** ("the company") as at 30 June 2017 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Usher Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore  
Date: 25 September 2017.

Maqbool Haroon Shahid Safdar and Company  
Chartered Accountants  
Muhammad Safdar



# BALANCE SHEET







**BALANCE SHEET  
AS AT 30 JUNE 2017**

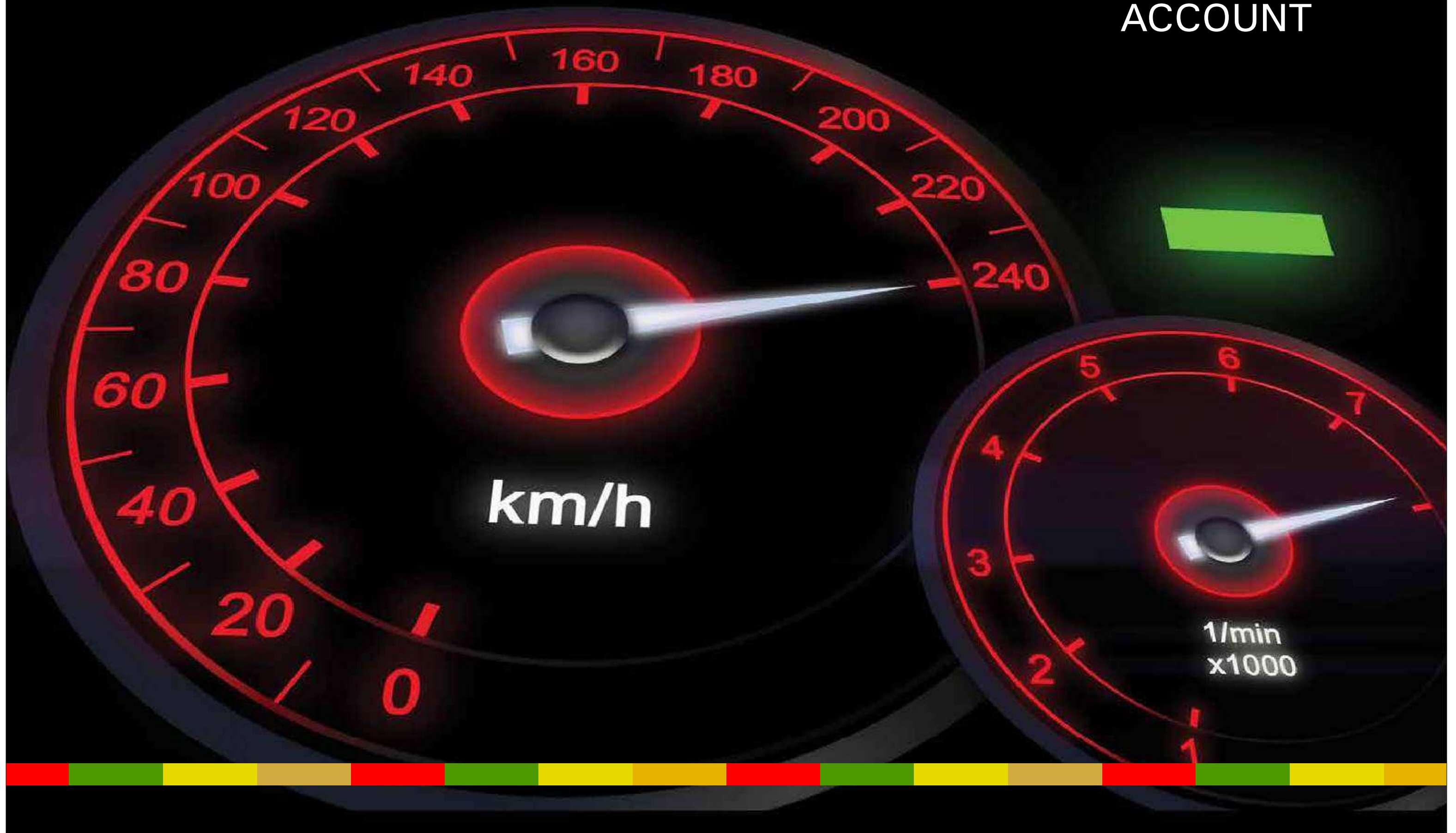
<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
10,000,000 (2016: 10,000,000) ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	7	53,906,520	53,906,520
Capital reserves	8	23,137,159	23,137,159
Revenue reserves	9	656,252,720	577,555,826
		733,296,399	654,599,505
Surplus on revaluation of property, plant and equipment- net of tax	10	408,813,843	236,811,598
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities	11	86,700,393	70,318,023
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	506,591,996	509,329,431
Short term borrowings	13	94,451,275	23,466,586
Accrued mark up	14	182,741	5,761
Unclaimed dividend		6,226,888	4,785,029
Provision for taxation	15	214,769,904	226,933,698
		822,222,804	764,520,505
Contingencies and commitments	16	-	-
		<b>2,051,033,439</b>	<b>1,726,249,631</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>Tangible fixed assets</b>			
Property, plant and equipment	17	607,482,749	416,109,376
Capital work in progress	18	47,421,578	1,833,904
		654,904,327	417,943,280
Investment in associate	19	-	-
Long term deposits	20	20,387,500	15,887,500
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	21	122,374,844	84,111,350
Stock in trade	22	301,118,698	274,620,950
Trade debts	23	674,446,289	556,211,362
Loans and advances	24	28,619,513	27,433,298
Trade deposits and short term prepayments	25	14,664,168	13,706,283
Other receivables	26	1,382,642	1,533,506
Advance income tax	27	183,177,827	168,098,044
Cash and bank balances	28	49,957,631	166,704,058
		1,375,741,612	1,292,418,851
		<b>2,051,033,439</b>	<b>1,726,249,631</b>

The annexed notes from 01 to 48 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

# PROFIT AND LOSS ACCOUNT



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Note</b>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
Sales - net	29	4,441,220,968	4,210,607,625
Cost of sales	30	3,746,166,916	3,409,614,095
Gross profit		695,054,052	800,993,530
Operating expenses:			
Selling and distribution cost	31	331,048,257	316,054,823
Administrative expenses	32	142,685,478	145,470,135
		473,733,735	461,524,958
Operating profit		221,320,317	339,468,572
Finance cost	33	2,896,870	2,722,052
Other operating charges	34	17,909,073	24,972,188
		20,805,943	27,694,240
		200,514,374	311,774,332
Other income	35	7,680,995	9,635,456
Profit before taxation		208,195,369	321,409,788
Taxation	36	64,418,299	115,589,619
Profit for the year		143,777,070	205,820,169
Earnings per share - basic and diluted	37	26.67	38.18

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

The annexed notes from 01 to 48 form an integral part of these financial statements.

**CHAIRMAN / DIRECTOR****CHIEF EXECUTIVE OFFICER**



# STATEMENT OF COMPREHENSIVE INCOME



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 Rupees	2016 Rupees
<b>Profit for the year</b>		143,777,070	205,820,169
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit and loss account:			
Remeasurement losses on defined benefit plans		(3,176,691)	(2,236,831)
Deferred tax thereon		400,263	291,236
		(2,776,428)	(1,945,595)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>141,000,642</b>	<b>203,874,574</b>

The annexed notes from 01 to 48 form an integral part of these financial statements.

**CHAIRMAN / DIRECTOR****CHIEF EXECUTIVE OFFICER**



# CASH FLOW STATEMENT







CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017

CASH FLOW FROM OPERATING ACTIVITIES	Note	2017 Rupees	2016 Rupees
Profit for the year before taxation		208,195,369	321,409,788
Adjustments for following items:			
Workers' profit participation fund		11,285,328	17,304,648
Workers' welfare fund		4,505,479	6,912,540
Gain on disposal of property, plant and equipment		(1,549,972)	(2,665,559)
Provision for staff retirement benefits		8,298,604	8,608,487
Provision for doubtful debts		-	16,844,473
Depreciation		32,746,078	31,316,670
Impairment loss on fixed assets		1,287,766	-
Finance cost		2,896,870	2,722,052
<b>Operating Profit before Working Capital Changes</b>		<b>59,470,153</b>	<b>81,043,311</b>
		<b>267,665,522</b>	<b>402,453,099</b>
(Increase)/Decrease in Current Assets:			
Stores, spare parts and loose tools		(38,263,494)	(6,945,120)
Stock in trade		(26,497,748)	(5,894,061)
Trade debts		(118,234,927)	(80,768,143)
Loan and advances		(1,186,215)	(4,682,851)
Trade deposits and short term prepayments		(957,885)	1,041,651
Other receivables		150,864	(485,949)
		(184,989,405)	(97,734,473)
Increase / (Decrease) in Current Liabilities:			
Trade and other payables		516,907	(24,242,348)
Cash generated from operations		83,193,024	280,476,278
Workers' profit participation fund paid		(12,565,225)	(13,020,288)
Workers' welfare fund paid		(6,912,540)	(6,207,205)
Staff retirement benefits paid		(455,000)	(900,585)
Finance cost paid		(2,287,274)	(2,255,492)
Income tax paid		(93,279,193)	(104,905,356)
Dividend paid		(68,636,617)	(67,966,223)
		(184,135,849)	(195,255,149)
<b>Net cash used in operating activities</b>		<b>(100,942,825)</b>	<b>85,221,129</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(30,353,018)	(60,346,497)
Proceeds from disposal of property, plant and equipment		3,692,959	7,150,000
Capital work in progress		(55,628,232)	(6,389,678)
Long term deposits		(4,500,000)	(6,000,000)
<b>Net cash used in investing activities</b>		<b>(86,788,291)</b>	<b>(65,586,175)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short term borrowings		70,984,689	8,160,648
<b>Net cash flow from financing activities</b>		<b>70,984,689</b>	<b>8,160,648</b>
Net increase in cash and cash equivalents		(116,746,427)	27,795,602
Cash and cash equivalents at the beginning of the year		166,704,058	138,908,456
Cash and cash equivalents at the end of the year	28	49,957,631	166,704,058

The annexed notes from 01 to 48 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

# STATEMENT OF CHANGES IN EQUITY





**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

	Share Capital	Capital Reserves	Revenue Reserves		(Rupees)
			General Reserves	Un-appropriated Profit	Total
<b>Balance as at 01 July 2015</b>	<b>53,906,520</b>	<b>23,137,159</b>	<b>8,600,000</b>	<b>426,984,684</b>	<b>512,628,363</b>
Profit for the year ended 30 June 2016	-	-	-	205,820,169	205,820,169
Remeasurement of defined benefit plans - net of deferred tax	-	-	-	(1,945,595)	(1,945,595)
Total comprehensive income for the year	-	-	-	203,874,574	203,874,574
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	8,175,044	8,175,044
<b>Transaction with owners recorded directly in Equity - Distributions</b>					
70 % final dividend for the year 2015	-	-	-	(37,734,564)	(37,734,564)
60 % interim dividend for the year 2016	-	-	-	(32,343,912)	(32,343,912)
	-	-	-	(70,078,476)	(70,078,476)
<b>Balance as at 01 July 2016</b>	<b>53,906,520</b>	<b>23,137,159</b>	<b>8,600,000</b>	<b>568,955,826</b>	<b>654,599,505</b>
Profit for the year ended 30 June 2017	-	-	-	143,777,070	143,777,070
Remeasurement of defined benefit plans - net of deferred tax	-	-	-	(2,776,428)	(2,776,428)
Total comprehensive income for the year	-	-	-	141,000,642	141,000,642
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	7,774,728	7,774,728
<b>Transaction with owners recorded directly in Equity - Distributions</b>					
70 % final dividend for the year 2016	-	-	-	(37,734,564)	(37,734,564)
60 % interim dividend for the year 2017	-	-	-	(32,343,912)	(32,343,912)
	-	-	-	(70,078,476)	(70,078,476)
<b>Balance as at 30 June 2017</b>	<b>53,906,520</b>	<b>23,137,159</b>	<b>8,600,000</b>	<b>647,652,720</b>	<b>733,296,399</b>

Appropriations of dividend are disclosed in note 46 to these financial statements.  
The annexed notes from 01 to 48 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017****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 under the Companies Act, 1913, now Companies Ordinance, 1984. Currently the shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office of the company is located at Plot No. 26, 27 and 28, Industrial Triangle, Kahuta Road, Islamabad. The Company is principally engaged in the manufacturing and sale of Ghee, Cooking Oil, Speciality Fats, Laundry Soap, Mushroom and Coffee.

**2 BASIS OF PREPARATION****2.01 Statement of compliance**

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated 20 July 2017 communicated that the Commission has decided that companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives shall take precedence.

**2.02 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**

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2016:

**Improvement to Accounting Standards Issued by the IASB**

IAS 7 - Disclosure initiative

IAS 12 - Recognition of deferred tax asset for unrealized losses

IFRS 12 - Disclosure of interest in other entities

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 published standards that are effective but not relevant to the company**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 01 July 2016 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

**- 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.

IFRS 2 -	Classification and measurement of share based payment transactions	01 January 2018
IFRS 4 -	Insurance contracts	01 January 2018
IFRS 1 -	First time adoption of International Financial Reporting Standards	01 January 2018
IAS 40 -	Investment property	01 January 2018
IAS 28 -	Investment in associates and joint venture	01 January 2018





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, 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.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IFRS 09 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRIC 22 - Foreign currency transaction and advance consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax treatments	01 January 2019
IFRS 16 - Leases	01 January 2019
IFRS 17 - Insurance contracts	01 January 2021

### **3 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.

### **4 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.

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:

#### **4.01 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.

#### **4.02 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.

#### **4.03 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.

#### **4.04 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.



**4.05 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.

**4.06 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.

**4.07 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 6.02 and 11.01 respectively.

**5 FUNCTIONAL AND PRESENTATION CURRENCY**

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

**6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****6.01 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

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 profit and loss account during the year in which these are incurred.

**b) Depreciation**

Depreciation on property, plant and equipment (except leasehold land) is charged to profit and loss account 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 17 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 profit and loss account, 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 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.

**6.02 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 Balance Sheet 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 2017, the following significant assumptions were used:

	<b>2017</b>	<b>2016</b>
Discount factor used	7.75%	7.25%
Expected rate of eligible salary increase in future	6.75%	6.25%
Actuarial valuation method	Project Unit Credit Method	

**6.03 Trade and other payables**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and subsequently measured at amortized cost.

**6.04 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 balance sheet event.

**6.05 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 balance sheet 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 profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

**6.06 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.

**6.07 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 profit and loss account.

**6.08 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 balance sheet 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.

**6.09 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 balance sheet 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.

**6.10 Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. If any such indication exists, the recoverable amount of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of asset.

**6.11 Trade debts and other receivables**

Trade debts and other receivables are recognized initially at original invoice amount which is the fair value of trade debts and other receivables and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

**6.12 Cash and cash equivalents**

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

**6.13 Foreign currency transactions**

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in income currently.

**6.14 Revenue recognition**

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts. Revenue from different sources is recognized on the following basis:



- Revenue from sales of goods is recognized when goods are dispatched and invoiced to customers.
- 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.

**6.15 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.

**6.16 Financial instruments**

All the financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the company loses control of the contractual rights that comprise the financial asset. Financial liabilities are de-recognized when they are extinguished (when the obligation is discharged, cancelled, or expired).

**6.17 Offsetting of financial assets and financial liabilities**

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

**6.18 Contingencies and commitments**

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

**6.19 Provisions**

Provisions are recognized in the balance sheet 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 balance sheet date and adjusted to reflect best estimate.

**6.20 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

**6.21 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.

**6.22 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.

**6.23 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.



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

Note

2,854,543 (2016: 2,854,543) ordinary shares of Rs. 10/- each fully paid in cash  
2,536,109 (2016: 2,536,109) ordinary shares of Rs. 10/- each issued as fully paid bonus shares

**2017  
Rupees**

**2016  
Rupees**

28,545,430

28,545,430

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 (2016: 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.

**8 CAPITAL RESERVES**

Share premium

**8.01**

23,137,159

23,137,159

**23,137,159**

**23,137,159**

**8.01** This reserve can be utilized by the company only for the purposes specified in Section 83(2) of the Companies Ordinance, 1984.

**9 REVENUE RESERVES**

General reserves

**9.01**

8,600,000

8,600,000

Accumulated profit

647,652,720

568,955,826

**656,252,720**

**577,555,826**

**9.01** The general reserves are used from time to time to transfer profits from retained earnings. There is no policy of regular transfer.

**10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- NET OF TAX**

**Land-Lease hold**

Opening balance

165,026,476

165,026,476

Addition during the year

124,973,524

-

Closing balance

290,000,000

165,026,476

**Building on Lease hold land**

Opening balance

50,136,406

55,707,118

Addition during the year

34,838,455

-

Closing balance

84,974,861

55,707,118

**Plant, machinery and equipments**

Opening balance

33,109,762

36,788,624

Addition during the year

27,063,913

-

Closing balance

60,173,675

36,788,624

**Laboratory equipment**

Opening balance

278,804

371,739

(Reversal)/addition during the year

(278,804)

-

Closing balance

-

371,739

**Scales and weigh bridge**

Opening balance

412,532

468,786

Addition during the year

559,540

-

Closing balance

972,072

468,786

436,120,608

258,362,743

Related deferred taxation

(19,532,037)

(13,376,101)

416,588,571

244,986,642

Incremental depreciation on revalued assets

(8,895,569)

(9,398,763)

Related deferred taxation

1,120,841

1,223,719

Transferred to retained earnings during the year

(7,774,728)

(8,175,044)

**408,813,843**

**236,811,598**



**10.01** 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.

<b>11 DEFERRED LIABILITIES</b>	<b>Note</b>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
Staff retirement benefits	<b>11.01</b>	77,565,937	66,545,642
Deferred taxation	<b>11.02</b>	9,134,456	3,772,381
		<b>86,700,393</b>	<b>70,318,023</b>
<b>11.01 Staff retirement benefits</b>			
<i>Balance sheet liability</i>			
Opening balance		66,545,642	56,600,909
Amount recognized during the year		8,298,604	8,608,487
		74,844,246	65,209,396
Remeasurement chargeable in other comprehensive income		3,176,691	2,236,831
Benefits paid during the year		(455,000)	(900,585)
Closing balance		<b>77,565,937</b>	<b>66,545,642</b>
<i>The amounts recognized in the balance sheet are as follows</i>			
Present value of defined benefit obligation		66,045,642	66,045,642
Benefits due but not paid		500,000	500,000
		<b>66,545,642</b>	<b>66,545,642</b>
<i>Charge for the defined benefit plan</i>			
Service cost		3,526,789	3,182,552
Interest cost		4,771,815	5,425,935
Charged to profit and loss account		<b>8,298,604</b>	<b>8,608,487</b>

**Sensitivity analysis for actuarial assumptions**

The calculation of defined benefit obligation is sensitive to assumptions set-out in note 6.02. 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.

	<b>Change in assumptions</b>	<b>Increase Rupees</b>	<b>Decrease Rupees</b>
Discount rate	1%	74,985,041	79,434,800
Increase in future salaries	1%	79,481,141	74,906,121

	<b>2017</b>	<b>2016</b>
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
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 3 years.

		2017 Rupees	2016 Rupees
<b>11.02 Deferred taxation</b>	<b>Note</b>		
Deferred taxation comprises of the following:			
Deferred tax liability on taxable temporary differences in respect of the following:			
- Accelerated tax depreciation allowance		5,908,411	5,876,480
- Surplus on revaluation of assets		18,411,196	12,152,382
		24,319,607	18,028,862
Deferred tax asset on deductible temporary differences in respect of the following:			
- Staff retirement benefits		(9,773,308)	(8,664,243)
- Investment accounted for under IAS- 28	19	-	-
- Provision for doubtful debts		(5,411,843)	(5,592,238)
		(15,185,151)	(14,256,481)
		<b>9,134,456</b>	<b>3,772,381</b>
<b>12 TRADE AND OTHER PAYABLES</b>			
Creditors		64,441,032	37,671,206
Accrued expenses		149,006,761	145,774,666
Workers' profit participation fund	12.01	21,347,768	22,195,049
Security deposits		380,000	400,000
Workers' welfare fund		4,505,479	6,912,540
Tax deducted at source		620,682	497,557
Advances from customers		264,539,814	293,802,813
Sales tax payable		1,750,460	2,075,600
		<b>506,591,996</b>	<b>509,329,431</b>
<b>12.01 Workers' Profit Participation Fund (W.P.P.F.)</b>			
Opening balance		22,195,049	17,444,712
Provision for the year		11,285,328	17,304,648
Mark up on W.P.P.F.		432,616	465,977
		33,912,993	35,215,337
Payment during the year		(12,565,225)	(13,020,288)
		<b>21,347,768</b>	<b>22,195,049</b>



13 SHORT TERM BORROWINGS

	Limit Sanctioned Rupees in million	Note	2017 Rupees	2016 Rupees
<b>From Banking Companies -Secured:</b>				
Habib Metropolitan Bank Limited				
- Finance against trust receipt	(25.00)	13.01	25,000,000	-
- Letter of guarantee	12.67	13.02	-	-
- Letter of credit (sight)	100.00	13.03	-	-
JS Bank Limited				
- Running finance	25.00	13.04	8,083,111	-
- Cash finance	25.00	13.05	-	-
- Finance against trust receipt	(70.00)	13.06	61,368,164	23,466,586
- Bank guarantee	25.00	13.07	-	-
- Letter of credit (sight)	250.00	13.08	-	-
			<b>94,451,275</b>	<b>23,466,586</b>

**13.01** This facility has been obtained for retirement of LC documents carrying mark up @ 3 months KIBOR + 2% to be paid on quarterly basis. It is secured against lien over import documents.

**13.02** This facility has been obtained for guarantee to the Department Excise and Taxation, Karachi. It carries commission as per schedule of charges of the bank. Total limit has been utilized as at year end.

**13.03** This facility has been obtained to import edible oil, tin plates and chemicals. It carries commission @ 0.2% per quarter. It is secured against 5% cash margin on LC.

The above mentioned facilities from 13.01 to 13.03 will expire on 31 March 2018.

**13.04** This facility has been obtained to meet working capital requirements. It carries mark up @ 3 months KIBOR + 200 bps to be paid on quarterly basis. It is secured against pari passu charge of Rs. 300 million over current assets of the company with 25% margin, duly registered with SECP. Out of total limit, an amount of Rs. 16.92 million (2016: Rs. 25 million) remained un-utilized as at year end.

**13.05** This facility has been obtained to finance already purchased stock of edible oil / palm oil / seed oil. It carries mark up @ 3 months KIBOR + 200 bps to be paid on quarterly basis. It is secured against pari passu charge of Rs. 300 million over current assets of the company with 25% margin and 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, duly registered with SECP. Total limit remained un-utilized as at year end.

**13.06** This facility has been obtained for retirement of LC documents. It carries mark up @ 3 months KIBOR + 200 bps to be paid on quarterly basis. Out of total limit, an amount of Rs. 8.63 million (2016: 46.53 million) remained un-utilized as at year end.

**13.07** 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. Out of total limit, an amount of Rs. 5.50 million (2016: 5 million) remained un-utilized as at year end.

**13.08** This facility has been obtained to import oil, coffee beans, agglomerated coffee, instant coffee, mushroom spawn, tin plates, chemicals/packaging material/vitamins, spare parts and plant and machinery. It carries commission @ 0.2% per quarter. It is secured against 5% cash margin and lien over import documents. Out of total limit, an amount of Rs. 227.59 million (2016: 170.09 million) remained un-utilized as at year end.

The above mentioned facilities from 13.04 to 13.08 will expire on 30 April 2018 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 million.



**14 ACCRUED MARKUP**

Note

Accrued mark up on short term borrowings

2017 Rupees	2016 Rupees
182,741	5,761
<b>182,741</b>	<b>5,761</b>
226,933,698	187,163,526
66,035,616	118,511,041
292,969,314	305,674,567
78,199,410	78,740,869
<b>214,769,904</b>	<b>226,933,698</b>

**15 PROVISION FOR TAXATION**

Opening balance

Add: Taxation - current

Less: Tax payments /adjustments during the year

**16 CONTINGENCIES AND COMMITMENTS**

**16.01 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 court the company paid 50% of the total amount and for the remaining 50%, the company has provided bank guarantees amounting to Rs. 32.17 million (2016: 27.27 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.
- b) The Taxation Officer of Inland Revenue had issued assessment orders for the tax years 2006 and 2007 incorporating aggregate liability of Income Tax and WWF amounting to Rs. 13,560,823. The company filed an appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favour of the company. However, tax department filed an appeal in ITAT against the decision of the CIT(A). 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 Honourable 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.
- c) The Taxation Officer of Inland Revenue had issued assessment order 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 before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favour of the company. 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.
- d) The Taxation officer of Inland Revenue issued assessment order for the tax year 2009 u/s 122(4) of the Income Tax Ordinance, 2001 creating demand of Rs. 5.35 million. The company filed appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the said order of Taxation Officer and the case was decided in favour of the company. However, tax department filed an appeal before ITAT against the decision of the CIT(A). The company as a matter of prudence has not reversed the provision for tax year 2009 amounting to Rs. 5.35 million. The management is hopeful that the said demand shall be waived off.
- e) The Taxation officer of Inland Revenue issued order u/s 161/205 of the Income Tax Ordinance, 2001 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. 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.



- f) 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 creating demand for Rs. 26.57 million. The company filed appeal against the Commissioner Income Tax (Appeals) {CIT(A)} against the said order and the case was decided in favour of the company. However, Tax department filled 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.
- g) The company has provided bank guarantees amounting to Rs. 4.5 million (2016: Rs. 4.5 million) and 36.35 million in favour of Sui Northern Gas Pipelines Limited for industrial use of gas and Excise and Taxation Department respectively.

**16.02 COMMITMENTS**

- Letters of credit for capital expenditure as at the balance sheet date amounted to Rs. Nil (2015: Nil).
- Letters of credit other than for capital expenditure as at the balance sheet date amounted to Rs. 106.36 million (2016: Rs. 79.91 million).



17 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										
<b>At 30 June 2015</b>										
Cost/Revalued amount	165,450,000	114,418,750	122,211,217	899,966	739,070	318,812	9,683,674	3,435,956	62,314,980	479,472,425
Accumulated depreciation	-	(27,742,486)	(33,494,527)	(528,203)	(240,526)	(301,809)	(4,354,475)	(939,144)	(27,890,085)	(95,491,255)
Net book value	165,450,000	86,676,264	88,716,690	371,763	498,544	17,003	5,329,199	2,496,812	34,424,895	383,981,170
<b>Year ended 30 June 2016</b>										
Additions	-	-	39,951,358	-	-	-	2,151,046	235,093	18,009,000	60,346,497
Transfers from capital work in progress during the year (Note 18.01)	-	4,817,263	2,765,557	-	-	-	-	-	-	7,582,820
<b>Disposals (note 17.03)</b>										
Cost	-	-	-	-	-	-	-	-	(11,392,665)	(11,392,665)
Depreciation	-	-	-	-	-	-	-	-	6,908,224	6,908,224
Net book value	-	-	-	-	-	-	-	-	(4,484,441)	(4,484,441)
Depreciation charge for the year (note 17.01)	-	(8,833,895)	(12,392,408)	(92,941)	(59,825)	(1,700)	(656,689)	(266,514)	(9,012,698)	(31,316,670)
<b>Net book value as at 30 June 2016</b>	<b>165,450,000</b>	<b>82,659,632</b>	<b>119,041,197</b>	<b>278,822</b>	<b>438,719</b>	<b>15,303</b>	<b>6,823,556</b>	<b>2,465,391</b>	<b>38,936,756</b>	<b>416,109,376</b>
<b>Year ended 30 June 2017</b>										
Additions	-	-	7,833,774	4,346,772	-	-	2,203,742	781,730	15,187,000	30,353,018
Transfers from capital work in progress during the year (Note 18.01)	-	1,771,881	8,268,677	-	-	-	-	-	-	10,040,558
<b>Revaluation surplus/(impairment loss)</b>	<b>124,973,524</b>	<b>34,838,455</b>	<b>27,063,913</b>	<b>(1,566,570)</b>	<b>559,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>185,868,862</b>
Adjustment	-	(44,186,179)	(57,381,996)	(1,030,168)	(348,610)	-	-	-	-	(102,946,953)
<b>Disposals (note 17.03)</b>										
Cost	-	-	(810,500)	-	-	-	-	-	(4,880,600)	(5,691,100)
Depreciation	-	-	305,319	-	-	-	-	-	3,242,794	3,548,113
Net book value	-	-	(505,181)	-	-	-	-	-	(1,637,806)	(2,142,987)
Depreciation charge for the year (note 17.01)	-	(8,540,299)	(13,074,313)	(464,232)	(57,759)	(1,530)	(773,015)	(274,652)	(9,560,278)	(32,746,078)
Elimination of accumulated depreciation on revaluation	-	44,186,179	57,381,996	1,030,168	348,610	-	-	-	-	102,946,953
<b>Net book value as at 30 June 2017</b>	<b>290,423,524</b>	<b>110,729,669</b>	<b>148,628,067</b>	<b>2,594,792</b>	<b>940,500</b>	<b>13,773</b>	<b>8,254,283</b>	<b>2,972,469</b>	<b>42,925,672</b>	<b>607,482,749</b>





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
165,450,000	119,236,013	164,928,132	899,966	739,070	318,812	11,834,720	3,671,049	68,931,315	536,009,077
-	(36,576,381)	(45,886,935)	(621,144)	(300,351)	(303,509)	(5,011,164)	(1,203,658)	(29,994,559)	(119,899,701)
165,450,000	82,659,632	119,041,197	278,822	438,719	15,303	6,823,556	2,465,391	38,936,756	416,109,376
-	10	10-15	25	12	10	10	10	20	
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
-	(930,501)	(1,273,933)	(55,208)	(9,500)	(303,039)	(5,784,179)	(1,480,310)	(36,312,043)	(46,150,713)
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
-	10	10-15	25	12	10	10	10	20	

**17.01 Depreciation charge for the year has been allocated as follows:**

Cost of Sale  
Administrative Expenses

	2017 Rupees	2016 Rupees
	29,471,470	28,185,003
	3,274,608	3,131,667
	<b>32,746,078</b>	<b>31,316,670</b>

**17.02** 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 2017	
	Cost	Written Down Value
Land-lease hold	423,524	423,524
Building on lease hold land	63,178,927	31,367,742
Plant, machinery and equipment	181,912,036	94,156,059
Laboratory equipment	4,528,107	4,001,658
Scales and weigh bridge	1,127,655	1,104,580
<b>Rupees 2017</b>	<b>251,170,249</b>	<b>129,972,058</b>
Rupees 2016	228,949,145	120,856,418

**17.03 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT**

The following operating fixed assets with net book value exceeding in aggregate Rs. 50,000 were disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (Loss)	Mode Of Disposal	Buyer's Name
Honda 125 RIL 1114	102,300	49,722	52,578	102,500	49,922	Negotiation	Syed Iftikhar Jillani
Honda 125 RIL 512	102,300	49,722	52,578	102,500	49,922	Negotiation	Fazal Abbas
Suzuki Mehran ATV 532	529,000	410,819	118,181	400,000	281,819	Negotiation	Sagheer Husnain
Suzuki Swift QD 378	1,059,500	826,197	233,303	860,000	626,697	Negotiation	Mumtaz Ali Mardian
Honda Civic YU 211	2,445,000	1,373,982	1,071,018	1,650,000	578,982	Negotiation	Furqan Anwar Badla
Alto APK 190	518,800	449,893	68,907	250,000	181,093	Negotiation	Muhammad Amir Khan
Oil Filling Machine	810,500	305,319	505,181	247,059	(258,122)	Negotiation	Bashir & sons
Aggregate of items of operating fixed assets with individual book values not exceeding Rs. 50,000	123,700	82,459	41,241	80,900	39,659		
<b>Rupees 2017</b>	<b>5,691,100</b>	<b>3,548,113</b>	<b>2,142,987</b>	<b>3,692,959</b>	<b>1,549,972</b>		
Rupees 2016	11,392,665	6,908,224	4,484,441	7,150,000	2,665,559		

**17.04** Impairment amounting to Rs. 1,566,570 (2016: Nil) relating to laboratory equipment has been recognised in the current year.

**17.05** Included in fixed assets are assets which are secured with a bank against 1st parri passu charge for Rs. 380 million (2016: Rs. 380 million) over fixed assets (including land, building and, plant and machinery) of the company.



**18 CAPITAL WORK IN PROGRESS**

**Note**

Opening balance  
Additions during the year

Less: Transferred to property, plant and equipment

**18.01**

**18.01 Transfers to property, plant and equipment are represented by:-**

Building  
Plant and machinery

**19 INVESTMENT IN ASSOCIATES**

Premier Garments Limited - unlisted

Accumulated provision for the diminution in the value of investment **19.01**

**19.01** 27,200 (2016: 27,200) ordinary shares of Rs. 100/- each, represent 38.86% (2016: 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.

**19.02** 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 2016, is as follows:

**Premier Garments Limited**

Total assets

Total liabilities

Net Assets

Company's share of net assets of associate

Total revenue

Total profit for the year

Company's share of profit for the current year

Share of unrecognised accumulated losses

**20 LONG TERM DEPOSITS**

**Note**

Deposits against bank guarantees

**21 STORES, SPARE PARTS AND LOOSE TOOLS**

Stores

Spare parts

Loose tools

**21.01** No identifiable stores and spares are held for specific capitalization.

**22 STOCK IN TRADE**

Raw materials

- In hand

- In transit

Work in process

Finished goods

Less: Provision for damaged stock

	2017 Rupees	2016 Rupees
Opening balance	1,833,904	3,027,046
Additions during the year	55,628,232	6,389,678
	57,462,136	9,416,724
Less: Transferred to property, plant and equipment	10,040,558	7,582,820
	<b>47,421,578</b>	<b>1,833,904</b>
<b>18.01 Transfers to property, plant and equipment are represented by:-</b>		
Building	1,771,881	4,817,263
Plant and machinery	8,268,677	2,765,557
	<b>10,040,558</b>	<b>7,582,820</b>
<b>19 INVESTMENT IN ASSOCIATES</b>		
Premier Garments Limited - unlisted	2,720,000	2,720,000
Accumulated provision for the diminution in the value of investment <b>19.01</b>	(2,720,000)	(2,720,000)
	-	-
<b>19.01</b> 27,200 (2016: 27,200) ordinary shares of Rs. 100/- each, represent 38.86% (2016: 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.		
<b>19.02</b> 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 2016, is as follows:		
<b>Premier Garments Limited</b>	<b>2016 Rupees</b>	<b>2015 Rupees</b>
Total assets	11,533,683	10,251,258
Total liabilities	24,559,243	23,375,769
Net Assets	<b>(13,025,560)</b>	<b>(13,124,511)</b>
Company's share of net assets of associate	<b>(5,061,733)</b>	<b>(5,100,185)</b>
Total revenue	2,400,000	3,000,000
Total profit for the year	98,951	85,106
Company's share of profit for the current year	38,452	33,072
Share of unrecognised accumulated losses	6,910,386	7,118,560
<b>20 LONG TERM DEPOSITS</b>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
Deposits against bank guarantees	20,387,500	15,887,500
	<b>20,387,500</b>	<b>15,887,500</b>
<b>21 STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Stores	113,525,284	76,632,069
Spare parts	7,079,649	5,983,425
Loose tools	1,769,911	1,495,856
	<b>122,374,844</b>	<b>84,111,350</b>
<b>21.01</b> No identifiable stores and spares are held for specific capitalization.		
<b>22 STOCK IN TRADE</b>		
Raw materials		
- In hand	62,270,143	61,563,783
- In transit	103,397,667	63,479,777
Work in process	57,652,690	44,065,660
	223,320,500	169,109,220
Finished goods	80,838,217	108,551,749
Less: Provision for damaged stock	3,040,019	3,040,019
	77,798,198	105,511,730
	<b>301,118,698</b>	<b>274,620,950</b>



23 TRADE DEBTS	Note	2017 Rupees	2016 Rupees
Foreign debts - secured		9,751,724	14,620,831
Trade debts- unsecured but considered good		664,694,565	541,590,531
Considered doubtful- unsecured		42,951,135	42,951,135
		<u>717,397,424</u>	<u>599,162,497</u>
Less : Provision for doubtful debts	23.01	<u>42,951,135</u>	<u>42,951,135</u>
Less : Trade debts written off		<u>-</u>	<u>-</u>
		<u>42,951,135</u>	<u>42,951,135</u>
		<u><b>674,446,289</b></u>	<u><b>556,211,362</b></u>
<b>23.01 Provision for doubtful debts</b>			
Opening balance		42,951,135	26,106,662
Provision made during the year		<u>-</u>	<u>16,844,473</u>
		<u>42,951,135</u>	<u>42,951,135</u>
Less: Provision written off during the year		<u>-</u>	<u>-</u>
Closing balance		<u><b>42,951,135</b></u>	<u><b>42,951,135</b></u>
<b>24 LOANS AND ADVANCES</b>			
<b>Considered good:</b>			
Suppliers		20,417,810	20,974,221
Receivable from related party	24.01	100,622	215,538
Employees:			
- Executives		7,734,238	5,232,222
- Other employees		<u>366,843</u>	<u>1,011,317</u>
		<u><b>28,619,513</b></u>	<u><b>27,433,298</b></u>
<b>24.01 Related parties - unsecured</b>			
Hala Enterprises Limited			
Nature of transaction:			
Sharing of office expenses		<u>100,622</u>	<u>215,538</u>
		<u><b>100,622</b></u>	<u><b>215,538</b></u>
The amount is receivable within one month. Further, balances receivable from related party (associated undertaking) are subject to mark up @ 10 % (2016: 10 %) p. a.			
<b>25 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits		5,269,553	4,384,553
Letter of credit - margin		6,363,000	6,405,000
Prepayments		<u>3,031,615</u>	<u>2,916,730</u>
		<u><b>14,664,168</b></u>	<u><b>13,706,283</b></u>
<b>26 OTHER RECEIVABLES</b>			
Zakat on dividend, receivable from government		76,962	76,962
Sales tax receivable		433,975	1,138,166
Other receivables:			
- from fair price shop		<u>871,705</u>	<u>318,378</u>
		<u><b>1,382,642</b></u>	<u><b>1,533,506</b></u>
<b>27 ADVANCE INCOME TAX</b>			
Advance income tax		<u><b>183,177,827</b></u>	<u><b>168,098,044</b></u>
<b>28 CASH AND BANK BALANCES</b>			
Cash in hand		4,499,202	4,061,199
Cash with banks:			
- In current accounts		21,164,179	15,376,525
- In deposit accounts	28.01	24,294,250	147,232,162
- Foreign currency accounts		<u>-</u>	<u>34,172</u>
		<u><b>49,957,631</b></u>	<u><b>166,704,058</b></u>

**28.01** These carry profit ranging from 3.5% to 4.5% (2016: 4% to 5%) per annum approximately.



**29 SALES**

Note

**- Export sales**

Cooking oil  
Speciality fats

**- Local sales**

Ghee  
Cooking oil  
Speciality fats

Soap  
Gases  
Coffee  
Mushroom

Less: Sales tax

Less: Trade discount  
Commission

**30 COST OF SALE**

Raw material consumed  
Stores and spare parts consumed  
Chemicals consumed  
Packing materials consumed  
Salaries, wages and benefits  
Power, fuel and lubricants  
Repair and maintenance  
Filling and loading  
Insurance  
Provision for damaged stock  
Depreciation

30.01

17.01

Work in process:

Opening  
Closing

Cost of goods manufactured

Finished goods:

Opening  
Closing

Finished goods purchased for resale:

Opening  
Purchases

Closing stock

Cost of purchased goods sold

**30.01 Raw material consumed**

Opening  
Purchases

Closing

**2017  
Rupees**

**2016  
Rupees**

30,502,109

639,146

31,141,255

1,829,739,198

2,630,136,653

44,217,162

4,504,093,013

32,164,308

176,893

5,895,403

4,792,123

43,028,727

6,962,348

36,066,379

4,571,300,647

126,510,080

3,569,599

130,079,679

**4,441,220,968**

29,191,605

-

29,191,605

1,803,462,375

2,472,300,520

14,951,053

4,290,713,948

40,674,645

144,261

9,558,179

2,435,490

52,812,575

8,017,432

44,795,143

4,364,700,696

149,846,194

4,246,877

154,093,071

**4,210,607,625**

3,142,424,647

15,302,260

54,036,674

256,996,721

50,207,291

125,935,145

11,657,867

40,744,572

4,071,558

-

29,471,470

3,730,848,205

2,842,793,102

14,888,484

48,913,368

265,548,407

47,259,865

128,544,357

10,015,875

32,160,851

3,986,495

3,040,019

28,185,003

3,425,335,826

44,065,660

(57,652,690)

(13,587,030)

3,717,261,175

40,610,459

(44,065,660)

(3,455,201)

3,421,880,625

97,156,597

(72,689,745)

24,466,852

3,741,728,027

79,828,899

(97,156,597)

(17,327,698)

3,404,552,927

11,395,152

1,192,209

12,587,361

(8,148,472)

4,438,889

**3,746,166,916**

7,193,104

9,263,216

16,456,320

(11,395,152)

5,061,168

**3,409,614,095**

61,563,783

3,143,131,007

3,204,694,790

(62,270,143)

**3,142,424,647**

77,100,992

2,827,255,893

2,904,356,885

(61,563,783)

**2,842,793,102**





**30.02** Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 4,564 thousand (2016: Rs. 4,735 thousand).

**31 SELLING AND DISTRIBUTION COST**

**Note**

	<b>2017 Rupees</b>	<b>2016 Rupees</b>
Salaries, wages and benefits	27,786,839	23,305,535
Travelling and conveyance	4,063,873	3,412,910
Advertisement	199,415,072	206,463,624
Export charges	5,961,797	3,687,498
Carriage outward	39,775,653	37,616,341
Redistribution expenses	35,729,316	28,470,375
Promotional expenses	6,129,574	3,096,474
Other selling expenses	12,186,133	10,002,066
	<b>331,048,257</b>	<b>316,054,823</b>

**31.01** Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 830 thousand (2016: Rs. 861 thousand).

**31.02** Advertisement include below the line (BTL) expenses for the year Rs. 48.47 million (2016: Rs. 40.55 million).

**32 ADMINISTRATIVE EXPENSES**

Directors' meeting fee	2,080,000	860,000
Directors' remuneration	28,349,558	27,246,150
Salaries, wages and benefits	50,014,122	44,797,027
Travelling and conveyance	7,224,662	6,067,395
Entertainment	1,196,916	906,274
Printing and stationary	1,530,746	1,523,562
Postage, telephone and telex	3,561,457	3,223,392
Rent, rates and taxes	10,676,599	8,353,045
Fees and subscription	2,872,274	2,606,477
Legal and professional charges	3,528,496	4,228,683
Vehicle running and maintenance	11,856,910	9,393,591
Repair and maintenance	3,885,955	3,338,625
Power, fuel and lubricant	1,917,794	1,957,528
Advertisement	8,308,961	8,602,651
Provision for doubtful debts	-	16,844,473
Depreciation	3,274,608	3,131,667
Office expenses	2,406,420	2,389,595
	<b>142,685,478</b>	<b>145,470,135</b>

**17.01**

**32.01** Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 2,905 thousand (2016: Rs. 3,013 thousand).

**32.02** Advertisement include below the line (BTL) expenses for the year Rs. 2.01 million (2016: Rs. 1.69 million).

**33 FINANCE COST**

Mark up on short term borrowings	892,073	696,128
Mark up charged on W.P.P.F.	432,616	465,977
Bank charges	1,572,181	1,559,947
	<b>2,896,870</b>	<b>2,722,052</b>

**34 OTHER OPERATING CHARGES**

Auditors' remuneration	830,500	755,000
Workers' profit participation fund	11,285,328	17,304,648
Workers' welfare fund	4,505,479	6,912,540
Impairment loss on fixed assets	1,287,766	-
	<b>17,909,073</b>	<b>24,972,188</b>

**34.01**

**34.01 AUDITORS' REMUNERATION**

Audit fee	660,000	600,000
Half yearly review fee	82,500	75,000
Other attestation services	55,000	50,000
Out of pocket expenses	33,000	30,000
	<b>830,500</b>	<b>755,000</b>



**35 OTHER INCOME**

Note

**Income from financial assets**

Profit on bank deposits	6,045,618	6,581,825
Interest income from related party	16,859	35,092
Exchange loss	(183,559)	-

**Income from non financial assets**

Scrap sale	252,105	352,980
Gain on disposal of property, plant and equipment	1,549,972	2,665,559
	<b>7,680,995</b>	<b>9,635,456</b>

**36 TAXATION**

**Taxation**

-Current year	91,632,628	98,147,839
-Prior years	(25,597,012)	20,363,202
	66,035,616	118,511,041

**Deferred taxation**

For current year	(1,617,317)	(2,921,422)
	<b>64,418,299</b>	<b>115,589,619</b>

**36.01** - Income tax return has been filed to the income tax authorities up to and including tax year 2016 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.

**36.02** Deferred taxation has been provided using tax rate of taxation applicable to tax year 2017 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. 121,690 (2016: Rs. 215,485).

**37 EARNINGS PER SHARE**

**Basic Earnings per share:**

Profit after taxation	Rupees	143,777,070	205,820,169
Weighted average number of ordinary shares	Number	5,390,652	5,390,652
Earnings per share - basic and diluted	Rupees	<b>26.67</b>	<b>38.18</b>

**38 TRANSACTIONS WITH RELATED PARTY**

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**

**Reimbursement of expenses**

**Sharing of office expenses**

Hala Enterprises Limited	Associated company	2,003,889	2,001,567
		<b>2,003,889</b>	<b>2,001,567</b>

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 42 of the notes to the financial statements.

**39 FINANCIAL INSTRUMENTS BY CATEGORY**

Note

**Financial assets as per balance sheet**

	<b>2017 Rupees</b>	<b>2016 Rupees</b>
Long term deposits	20,387,500	15,887,500
Trade debts	674,446,289	556,211,362
Loans and advances	8,101,081	6,243,539
Trade deposits	5,269,553	4,384,553
Other receivables	871,705	318,378
Bank balances	45,458,429	162,642,859
	<b>754,534,557</b>	<b>745,688,191</b>

**Financial liabilities as per balance sheet**

Trade and other payables	234,795,561	205,640,921
Short term borrowings	94,451,275	23,466,586
Accrued interest/mark-up	182,741	5,761
Unclaimed dividend	6,226,888	4,785,029
	<b>335,656,465</b>	<b>233,898,297</b>

**39.01 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.

**39.01.1 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).

The Company does not hold any instrument which could be included in Level 1, Level 2 and Level 3.

The Company has investment in associate which is stated at cost (refer note19).

**40 FINANCIAL INSTRUMENTS****40.01 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 Directors.

**(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% against the US Dollar with all other variables held constant, post-tax profit for the year would have been lower by Rs. 487,586 (2016: 732,750) 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:

	2017		2016	
	Rupees	US Dollars	Rupees	US Dollars
Trade debts	9,751,724	92,989	14,620,831	139,644
Cash at Bank	-	-	34,172	326.38

The following significant exchange rates were applied during the year:

Rupees per US Dollar	2017	2016
Reporting date rate	104.87	104.70
Average rate	104.71	104.49

## (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 balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2017 Rupees	2016 Rupees
<b>Floating rate instrument</b>		
<b>Financial liabilities</b>		
Short term borrowings	94,451,275	23,466,586
<b>Financial assets</b>		
Bank balances- saving accounts	24,294,250	147,232,162

## 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. 701,570 lower/higher (2016: 1,237,656 higher/lower), 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 at balance sheet dates were outstanding 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 balance sheet date 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. 754,534,557 (2016: Rs. 745,688,191), the maximum exposure to credit risk amounts to Rs. 744,782,833 (2016: Rs. 745,688,191).

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	2017 Rupees	2016 Rupees
Government institution and utility store	76,612,642	68,198,365
Private sector's companies	80,675,434	70,055,990
Distributors	558,198,550	460,890,181
Others	10,011,879	6,261,500
	<b>725,498,505</b>	<b>605,406,036</b>

The aging of loans and receivables at the reporting date was:

Past due 0-6 months	722,613,272	557,229,557
Past due 6-12 months	1,065,746	7,091,900
More than one year	1,819,487	41,084,579
	<b>725,498,505</b>	<b>605,406,036</b>

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:

Long term deposits	20,387,500	15,887,500
Trade debts	674,446,289	556,211,362
Loans and advances	8,101,081	6,243,539
Trade deposits	5,269,553	4,384,553
Other receivables	871,705	318,378
Bank balances	45,458,429	162,642,859
	<b>754,534,557</b>	<b>745,688,191</b>

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating agency	Rating Short term	Rating 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	JCR-VIS	A1+	AA+
Allied Bank Limited	PACRA	A1+	AA+
Faysal Bank Limited	JCR-VIS	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 2017	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	234,795,561	234,795,561	234,795,561	-	-	-	-
Short term borrowings	94,451,275	102,139,609	98,295,442	3,844,167	-	-	-
Accrued interest/mark-up	182,741	182,741	182,741	-	-	-	-
Unclaimed dividends	6,226,888	6,226,888	6,226,888	-	-	-	-
	<b>335,656,465</b>	<b>343,344,799</b>	<b>339,500,632</b>	<b>3,844,167</b>	<b>-</b>	<b>-</b>	<b>-</b>

30 June 2016	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	205,640,921	205,640,921	205,640,921	-	-	-	-
Short term borrowings	23,466,586	24,886,314	24,176,450	709,864	-	-	-
Accrued interest/mark-up	5,761	5,761	5,761	-	-	-	-
Unclaimed dividends	4,785,029	4,785,029	4,785,029	-	-	-	-
	<b>233,898,297</b>	<b>235,318,025</b>	<b>234,608,161</b>	<b>709,864</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 2017/2016. The rates of interest/mark-up have been disclosed in note 13 to these financial statements.

#### 41 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 of the notes to the financial statements less cash and bank balances. Total capital employed includes 'total equity' as shown in the balance sheet and 'net debt'. The gearing ratio as at 30 June 2017 and as at 30 June 2016 is as follows:

	2017 Rupees	2016 Rupees
Debt	94,451,275	23,466,586
Cash and bank balances	49,957,631	166,704,058
Net debt	44,493,644	(143,237,472)
Total equity	733,296,399	654,599,505
Total capital employed	777,790,043	511,362,033
Gearing ratio (%)	5.72%	Nil

#### 42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Managerial remuneration	4,401,720	3,827,568	8,638,860	7,512,036	32,801,143	16,226,294
House rent and utilities	1,946,280	1,692,432	3,819,780	3,321,564	15,380,508	6,194,551
Bonus	1,100,430	1,275,856	1,059,285	1,228,156	6,792,588	4,809,160
Medical expenses	949,304	139,588	934,587	3,166,420	463,684	442,916
Travelling expenses	1,817,778	1,479,318	3,681,534	3,603,212	1,512,344	1,170,479
	<b>10,215,512</b>	<b>8,414,762</b>	<b>18,134,046</b>	<b>18,831,388</b>	<b>56,950,267</b>	<b>28,843,400</b>
Number of persons	1	1	2	2	20	13

**42.01** 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. Further, only executive directors are entitled for annual bonus of the company.

**42.02** Aggregate amount charged in the financial statements for the year for meeting fee to 4 directors was Rs. 2,080,000 (2016: Rs. 860,000)

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

Ghee / speciality fats	M.TON
Cooking oil	M.TON

2017	2016
14,000	14,000
14,000	14,000
<b>28,000</b>	<b>28,000</b>
<b>Actual Production</b>	
Ghee / speciality fats	M.TON
Cooking oil	M.TON
12,437	13,322
14,214	13,827
<b>26,651</b>	<b>27,149</b>

**Actual Production**

Ghee / speciality fats	M.TON
Cooking oil	M.TON

**43.01 RATED CAPACITY**

On the basis of blending hard oil with soft oil, rated capacity comes to 28,000 M. Ton annually. The rated capacity is interchangeable between Ghee and Cooking Oil depending on demand.

**43.02 REASONS FOR SHORTFALL****Ghee/Speciality fats**

- Sui gas shut down.
- Electricity shut down.

**44 OPERATING SEGMENT**

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

**44.01** Revenue from sale of ghee, cooking oil, speciality fats, soap, and gases represents 99.83% (2016: 99.77%) of the total income of the company.

**44.02** 99.31% (2016: 99.31%) of the gross sales of the Company are made to customers located in Pakistan. Remaining 0.69% (2016: 0.69%) are the exports made to U.A.E.

**44.03** All non current assets of the Company as at 30 June 2017 are located in Pakistan.

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

**45 EMPLOYEES**

Average number of employees during the year.

Number of employees at the end of the year.

Number	Number
235	229
239	230

**46 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on 25 September 2017 proposed final cash dividend at the rate of Rs. 4.0 per share (2016: Rs. 7 per share) for the year ended 30 June 2017 subject to the approval of the members at the forthcoming Annual General Meeting to be held on 26 October, 2017.

**47 AUTHORIZATION OF FINANCIAL STATEMENTS**

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on 25 September 2017.

**48 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.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



**PATTERN OF SHAREHOLDING AS ON JUNE 30, 2017**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
493	1	100	15,159
432	101	500	110,756
57	501	1,000	42,184
63	1,001	5,000	147,857
15	5,001	10,000	106,817
5	10,001	15,000	56,200
2	15,001	20,000	34,300
1	20,001	25,000	22,600
3	25,001	30,000	82,709
1	30,001	35,000	30,218
1	35,001	40,000	39,836
2	40,001	45,000	86,300
1	45,001	50,000	48,000
1	50,001	55,000	51,971
1	60,001	65,000	64,708
1	65,001	70,000	65,268
1	70,001	75,000	72,570
1	200,001	205,000	200,900
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	365,001	370,000	365,226
1	405,001	410,000	407,786
1	455,001	460,000	456,323
1	515,001	520,000	517,651
<b>1,094</b>			<b>5,390,652</b>

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	43,846	0.81
Banks Development Financial Institutions and Non-Banking Financial Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	952,851	17.68
General Public	2,533,188	46.99
Joint Stock Companies	47,220	0.88
Joint Stock Companies	3,800	0.071
	<b>5,390,652</b>	<b>100.00</b>



**PATTERN OF SHAREHOLDING AS ON JUNE 30, 2017**  
**NAME & CATEGORY WISE DETAILS IN ACCORDANCE WITH CCG 2012**

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	6.75
2	M/s Hala Enterprises Limited	51,971	0.96

**Mutual Funds (Name Wise Detail)**

1	CDC - Trustee And Index Tracker Fund (CDC)	300	0.0056%
2	CDC - Trustee And Opportunity Fund (CDC)	200,900	3.7268%
3	CDC - Trustee National Investment (unit) Trust (CDC)	517,651	9.6028%
4	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	0.74
2	Mr. Izaz Ilahi Malik	72,570	1.35
3	Mr. Usman Ilahi Malik	456,323	8.47
4	Mr. Furqan Anwar Batla	437,224	8.11
5	Mr. Jillani Jahangir	340,893	6.32
6	Syed Tahir Hussain Shah	3,108	0.06
7	Syed Zubair Ahmad Shah (NIT Nominee)	-	-
8	Mrs. Nageen Malik W/O Mr. Izaz Ilahi Malik	44,000	0.82

**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 interest 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	365,226	6.7752%
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	Transmitted	Purchase
1	Mr. Furqan Anwar Batla	64,043	77,875

**ANNEXURE “A”**

September 25, 2017

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 Punjab Oil Mills Limited has recommended for the approval of the shareholders, an increase of the following:-

<b>Name &amp; Designation</b>	<b>Last Drawing</b>	<b>Increase</b>	<b>After Increase</b>	<b>Yearly</b>
Mr. Tahir Jahangir Chairman/Director	Rs. 529,000/-	Rs. 52,900/-	Rs. 581,900/-	Rs. 6,982,800/-
Mr. Izaz Illahi Malik Chief Executive Officer	Rs. 529,000/-	Rs. 52,900/-	Rs. 581,900/-	Rs. 6,982,800/-
Mr. Usman Ilahi Malik Director	Rs. 509,220/-	Rs. 50,925/-	Rs. 560,145/-	Rs. 6,721,740/-

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 service rules of the Company for the time being in force.

Yours sincerely,  
For **PUNJAB OIL MILLS LIMITED**

**(Usman Saleem)**  
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 Thursday, October 26, 2017, at 10:30 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 2017

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.

**AFFIX  
CORRECT  
POSTAGE**

**To:**

**The Company Secretary  
Punjab Oil Mills Limited  
Plot No. 26-28, Industrial Triangle,  
Kahuta Road,  
Islamabad**

**“SAY NO TO  
CORRUPTION”**