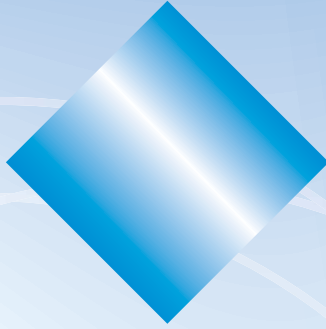


# Annual Report 2012



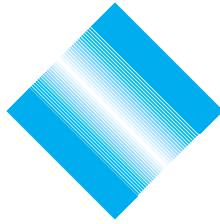
A Siddiqsons Group Company



A Commitment to Prime Quality !

# SIDDIQSONS

TIN PLATE LIMITED

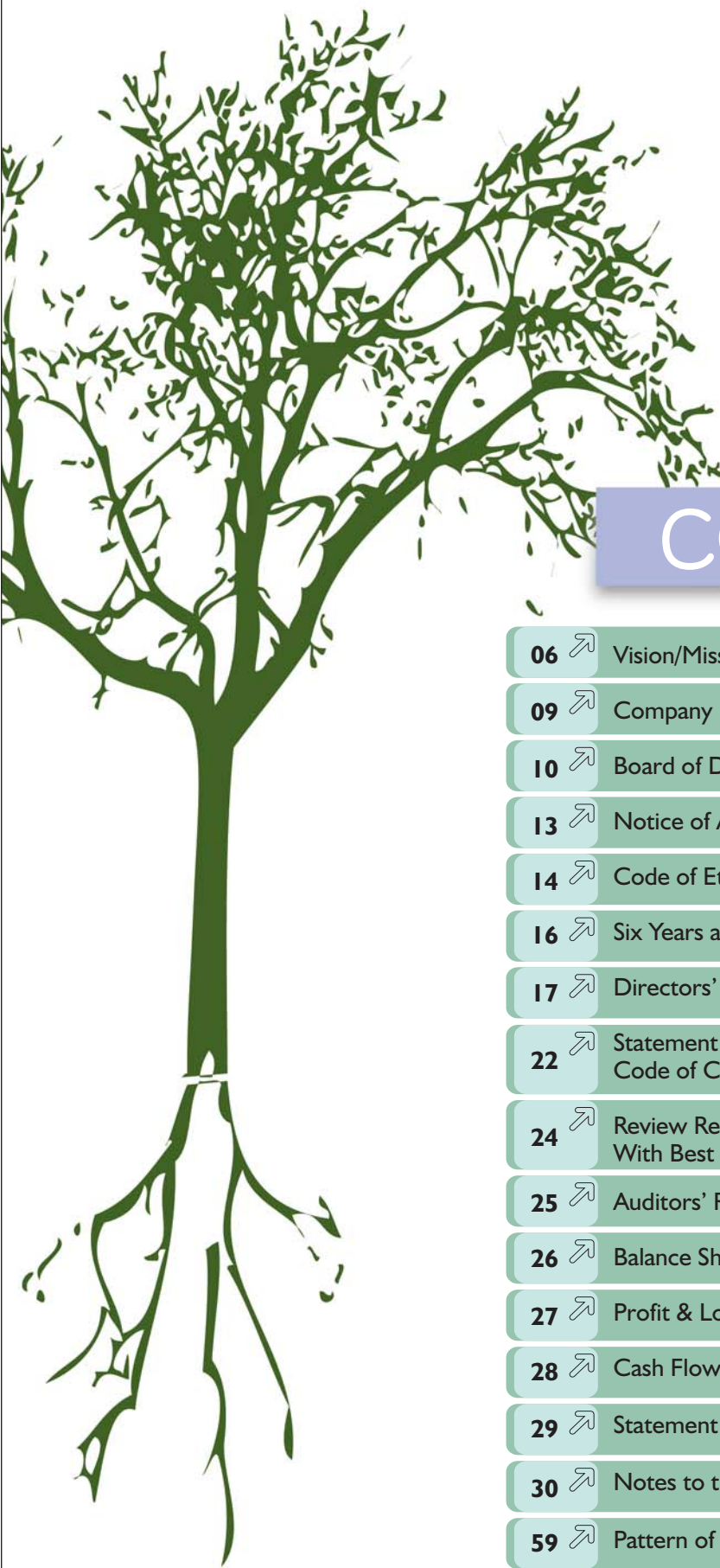


# Siddiqsons Tin Plate Limited

A Siddiqsons Group Company

## Annual Report 2012





**Siddiqsons Tin Plate Limited**  
A Siddiqsons Group Company

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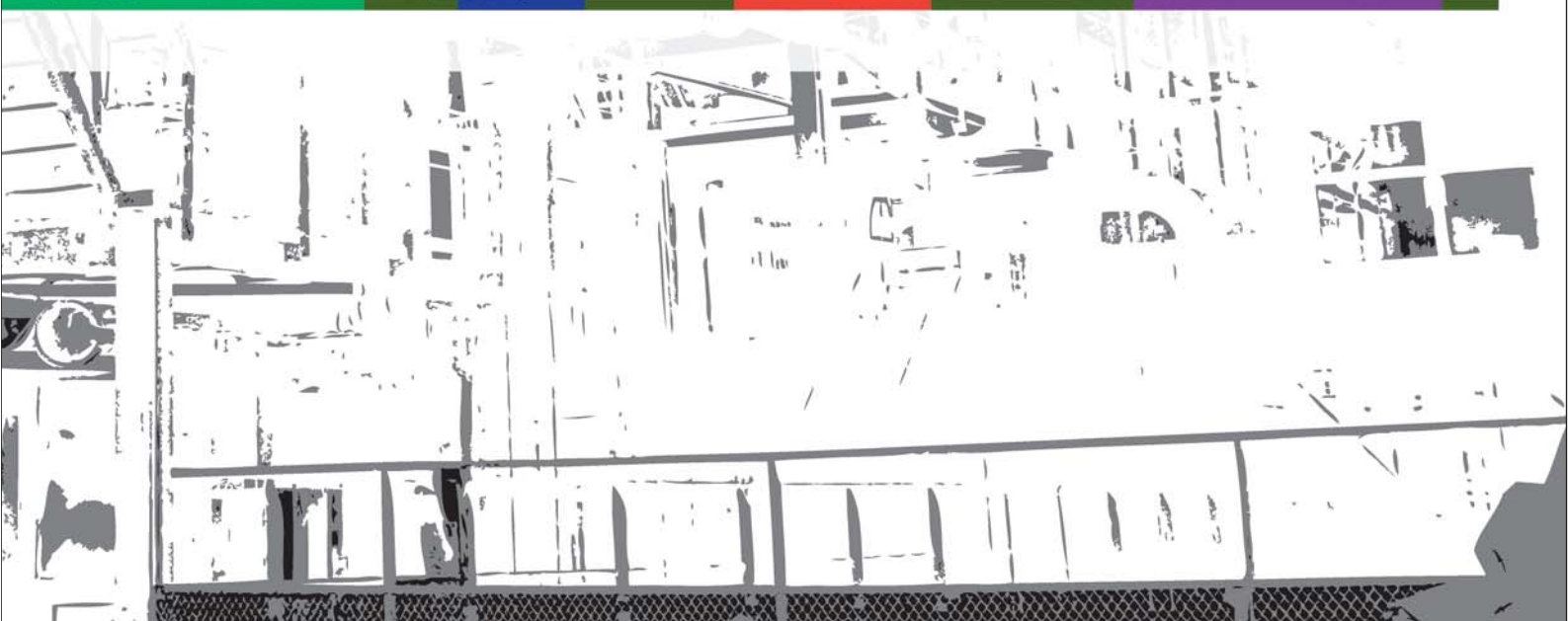
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# vision

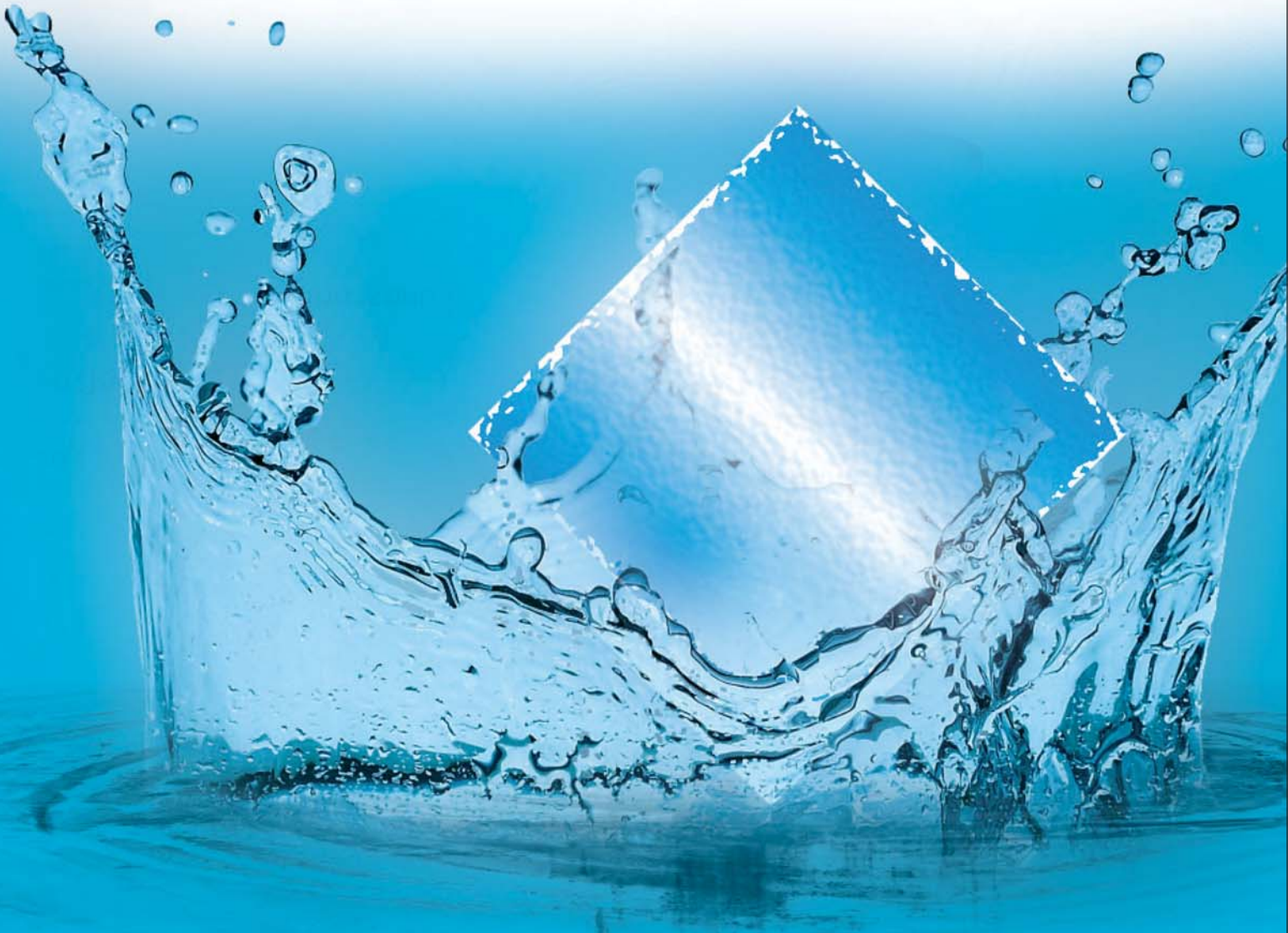


To become a professionally managed, fully integrated, customer focused prime quality Tin Plate producer, offering value added quality tin plate products to our customers within and outside Pakistan meeting International Standard.

# mission



To continuously provide quality tin plate to our valuable customers at affordable price, build strong and permanent relation with domestic and international patrons under the umbrella of quality, reliability and affordability, focused to our customers and always put our customers on first priority. Our mission is going to be the course chart and radar of our ship so that every time we move we check our parameters to comply and follow our mission and do not deviate from it.



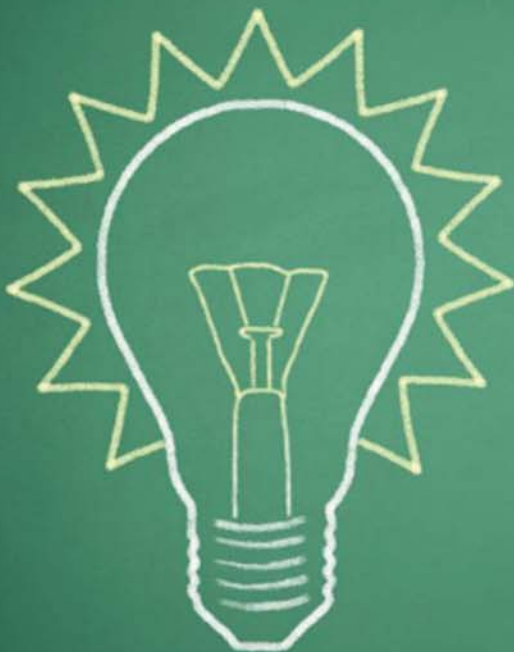


# Corporate strategy



To enable STPL a modest tin plate company with global acceptability, to attain new heights of success with the help of Al-mighty Allah.

We plan to further expand our business network and penetrate in global tin industry through joint venture with different neighboring countries and contribute to generate robust foreign reserve for our country. Our objective is to successfully deliver quality products and services to our customers and enlighten the awareness of tin plate for food packaging industry in the country.



Research

Analyses

Strategy

# Company information



## Board of Directors:

|                           |                                   |
|---------------------------|-----------------------------------|
| Mr. Abdullah Rafi         | Chief Executive Officer/ Chairman |
| Mr. Tariq Rafi            | Director                          |
| Mr. Abdur Rahim           | Director                          |
| Mr. Ibrahim Shamsi        | Director                          |
| Mr. Sanaullah Abdullah    | Director                          |
| Mr. Saturo Nishi          | Director                          |
| Mr. Jean Pierre Gugenheim | Director                          |

## Audit Committee:

|                        |           |
|------------------------|-----------|
| Mr. Ibrahim Shamsi     | Chairman  |
| Mr. Abdur Rahim        | Member    |
| Mr. Sanaullah Abdullah | Member    |
| Mr. Saturo Nishi       | Member    |
| Mr. M. Javid Ansari    | Secretary |

## Human Resource & Remuneration Committee:

|                        |          |
|------------------------|----------|
| Mr. Ibrahim Shamsi     | Chairman |
| Mr. Abdur Rahim        | Member   |
| Mr. Sanaullah Abdullah | Member   |

## Chief Financial Officer

Mr. Rashid Khaleeque

## Company Secretary

Mr. M. Javid Ansari

## Internal Auditor

Mr. Murtaza Ahmed

## Shares Registrar

THK Associates (Private) Limited  
Ground Floor, State Life Building # 3  
Dr. Ziauddin Ahmed Road,  
Karachi - 75530  
UAN # 111 000 322

## Auditors

**M. Yousuf Adil Saleem  
& Company**  
Chartered Accountants

## Registered Office

D-53, Textile Avenue  
S.I.T.E., Karachi - 75700

## Legal Advisor

Awan Law Associates  
1st Floor, Burhani Terrace,  
Bohri Road,  
Opp. Customs House  
Karachi - 74000

## Plant

Special Industrial Zone  
Winder, Baluchistan

## Web Presence

[www.siddiqsonstinplate.com](http://www.siddiqsonstinplate.com)

## Bankers

Dubai Islamic Bank Limited | Habib Metropolitan Bank Limited  
Habib Bank Limited | MCB Bank Limited | Meezan Bank Limited  
National Bank of Pakistan | Soneri Bank Limited |  
The HSBC Middle East Limited |

# BOARD OF DIRECTORS



**Mr. Abdullah Rafi, Chairman / Chief Executive**

Mr. Abdullah Rafi is the Chairman of the Company. He is also the former chairman of APTPMA and SITE Association and has served as the Director on the Board of Karachi Electricity Supply Corporation (KESC), Sindh Industrial Trade Estate Limited, MCB Bank Limited & First Leasing Corporation. He joined Siddiqsons Tin Plate Limited Board since inception of the Company.



**Mr. Tariq Rafi, Director**

Mr. Tariq Rafi is Director of the Company. He is the Chief Executive of Siddiqsons Limited and The Mall Clifton. He is also serving his responsibilities as the Directors on the Board of MCB Bank Limited and Central Depository of Pakistan Limited (CDC). He possesses Young Businessmen Leader Award from Institute of Business Administration (IBA) and Best Businessmen Award for the year 1999 from Federation of Chamber of Commerce & Industries. He is honorary Consul General of Republic Serbia in Pakistan. He is also recipient of "Sitara-e-Imtiaz". He joined Siddiqsons Tin Plate Limited Board since inception of the Company.



**Mr. Ibrahim Shamsi, Director**

Mr. Ibrahim Shamsi is the Director of the Company. He has good experience of modern management and effective control management. He is Chief Executive of Aladin Water & Amusement Park, Karachi and Joyland, Lahore and also Chairman of Cotton Web (Pvt) Limited. He is also serving his responsibilities as the Director on the Board of Adamjee Insurance Company Limited the largest insurance company of Pakistan. By qualification Mr. Shamsi is MBA from LUMS. He joined Siddiqsons Tin Plate Limited since inception.



**Mr. Abdur Rahim, Director**

Mr. Abdur Rahim started his business career in 2003. He has vast experience in Denim fabric / garments and has extensively travelled to different regions of the world for sales and marketing of Denim Fabric /Garments. Mr. Abdur Rahim is heading various textile units in the country as its director. He is also serving as a Chief Operating Officer of Siddiqsons Limited & Director of Siddiqsons Limited as well as AR Commodities (Pvt) Ltd. He joined the Siddiqsons Tin Plate Limited board in 2011.



**Mr. Sanaullah Abdullah, Director**

Mr. Sanaullah started his business career in the late 90s and joined the Board in 2008. He has vast experience in textile and has extensively traveled to different regions of the world for sales and marketing of textile and other products. He is also a director in Siddiqsons Industries (Pvt) Limited and Siddiqsons Agro and Food Ltd. He is MBA from LUMS.



**Mr. Saturo Nishi, Director**

Mr. Saturo Nishi is a nominee Director of M/S Metal One Corporation of Japan. Metal One corporation is a subsidiary company of Mitsubishi Corporation.

Mr. Nishi is presently discharging his responsibilities as, G.M Global marketing department of Metal One Corporation.

He possess huge experience in marketing field and he joined the Siddiqsons Tin Plate Limited board in 2012.



**Mr. Jean Pierre Gugenheim, Director**

Mr. Jean Pierre Gugenheim is a nominee Director of M/s ArcelorMittal Packaging, France.

Mr. Gugenheim has huge experience in the marketing field & also possesses very dynamic personality. He joined the Siddiqsons Tin Plate Limited Board in 1998.

# growth upward





NOTICE is hereby given that the 17th Annual General Meeting of M/s. Siddiqsons Tin Plate Limited will be held on Monday, October 22, 2012 at 10:00 a.m. at Pavilion End Club, Gulshan-e-Iqbal, Block -10 main Rashid Minhas Road, Karachi, to transact the following ordinary business:

1. To confirm the Minutes of the 16th Annual General Meeting held on October 20, 2011.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2012, together with the Auditors' Directors' Report thereon.
3. To appoint Auditors of the Company for the year ending June 30, 2013 and fix their remuneration. The present auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants are retiring and have offered themselves for reappointment.
4. To transact any other business with the permission of the Chair.

By order of the Board

Karachi  
September 28, 2012

Company Secretary

**NOTES:**

1. The Share Transfer Books of the Company will remain closed from October 15, 2012 to October 22, 2012 (both days inclusive). Transfer received at the Share Registrar of the Company, M/s. THK Associates (Pvt.) Ltd, Ground Floor, State Life Building # 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on October 15, 2012 will be treated in time for the purpose of above entitlement to the transferees.
2. A member entitled to attend, and vote a Meeting is entitled to appoint another member as a proxy to attend, speak and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the company or otherwise.
3. An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Share Registrar of the Company, not less than 48 hours before the time of the Meeting.
4. Those shareholders, whose shares are deposited with Central Depository Company of Pakistan Ltd. (CDC) are requested to bring their original Computerized National Identity Card (CNIC) along with participant's ID number and their account/sub-account numbers in CDC to facilitate identification at the time of Annual General Meeting. In case of Proxy, attested copies of proxy's CNIC or passport, Account and Participation's I.D. numbers must be deposited alongwith the Form of Proxy with Share Registrar of the Company as per paragraph No. 1 above. In case of Proxy for corporate members, the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier to the Share Registrar).
5. Shareholders are requested to notify the Company of the change in their address, if any, to Share Registrar of the Company.

# code of ethics and business practices



Honesty, integrity and strong commitment to high standards of ethical, moral and lawful conducts are among the most important traditions. This dedication is critical to meet our commitment to the shareholders, customers, suppliers and employees.

Ethical behaviour is an individual responsibility. Behaviour reflecting high ethical standards are expected of all executives and employees regardless of their position or location.

Our businesses and customs vary, and each individual who works for the Company is unique, however, we have certain standards and responsibilities to share wherever we do

## Code of Ethics

### Management Commitment to Ethics

1. We, the management of the enterprise are committed to the following principles:
  - ethical management practices
  - recognition of merits
  - empowerment of employees
  - respect of employees, suppliers, clients, and shareholders
  - respect of basic human rights
  - avoidance of conflicts of interest

### Managerial Responsibilities

2. Managers are expected to set the highest standards of ethical business conduct and are encouraged to discuss the ethical and legal implications of business decisions. It is their responsibility to create and sustain work environment in which employees, consultants and contract workers know that ethical and legal behaviour is expected of them.
3. Managers must be diligent in looking for indications that unethical or illegal conduct has occurred, and take appropriate action on regular basis to address any situation that seem to be in conflict with the law or the Code.

### Employee Commitment to Ethics

4. All employees should have the opportunity to contribute, learn, grow and advance based on merit. Ethical principles which employees must follow include:
  - Honesty
  - Fulfilment of their promises
  - Integrity and loyalty
  - Feeling of belongingness

### Code, Policies and Applicable Laws

5. It is management's responsibility to ensure compliance with the Code, Company's policies and all prevailing applicable laws in conducting business within the country and around the globe.

### Confidentiality

6. We safeguard confidential information by keeping it secure, avoiding discussion in public areas and limiting access to those who have to know for execution of their duties.
7. Information that is not generally disclosed and is helpful to the company must be protected.

### Conflict of Interest

8. Actions must be based on sound business judgement, and not motivated by personal interest or gain. Any situation that creates or appears to create a conflict of interest between personal interests and the interests of the Company will be avoided.

### Protecting Company Assets

9. All employees are entrusted with numerous company assets, and have a special responsibility to protect them.



10. Company's resources should 'be used only to conduct company's business or for purposes authorized by management.
11. Unauthorized copying of software, tapes; books and other legally protected work, is a misuse of asset and may expose the company to legal liability.
12. Any act by Company's employee that involves theft, fraud, embezzlement, or misappropriation of any property/asset is prohibited.

#### **Favours and Benefits**

13. Employees should not misuse their position to influence vendors, subordinates or any other person to provide any undue favour or benefits, whether financial or otherwise, to themselves or others.
14. Employees shall not provide or offer to provide any favours or benefits to government departments or engage in any activities, which could influence the business decisions and violate the law. Offering or providing bribes or kickbacks is prohibited in all circumstances.
15. Gifts and entertainment may be used in developing business relationships and not be lavish or in excess of the generally accepted business practices of industry.

#### **Competitive Information**

16. The Company will always obtain information regarding customers; suppliers and competitors legally and ethically. Theft of proprietary information, inducing disclosures by a competitor's past or present employees is prohibited.

#### **Business Conduct**

##### **Customers**

1. The Company ensure that its products and services meet customer requirements ~ and product specification.
2. Labelling of products will be complete, fair and honest. Only claims, which can be substantiated and fulfilled, are made by the company, its employees and its agent.

##### **Shareholders**

3. We ensure shareholders' participation and respect their rights to information while protecting the interests of other stakeholders.
4. The Company respects the right of shareholders to submit proposals for vote and to ask questions at the meeting.
5. Shareholders are informed about significant and material violations of corporate policies (including codes of conduct) and any decisions by tribunals or courts which are unfavourable of the company.

##### **Employees**

6. The Company values its employees and their contributions towards its operations.
7. The Company pays adequate wages to enable employees, to meet the basic needs for themselves and their families.
8. The Company will not make any discrimination in its policies of employment and remuneration, whether by race, age, gender, disability or religion.
9. Each worker should be employed on the basis of their ability to do the job, rather than on the basis of personal characteristics or beliefs.
10. Training, development, promotion and advancement opportunities within the Company are available to all employees.
11. The Company recognizes the need for supporting and/or providing the essential social infrastructure and community services to its workers.
12. All those who work within and on the Company's premises, whether permanent, temporary or contractual, shall receive equal protection especially in provision of equipment and information concerning their health and safety at work:

##### **Suppliers / Subcontractors**

13. The Company accepts its responsibility to use its purchasing power to encourage good corporate organizations among its suppliers.
14. The Company is careful in its negotiations and contractual arrangements with other companies. This includes fair dealing, prompt payment and the avoidance of corrupt practices, bribes and questionable payment.
15. The Company seeks out supplies that meet the same quality standards on environmental and social grounds as the Company sets for its own products.
16. The Company will not enter into contracts with suppliers who use any form of forced or bonded labour.

##### **Accuracy of Business Records**

17. Employees throughout the Company are responsible for recording any kinds of information properly, honestly and accurately.
18. All financial books, records and accounts accurately reflect transactions and events, and conform both to generally accepted accounting principles and to Company's system of internal controls.

##### **Working Hours**

19. Working hours in accordance with local standards are followed at all sites and offices of the Company.

##### **Wages and Benefits**

20. We ensure that wages and social benefits are in accordance with laws in force or prevailing wage practice in the country.

##### **Health, Safety and Environment**

21. The Company is committed to provide a safe and healthy work environment to its employees. Each facility is required to have a safety program in place that includes appropriate training programs. The Company will meet applicable laws and government regulations as well as Company's own standards.
22. Each employee is responsible for observing the safety and health rules and practices that apply to his or her job. Employees are also responsible for taking precautions necessary to protect themselves & their co-workers, including reporting accidents, injuries, and unsafe practices or conditions.  
Appropriate and timely action will be taken to correct known unsafe conditions.

##### **Child Labour**

23. Company discourages for employment of Child Labour.





## SIX YEARS AT A GLANCE



| DESCRIPTION                                    | 2012      | 2011      | 2010      | 2009      | 2008      | 2007      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Rupees in "000"                                |           |           |           |           |           |           |
| <b>TRADING RESULTS</b>                         |           |           |           | Restated  | Restated  |           |
| Net Turnover                                   | 2,509,230 | 3,305,780 | 3,247,871 | 2,639,940 | 2,397,536 | 3,383,978 |
| Gross Profit                                   | 94,385    | 286,497   | 252,636   | 227,413   | 372,789   | 408,314   |
| Operating Profit /Loss                         | (53,036)  | 145,062   | 197,880   | 21,339    | 240,599   | 328,249   |
| Profit / (Loss) before tax                     | (162,039) | (11,516)  | 66,611    | (118,165) | 181,137   | 266,026   |
| Profit / (Loss) after tax                      | (124,013) | (48,679)  | 38,152    | (124,853) | 169,148   | 249,097   |
| Dividend                                       | -         | 25,257    | 58,890    | 78,520    | 117,780   | 117,780   |
| <b>BALANCE SHEET</b>                           |           |           |           |           |           |           |
| Share Capital                                  | 785,201   | 785,201   | 785,201   | 785,201   | 785,201   | 785,201   |
| Unappropriated profit                          | 214,918   | 364,189   | 471,757   | 512,126   | 749,730   | 873,368   |
| Total Assets                                   | 2,830,784 | 2,818,384 | 2,646,401 | 3,387,484 | 2,978,353 | 2,227,728 |
| <b>INVESTORS INFORMATION</b>                   |           |           |           |           |           |           |
| Gross Profit in percent of sales               | 3.75      | 8.67      | 7.78      | 8.61      | 15.55     | 12.07     |
| Earnings Per Share                             | (1.58)    | (0.62)    | 0.49      | (1.53)    | 2.05      | 3.17      |
| Profit / (Loss) before tax in percent of sales | (6.46)    | (0.35)    | 2.05      | (4.48)    | 7.56      | 7.86      |
| Profit / (Loss) after tax in percent of sales  | (4.94)    | (1.47)    | 1.17      | (4.54)    | 6.70      | 7.36      |
| Inventory Turnover (days)                      | 187       | 144       | 172       | 210       | 107       | 75        |
| Debtor turnover (days)                         | 64        | 38        | 40        | 50        | 77        | 54        |
| Break-up value per share (Rs)                  | 12.73     | 14.64     | 16.01     | 16.52     | 19.55     | 20.66     |
| Market Value Per Share (Rs)                    | 7.25      | 8.97      | 10.01     | 8.51      | 19.32     | 32.35     |
| Price earnig Ratio                             | (4.59)    | (14.47)   | 20.60     | (5.58)    | 9.45      | 10.20     |
| Dividend per share (Rs)                        | -         | 0.75      | 0.75      | 1.00      | 1.50      | 1.50      |
| Dividend yield ratio                           | -         | 8.36      | 7.49      | 11.75     | 7.76      | 4.64      |
| Dividend Payout Ratio                          | -         | -         | 154.36    | -         | 73.34     | 47.28     |
| Return on equity                               | (12.40)   | (4.24)    | 3.04      | (9.24)    | 10.46     | 15.35     |
| Debt : Equity ratio                            | 1.59      | 1.19      | 0.99      | 1.51      | 0.85      | 0.37      |
| Current Ratio                                  | 1.16      | 1.31      | 1.44      | 1.31      | 1.63      | 2.22      |
| Interest cover (times)                         | (0.49)    | 0.93      | 1.51      | 0.15      | 4.05      | 5.28      |





The Board of Directors of Siddiqsons Tin Plate Limited is pleased to present 7th Annual Report after listing with Karachi Stock Exchange (Guarantee) Limited, and Audited Financial Statements of the Company together with Auditor's Report thereon for the year ended June 30, 2012.

## General

The principal activity of the Company is manufacturing and sale of tin plates, cans and other steel products. The installed production capacity of Tin Plate and Cans plant are 120,000 metric tons and 4 million no. of units per annum respectively. The Tin Plate plant is located at Winder Industrial Estate in the province of Baluchistan and the Canning plant is located at Survey no. 221-222, near Jamia Milliya, Malir, Karachi in the province of Sindh.

## Operating and Financial Performance

Tin plant actual production was 25,112 Metric tons as compared to 32,831 Metric tons during the same period last year. Canning plant actual production was 2,102,760 units as compared to 2,126,629 units during the same period last year. Under utilization of available capacity of Tin plate plant was due to lack of demand caused by dumping and misdeclaration of tinplate from Iran via land route under the garb of scrap, paying no duties at all due to this market is crowded with cheap tinplate affecting our sales badly. However our Company remains committed to prime quality, upholding standards of customer satisfaction instead of being just sales oriented compromising quality with low price to compete in market in other words we are more quality focused not sales focused. Additionally, the substitution of plastic as packaging material is also hampering our sales.

## Sales performance

Net sale of your company during the year has been lower as compared to the last year's sales. Your Company has recorded net sales of Rs.2,509 million as compared to Rs.3,305 million during the same period of previous year i.e. decrease in sale revenue by Rs. 796 million as compared to the last year due to the same reasons as stated above.

## Gross profit

The gross profit of the Company recorded for this year is Rs.94 million which is 4% of the sales revenue of the current year as compared to Rs.286 million which was 8.6% of the sales revenue of the last year. The reason for decrease in gross profit is low sales price and underutilization of available capacity due to which fixed cost element has reduced gross margins.

## Net results

The bottom line and net results showed a net loss after taxation of Rs.124 million during the period under review as compared to net loss after taxation of Rs.48 million in the corresponding period. The increase in net loss after tax is mainly due to following reasons:

- Country's unstable economical condition was the major obstacle for low sales due to which stock carrying cost and other cost of production mainly fuel and energy cost shot higher as compared to the corresponding period last year.





- Mainly in the last quarter of the current financial year, U.S Dollar appreciated against Pak Rupee which incurred substantial foreign exchange losses and adversely affected Company's profitability.
- Low sales prices and low industrial output due to numerous reasons such as power shortage in the country were also a considerable factor for low sales.
- Under review year is similar to the last year which was also a very difficult year due to unstable economical, political and law & order situation, for all business houses and as such our Company was no exception. The Company has also been facing different challenges domestic as well as international.

### Earning per share

The losses per share is Rs.(1.58) as compared to loss per share Rs.(0.62) in corresponding period last year due to above reasons.

### Dividend

You are aware that we have been quite liberal in giving cash dividends as well as stock dividends during the last six years which could be seen from the following:

|                | 2005  | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------|-------|------|------|------|------|------|------|------|
| Cash Dividend  | 40%   | 10%  | 15%  | 15%  | 10%  | 7.5% | -    | -    |
| Stock Dividend | 12.5% | 10%  | -    | -    | -    | -    | -    | -    |

During the year, 2010-11, despite net results showed a net loss after taxation of Rs.48 million, The board of directors proposed a final cash dividend for the year ended June 30, 2011 at Rs 0.75 per share, i.e., 7.5% payable to all shareholders except sponsors directors/associated company. Year 2011-12 has been a challenging year for the Company as the company is facing various economical, domestic and international challenges; however the Company is expected to have an improved performance during the current year and intends to keep its trend of giving cash dividends in future.

Following is the comparative financial results for previous three years.

| Rupees in Million        | 2012   |            | 2011   |            | 2010  |            |
|--------------------------|--------|------------|--------|------------|-------|------------|
|                          | Rs.    | % of Sales | Rs.    | % of Sales | Rs.   | % of Sales |
| Sales                    | 2,509  | 100        | 3,305  | 100        | 3,248 | 100        |
| Gross Profit             | 94     | 3.8        | 286    | 8.7        | 253   | 7.8        |
| Profit/(Loss) before tax | (162)  | 6.4        | (12)   | 0.35       | 67    | 2.05       |
| Profit/(Loss) after tax  | (124)  | 4.9        | (48)   | 1.47       | 38    | 1.17       |
| EPS/(LPS) (Rupees)       | (1.58) |            | (0.62) |            | 0.49  |            |

### Provident Fund

The value of investment of Siddiqsons Tin Plate Limited - Staff Provident Fund based on its audited accounts as on June 30, 2011 was Rs. 23.52 million.





## Future outlook

Pakistan is passing through a challenging phase, energy shortages, unstable foreign currency exchange rates and law and order incidents are big challenges for business houses. Under the present environment, management of the Company is continuously devoting its best efforts for achieving better results. During the current financial year, the steel business is expected to come into operations. The Government has reduced duty on import of TMBP raw material by 5% which will reduce our cost and thereby increase profitability. We are confident that your Company has the potential to remain market leader and would be able to sustain all external and internal pressures by maintaining its history of achieving good results even in the most challenging circumstances.

Management has therefore made following strategical decisions which are being implemented and will be monitored periodically for achieving our goals:

- To make all-out efforts to get curtailed import of under-invoiced material by application of correct ITP, removal of anomalies in duty structures and imposition of antidumping duty.
- The Company continues to take new initiatives to explore new markets in Middle East.
- Increased emphasis on production capacity utilization with improved sales planning.
- To deploy available resources more effectively to bring operational efficiencies so as to improve the financial results.
- To analyze market demand and evolve policies accordingly.
- Focusing on development of new strategies and policies to meet ever changing business requirements.

## Auditors

The present auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants are retiring and have offered themselves for reappointment. As suggested by the Audit Committee, the Board of Directors have recommended their reappointment as auditors of the Company for the year ending June 30, 2013, at a remuneration to be mutually agreed

## Compliance with the Code of Corporate Governance

The requirement of the Code of Corporate Governance set out by the Karachi Stock Exchange in their Listing Regulations, relevant for the year ended June 30, 2012 have been adopted by the Company and have been duly complied with. A separate statement of compliance with the Code of Corporate Governance has been signed by the Chief Executive Officer and is included in this report.

## Statement of Code of Conduct

The Board has adopted the statement of Code of Conduct. All employees have been informed of this statement and are required to observe these rules of conduct in relation to customers, suppliers and regulations.





## Corporate and financial reporting frame work

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These Statements present fairly Company's state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards / International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- Significant diversion from last year's operating results has been disclosed in the Directors' Report.
- The key operating and financial data for the last six (6) years is summarized and annexed with this report.

## Board of directors' meetings

During the year under report, the Board of Directors met five (5) times. The numbers of meetings attended by each director during the year is shown below:

| Name of Directors         | No. of Meeting Attended |
|---------------------------|-------------------------|
| Mr. Abdullah Rafi         | 5                       |
| Mr. Tariq Rafi            | 5                       |
| Mr. S. Waliullah Shah     | 3                       |
| Mr. Abdur Rahim           | 3                       |
| Mr. Sanaullah Abdullah    | 5                       |
| Mr. Ibrahim Shamsi        | 4                       |
| Mr. Satoru Oki            | 3                       |
| Mr. Satoru Nishi          | 1                       |
| Mr. Jean Peirre Gugenheim | 0                       |

Leave of absence was granted to Directors who could not attend the Board meetings.

## Audit Committee and internal audit control system

The management of your Company believes in good corporate governance, implemented through a well defined and efficiently applied system of check and balance, and the provision of transparent, accurate and timely financial information. The board of directors establishes a system of sound internal control, which is effectively implemented at all level within the Company.

The Audit Committee comprises of four (4) members, most of them are non-executive directors including the chairman of the Committee. The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.





## **Corporate Social Responsibility**

During the year under review the Company is continuing support society in the areas of education, clean water and health care particularly in Winder-Baluchistan.

## **Pattern of shareholding**

The total number of Company's shareholders as at June 30, 2012 were 2,926. The pattern of shareholding as at June 30, 2012 along-with necessary disclosures as required under the Code of Corporate Governance is annexed with this report.

## **Appointment of new Chief Executive Officer**

Mr. Waliullah Shah has completed his tenure as Chief Executive of the Company as on December 31, 2011 and Mr. Abdullah Rafi, Chairman, has been appointed as Chief Executive by the Board of Directors w.e.f. January 1, 2012.

Remuneration of Mr. Abdullah Rafi is Rs. 150,000/- per month with a Company maintained car.

## **Acknowledgement**

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission of Pakistan, Shareholders, Partners, Customers, Government Authorities, Autonomous bodies and the Financial Institutions for their co-operation & continued support.

The Directors are also pleased to record their appreciation of the valuable and untiring efforts and services rendered by the staff of the Company.

## **ABDULLAH RAFI**

Chairman

Karachi, September 17, 2012



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE



This statement is being presented to comply with the Code of Corporate Governance (Code) contained in listing regulations of 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 Code in the following manner:-

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

| <b>Category</b>         | <b>Names</b>  |
|-------------------------|---|
| Non-Executive Directors | 1. Mr. Ibrahim Shamsi<br>2. Mr. Sanaullah Abdullah<br>3. Mr. Abdur Rahim<br>4. Mr. Satoru Nishi<br>5. Mr. Jean Pierre Gugenheim |
| Executive Directors     | 1. Mr. Abdullah Rafi<br>2. Mr. Tariq Rafi   |
| Independent directors   | --  |

The condition of clause 1(b) of the Code in relation to independent director will be applicable after election of next Board of Directors of the Company in December 2014.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution. None of them are members of any Stock Exchange.
4. A casual vacancy occurring on the Board on April 27, 2012 but has not been filled up by the directors yet.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and non-executive directors, have been taken by the Board.
8. The related party transactions and pricing methods have been placed before the audit committee and approved by the Board with necessary justification for pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were also circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.





10. The directors are conversant with the relevant laws applicable to the Company including the Companies Ordinance, 1984, Listing Regulations, Code of Corporate Governance, Company Memorandum and Article of Association and other relevant rules and regulations and are aware of their duties and responsibilities. During the year, orientation courses were arranged for the resident directors of the Board which was attended by 2 directors.
11. The Board has already approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO. There were no new appointments of these officers during the year.
12. The directors' report has been prepared in compliance with the requirements of the CODE and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the CODE.
16. The Board has formed an Audit Committee. It comprises four (4) members, all are non-executive directors and the chairman of the committee is also non-executive director.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CODE. The terms of reference of the committee have been determined and approved by the Board of Directors and advised to the committee for compliance.
18. The Board has formed an HR and Remuneration Committee. It comprises three (3) members, all are non-executive directors and the chairman of the committee is also a non-executive director.
19. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountant of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. 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 directors, employees and stock exchange(s).
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. We confirm that all other material principles contained in the Code have been complied with.

Karachi:  
September 17, 2012

Chairman

Chief Executive Officer





## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **SIDDIQSONS TIN PLATE LIMITED** ("the Company") to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. 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 part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement of 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.

Further, Listing Regulations of the Stock Exchange where the Company is listed, require the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2012.

We draw attention to paragraph 4 of the Statement of Compliance with the Code of Corporate Governance which describe that the casual vacancy occurred in the Board on April 27, 2012 has not been filled.

Chartered Accountants

Engagement Partner  
Mushtaq Ali Hirani

Karachi  
Date: September 17, 2012

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SIDDIQSONS TIN PLATE LIMITED** as at June 30, 2012 and the related profit and loss account, 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 account 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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 June 30, 2012 and of the loss, its cash flows and changes in equity for the year then ended; and
- d. in our opinion, zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the central Zakat Fund established under section 7 of that ordinance.

Chartered Accountants

Engagement Partner  
Mushtaq Ali Hirani

Karachi  
Dated: September 17, 2012

# BALANCE SHEET

AS AT JUNE 30, 2012



|   | Note | 2012<br>Rupees              | 2011<br>Rupees              |
|---|------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                             |      |                             |                             |
| <b>NON-CURRENT ASSETS</b>                 |      |                             |                             |
| Property, plant and equipment             | 3    | 788,787,211                 | 819,626,981                 |
| Long-term deposits                        | 4    | 10,930,357                  | 7,559,155                   |
|   |      | <u>799,717,568</u>          | <u>827,186,136</u>          |
| <b>CURRENT ASSETS</b>                     |      |                             |                             |
| Stores, spares and loose tools            | 5    | 21,630,924                  | 18,191,429                  |
| Stock-in-trade                            | 6    | 1,166,639,935               | 1,309,838,815               |
| Trade debts                               | 7    | 500,220,118                 | 377,254,399                 |
| Loans and advances                        | 8    | 145,359,674                 | 152,483,213                 |
| Trade deposits and short-term prepayments | 9    | 11,778,670                  | 13,234,647                  |
| Other receivables                         | 10   | 783,000                     | 59,727,759                  |
| Other financial assets                    | 11   | 325,787                     | 342,839                     |
| Tax refundable                            | 12   | 153,358,851                 | 48,819,731                  |
| Cash and bank balances                    | 13   | 30,969,518                  | 11,304,883                  |
|   |      | <u>2,031,066,477</u>        | <u>1,991,197,715</u>        |
| <b>Total Assets</b>                       |      | <u><b>2,830,784,045</b></u> | <u><b>2,818,383,851</b></u> |
| <b>EQUITY AND LIABILITIES</b>             |      |                             |                             |
| <b>SHARE CAPITAL AND RESERVES</b>         |      |                             |                             |
| Share capital                             | 14   | 785,201,270                 | 785,201,270                 |
| Unappropriated profit                     |      | 214,917,838                 | 364,188,578                 |
|   |      | <u>1,000,119,108</u>        | <u>1,149,389,848</u>        |
| <b>NON-CURRENT LIABILITIES</b>            |      |                             |                             |
| Deferred liability                        | 15   | 84,216,691                  | 147,440,916                 |
| <b>CURRENT LIABILITIES</b>                |      |                             |                             |
| Trade and other payables                  | 16   | 120,763,954                 | 105,984,282                 |
| Interest / mark-up accrued                | 17   | 29,450,559                  | 42,481,532                  |
| Short-term advances                       | 18   | 44,702,284                  | 187,697,068                 |
| Short-term borrowings                     | 19   | 1,551,531,449               | 1,182,617,964               |
| Sales tax payable                         |      | -                           | 2,772,241                   |
|   |      | <u>1,746,448,246</u>        | <u>1,521,553,087</u>        |
| <b>CONTINGENCIES AND COMMITMENTS</b>      |      |                             |                             |
|   | 20   |                             |                             |
| <b>Total Equity and Liabilities</b>       |      | <u><b>2,830,784,045</b></u> | <u><b>2,818,383,851</b></u> |

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR



## PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2012



|  | Note | 2012<br>Rupees       | 2011<br>Rupees      |
|--|------|----------------------|---------------------|
| Sales - net                            | 21   | 2,509,230,404        | 3,305,780,604       |
| Cost of goods sold                     | 22   | (2,414,844,765)      | (3,019,550,716)     |
| Gross profit                           |      | <u>94,385,639</u>    | <u>286,229,888</u>  |
| Distribution cost                      | 23   | (16,349,970)         | (20,315,643)        |
| Administrative expenses                | 24   | (68,056,379)         | (63,322,620)        |
| Other operating expenses               | 25   | (70,437,579)         | (62,312,739)        |
| Finance cost                           | 26   | (109,003,553)        | (156,578,155)       |
| Other operating income                 | 27   | 7,422,577            | 4,783,495           |
| Loss before taxation                   |      | <u>(162,039,265)</u> | <u>(11,515,774)</u> |
| Provision for taxation                 | 28   | 38,025,845           | (37,163,484)        |
| Loss after taxation                    |      | <u>(124,013,420)</u> | <u>(48,679,258)</u> |
| Other comprehensive income             |      | -                    | -                   |
| Total comprehensive loss for the year  |      | <u>(124,013,420)</u> | <u>(48,679,258)</u> |
| Earnings per share - Basic and diluted | 29   | <u>(1.58)</u>        | <u>(0.62)</u>       |

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR



# CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012



|  | 2012<br>Rupees       | 2011<br>Rupees       |
|--|----------------------|----------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>             |                      |                      |
| Loss before taxation                                       | (162,039,265)        | (11,515,774)         |
| Adjustments for:   |                      |                      |
| Depreciation on property, plant and equipment              | 41,236,544           | 41,972,533           |
| Finance cost   | 109,003,553          | 156,578,155          |
| Provision for doubtful debts/receivables                   | 1,396,460            | 3,607,767            |
| (Reversal) / provision for slow moving stores              | (2,754,695)          | 1,127,417            |
| Doubtful debts written off                                 | 714,088              | -                    |
| Liabilities written back                                   | (640,000)            | -                    |
| Gain on disposal of property, plant and equipment          | (5,036,821)          | -                    |
| Dividend income  | (249,749)            | (615,050)            |
| Gain on sale of investments                                | -                    | (2,678,238)          |
| Loss on remeasurement of investment at market value        | 17,052               | 12,248               |
| Operating cash flows before movement in working capital    | <u>(18,352,833)</u>  | <u>188,489,058</u>   |
| (Increase) / decrease in current assets                    |                      |                      |
| Stores, spares and loose tools                             | (684,800)            | (4,559,973)          |
| Stock-in-trade   | 143,198,880          | (224,747,971)        |
| Trade debts  | (125,076,267)        | (70,468,282)         |
| Loans and advances   | (6,906,382)          | 20,267,370           |
| Trade deposits and short-term prepayments                  | 1,455,977            | (6,646,065)          |
| Other receivables  | 58,944,759           | (56,745,697)         |
| Sales tax refundable                                       | (80,763,746)         | 12,267,966           |
| Increase / (decrease) in current liabilities               |                      |                      |
| Trade and other payables                                   | 14,844,980           | 70,098,646           |
| Sales tax payable  | (2,772,241)          | 2,772,241            |
| Cash flow used in operations                               | <u>(16,111,673)</u>  | <u>(69,272,707)</u>  |
| Income taxes paid  | (34,943,833)         | (67,962,810)         |
| Interest / markup paid                                     | (122,034,526)        | (151,683,248)        |
| Long term deposit paid                                     | (3,371,202)          | (100,000)            |
| Net cash flows used in operating activities                | <u>(176,461,234)</u> | <u>(289,018,765)</u> |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>             |                      |                      |
| Purchase of property, plant and equipment                  | (12,019,953)         | (16,134,803)         |
| Proceed from disposal of property, plant and equipment     | 6,660,000            | -                    |
| Purchase of investments                                    | -                    | (3,456,105)          |
| Proceed from disposal of investments                       | -                    | 37,960,335           |
| Dividend received  | 249,749              | 1,524,675            |
| Net cash flows (used)/ generated from investing activities | <u>(5,110,204)</u>   | <u>19,894,102</u>    |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>             |                      |                      |
| Short term borrowings - net                                | 128,487,785          | 109,457,089          |
| Short term advances obtained                               | 116,731,071          | 220,000,000          |
| Short term advances paid                                   | (259,725,855)        | (294,302,932)        |
| Dividend paid  | (24,682,628)         | (58,884,710)         |
| Net cash used in financing activities                      | <u>(39,189,627)</u>  | <u>(23,730,553)</u>  |
| Net decrease in cash and cash equivalents (A+B+C)          | (220,761,065)        | (292,855,216)        |
| Cash and cash equivalents at beginning of the year         | (268,275,182)        | 24,580,034           |
| Cash and cash equivalents at end of the year               | <u>(489,036,247)</u> | <u>(268,275,182)</u> |
| Cash and cash equivalents                                  |                      |                      |
| Cash and bank balances                                     | 30,969,518           | 11,304,883           |
| Short term running finance                                 | (520,005,765)        | (279,580,065)        |
|  | <u>(489,036,247)</u> | <u>(268,275,182)</u> |

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2012



|   | Issued,<br>subscribed<br>& paid up<br>capital | Unappropriated<br>profit | Total         |
|---|---|--------------------------|---------------|
|   | -----Rupees -----                             |                          |               |
| Balance at July 1, 2010   | 785,201,270                                   | 471,757,931              | 1,256,959,201 |
| <b>Transactions with owners</b>   |   |                          |               |
| Final cash dividend for the year ended June 30, 2010<br>@ Re. 0.75/- per share  | -   | (58,890,095)             | (58,890,095)  |
| <b>Comprehensive Income</b>   |   |                          |               |
| Loss for the year ended June 30, 2011   | -   | (48,679,258)             | (48,679,258)  |
| Other comprehensive income - net of tax   | -   | -                        | -             |
|   | -   | (48,679,258)             | (48,679,258)  |
| Balance at June 30, 2011  | 785,201,270                                   | 364,188,578              | 1,149,389,848 |
| <b>Transactions with owners</b>   |   |                          |               |
| Final cash dividend for the year ended June 30, 2011<br>@ Re. 0.75/- per share (Dividend paid to<br>shareholders except sponser directors and an<br>associated company) | -   | (25,257,320)             | (25,257,320)  |
| <b>Comprehensive Income</b>   |   |                          |               |
| Loss for the year ended June 30, 2012   | -   | (124,013,420)            | (124,013,420) |
| Other comprehensive income - net of tax   | -   | -                        | -             |
|   | -   | (124,013,420)            | (124,013,420) |
| Balance at June 30, 2012  | 785,201,270                                   | 214,917,838              | 1,000,119,108 |

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

# NOTES TO FINANCIAL STATEMENTS



FOR THE YEAR ENDED JUNE 30, 2012

## I. GENERAL INFORMATION

- 1.1 Siddiqsons Tin Plate Limited (the company) was incorporated in Pakistan on January 29, 1996 as public company limited by shares under Companies Ordinance 1984. The shares of the company are listed at Karachi Stock Exchange. Registered office of the company is situated at D-53, Textile Avenue, S.I.T.E, Karachi in the province of Sindh and the tin plate plant is located at Winder Industrial Estate in the province of Balochistan. The canning plant is located at survey no. 221-222, near Jamia Milliya, Malir, Karachi in the province of Sindh. The principal activity of the company is manufacturing and sale of tin plates, cans, and other steel products.
- 1.2 The financial statements are presented in Pak Rupee which is the company's functional and presentation currency.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

- 2.2 Adoption of New Standards, and Amendments and Interpretations to the published approved accounting standards

During the year, the following standards, amendments to standards and interpretations including amendments to interpretations became effective, however, the application of these amendments and interpretations did not have material impact on the financial statements of the Company:

| <b>Standards/Amendments/Interpretations</b>                         | <b>Effective for periods beginning on or after</b> |
|---|--|
| IAS 1 - Presentation of Financial Statements (Amendment)            | January 1, 2011                                    |
| IAS 24 - Related Party Disclosures (Revised)                        | January 1, 2011                                    |
| IAS 34 - Interim Financial Reporting (Amendment)                    | January 1, 2011                                    |
| IFRS 7 - Disclosures – Transfer of Financial Assets (Amendment)     | July 1, 2011                                       |
| IFRIC 13 - Customer Loyalty Programmes (Amendment)                  | January 1, 2011                                    |
| IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment) | January 1, 2011                                    |

- 2.3 Standards, interpretations and amendments to the published approved accounting standards not yet effective:

The following Standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.



**Standard or Interpretation****Effective for periods beginning on or after**

|  |                 |
|--|-----------------|
| IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (Amendment) | July 1, 2012    |
| IAS 12 - Income Taxes – Deferred Tax: Recovery of Underlying Assets (Amendment)                                | July 1, 2012    |
| IAS 19 - Employee Benefits (Amendment)   | January 1, 2013 |
| IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine (Amendment)                               | January 1, 2013 |

The company considers that the above revised standards, amendments to published standards and interpretations to existing standards are either not relevant or will have no material impact on its financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosures in the financial statements.

Further the following new standards have been issued by IASB which are yet to be notified by Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan

| <b>Standard</b>                                     | <b>IASB Effective date (accounting period beginning on or after)</b> |
|---|--|
| IFRS 10 – Consolidated Financial Statements         | January 01, 2013   |
| IFRS 11 – Joint Arrangements                        | January 01, 2013   |
| IFRS 12 - Disclosure of Interests in Other Entities | January 01, 2013   |
| IFRS 13 – Fair Value Measurement                    | January 01, 2013   |
| IFRS 9 - Financial Instruments                      | January 01, 2015   |

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been considered by the Company as the standards and their relevant amendments have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IFRS 13 – Fair Value Measurement
- IAS 27 - Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11 (Revised)
- IAS 28 - Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11 (Revised)

The potential impact of standards, amendments and interpretations not yet effective on the financial statements on the Company is as follows:







The amendments to IAS 19 Employee Benefits are effective for annual period beginning on or after January 1, 2013. The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses in other comprehensive income arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. Management anticipates that the amendments will be adopted in the Company's financial statements for annual period beginning on or after January 1, 2013, and the application of amendments may have impact on amounts reported in respect of defined benefit plans. However, management has not performed detailed analysis of the impact of the application of the amendments and hence yet not quantified the extent of the impact.

2.4 The financial statements have been prepared under the historical cost convention except that certain financial instruments are stated at fair value:

**2.5 The principal accounting policies adopted are set out below:**

**2.5.1 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

Assets residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation is charged using reducing balance method over its estimated useful life at the rates specified in note 3.1. Depreciation is charged from the month in which asset is available for use and up to the month preceding the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains or losses on disposal of property, plant and equipment, if any, are recognized as and when incurred, to profit and loss account.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

**2.5.2 Stores, spares and loose tools**

These are valued at the cost. The cost is determined on moving average basis less allowance for obsolete and slow moving items, if any. Stores and spares in transit are stated at invoice values plus other charges incurred thereon up to balance sheet date.

**2.5.3 Stock in trade**

Stock-in-trade are valued at the lower of cost and net realizable value on the following basis: -

|                |                               |
|----------------|-------------------------------|
| Raw material   | At weighted average cost      |
| Finished goods | At average manufacturing cost |
| Waste          | At net realizable value       |





Cost in relation to items in transit and in bonded warehouse represent invoice value and other charges incurred thereon upto balance sheet date.

Average cost signifies, in relation to finished goods, the average manufacturing cost including related direct overheads.

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

#### **2.5.4 Trade debts and other receivables**

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

#### **2.5.5 Investment**

The company classifies the financial assets in the following categories

Financial assets at fair value through profit or loss

These include investments held for trading and those that are designated at fair value through profit or loss at inception. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. They are initially measured at fair value and changes on re-measurement are taken to profit and loss account.

##### **Available for sale investment**

Investment securities held by the company which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognized at fair value plus transaction cost and subsequently re-measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognized directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

##### **Held to maturity**

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method.

##### **Regular way purchase or sale of investment**

All purchases and sales of investment are recognized using trade date accounting. Trade date is the date that the company commits to purchase or sell the investment.

##### **Derecognition**

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.





### 2.5.6 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 consist of cash in hand, balances with banks and short-term running finance under mark-up arrangements.

### 2.5.7 Employee benefit cost

#### Defined Contribution Plan

The company operates an approved funded contributory provident fund scheme for all its employees eligible for benefit. Equal monthly contributions are made both by the company and its employees at the rate of 10% per annum of the basic salary plus cost of living allowance. The company's contribution to the fund is charged to profit and loss account for the year.

#### Compensated absences

The company provides for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned.

### 2.5.8 Trade and other payables

Liabilities for trade and other amounts payable are recognised initially at fair value and are subsequently measured at amortised cost.

### 2.5.9 Provisions

Provisions are recognized when the company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### 2.5.10 Impairment

#### Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

#### Non-financial Assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset (if any), are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. When impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss, if any, is recognised as income.





### 2.5.11 Financial instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the company are disclosed in the individual policy statements associated with each item of financial instruments.

### 2.5.12 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 legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 2.5.13 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales of goods are recognized when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Capital gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which the transaction takes place.

Unrealized capital gain / (losses) arising on mark to market of investment classified as 'financial assets at fair value through profit and loss - held for trading' are included in the profit and loss account in the year in which they arise.

### 2.5.14 Taxation

#### Current

The charge for current taxation is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.





## Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

### 2.5.15 Foreign Currencies

Transactions in currencies other than Pak. Rupees are recorded at the rates of exchange prevailing on the dates of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

### 2.5.16 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

### 2.5.17 Dividend and other appropriations

The dividend is recognized as liability in the year in which it is approved. Appropriations of profit are reflected in the statement of changes in equity in the year in which such appropriations are made.





### 2.5.18 Critical accounting estimates and judgments in applying the company's accounting policies

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revision to accounting estimates are recognized in the period in which estimates are revised and in any future period affected. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Useful lives of property, plant and equipment (note 3.1)
- Impairment in property, plant and equipment.
- Provision of stores, spares and loose tools (note 5)
- Provision against doubtful debts and receivables (note 7 and 10); and
- Classification of investments (note 11);

|   |             | 2012<br>Rupees     | 2011<br>Rupees     |
|---|-------------|--------------------|--------------------|
| <b>3. PROPERTY, PLANT AND EQUIPMENT</b> | <b>Note</b> |                    |                    |
| Operating fixed assets                  | 3.1         | 776,962,493        | 801,334,588        |
| Capital work in progress                | 3.4         | 11,824,718         | 18,292,393         |
|   |             | <u>788,787,211</u> | <u>819,626,981</u> |





### 3.1 Operating fixed assets

|                               | Cost at July 01, 2011 | Additions / (disposals)   | Cost at June 30, 2012 | Accumulated depreciation at July 01, 2011 | Depreciation for the year | Adjustments | Accumulated depreciation at June 30, 2012 | Carrying value at June 30, 2012 | Dep. Rate % |
|-------------------------------|-----------------------|---------------------------|-----------------------|---|---------------------------|-------------|---|---------------------------------|-------------|
| -----Rupees-----              |                       |                           |                       |   |                           |             |   |                                 |             |
| Owned:                        |                       |                           |                       |   |                           |             |   |                                 |             |
| Leasehold land                | 7,533,750             | -                         | 7,533,750             | -   | -                         | -           | -   | 7,533,750                       | -           |
| Buildings on leasehold land   | 133,179,058           | 9,021,612                 | 142,200,670           | 92,450,319                                | 4,148,054                 | -           | 96,598,373                                | 45,602,297                      | 10          |
| Plant and machinery           | 1,068,395,093         | 1,179,624                 | 1,069,574,717         | 385,428,968                               | 27,339,621                | -           | 412,768,589                               | 656,806,128                     | 4           |
| Power and other installations | 87,828,425            | -                         | 87,828,425            | 51,770,668                                | 3,605,776                 | -           | 55,376,444                                | 32,451,981                      | 10          |
| Factory equipment             | 14,780,788            | -                         | 14,780,788            | 9,578,899                                 | 520,189                   | -           | 10,099,088                                | 4,681,700                       | 10          |
| Generators                    | 13,238,548            | 3,761,608<br>(3,423,829)  | 13,576,327            | 9,651,802                                 | 590,934                   | (2,551,389) | 7,691,347                                 | 5,884,980                       | 10          |
| Office equipment              | 6,542,515             | 1,103,425                 | 7,645,940             | 3,279,445                                 | 383,940                   | -           | 3,663,385                                 | 3,982,555                       | 10          |
| Data processing equipment     | 3,613,076             | 663,137                   | 4,276,213             | 2,662,078                                 | 429,311                   | -           | 3,091,389                                 | 1,184,824                       | 33.33       |
| Furniture and fixtures        | 3,865,547             | 345,200                   | 4,210,747             | 2,228,321                                 | 178,313                   | -           | 2,406,634                                 | 1,804,113                       | 10          |
| Vehicles                      | 39,899,140            | 2,413,022<br>(3,153,000)  | 39,159,162            | 20,490,852                                | 4,040,406                 | (2,402,261) | 22,128,997                                | 17,030,165                      | 20          |
|                               | 1,378,875,940         | 18,487,628<br>(6,576,829) | 1,390,786,739         | 577,541,352                               | 41,236,544                | (4,953,650) | 613,824,246                               | 776,962,493                     |             |

3.1.1 Canning plant costing to Rs. 64,709,043 (2011 : Rs. 64,709,043) has been installed on a rented premises located in Malir.



**For comparative period**

|                               | Cost at<br>July 01,<br>2010 | Additions/<br>(disposals) | Cost at<br>June 30,<br>2011 | Accumulated<br>depreciation at<br>July 01, 2010 | Depreciation<br>for the year<br>ended June 30,<br>2011 | Accumulated<br>depreciation at<br>June 30,<br>2011 | Carrying value<br>at June 30,<br>2011 | Dep.<br>Rate<br>% |
|-------------------------------|-----------------------------|---------------------------|-----------------------------|---|--|--|---------------------------------------|-------------------|
| -----Rupees-----              |                             |                           |                             |   |  |  |                                       |                   |
| Owned:                        |                             |                           |                             |   |  |  |                                       |                   |
| Leasehold land                | 7,533,750                   | -                         | 7,533,750                   | -   | -  | -  | 7,533,750                             | -                 |
| Buildings on leasehold land   | 133,179,058                 | -                         | 133,179,058                 | 87,924,904                                      | 4,525,415  | 92,450,319   | 40,728,739                            | 10                |
| Plant and machinery           | 1,017,666,826               | 50,728,267                | 1,068,395,093               | 357,520,722                                     | 27,908,246   | 385,428,968  | 682,966,125                           | 4                 |
| Power and other installations | 87,828,425                  | -                         | 87,828,425                  | 47,764,251                                      | 4,006,417  | 51,770,668   | 36,057,757                            | 10                |
| Factory equipment             | 14,573,098                  | 207,690                   | 14,780,788                  | 9,020,849                                       | 558,050  | 9,578,899  | 5,201,889                             | 10                |
| Generators                    | 13,238,548                  | -                         | 13,238,548                  | 9,253,275                                       | 398,527  | 9,651,802  | 3,586,746                             | 10                |
| Office equipment              | 6,155,565                   | 386,950                   | 6,542,515                   | 2,941,604                                       | 337,841  | 3,279,445  | 3,263,070                             | 10                |
| Data processing equipment     | 3,091,653                   | 521,423                   | 3,613,076                   | 2,296,110                                       | 365,968  | 2,662,078  | 950,998                               | 33.33             |
| Furniture and fixtures        | 3,524,327                   | 341,220                   | 3,865,547                   | 2,057,703                                       | 170,618  | 2,228,321  | 1,637,226                             | 10                |
| Vehicles                      | 34,986,583                  | 4,912,557                 | 39,899,140                  | 16,789,401                                      | 3,701,451  | 20,490,852   | 19,408,288                            | 20                |
|                               | <b>1,321,777,833</b>        | <b>57,098,107</b>         | <b>1,378,875,940</b>        | <b>535,568,819</b>                              | <b>41,972,533</b>                                      | <b>577,541,352</b>                                 | <b>801,334,588</b>                    |                   |







### 3.2 Allocation of depreciation

|                         | Note | 2012<br>Rupees    | 2011<br>Rupees    |
|-------------------------|------|-------------------|-------------------|
| Cost of goods sold      | 23.1 | 36,204,574        | 37,396,655        |
| Administrative expenses | 25   | 5,031,970         | 4,575,878         |
|                         |      | <u>41,236,544</u> | <u>41,972,533</u> |

### 3.3 Disposal of property, plant and equipment - Mode of disposal; by negotiation

| Particulars        | Cost             | Accumulated<br>Depreciation | Carrying<br>value | Sale<br>proceed  | Name and<br>Address  |
|--------------------|------------------|-----------------------------|-------------------|------------------|--|
| ----- Rupees ----- |                  |                             |                   |                  |  |
| Vehicle            | 1,535,000        | 978,743                     | 556,257           | 800,000          | Mr. Saad Yousuf<br>Flat no. C-111, Home Land<br>Apartment Gulshan-e-Iqbal<br>block 13-C Karachi  |
| Vehicle            | 1,335,000        | 1,153,828                   | 181,172           | 620,000          | Mr. Saad Yousuf<br>Flat no. C-111, Home Land<br>Apartment Gulshan-e-Iqbal<br>Block 13-C Karachi  |
| Vehicle            | 283,000          | 269,690                     | 13,310            | 240,000          | Mr. Muhammad Shaban<br>D- 96, Alfalah Housing Society,<br>Malir Halt, Karachi  |
| Generator          | 3,423,829        | 2,551,389                   | 872,440           | 5,000,000        | Siddiqsons Limited<br>7 th Floor, Siddiqsons Tower, 3<br>J.C.H. society, near Duty Free<br>Shop, main Shahrah - e - Faisal,<br>Karachi |
|                    | <u>6,576,829</u> | <u>4,953,650</u>            | <u>1,623,179</u>  | <u>6,660,000</u> |  |
| 2011               | -                | -                           | -                 | -                |  |

### 3.4 Capital work in progress

|  | Plant and<br>machinery | Civil work       | Advance<br>for capital<br>expenditure | Advance<br>for land | 2012              | 2011              |
|--|------------------------|------------------|---------------------------------------|---------------------|-------------------|-------------------|
| ----- Rupees -----                           |                        |                  |                                       |                     |                   |                   |
| Balance at July 01,                          | 7,224,845              | 2,317,962        | 7,249,586                             | 1,500,000           | 18,292,393        | 59,255,697        |
| Cost incurred                                | 2,018,503              | -                | 1,320,879                             | -                   | 3,339,382         | 3,499,404         |
|  | <u>9,243,348</u>       | <u>2,317,962</u> | <u>8,570,465</u>                      | <u>1,500,000</u>    | <u>21,631,775</u> | <u>62,755,101</u> |
| Transfer to property,<br>plant and equipment | -                      | (2,105,042)      | (7,638,178)                           | -                   | (9,743,220)       | (44,462,708)      |
| Written off                                  | -                      | -                | (63,837)                              | -                   | (63,837)          | -                 |
| Balance at June 30,                          | <u>9,243,348</u>       | <u>212,920</u>   | <u>868,450</u>                        | <u>1,500,000</u>    | <u>11,824,718</u> | <u>18,292,393</u> |

### 4. LONG TERM DEPOSITS

|                 | Note | 2012<br>Rupees    | 2011<br>Rupees   |
|-----------------|------|-------------------|------------------|
| For electricity | 4.1  | 7,179,250         | 7,179,250        |
| Others          | 4.2  | 3,751,107         | 379,905          |
|                 |      | <u>10,930,357</u> | <u>7,559,155</u> |





- 4.1 This represents interest-free security deposits paid to Karachi Electric Supply Corporation (KESC).
- 4.2 It includes security deposit for litigation costs amounting to Rs. 3.04 million deposited in Ontario Superior Court of Justice in Canada.

| 5. STORES, SPARES AND LOOSE TOOLS                       | Note | 2012<br>Rupees       | 2011<br>Rupees       |
|---|------|----------------------|----------------------|
| Stores, spares and loose tools                          |      | 29,121,198           | 28,436,398           |
| Less: Provision for slow-moving and obsolete items      |      | <u>(7,490,274)</u>   | <u>(10,244,969)</u>  |
|   |      | <u>21,630,924</u>    | <u>18,191,429</u>    |
| <b>5.1 Provision for slow moving and obsolete items</b> |      |                      |                      |
| Opening balance   |      | 10,244,969           | 9,117,552            |
| Provision during the year                               |      | -                    | 1,127,417            |
| Reversal during the year                                |      | <u>(2,754,695)</u>   | -                    |
| Closing balance   |      | <u>7,490,274</u>     | <u>10,244,969</u>    |
| <b>6. STOCK-IN-TRADE</b>                                |      |                      |                      |
| Raw materials   |      |                      |                      |
| - in hand   |      | 155,072,571          | 119,015,142          |
| - in bonded warehouse                                   |      | 515,180,395          | 389,687,651          |
| - in transit  |      | 147,056,735          | 338,984,911          |
| Finished goods  |      |                      |                      |
| - tin   |      | 330,643,014          | 451,794,346          |
| - cans  |      | 16,133,166           | 1,989,359            |
| Scrap   |      | 2,554,054            | 8,367,406            |
|   |      | <u>1,166,639,935</u> | <u>1,309,838,815</u> |
| <b>7. TRADE DEBTS</b>                                   |      |                      |                      |
| - considered good                                       |      |                      |                      |
| Local - unsecured                                       |      | 500,220,118          | 350,579,367          |
| - secured   |      | -                    | 24,607,343           |
| Export  |      | -                    | 2,067,689            |
|   |      | <u>500,220,118</u>   | <u>377,254,399</u>   |
| - considered doubtful                                   |      |                      |                      |
| Local - unsecured                                       |      | 1,411,680            | 2,187,403            |
| Export - unsecured                                      |      | 326,739              | -                    |
| Total   |      | 1,738,419            | 2,187,403            |
| Less: Provision for doubtful debts                      | 7.2  | <u>(1,738,419)</u>   | <u>(2,187,403)</u>   |
|   |      | <u>500,220,118</u>   | <u>377,254,399</u>   |

7.1 Trade debts are non-interest bearing and are generally on 30 to 90 days terms.

7.2 The company has provided all trade debts over 2 years because historical experience is such that receivables that are due beyond 2 years are generally not recoverable.





|   | Note | 2012<br>Rupees   | 2011<br>Rupees   |
|---|------|------------------|------------------|
| <b>7.3 Movement in provision for doubtful debts</b> |      |                  |                  |
| Opening Balance                                     |      | 2,187,403        | 2,193,488        |
| Provided during the year                            | 25   | 1,396,460        | 2,187,403        |
| Written off during the year                         |      | (1,845,444)      | (2,193,488)      |
| Closing balance                                     |      | <u>1,738,419</u> | <u>2,187,403</u> |

7.3.1 In determining the recoverability of a trade debt, the company considers any change in the credit quality of the trade debt from the date credit was initially granted up to the reporting date. The customer base is large and unrelated and does not have credit risk concentration.

7.3.2 Included in the provision for doubtful debts are individually impaired trade debt with a balance of Rs.1,738,419 (2011: Rs.2,187,403). The impairment recognized represent the difference between carrying amount of these trade receivable and the present value of the expected proceeds. The company does not hold any collateral against these balances.

7.4 Included in the trade debts balance are debtors with a carrying amount of Rs 0.54 million (2011: Rs 0.54 million) which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The company does not hold any collateral against these balances.

|  | Note | 2012<br>Rupees | 2011<br>Rupees |
|--|------|----------------|----------------|
| <b>7.4.1 Ageing of past due but not impaired</b> |      |                |                |
| 91-180 days                                      |      | 87,609         | 371,276        |
| 181-365 days                                     |      | -              | 168,254        |
| Above 365 days                                   |      | 448,984        | -              |
|  |      | <u>536,593</u> | <u>539,530</u> |

7.5 The average age of receivables is 73 days (2011: 42 days).

## 8. LOANS AND ADVANCES

### Loans - considered good

|               |  |                |                |
|---------------|--|----------------|----------------|
| to employees  |  | 293,302        | 245,802        |
| to executives |  | -              | 527,703        |
|               |  | <u>293,302</u> | <u>773,505</u> |

### Advances - considered good

|                                    |     |                    |                    |
|------------------------------------|-----|--------------------|--------------------|
| to suppliers                       |     | 47,392,094         | 38,048,995         |
| against expenses                   |     | 1,289,856          | 2,560,127          |
| Income tax - net of provision      | 8.1 | 95,822,678         | 109,852,599        |
| Letters of credit fee and expenses |     | 561,744            | 1,247,987          |
|                                    |     | <u>145,066,372</u> | <u>151,709,708</u> |
|                                    |     | <u>145,359,674</u> | <u>152,483,213</u> |



|   | Note | 2012<br>Rupees    | 2011<br>Rupees     |
|---|------|-------------------|--------------------|
| <b>8.1 Income tax - net of provision</b>            |      |                   |                    |
| Advance tax   |      | 208,043,867       | 231,376,839        |
| Provision for taxation                              |      | (112,221,189)     | (121,524,240)      |
|   |      | <u>95,822,678</u> | <u>109,852,599</u> |
| <b>9. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b> |      |                   |                    |
| Security deposits                                   |      | 11,194,720        | 9,815,483          |
| Short term prepayments                              |      | 583,950           | 3,419,164          |
|   |      | <u>11,778,670</u> | <u>13,234,647</u>  |
| <b>10. OTHER RECEIVABLES</b>                        |      |                   |                    |
| <b>- Considered good</b>                            |      |                   |                    |
| Dividend receivable                                 |      | 783,000           | 783,000            |
| Claim receivable                                    |      | -                 | 58,887,606         |
| Other   |      | -                 | 57,153             |
|   |      | <u>783,000</u>    | <u>59,727,759</u>  |
| <b>- Considered doubtful</b>                        |      |                   |                    |
| Other   |      | -                 | 1,420,364          |
| Less: Provision for doubtful receivables            |      | -                 | (1,420,364)        |
|   |      | <u>-</u>          | <u>-</u>           |
|   |      | <u>783,000</u>    | <u>59,727,759</u>  |

## 11. OTHER FINANCIAL ASSETS

- Investments in equity securities
- financial assets at fair value through profit or loss

In quoted companies  
Ordinary shares of Rs. 10/- each

| 2011                    |       | 2012                      |  | Market Value     |                |
|-------------------------|-------|---------------------------|--|------------------|----------------|
| -----No. of shares----- |       |                           |  | 2012             | 2011           |
|                         |       |                           |  | -----Rupees----- |                |
| 6,750                   | 7,425 | National Bank of Pakistan |  | 323,656          | 340,335        |
| 666                     | 666   | Summit Bank Limited       |  | 2,131            | 2,504          |
|                         |       |                           |  | <u>325,787</u>   | <u>342,839</u> |





|                                   | Note | 2012<br>Rupees     | 2011<br>Rupees    |
|-----------------------------------|------|--------------------|-------------------|
| <b>12. TAX REFUNDABLE</b>         |      |                    |                   |
| Income tax refundable             |      | 72,595,105         | 48,819,731        |
| Sales tax refundable              |      | 80,763,746         | -                 |
|                                   |      | <u>153,358,851</u> | <u>48,819,731</u> |
| <b>13. CASH AND BANK BALANCES</b> |      |                    |                   |
| Cash in hand                      |      | 56,990             | 162,144           |
| Balances with banks:              |      |                    |                   |
| - Current accounts                |      |                    |                   |
| - local currency                  |      | 2,538,964          | 3,267,263         |
| - foreign currency                |      | 34,786             | 34,785            |
|                                   |      | 2,573,750          | 3,302,048         |
| - Saving accounts                 | 13.1 | 28,338,778         | 7,840,691         |
|                                   |      | <u>30,969,518</u>  | <u>11,304,883</u> |

13.1 Effective mark-up rate in respect of saving accounts, range from 6.5% to 11.5% (2011 : 5% to 10%) per annum.

#### 14. SHARE CAPITAL

| 2011<br>Number of Shares | 2012<br>Number of Shares | Note  | 2012<br>Rupees       | 2011<br>Rupees       |
|--------------------------|--------------------------|---|----------------------|----------------------|
| <u>120,000,000</u>       | <u>120,000,000</u>       | <b>Authorized</b><br>Ordinary shares of Rs. 10/- each                     | <u>1,200,000,000</u> | <u>1,200,000,000</u> |
|                          |                          | Issued, subscribed and paid up capital<br>Ordinary shares of Rs. 10/-each |                      |                      |
| 47,351,200               | 47,351,200               | fully paid in cash  | 473,512,000          | 473,512,000          |
| 31,168,927               | 31,168,927               | Issued as fully paid bonus shares   | 311,689,270          | 311,689,270          |
| <u>78,520,127</u>        | <u>78,520,127</u>        |   | <u>785,201,270</u>   | <u>785,201,270</u>   |

14.1 There were no movements in share capital during the year.

14.2 An associated undertaking, Siddiqsons Limited hold 10,240,481 (2011: 10,207,842) ordinary shares at the year end.

14.3 The company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

14.4 The company has no reserved shares under options and sales contracts.





|  | Note | 2012<br>Rupees     | 2011<br>Rupees     |
|--|------|--------------------|--------------------|
| <b>15. DEFERRED LIABILITY</b>  |      |                    |                    |
| Deferred taxation  | 15.1 | <u>84,216,691</u>  | <u>147,440,916</u> |
| <b>15.1 Deferred taxation</b>  |      |                    |                    |
| This comprises the following: -  |      |                    |                    |
| Deferred tax liabilities on taxable temporary differences arising in respect of: |      |                    |                    |
| Accelerated depreciation rates   |      | 174,638,824        | 162,628,336        |
| Deferred tax assets on deductible temporary difference arising in respect of:    |      |                    |                    |
| Unabsorbed tax losses  |      | 87,197,818         | 10,350,684         |
| Provision for doubtful debts   |      | 607,368            | 763,740            |
| Provision for doubtful receivables   |      | -                  | 495,926            |
| Provision for slow moving stores   |      | 2,616,947          | 3,577,070          |
|  |      | (90,422,133)       | (15,187,420)       |
|  |      | <u>84,216,691</u>  | <u>147,440,916</u> |
| <b>16. TRADE AND OTHER PAYABLES</b>  |      |                    |                    |
| Creditors  | 16.1 | 13,302,443         | 9,764,242          |
| Accrued liabilities  |      | 5,532,275          | 5,667,525          |
| Advance from customers   |      | 3,248,976          | 5,841,510          |
| Workers' Participation Fund  | 16.2 | 545,433            | 465,060            |
| Workers' Welfare Fund  |      | 9,338,829          | 9,338,829          |
| Withholding tax  |      | 571,976            | 852,410            |
| Unclaimed dividend   |      | 1,359,166          | 784,474            |
| Infrastructure cess  | 16.3 | 46,986,345         | 72,565,676         |
| Provision for custom duty  |      | 39,130,854         | -                  |
| Others   | 16.4 | 747,657            | 704,556            |
|  |      | <u>120,763,954</u> | <u>105,984,282</u> |

16.1 This include Rs. 2,953,523 (2011: Rs. 2,953,523) payable to a related party Siddiqsons Services (Private) Limited. Trade payables are non-interest bearing and are normally settled on thirty day terms.





|  | Note   | 2012<br>Rupees | 2011<br>Rupees     |
|--|--------|----------------|--------------------|
| <b>16.2 Workers' participation fund</b>              |        |                |                    |
| Balance at July 01,                                  |        | 465,060        | 3,577,388          |
| Interest on funds utilized in the company's business | 16.2.1 | <u>80,373</u>  | <u>465,060</u>     |
|  |        | 545,433        | 4,042,448          |
| Payment made to the Fund during the year             |        | <u>-</u>       | <u>(3,577,388)</u> |
|  |        | 545,433        | 465,060            |
| Allocation for the year                              | 25     | <u>-</u>       | <u>-</u>           |
| Balance at June 30,                                  |        | <u>545,433</u> | <u>465,060</u>     |

16.2.1 Interest has been charged @ 15% on outstanding balance as on June 30, 2012.

16.3 The Government of Sindh through Sindh Finance Act, 1994 provided for imposition of an infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The levy was challenged by the Company along with other companies in the High Court of Sindh through civil suits which were dismissed by the single judge of the High Court of Sindh through its decision in October 2003. On appeal filed there against, the High Court of Sindh has held through an order passed in September 2008 that the levy as imposed through the Sindh Finance Act, 1994 and amended time to time was not valid till December 28, 2006, however, thereafter on account of an amendment in the Sindh Finance (Amendment) Ordinance, 2006, it had become valid and is payable by the Appellants. The Company, along with other companies, filed an appeal in the Supreme Court of Pakistan against the aforementioned order of High Court of Sindh. The Supreme Court granted stay by passing an interim order on January 22, 2009. The order passed by the High Court of Sindh was set aside by the Supreme Court vide its order dated May 20, 2011. Consequently, a new petition has been filed in the High Court of Sindh. Through the interim order passed on May 31, 2011 the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed.

The management of the company is confident for a favorable outcome. However, as a matter of prudence, the company has made provision as follows:

|                                | Note | 2012<br>Rupees      | 2011<br>Rupees    |
|--------------------------------|------|---------------------|-------------------|
| Balance at July 01,            |      | 72,565,676          | -                 |
| Provision made during the year |      | <u>10,703,507</u>   | <u>72,565,676</u> |
|                                |      | 83,269,183          | 72,565,676        |
| Payments during the year       |      | <u>(36,282,838)</u> | <u>-</u>          |
| Balance at June 30,            |      | <u>46,986,345</u>   | <u>72,565,676</u> |





16.4 This include deposits for car and motorcycle loan of Rs. 747,657 (2011 : Rs. 692,660) from employees.

|  | Note | 2012<br>Rupees    | 2011<br>Rupees     |
|--|------|-------------------|--------------------|
| <b>17. INTEREST / MARK-UP ACCRUED</b>            |      |                   |                    |
| Mark-up on short term borrowings                 |      | 29,450,559        | 25,581,532         |
| Mark-up on loan from Worker's Participation Fund |      | -                 | 16,900,000         |
|  |      | <u>29,450,559</u> | <u>42,481,532</u>  |
| <b>18. SHORT-TERM ADVANCES</b>                   |      |                   |                    |
| <b>Unsecured - related party</b>                 |      |                   |                    |
| Loan from Siddiqsons Limited                     | 18.1 | <u>44,702,284</u> | <u>187,697,068</u> |

18.1 These are subject to markup @ 10.5% (2011 : 13%) per annum.

## 19. SHORT-TERM BORROWINGS

### Secured

From banking companies

|  |      |                      |                      |
|--|------|----------------------|----------------------|
| Finance against imports - foreign currency | 19.2 | 986,565,563          | 903,037,899          |
| Finance against imports - local currency   | 19.2 | 44,960,121           | -                    |
| Running finances under markup arrangements | 19.3 | 520,005,765          | 279,580,065          |
|  |      | <u>1,551,531,449</u> | <u>1,182,617,964</u> |

19.1 The aggregate unavailed-short term borrowing facilities amounts to Rs. 935.28 million (2011 : Rs. 714.91 million) as of the balance sheet date.

19.2 These are secured against hypothecation on fixed assets, stock in trade, stores and spares, trade debts, promissory notes and charge on present and future current assets of the company and lien on import documents. Local currency loan are subject to mark-up based on KIBOR ranging between 13.75% to 14.57% (2011 : 13.65% to 24%) per annum payable on maturity and foreign currency loan are subject to mark-up based on LIBOR ranging between 3.5% to 7.72% (2011 : 3.47% to 5.50%) per annum payable on maturity.

19.3 These are secured against charge on fixed assets, stock, stores and spares, trade debts and present and future current assets of the company and are subject to the mark-up ranging between 13.41% to 16.06% (2011 : 13.65% to 16.15%) per annum.

## 20. CONTINGENCIES AND COMMITMENTS

### 20.1 Contingencies

The company has filed legal suit against a supplier in the Ontario Superior Court of Justice in Canada on November 15, 2010 for quality claim amounting to Rs. 130.8 million plus interest and litigation costs. A statement of defence and counterclaim was filed by the supplier on the company on May 13, 2011 amounting to Rs. 282.6 million plus interest and litigation costs. Security for the litigation costs has been deposited by the company as per order of the court (Refer note-4.2). The management of the company is confident for a favorable outcome.







|  | Note | 2012<br>Rupees       | 2011<br>Rupees       |
|--|------|----------------------|----------------------|
| <b>20.2 Commitments</b>                      |      |                      |                      |
| Letters of credit for import of raw material |      | 191,756,687          | 319,647,808          |
| <b>21. SALES - NET</b>                       |      |                      |                      |
| Sales  |      |                      |                      |
| Local  |      |                      |                      |
| Tinplate                                     |      | 2,733,884,014        | 3,765,855,636        |
| cans   |      | 76,416,151           | 125,663,479          |
| Side cuts, end cuts, damaged cuts, etc.      |      | 167,748,072          | 73,174,031           |
| Printing services                            |      | 14,141,023           | 3,098,931            |
|  |      | <u>2,992,189,260</u> | <u>3,967,792,077</u> |
| Export - Tinplate                            |      | 5,744,944            | 8,174,661            |
| - cans                                       |      | -                    | 640,805              |
|  |      | <u>2,997,934,204</u> | <u>3,976,607,543</u> |
| Less : Commission and discounts              |      | (16,952,807)         | (20,308,582)         |
| Sale return                                  |      | (72,451,379)         | (87,725,155)         |
| Sales tax                                    |      | (399,299,614)        | (562,793,202)        |
|  |      | <u>(488,703,800)</u> | <u>(670,826,939)</u> |
|  |      | <u>2,509,230,404</u> | <u>3,305,780,604</u> |
| <b>22. COST OF GOODS SOLD</b>                |      |                      |                      |
| Cost of goods manufactured                   | 22.1 | 2,280,966,053        | 2,955,272,353        |
| Finished stocks                              |      |                      |                      |
| Opening stock                                |      | 462,151,111          | 464,756,614          |
| Purchase of finished goods                   |      | 21,057,835           | 61,672,860           |
| Closing Stock                                |      | (349,330,234)        | (462,151,111)        |
|  |      | <u>133,878,712</u>   | <u>64,278,363</u>    |
|  |      | <u>2,414,844,765</u> | <u>3,019,550,716</u> |





| 22.1 Cost of goods manufactured  | Note   | 2012<br>Rupees       | 2011<br>Rupees       |
|--|--------|----------------------|----------------------|
| Raw materials  | 22.1.1 | 2,065,413,951        | 2,710,421,408        |
| Salaries, wages and benefits   | 22.1.2 | 78,607,716           | 80,492,527           |
| Fuel and power   |        | 65,710,298           | 79,661,119           |
| Packing materials  |        | 5,842,172            | 9,371,582            |
| Cans printing  |        | 65,533               | 749,243              |
| Stores and spares  |        | 7,056,449            | 10,630,753           |
| Sorting, slitting and cutting  |        | 2,785,550            | 2,032,683            |
| Rent, rates and taxes  |        | 763,000              | 551,250              |
| Repairs and maintenance  |        | 3,048,105            | 4,159,778            |
| Insurance  |        | 4,701,491            | 4,766,378            |
| Transportation   |        | 2,407,069            | 1,610,083            |
| Traveling and conveyance   |        | 4,251,483            | 4,912,205            |
| Printing and stationery  |        | 206,547              | 324,832              |
| Fees and subscription  |        | 60,230               | 86,249               |
| Communication  |        | 428,638              | 314,024              |
| Entertainment  |        | 248,462              | 225,667              |
| Depreciation   | 3.2    | 36,204,574           | 37,396,655           |
| (Reversal of)/ provision against obsolete and slow moving stores, spares and loose tools |        | (2,754,695)          | 1,127,417            |
| Other manufacturing cost   |        | 5,919,480            | 6,438,500            |
|  |        | <u>2,280,966,053</u> | <u>2,955,272,353</u> |

#### 22.1.1 Raw material consumed

|   |                      |                      |
|---|----------------------|----------------------|
| Opening stock                                 | 508,702,793          | 109,703,442          |
| Purchase and related expenses - net of claims | 2,226,964,124        | 3,109,420,759        |
|   | <u>2,735,666,917</u> | <u>3,219,124,201</u> |
| Closing stock                                 | (670,252,966)        | (508,702,793)        |
|   | <u>2,065,413,951</u> | <u>2,710,421,408</u> |

22.1.2 This includes employees' retirement benefits of Rs. 1,917,539 (2011: Rs.1,957,138).

#### 23. DISTRIBUTION COST

|                       |      |                   |                   |
|-----------------------|------|-------------------|-------------------|
| Salaries and benefits | 23.1 | 8,562,520         | 11,141,308        |
| Traveling             |      | 1,627,804         | 878,993           |
| Transportation        |      | 2,235,849         | 4,024,033         |
| Advertisement         |      | 1,201,978         | 718,020           |
| Sales promotion       |      | 564,474           | 734,755           |
| Rent, rates and taxes |      | 700,029           | 1,435,041         |
| Others                |      | 1,457,316         | 1,383,493         |
|                       |      | <u>16,349,970</u> | <u>20,315,643</u> |

23.1 This includes employees' retirement benefits amounting to Rs. 438,292 (2011: Rs.451,903).





|                                    | Note | 2012<br>Rupees    | 2011<br>Rupees    |
|------------------------------------|------|-------------------|-------------------|
| <b>24. ADMINISTRATIVE EXPENSES</b> |      |                   |                   |
| Salaries and benefits              | 24.1 | 31,035,711        | 29,476,999        |
| Traveling and conveyance           |      | 3,521,438         | 3,872,061         |
| Vehicles running and maintenance   |      | 5,968,139         | 5,235,139         |
| Depreciation                       | 3.2  | 5,031,970         | 4,575,878         |
| Communication                      |      | 3,399,949         | 2,928,957         |
| Printing and stationery            |      | 1,353,470         | 1,254,610         |
| Repairs and maintenance            |      | 2,124,215         | 2,228,343         |
| Entertainment                      |      | 820,415           | 1,509,162         |
| Auditors' remuneration             | 24.2 | 1,425,000         | 1,050,000         |
| Insurance                          |      | 1,582,030         | 717,726           |
| Fees and subscription              |      | 1,609,413         | 656,631           |
| Charity and donation               | 24.3 | 2,117,200         | 2,845,925         |
| Rent, rates and taxes              |      | 479,300           | 213,896           |
| Legal and professional             |      | 4,539,996         | 2,455,933         |
| Provision against doubtful debts   | 7.4  | 1,396,460         | 2,187,403         |
| Doubtful debts written off         |      | 714,088           | -                 |
| Provision for doubtful receivables | 10.1 | -                 | 1,420,364         |
| Others                             |      | 937,585           | 693,593           |
|                                    |      | <u>68,056,379</u> | <u>63,322,620</u> |

24.1 This includes employees' retirement benefits of Rs. 1,365,974 (2011 : Rs. 1,202,727).

#### 24.2 Auditor's remuneration

|  |                  |                  |
|--|------------------|------------------|
| Annual audit   | 600,000          | 500,000          |
| Half yearly accounts review                          | 200,000          | 200,000          |
| Review of compliance of Code of Corporate governance | 30,000           | 30,000           |
| CDC certification                                    | 45,000           | 15,000           |
| Tax and other services                               | 500,000          | 255,000          |
| Out of pocket expenses                               | 50,000           | 50,000           |
|  | <u>1,425,000</u> | <u>1,050,000</u> |

24.3 None of the director or his spouse has any interest in the donees' fund.

#### 25. OTHER OPERATING EXPENSES

|                     |      |                   |                   |
|---------------------|------|-------------------|-------------------|
| Exchange loss - net |      | 70,437,579        | 7,253,925         |
| Infrastructure cess | 16.3 | -                 | 55,058,814        |
|                     |      | <u>70,437,579</u> | <u>62,312,739</u> |

#### 26. FINANCE COST

|                             |      |                    |                    |
|-----------------------------|------|--------------------|--------------------|
| Interest / mark-up on:      |      |                    |                    |
| Short-term borrowings       |      | 99,525,282         | 122,947,471        |
| Short-term advances         | 26.1 | 2,101,455          | 23,308,489         |
| Workers' participation fund |      | 80,373             | 465,060            |
| Bank charges and commission |      | 7,296,443          | 9,857,135          |
|                             |      | <u>109,003,553</u> | <u>156,578,155</u> |



26.1 Includes mark up of Rs. Nil (2011: 16,900,000) on advance from Workers' Participation Fund (WPF) and Rs. 2,101,455 (2011: 6,408,489) on advance from Siddiqsons Limited.

| 27. OTHER OPERATING INCOME                            | Note | 2012<br>Rupees      | 2011<br>Rupees    |
|---|------|---------------------|-------------------|
| <b>Income from financial assets</b>                   |      |                     |                   |
| Profit on bank deposits                               |      | 1,461,853           | 1,408,027         |
| Dividend income                                       |      | 249,749             | 615,050           |
| Loss on remeasurement of investment at market value   |      | (17,052)            | (12,248)          |
| Gain on sale of investments                           |      | -                   | 2,678,238         |
| Liabilities written back                              | 10.2 | 640,000             | -                 |
| <b>Income from assets other than financial assets</b> |      |                     |                   |
| Gain on sale of plant and equipment                   |      | 5,036,821           | -                 |
| Others  |      | 51,206              | 94,428            |
|   |      | <u>7,422,577</u>    | <u>4,783,495</u>  |
| <b>28. PROVISION FOR TAXATION</b>                     |      |                     |                   |
| Current for the year                                  |      | 25,286,807          | 34,589,858        |
| for the prior year                                    |      | (88,426)            | (177,976)         |
| Deferred taxation                                     |      | (63,224,226)        | 2,751,602         |
|   |      | <u>(38,025,845)</u> | <u>37,163,484</u> |

28.1 Tax assessments of the company have been amended for the tax years 2003 and 2005 under Section 122 of the Ordinance by the tax department. The company contested the levy of tax by department on the ground that the company was enjoying exemption under Clause 126 of Part I of Second Schedule to the Ordinance so no minimum tax levied on the company. Appeals are pending for hearing before Sind High Court for the tax year 2003 and at Income Tax Appellate Tribunal (ITAT) for the tax year 2005. The company is confident that the outcome will be in its favour. However, as a matter of prudence, tax provision of Rs. 7,791,094 and Rs. 17,654,223 for tax year 2003 and 2005 respectively, has been made in the financial statements under Section 113 of the Ordinance.

For the tax year 2006, the tax department levied the tax of Rs. 15,710,252 on account of minimum tax and other income etc. The company has filed an appeal before Income Tax Appellate Tribunal (ITAT) which is pending for decision. However, as a matter of prudence, the company has made provision in the books of account.

For the tax year 2008, the tax department amended the deemed assessment under section 122(5A) of the Ordinance by levying tax of Rs. 18,472,182 on account of minimum tax, interest and dividend income etc. The company had filed an appeal before CIT (Appeal) who reduced the tax liability to Rs. 18,108,306. The company has filed an appeal before Income Tax Appellate Tribunal (ITAT) which is pending for decision. However, as a matter of prudence, the company has made provision of Rs. 18,472,182 in the books of account in prior years.

The management of the company is confident for favorable outcomes in respect of the above matters.





28.2 Relationship between tax expense and accounting profit:

The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the total income of the company attracts minimum tax under Section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

**29. EARNINGS PER SHARE**  
**-Basic and diluted**

There is no dilutive effect of the basic earnings per share of the company, which is computed as under:

|  | Note | 2012<br>Rupees | 2011<br>Rupees |
|--|------|----------------|----------------|
| Loss for the year  |      | (124,013,420)  | (48,679,258)   |
| Weighted average number of ordinary shares outstanding during the year |      | 78,520,127     | 78,520,127     |
| Earnings per share (Rupee)   |      | (1.58)         | (0.62)         |

**30. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of directors and key management personnel is disclosed in note 31. Other significant transactions with related parties are as follows:

| Relationship with the company | Nature of Transactions                                     | 2012          | 2011        |
|-------------------------------|--|---------------|-------------|
| Associated company            | Purchase of goods and services                             | -             | 2,339,716   |
|                               | Payment of dividend  | -             | 7,067,438   |
|                               | Short-term advance obtained from Siddiqsons Limited        | 116,731,071   | 220,000,000 |
|                               | Short-term advance repaid to Siddiqsons Limited            | (259,725,855) | 164,302,932 |
|                               | Markup on advance from Siddiqsons Limited                  | 2,101,455     | 6,408,489   |
|                               | Sales of generator   | 5,000,000     | -           |
| Key management personnel      | Short-term employee benefits                               | 21,219,596    | 23,591,058  |
|                               | Post-employment benefits                                   | 994,600       | 1,820,814   |
| Other related parties         | Short term advance repaid to Workers' Participation Fund   | -             | 130,000,000 |
|                               | Markup charged on advance from Workers' Participation Fund | 80,373        | 17,365,060  |
|                               | Markup paid on advance from Workers' Participation Fund    | 16,900,000    | 25,684,183  |





### 31. REMUNERATION OF DIRECTORS AND EXECUTIVES

|                     | Chief Executive       | Directors        | Executives        | Total             |                   |
|---------------------|-----------------------|------------------|-------------------|-------------------|-------------------|
|                     | -----Rupees '000----- |                  |                   | 2012              | 2011              |
| Remuneration        | 600,000               | 2,033,333        | 9,946,000         | 12,579,333        | 13,626,659        |
| House rent          | 240,000               | 813,334          | 3,978,400         | 5,031,734         | 5,450,663         |
| Bonus               | -                     | -                | -                 | -                 | 1,375,169         |
| Retirement benefits | -                     | -                | 994,600           | 994,600           | 1,820,814         |
| Vehicle running     | 94,000                | 402,231          | 1,854,365         | 2,350,596         | 1,775,901         |
| Utilities           | 60,000                | 203,333          | 994,600           | 1,257,933         | 1,362,666         |
|                     | <u>994,000</u>        | <u>3,452,231</u> | <u>17,767,965</u> | <u>22,214,196</u> | <u>25,411,872</u> |
| Number of persons   | 1                     | 2                | 10                |                   |                   |

31.1 The chief executive officer, directors and few executives are also provided with free use of company maintained cars.

### 32. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment due to following reasons; Sales from Tin Plates represents 97.12% (2011: 96.75%) of total revenue of the company. Out of total sales 99.77% (2011: 99.78%) sales are made to customers in Pakistan. All non-current assets of the company as at June 30, 2012 are located in Pakistan. The company does not have transactions with any external customer which amount to 10 percent or more of the entity's revenues.

### 33. FINANCIAL INSTRUMENTS BY CATEGORY

The company finance its operation through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimise risk. Taken as a whole, the company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments

| Financial assets as per balance sheet                | 2012<br>Rupees     | 2011<br>Rupees     |
|--|--------------------|--------------------|
| <b>Loans and receivables at amortised cost</b>       |                    |                    |
| Long-term deposits                                   | 10,930,357         | 7,559,155          |
| Trade debts  | 500,220,118        | 377,254,399        |
| Loans and advances                                   | 293,302            | 773,505            |
| Trade deposits                                       | 11,194,720         | 9,815,483          |
| Other receivables                                    | 783,000            | 59,727,759         |
| Cash and bank balances                               | 30,969,518         | 11,304,883         |
| <b>At fair value through profit and loss account</b> |                    |                    |
| Other financial assets                               | 325,787            | 342,839            |
|  | <u>554,716,802</u> | <u>466,778,023</u> |





## Financial liabilities as per balance sheet

### Financial liabilities measured at amortised cost

|                            | 2012<br>Rupees       | 2011<br>Rupees       |
|----------------------------|----------------------|----------------------|
| Trade and other payables   | 60,072,395           | 16,920,797           |
| Interest / mark-up accrued | 29,450,559           | 42,481,532           |
| Short-term advances        | 44,702,284           | 187,697,068          |
| Short-term borrowings      | 1,551,531,449        | 1,182,617,964        |
|                            | <u>1,685,756,687</u> | <u>1,429,717,361</u> |

## 34. FINANCIAL RISK MANAGEMENT

The company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has loan and advances, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The company also holds investment held for trading .

The company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The company's senior management oversees the management of these risks. The Board of Directors reviews these policies periodically.

### 34.1 Credit risk and concentration of credit risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables, advances and loan) and from its investing activities, including deposits with banks.

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fails to perform as contracted. Out of the total financial assets of Rs. 554,716,802 (2011 : Rs. 466,778,023), the financial assets which are subject to credit risk amounted to Rs. 554,334,025 (2011 : Rs. 466,273,040). The company believe that it is not exposed to major concentration of credit risk. The management monitors and limits the company's exposure to credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivable. The management is of the view that it is not exposed to significant concentration of credit risk.

The maximum exposure to credit risk as at June 30, 2012, along with comparative is tabulated below:

| Financial assets       | 2012<br>Rupees     | 2011<br>Rupees     |
|------------------------|--------------------|--------------------|
| Long-term deposits     | 10,930,357         | 7,559,155          |
| Trade debts            | 500,220,118        | 377,254,399        |
| Loans and advances     | 293,302            | 773,505            |
| Trade deposits         | 11,194,720         | 9,815,483          |
| Other receivables      | 783,000            | 59,727,759         |
| Cash and bank balances | 30,912,528         | 11,142,739         |
|                        | <u>554,334,025</u> | <u>466,273,040</u> |



### 34.1.1 Credit risk related to receivables

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit.

The company is not exposed to major concentration on credit risk. At June 30, 2012, the company has approximately 12 customers (2011: 10 customers) that owed more than Rs. 10 million each and accounted for approximately 58% (2011: 41%) of all trade debts.

The company does not hold collateral as security.

### 34.1.2 Credit risk related to financial instruments and cash deposits

The bank balances along with credit rating are tabulated below:

|               |                   |                   |
|---------------|-------------------|-------------------|
| Credit rating |                   |                   |
| AI +          | 30,753,378        | 10,456,639        |
| AI            | 159,150           | 32,603            |
| FI +          | -                 | 653,497           |
|               | <u>30,912,528</u> | <u>11,142,739</u> |

## 34.2 Liquidity risk management

Liquidity risk reflects the company's inability in raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19.1 is a listing of additional undrawn facilities that the company has at its disposal to further reduce liquidity risk.

Financial Liabilities in accordance with their contractual maturities are presented below

|                              | Interest/markup Bearing  |                         |                      | Non-Interest/markup Bearing |                         |                   | Total                |
|------------------------------|--------------------------|-------------------------|----------------------|-----------------------------|-------------------------|-------------------|----------------------|
|                              | Maturity within one year | Maturity after one year | Sub-total            | Maturity within one year    | Maturity after one year | Sub-total         |                      |
| June 30, 2011                |                          |                         |                      |                             |                         |                   |                      |
| ----- Rupees -----           |                          |                         |                      |                             |                         |                   |                      |
| <b>Financial Liabilities</b> |                          |                         |                      |                             |                         |                   |                      |
| Trade and other payables     | -                        | -                       | -                    | 60,072,395                  | -                       | 60,072,395        | 60,072,395           |
| Interest / mark-up accrued   | -                        | -                       | -                    | 29,450,559                  | -                       | 29,450,559        | 29,450,559           |
| Short-term advances          | 44,702,284               | -                       | 44,702,284           | -                           | -                       | -                 | 44,702,284           |
| Short-term borrowings        | <u>1,551,531,449</u>     | -                       | <u>1,551,531,449</u> | -                           | -                       | -                 | <u>1,551,531,449</u> |
|                              | <u>1,596,233,733</u>     | -                       | <u>1,596,233,733</u> | <u>89,522,954</u>           | -                       | <u>89,522,954</u> | <u>1,685,756,687</u> |
| June 30, 2011                |                          |                         |                      |                             |                         |                   |                      |
| ----- Rupees -----           |                          |                         |                      |                             |                         |                   |                      |
| <b>Financial Liabilities</b> |                          |                         |                      |                             |                         |                   |                      |
| Trade and other payables     | -                        | -                       | -                    | 16,920,797                  | -                       | 16,920,797        | 16,920,797           |
| Interest / mark-up accrued   | -                        | -                       | -                    | 42,481,532                  | -                       | 42,481,532        | 42,481,532           |
| Short-term advances          | 187,697,068              | -                       | 187,697,068          | -                           | -                       | -                 | 187,697,068          |
| Short-term borrowings        | <u>1,182,617,964</u>     | -                       | <u>1,182,617,964</u> | -                           | -                       | -                 | <u>1,182,617,964</u> |
|                              | <u>1,370,315,032</u>     | -                       | <u>1,370,315,032</u> | <u>59,402,329</u>           | -                       | <u>59,402,329</u> | <u>1,429,717,361</u> |







### **34.3 Market risk management**

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

#### **34.3.1 Interest rate risk management**

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 exposure to the risk of changes in market interest rates relates primarily to the company's short term debt obligations having floating interest rates.

##### **34.3.1.1 Interest rate sensitivity**

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's loss before taxation (2011: loss before taxation) for the year ended would increase/decrease by Rs. 3,477,242 (2011: Rs. 7,173,938). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

The company's sensitivity to interest rates has increased during the current year mainly due to the increase in borrowings and variable rate debts.

#### **34.3.2 Foreign exchange risk management**

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. As at June 30, 2012, the total foreign currency risk exposure was Rs. Nil (2011: Rs. 2,067,689) in respect of foreign trade debts. However, Rs. 986,565,563 (2011: Rs. 903,037,899) were payable in respect of foreign currency bills and foreign currency borrowings.

In respect of other monetary assets and liabilities denominated in foreign currencies, the company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

##### **34.3.2.1 Foreign currency sensitivity analysis**

At June 30, 2012, if the Rupee had strengthen/weakened by 5% against the US dollar and Euro with all other variables held constant, loss before taxation (2011: loss before taxation) for the year would have been decrease/increase by Rs. 48,101,087 (2011: 45,048,511) mainly as a result of foreign exchange gains on translation of US dollar-denominated trade receivables and foreign exchange losses on translation of US dollar and Euro-denominated bill payable. Profit is more sensitive to movement in Rupee/US dollar and Rupee/Euro exchange rates in 2012 than 2011.

#### **34.3.3 Equity price risk management**

The company is exposed to equity price risks arising from equity investments. Equity investment are held for trading purpose. At the year end company's equity investment balance is of insignificant amount.



### 34.4 Determination of fair values

#### Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

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

### 34.5 Fair value estimation

The company has adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This amendment requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measured fair value of financial instruments.

Level 1: Quoted prices (unadjusted) in active markets 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 has only other financial assets at fair value of Rs. 325,787 (2011: Rs. 342,839) which is valued under level 1 valuation method. The company does not have any investment in level 2 or level 3 category.

## 35. CAPITAL DISCLOSURE

The company's objectives, policies and processes for managing capital are as follows:

- The company is not subject to any externally imposed capital requirements.
- 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 and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and bank balances. Adjusted capital comprises all components of equity (i.e., share capital and unappropriated profit).
- The company's strategy is to maintain its debt-to-adjusted capital ratio between 40% to 60%. The debt-to-adjusted capital ratios at June 30, 2012 and June 30, 2011 were as follows:





|                                | <b>2012<br/>Rupees</b> | <b>2011<br/>Rupees</b> |
|--------------------------------|------------------------|------------------------|
| Total debts                    | 1,596,233,733          | 1,370,315,032          |
| Less: Cash and bank balances   | (30,969,518)           | (11,304,883)           |
| Net debt                       | <u>1,565,264,215</u>   | <u>1,359,010,149</u>   |
| Total equity                   | <u>1,000,119,108</u>   | <u>1,149,389,848</u>   |
| Adjusted capital               | <u>2,565,383,323</u>   | <u>2,508,399,997</u>   |
| Debt-to-adjusted capital ratio | <u>0.61</u>            | <u>0.54</u>            |

### 36. PLANT CAPACITY AND ACTUAL PRODUCTION

#### Tin Plate

|                    | <b>2012<br/>(Metric tons)</b> | <b>2011</b>    |
|--------------------|-------------------------------|----------------|
| Installed capacity | <u>120,000</u>                | <u>120,000</u> |
| Actual production  | <u>25,112</u>                 | <u>32,831</u>  |

#### Cans

|                                     | <b>2012<br/>(Number per annum)</b> | <b>2011</b>      |
|-------------------------------------|------------------------------------|------------------|
| Installed capacity of various sizes | <u>4,015,000</u>                   | <u>4,015,000</u> |
| Actual production of various sizes  | <u>2,102,760</u>                   | <u>2,126,629</u> |

36.1 Under utilization of available capacity was due to lack of demand.

### 37. RECLASSIFICATION

The corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

### 38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorized for issue by the Board of Directors of the company on September 15, 2012.

### 39. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR





## PATTERN OF HOLDING OF SHARESHELD BY THE SHAREHOLDERS as at June 30, 2012

| No. of Shareholders | Share Holding  |              | Total Shares Held | Percentage %    |
|---------------------|----------------|--------------|-------------------|-----------------|
|                     | From           | To           |                   |                 |
| 661                 | 1              | 100          | 31109             | 0.0396          |
| 290                 | 101            | 500          | 115241            | 0.1468          |
| 1078                | 501            | 1000         | 658463            | 0.8386          |
| 663                 | 1001           | 5000         | 1438741           | 1.8323          |
| 94                  | 5001           | 10000        | 706499            | 0.8998          |
| 33                  | 10001          | 15000        | 395643            | 0.5039          |
| 18                  | 15001          | 20000        | 316420            | 0.4030          |
| 13                  | 20001          | 25000        | 302760            | 0.3856          |
| 8                   | 25001          | 30000        | 221362            | 0.2819          |
| 8                   | 30001          | 35000        | 268971            | 0.3426          |
| 4                   | 35001          | 40000        | 151201            | 0.1926          |
| 4                   | 40001          | 45000        | 175965            | 0.2241          |
| 6                   | 45001          | 50000        | 286110            | 0.3644          |
| 2                   | 50001          | 55000        | 107906            | 0.1374          |
| 2                   | 55001          | 60000        | 119256            | 0.1519          |
| 1                   | 60001          | 65000        | 63600             | 0.0810          |
| 3                   | 65001          | 70000        | 203645            | 0.2594          |
| 1                   | 90001          | 95000        | 90411             | 0.1151          |
| 1                   | 95001          | 100000       | 100000            | 0.1274          |
| 1                   | 120001         | 125000       | 120250            | 0.1531          |
| 1                   | 125001         | 130000       | 127391            | 0.1622          |
| 1                   | 130001         | 135000       | 134500            | 0.1713          |
| 1                   | 195001         | 200000       | 200000            | 0.2547          |
| 1                   | 265001         | 270000       | 268900            | 0.3425          |
| 1                   | 285001         | 290000       | 286700            | 0.3651          |
| 1                   | 305001         | 310000       | 308150            | 0.3924          |
| 1                   | 320001         | 325000       | 321500            | 0.4094          |
| 1                   | 355001         | 360000       | 359648            | 0.4580          |
| 2                   | 370001         | 375000       | 745390            | 0.9493          |
| 3                   | 415001         | 420000       | 1260000           | 1.6047          |
| 2                   | 425001         | 430000       | 857036            | 1.0915          |
| 1                   | 465001         | 470000       | 466717            | 0.5944          |
| 2                   | 515001         | 520000       | 1037918           | 1.3218          |
| 1                   | 590001         | 595000       | 592565            | 0.7547          |
| 1                   | 620001         | 625000       | 621870            | 0.7920          |
| 1                   | 940001         | 945000       | 942917            | 1.2009          |
| 1                   | 1140001        | 1145000      | 1140430           | 1.4524          |
| 1                   | 1490001        | 1495000      | 1490788           | 1.8986          |
| 1                   | 1540001        | 1545000      | 1541825           | 1.9636          |
| 1                   | 1565001        | 1570000      | 1569700           | 1.9991          |
| 1                   | 1895001        | 1900000      | 1895113           | 2.4135          |
| 1                   | 3100001        | 3105000      | 3102887           | 3.9517          |
| 1                   | 3140001        | 3145000      | 3142888           | 4.0027          |
| 1                   | 3220001        | 3225000      | 3224672           | 4.1068          |
| 1                   | 3675001        | 3680000      | 3676493           | 4.6822          |
| 2                   | 7295001        | 7300000      | 14594590          | 18.5871         |
| 1                   | 8090001        | 8095000      | 8092515           | 10.3063         |
| 1                   | 10205001       | 10210000     | 10207842          | 13.0003         |
| 1                   | 10435001       | 10440000     | 10435629          | 13.2904         |
| <b>2926</b>         | <b>Company</b> | <b>Total</b> | <b>78520127</b>   | <b>100.0000</b> |





## CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2012

| Shareholder Category                               | Number of Shareholders | Number of Shares Held | Percentage    |
|--|------------------------|-----------------------|---------------|
| Directors, CEO and their Spouse and minor Children | 11                     | 45,043,175            | 57.37         |
| Executives   | 2                      | 37,014                | 0.05          |
| Associated Companies                               | 2                      | 10,240,481            | 13.04         |
| Bank, DFI & NBF                                    | 1                      | 43,500                | 0.06          |
| Modarabas & Mutual Fund                            | 3                      | 43,050                | 0.05          |
| General Public (Local)                             | 2,875                  | 20,268,733            | 25.81         |
| General Public (Foreign)                           | 11                     | 1,568,054             | 2.00          |
| Foreign Companies                                  | 3                      | 1,005,707             | 1.28          |
| Other  | 18                     | 270,413               | 0.34          |
| <b>COMPANY IN TOTALITY</b>                         | <b>2,926</b>           | <b>78,520,127</b>     | <b>100.00</b> |





## INFORMATION AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE As at June 30, 2012

| Shareholder's Category   | Number of Shares held | Percentage |
|--|-----------------------|------------|
| <b>Associated Companies, Undertaking and Related Parties</b>               |                       |            |
| Siddiqsons Limited   | 10,240,481            | 13.04      |
| <b>NIT and ICP</b>   |                       |            |
| NIL  |                       |            |
| <b>Directors, CEO and their spouse and minor children</b>                  |                       |            |
| Mr. Abdullah Rafi (CEO/Chairman)   | 8,092,515             | 10.31      |
| Mr. Tariq Rafi   | 10,435,629            | 13.29      |
| Mr. Sanaullah Abdullah   | 372,695               | 0.47       |
| Mr. Ibrahim Shamsi   | 1,140,430             | 1.45       |
| Mr. Abdur Rahim  | 2,015,363             | 2.57       |
| Mr. Saturo Nishi (Nominee Director of Metalone Corporation)                | 7,297,295             | 9.29       |
| Mr. Jean Pierre Gugenheim (Nominee Director of ArcelorMittal Packaging)    | 7,297,295             | 9.29       |
| Mrs. Naheed Abdullah W/o. Mr. Abdullah Rafi                                | 1,490,788             | 1.90       |
| Mrs. Nighat Tariq W/o. Mr. Tariq Rafi                                      | 3,676,493             | 4.68       |
| Mrs. Rahma Ibrahim W/o. Mr. Ibrahim Shamsi                                 | 3,224,672             | 4.11       |
| <b>Executives</b>  | 37,014                | 0.05       |
| <b>Public sector Companies and Corporations</b>                            |                       |            |
| NIL  |                       |            |
| <b>Banks, DFIs, NBFIs, Insurance Companies, Modaraba &amp; Mutual Fund</b> | 86,550                | 0.11       |
| <b>Shareholders holding ten percent or more</b>                            |                       |            |
| Mr. Tariq Rafi   | 10,435,629            | 13.29      |
| Siddiqsons Limited   | 10,240,481            | 13.04      |
| Mr. Abdullah Rafi (CEO/Chairman)   | 8,092,515             | 10.31      |
| <b>Trading in share by Directors, CEO, CFO &amp; Company Secretary</b>     |                       |            |
| NIL  |                       |            |





# PROXY FORM



## 17th Annual General Meeting

I/We \_\_\_\_\_ of

being a member of **SIDDIQSONS TIN PLATE LIMITED** (the Company) holding \_\_\_\_\_ ordinary shares, hereby appoint(s)

Mr. / Mrs. / Miss. \_\_\_\_\_

of \_\_\_\_\_ who is

also a member of the Company, to be my/our proxy and to vote for me/us at the 17th Annual General Meeting of the Company to be held on Monday, October 22, 2012 at 10:00 a.m. at Pavilion End Club, Gulshan-e-Iqbal, Block-10, main Rashid Minhas Road Karachi, or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Folio No. \_\_\_\_\_

CDC A/c No. \_\_\_\_\_

Sub A/c. No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_



Member's Signature  
(Signature should agree with the specimen signature registered with the Company)

Witness 1

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No/Passport No. \_\_\_\_\_

Address \_\_\_\_\_

Witness 2

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No/Passport No. \_\_\_\_\_

Address \_\_\_\_\_

### Notes:

1. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her. A corporation being a member may appoint as its proxy any of its official of any other person whether a member of the Company or otherwise.
2. An instrument of proxy and a Power of Attorney or other authorized (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Share Registrar of the Company M/s. THK Associates (Private) Limited, Ground Floor, State Life Building # 3, Dr. Ziauddin Ahmed Road, Karachi-75530 not less than 48 hours before the time of the Meeting.
3. In case of proxy for an individual beneficial owner of CDC, attested copy of beneficial owner's National Identity Card, Account and Participant's ID numbers must be deposited alongwith the form of proxy with the Share Registrar. The proxy must produce his/her original identity card at the time of Meeting. In case of proxy for corporate members, he/she should bring the usual documents required for such purpose.





**Head Office:**

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**Plant:**

Plot # 5, Special Industrial Zone, Winder, Distt. Lasbela, LIEDA,  
Baluchistan.