



SINCE 1980

**Al-Khair Gadoon Limited  
Annual Report  
2017**



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**COMPANY INFORMATION**
**BOARD OF DIRECTORS:**

Mohammad Afzal Sheikh	- Chairman
Mohammad Saeed Sheikh	- Chief Executive
Mohammad Amin Sheikh	- Director
Sheikh Pervaiz Afzal	- Director
Mrs. Parveen Afzal	- Director
Mrs. Farnaz Saeed	- Director
Mrs. Nafeesa Amin	- Director
Mr. Tahir Subhani	- Independent Director

**AUDIT COMMITTEE:**

Mr. Tahir Subhani	- Chairman
Mrs. Parveen Afzal	- Member
Mrs. Farnaz Saeed	- Member
Mr. Khurram Iftikhar	- Secretary

**HUMAN RESOURCE & REMUNERATION COMMITTEE:**

Mrs. Nafeesa Amin	- Chairman
Mrs. Farnaz Saeed	- Member
Sheikh Pervaiz Afzal	- Member
Mr. Mushtaq Ahmed Shaheen	- Secretary

**CFO / CHIEF ACCOUNTANT:**

Abdul Hafeez Poswal

**COMPANY SECRETARY:**

Mohammad Amin Sheikh

**AUDITORS:**

M/s. Tahir Siddiqi & Co., Chartered Accountants.  
(A member firm of TIAG International)

**LEGAL ADVISOR:**

Mr. Naeem Anjum (Advocate High Court)

**SHARES REGISTRAR:**

Shemas International (Pvt) Limited  
Suite No.31, 2nd Floor, Sadiq plaza, 69-The Mall, Lahore.

**BANKERS:**

Allied Bank Limited.  
Bank Alfalah Limited.

**REGISTERED OFFICE & FACTORY SITE:**

92/3, Phase III, Industrial Estate,  
Gadoon Amazai,  
District Swabi, (K.P.K)  
Tel: (0938) 270260  
Fax: (0938) 270270

**CORPORATE OFFICE:**

Al-Khair House,  
43-T, Gulberg II,  
Lahore.  
Tel: (042) 111-111-043  
Fax: (042) 35716588, 35753719  
Website: [www.alkhairgadoon.com](http://www.alkhairgadoon.com)

# *Vision*

**AKGL'S** Ambition is to become a clear benchmark in foam products, sleeping products & services.

# *Mission*

Offer value to our customers by continuous improving our products and services. Provide ongoing product development and design improvements to meet our customers' needs. Maintain our technical advantage in all aspects of our business while remaining competitive in the market.



### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of Al-Khair Gadoon Limited, will be held on Friday the October 27, 2017 at 9:00 A.M. at the Registered Office of the Company at 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa to transact the following business:-

- 1 To confirm the minutes of the 26th Annual General Meeting held on October 31, 2016.
- 2 To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2017, together with the Directors' and Auditors' Reports thereon.
- 3 To appoint Auditors of the Company and fix their remuneration.
- 4 Authorization for E-voting.

To consider and if deemed fit, to pass the following resolutions as special resolutions for alteration in the Articles of Association of the Company, with or without modification, addition(s) or deletion(s), as recommended by the Board of Directors:

“RESOLVED that pursuant to Section 38 and other applicable provisions, if any, of the Companies Act, 2017 and any other law(s), Articles of Association of the company be and are hereby amended by inserting new Articles 54-A and 54-B immediately after the existing Article 54 to read as under:

54-A. A member may opt for E-Voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposit with the company, at least ten (10) days before holding of the general meeting, at the Company's Corporate office address or through email. The Company will arrange E-voting if the company receives demand for poll from at least five (5) members or by any members having not less than one tenth (1/10) of the voting power.

54-B. An instrument of proxy in relation to E-Voting shall be in the following form:

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of the \_\_\_\_\_ holder of \_\_\_\_\_ share(s) as per register Folio No. /CDC Account No. \_\_\_\_\_ hereby opt for E-Voting through intermediary and hereby consent the appointment of Execution Officer \_\_\_\_\_ as proxy and will exercise E-Voting as per The Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is \_\_\_\_\_, please send login details, password and electronic signature through email.

\_\_\_\_\_  
Signature of Member  
CNIC No. \_\_\_\_\_  
Signed in the presence of;

\_\_\_\_\_  
Signature of Witness    Signature of Witness  
CNIC No. \_\_\_\_\_ CNIC No. \_\_\_\_\_

“FURTHER RESOLVED that the Chief Executive or Director or Company Secretary be and are hereby singly authorized to comply with the legal formalities under the Companies Act, 2017”

Authorization for E-voting.

To consider and if deemed fit, to pass the following resolutions as special resolutions for alteration in the Articles of Association of the Company, with or without modification, addition(s) or deletion(s), as recommended by the Board of Directors:

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54-B. An instrument of proxy in relation to E-Voting shall be in the following form:

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of the \_\_\_\_\_ holder of \_\_\_\_\_ share(s) as per register Folio No. /CDC Account No. \_\_\_\_\_ hereby opt for E-Voting through intermediary and hereby consent the appointment of Execution Officer \_\_\_\_\_ as proxy and will exercise E-Voting as per The Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is \_\_\_\_\_, please send login details, password and electronic signature through email.

\_\_\_\_\_  
Signature of Member

CNIC No. \_\_\_\_\_

Signed in the presence of;

\_\_\_\_\_  
Signature of Witness    Signature of Witness

CNIC No. \_\_\_\_\_ CNIC No. \_\_\_\_\_

“FURTHER RESOLVED that the Chief Executive or Director or Company Secretary be and are hereby singly authorized to comply with the legal formalities under the Companies Act, 2017”

- To transact any other business with the permission of the Chairman.

**BY ORDER OF THE BOARD**

**(MOHAMMAD AMIN SHEIKH)**

Company Secretary

Dated: October 04, 2017

**NOTES:**

- Share Transfer Books of the Company will remain closed from October 20 2017 to October 27, 2017 (both days inclusive). Transfers received in order upto the close of business on October 19, 2017 at the Corporate Office of the Company at Al-Khair House, 43-T, Gulberg II, Lahore will be entitled to voting rights at the Annual General Meeting.



- 2 A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by Attorney or in case of a Corporation by representative. The instrument of proxy duly executed should be lodged at the Corporate Office of the company at Al-Khair House, 43 – T, Gulberg II, Lahore not later than 48 hours before the time of meeting.
- 3 Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation, 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting new Articles 54-A and 54-B to give the members option to be a part of the decision making in the general meeting of the company through electronic means. A member may opt for E-Voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016 as amended from time to time. In the case of E-Voting, both members and non-members can be appointed as proxy. The instruction to appoint Execution Officer and option to E-Vote through intermediary shall be required to be deposited with the Company at least ten (10) days before holding of the general meeting, at the Company's Corporate office address or through email. The Company will arrange E-Voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power. Accordingly, it has been proposed to pass the resolution as a Special Resolution as provided in the notice of meeting for alteration in the Articles of Association of the Company. The Directors are not interested, directly or indirectly, in the above business except to the extent of their shareholding.
- 4 Any individual Beneficial Owner of the Central Depository Company (CDC), entitled to vote at this meeting must bring his / her Computerized National Identity Card (CNIC) or passport (in case of foreigner) along with CDC account number to prove his / her identity and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
- 5 Members are requested to immediately inform the Company's Share Registrar of any change in their mailing address.
- 6 Members are requested to provide by mail, photocopy of their CNIC or passport (in case of foreigner), unless it has been provided earlier, enabling the Company to comply with relevant laws.

## **DIRECTORS' REPORT TO THE MEMBERS**

The Directors of your Company are pleased to present the 27th Annual Report with the audited financial statements of the Company for the year ended June 30, 2017.

For the year 2016 - 2017, the Company's growth improved in terms of sales revenue and profitability as well. The Company achieved sales revenue of PKR 366 million as compared to PKR 351 million of previous year. However, there is a reduction of 1.02% in gross profit margin as compared to last year. The reduction in gross profit is mainly due to increase in prices of raw materials internationally. During the year under review, the net profit before tax was Rs.11.85 million as compared to Rs.10.202 million for the last year thus making a rise of 15.97% from last year's profit. The growth was achieved through concerted measures to expand its customer base and improve the quality of its products along with adoption of cost control measures.

During the year under review, the Company strictly controlled administrative expenses and distribution expenses resulting a decrease of 5.42% and 8.83% respectively. Financial charges are reduced from Rs.2.6 million to Rs.1.9 million thus recording a reduction of 25.97% with a visionary decision of management to concentrate on interest free borrowings.

### **Business Performance & Future Outlook**

The Company expects to benefit from the recent economic measures, reduced rate of inflation and improved security concerns in Pakistan by 2018. However, intense competition from existing players and new entrants remains the greatest challenge to meet in future. To stand out of the competition, the Company will focus on assessing the needs of our consumers and bringing improved operational efficiencies and synergies. The Company anticipates pressure on margins as a result of aggressive marketing strategy and competitive pricing.

However, your Company stays committed to effective product mix management and better trade partnering customers. The Company has been exhibiting strong performance against challenges over the years, be it vulnerability of increased competition, fluctuation in raw material prices or exchange rate. Operational excellence and management skills have positioned the Company for sustainable growth to meet challenges ahead. Being socially responsible, financially viable and operationally smart will remain the key objectives of the Company.

### **Reporting**

The Board has ensured completeness, true and fair presentation and timely issuance of its periodic financial statements in accordance with the requirements of the Companies Ordinance, 1984, the Listing Regulations of Pakistan Stock Exchange and International Financial Reporting Standards.

### **Corporate and Financial Reporting**

The Company is committed to gain highest standards of corporate governance. The Board is pleased to give the following specific statements to comply with the requirements of the Code of Corporate Governance.



- The financial statements prepared by the management of Al-Khair Gadoon Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of Al-Khair Gadoon Limited have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six years in summarized form is annexed to the report.
- No trades in shares of Al-Khair Gadoon Limited were carried out by the Directors, CEO, CFO, Head of Internal Audit & Company secretary and their spouses and minor children except those notified to the regulatory authorities.
- Reasons for significant deviations from last year's operating results have been explained in the relevant section of the Directors' report.
- Information about outstanding taxes, duties, levies and charges is given in the notes to the Financial Statements.
- The Company has no significant plans and decisions regarding corporate restructuring, business expansion and discontinuing of operations.
- Details of number of board and committees' meetings held during the year and attendance by each director has been disclosed below.
- The board has been provided with detailed in-house briefings and information package to acquaint them with the code, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Company for and on behalf of shareholders.

### **Compliance with the Code of Corporate Governance & Transfer Pricing**

The Code of Corporate Governance as formulated by the SECP & ICAP has been complied with and the statement to that effect is annexed. The requirements of transfer pricing as set out in the listing rules of Pakistan Stock Exchange relevant to the year 2017 have also been complied.

### **Staff Retirement Benefits**

The company operates an un-funded gratuity scheme for all employees with qualifying services period of six months.

**Dividend**

No dividend is being recommended by the Board of Directors for the year ended June 30, 2017 because of the reason that the Company had to sustain losses during past years and liquidity problems faced by the Company in the past. The Company is expecting positive performance in future.

**Attendance of Board and Committee Meetings**

During the year eight board meetings, six Audit Committee, and four Human Resource and Remuneration Committee meetings were held. Leave of absence was granted to directors who could not attend some of the meetings. The attendance is as follows:

Sr. No.	Directors / Members of Committees	Number of attendance		
		Board of Directors	Audit Committee	HR & R Committee
1	Mohammad Afzal Sheikh	8	N/A	N/A
2	Mohammad Saeed Sheikh	8	N/A	N/A
3	Mohammad Amin Sheikh	8	N/A	N/A
4	Sheikh Pervaiz Afzal	8	N/A	4
5	Mrs. Parveen Afzal	6	5	N/A
6	Mrs. Farnaz Saeed	6	5	3
7	Mrs. Nafeesa Amin	5	1	4
8	Mr. Tahir Subhani	6	5	N/A
9	Mrs. Hina Ali	2	N/A	1
10	Mushtaq Ahmed Shaheen	N/A	N/A	4
11	Khurram Iftikhar	N/A	6	N/A

**Auditors**

The auditors Messers Tahir Siddiqi & Co. Chartered Accountants (a member firm of TIAG International) are the retiring auditors of the Company and offer their services for re-appointment. They confirmed that they have been given satisfactory rating under the Quality Control Review program of The Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. The audit committee and the Board recommended their re-appointment by the shareholders at the Annual General Meeting of the Company as auditors of the Company for the year ending June 30, 2018.

**Pattern of Shareholding**

The pattern of shareholding of the Company is annexed to the report.

**Appreciation**

The Board would like to articulate their appreciation for the allegiance, hard toil of the workers, staff and members of the management team. Customers and retailers are the key element of our Company and we thank them for their continued co-operation.

**ON BEHALF OF THE BOARD**

**MOHAMMAD AFZAL SHEIKH**

**Chairman**

Lahore: September 22, 2017



## ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے 27 ویں سالانہ اجلاس میں 30 جون 2017 کو ختم ہونے والے سال کے کمپنی کے آڈٹ شدہ حسابات کے ساتھ آپ کو سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی سال 2016-2017 کے لئے کمپنی کی سیل اور آمدنی میں خاطر خواہ بڑھوتری ہوئی۔ آپ کی کمپنی نے 366 ملین روپے کی سیل کا حدف مکمل کیا جو کہ 2015-2016 کی سیل 351 ملین روپے سے زیادہ رہی۔ تاہم، گذشتہ سال کے مقابلے میں مجموعی منافع میں 1.02 فیصد کمی رہی ہے۔ مجموعی منافع میں کمی کی بنیادی وجہ بین الاقوامی طور پر خام مال کی قیمتوں میں اضافہ ہے۔ دوران سال کمپنی کا ٹیکس سے پہلے کا منافع 11.85 ملین روپے رہا ہے۔ جبکہ پچھلے سال یہی منافع 10.202 ملین روپے تھا۔ جو کہ پچھلے سال سے 15.97 فیصد زیادہ ہے۔ کمپنی نے اپنے اخراجات کو کم رکھتے ہوئے بہترین اقدامات کئے ہیں۔ جس کی وجہ کسٹمرز کی بنیاد کا وسیع ہونا اور مصنوعات کا معیار بہتر ہونا ہے۔

دوران سال کمپنی نے انتظامی اور کاروباری اخراجات کو سختی سے کنٹرول کیا جس سے اخراجات میں 8.83 فیصد سے 5.42 فیصد تک کمی واقع ہوئی۔ مالی اخراجات 2.6 ملین روپے سے کم ہو کر 1.9 ملین روپے ہوئے جو کہ پچھلے سال سے 25.97 فیصد کم ہیں۔ اسکی وجہ مالی معاملات میں خصوصی بصیرت اور سود سے پاک قرضوں پر انحصار کرنا ہے۔

## بزنس کارکردگی اور مستقبل کے نقطہ نظر

کمپنی 2017 حالیہ اقتصادی اقدامات، افراط زر کی شرح میں کمی اور بہتر سیکورٹی سے فائدہ کی توقع رکھتی ہے۔ اگرچہ اس بزنس میں موجود کمپنیوں اور نئی آنے والی کمپنیوں سے مستقبل میں شدید مسابقت ایک چیلنج (Challenge) ہوگا۔ مسابقت میں بہتری کے لئے کمپنی اپنے صارفین کی ضروریات کا اندازہ کرنے اور بہتر آپریشنل استعداد کار اور باہمی اشتراک لانے پر توجہ مرکوز کریگی۔ کمپنی جارہانہ مارکیٹنگ کی حکمت عملی اور مسابقتی قیمتوں کے نتیجے میں مارجن پر دباؤ کی توقع رکھتی ہے۔ تاہم کمپنی موثر مصنوعات کے مرکب اور کسٹمرز کے ساتھ بہتر تجارتی روابط کے لیے مصروف عمل ہے۔ کمپنی نے رواں سال چیلنجوں کے خلاف مضبوط کارکردگی کا مظاہرہ کیا ہے، خواہ وہ بڑھتا ہوا مقابلہ ہو، خام مال کی قیمتوں کا اتار چڑھاؤ یا قیمتی ردوبدل ہو۔ آپریشنل اور مینجمنٹ مہارت کی وجہ سے کمپنی نے اپنی سٹھ کو برقرار رکھتے ہوئے چیلنجز کا مقابلہ کیا ہے۔ سماجی ذمہ داری، مالی طور پر قابل عمل اور آپریشنل مہارت کمپنی کے مقاصد میں سرفہرست رہیں گے۔

## رپورٹنگ

بورڈ نے کامل سچ اور مناسبت پر مبنی کمپنیز آرڈیننس 1984، پاکستان اسٹاک ایکسچینج اور بین الاقوامی معیارات کو مد نظر رکھتے ہوئے متواتر مالیاتی حسابات کو یقینی بنایا ہے۔

### کارپوریٹ اور مالیاتی رپورٹنگ

- آپ کی کمپنی کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو حاصل کرنے میں مصروف عمل ہے۔ بورڈ کارپوریٹ گورننس کے درجہ ذیل ضوابط کے تقاضوں کو پورا کرنے میں خوشی محسوس کرتا ہے۔
- 1 الخیر گدون لمیٹیڈ کی طرف سے بنائے گئے مالی حسابات اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
  - 2 الخیر گدون لمیٹیڈ نے باضابطہ طور پر اکاؤنٹس کی کتابوں کو برقرار رکھا ہے۔
  - 3 ان مالیاتی حسابات کی تیاری میں مخصوص اکاؤنٹنگ پالیسیوں کے تسلسل کی پیروی کی گئی ہے اور اکاؤنٹنگ تخمینے معقول اور دانش مندانہ رائے پر مبنی ہیں۔
  - 4 ان مالیاتی حسابات کی تیاری میں فنانشل رپورٹنگ کے بین الاقوامی معیارات، جن کا اطلاق پاکستانی کمپنیوں پر ہوتا ہے، کی پیروی کی گئی ہے۔
  - 5 انٹرنل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کے اطلاق کی موثر طریقے سے نگرانی کی گئی ہے۔
  - 6 بطور ادارہ کمپنی کے کام جاری رکھنے کی صلاحیت میں کوئی شک و شبہ نہیں ہے۔
  - 7 متعین شدہ اصول و ضوابط میں تفصیلاً درج کارپوریٹ گورننس کے رہنما اصولوں سے کوئی انحراف نہیں کیا گیا۔
  - 8 گزشتہ 6 سال کا اہم کاروباری اور مالیاتی ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔
  - 9 کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او، انٹرنل آڈٹ کے ہیڈ، کمپنی سیکرٹری اور ان کے اہل و عیال نے کمپنی کے حصص کی خرید و فروخت میں کوئی حصہ نہیں لیا۔ سوائے اس کے جو ریگولیٹری حکام کو مطلع کیے جا چکے ہیں۔
  - 10 گزشتہ سال کے آپریٹنگ نتائج سے انحراف کے اسباب مالیاتی حسابات کے نوٹس میں دیے گئے ہیں۔
  - 11 ٹیکسوں اور محصولات سے متعلق معلومات مالیاتی حسابات کے نوٹس کا حصہ ہیں۔
  - 12 کمپنی رواں سال میں کارپوریٹ تنظیم نو، کاروبار کی توسیع اور آپریشن کے بند کرنے کا کوئی ارادہ نہیں رکھتی۔
  - 13 بورڈ کو درون خانہ بریفنگ میں تمام معلومات برائے کوڈ، لاگو قوانین، انکی ذمہ داریاں اور فرائض فراہم کر دی گئی ہیں۔ تاکہ وہ حصص یافتگان کی جانب سے کمپنی کے امور کو موثر طور پر منظم کرنے کے قابل ہو سکیں۔

### کوڈ آف کارپوریٹ گورننس اور ٹرانسفر انسٹنگ کا اطلاق:

SECP اور ICAP کی طرف سے تیار کردہ کارپوریٹ گورننس کے کوڈ کا اطلاق منسلکہ مالیاتی حسابات کی تیاری پر کیا گیا ہے اور ٹرانسفر انسٹنگ سے متعلقہ سٹاک ایکسچینج کے انسٹنگ قوانین برائے سال 2017 پر بھی عمل کیا گیا ہے۔



ملازمین کی ریٹائرمنٹ کے فوائد:

کمپنی اپنے ملازمین کی ریٹائرمنٹ کے وقت مالی فوائد کے لیے ایک غیر شرکتی گریجویٹی سکیم کا انتظام کرتی ہے جس میں ملازمین، جن کی مدت ملازمت 06 ماہ سے زیادہ ہے، فائدہ حاصل کر سکتے ہیں۔

تقسیم منافع:

مالیاتی سال 30 جون، 2017 کے لیے بورڈ نے منافع تقسیم نہ کرنے کی سفارش کی ہے جس کی وجہ کمپنی کو درپیش لیکویڈیٹی مسائل اور پچھلے سالوں میں ہونے والے نقصانات ہیں۔ مستقبل میں کمپنی بہتر اور مثبت کارکردگی کی توقع رکھتی ہے۔

حاضری برائے بورڈ اور کمیٹی میٹنگ:

ممبران بورڈ، آڈٹ کمیٹی اور ہیومن ریسورس کمیٹی کے اجلاس اور حاضری کی تفصیلات درج ذیل ہیں۔

نمبر شمار	نام	حاضری	
		بورڈ	آڈٹ کمیٹی
1	محمد افضل شیخ	8	-
2	محمد سعید شیخ	8	-
3	محمد امین شیخ	8	-
4	شیخ پرویز افضل	8	4
5	مسز پروین افضل	6	5
6	مسز فرناز سعید	6	5
7	مسز نفیسہ امین	5	1
8	طاہر سجانی	6	5
9	مسز حنا علی	2	-
10	مشتاق احمد شاہین	-	4
11	خرم افتخار	-	6

### آڈیٹران :

موجودہ آڈیٹرز طاہر صدیقی اینڈ کو، چارٹرڈ اکاؤنٹنٹ ریٹائر ہو رہے ہیں اور انہوں نے دوبارہ تعیناتی کے لیے رضامندی ظاہر کی ہے۔ یہ یقین دہانی کرائی ہے کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹ (ICAP) کی طرف سے انہیں تسلی بخش درجہ بندی عطا کی گئی ہے اور کوڈ آف ایٹھکس آف انٹرنیشنل فیڈریشن آف اکاؤنٹنٹ (IFAC) جو کہ ICAP نے اختیار کئے ہیں سے بھی مطابقت کی تصدیق کی ہے۔

آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے آڈیٹرز کی دوبارہ تعیناتی کے سلسلے میں باہمی رضامندی سے طے ہونے والے مشاہدے پر تعیناتی کی برائے مالی سال 2017-18 سفارش کی ہے۔

### شیئر ہولڈنگ کی ترتیب :

کمپنی کے شیئر ہولڈنگ کی ترتیب اور اضافی معلومات کی نشاندہی کرنے والی ایک اسٹیٹمنٹ رپورٹ ساتھ منسلک ہے۔

### اظہار تشکر :

بورڈ انتظامی ٹیم کے کارکنوں، عملے اور ارکان کی سخت محنت کے لیے انکی تعریف کرتا ہے۔ صارفین اور خوردہ فروش ہماری کمپنی کے اہم عناصر ہیں اور ہم ان کے مسلسل تعاون پر ان کا شکریہ ادا کرتے ہیں۔

محمد افضل شیخ  
چیئر مین

لاہور : 22 ستمبر، 2017



**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

Name of the Company: Al-Khair Gadoon Limited

Year Ending: June 30, 2017

This statement is being presented to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited, Chapter 5.19 of the Code of Corporate Governance where the Company is listed for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

- 1 The Company encourages representation of independent director, non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes:

<b>Category</b>	<b>Names</b>
Independent Director	i. Mr. Tahir Subhani
Non-Executive Directors	i. Mohammad Afzal Sheikh
	ii. Mohammad Amin Sheikh
	iii. Mrs. Parveen Afzal
	iv. Mrs. Farnaz Saeed
	v. Mrs. Nafeesa Amin
Executive Directors	i. Mohammad Saeed Sheikh
	ii. Sheikh Pervaiz Afzal

- 2 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies, where applicable).
- 3 All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4 A casual vacancy occurred on the Board of Directors during the year was filled up promptly.
- 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 CEO, other Executive and Non-Executive Directors, have been taken by the Board.
- 8 The meetings of the Board were presided over by the Chairman 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 circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9 The board has been provided with detailed in-house briefings and information package to acquaint them with the CCG, applicable laws, their duties and responsibilities to enable them to effectively manage the



affairs of the Company for and on behalf of shareholders.

- 10 No new appointment of CFO, Company Secretary or Head of Internal Audit has been made during the year. However, any changes to the remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit have been determined by the CEO with the approval of the Board of Directors.
- 11 The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 12 The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 13 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.
- 14 The Company has complied with all the corporate and financial reporting requirements of the CCG.
- 15 The board has formed an audit committee. It comprises of four members, three of whom are Non-Executive Directors including Chairman of the Committee.
- 16 The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed by the Board and advised to the committee for compliance.
- 17 The board has formed an HR and Remuneration Committee. It comprises of four members of whom two are Non-Executive Directors including the Chairman of the Committee.
- 18 The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
- 19 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that neither the firm nor any of the partners of the firm, their spouses and minor children 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 ICAP.
- 20 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21 The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and the stock exchange.
- 22 Material /price sensitive information has been disseminated among all market participants at once through stock exchange.
- 23 We confirm that all other material principles contained in the Code of Corporate Governance have been complied with.

**ON BEHALF OF THE BOARD**

**MOHAMMAD AFZAL SHEIKH**  
Chairman

Lahore: September 22, 2017



**REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH  
THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Al-Khair Gadoon Limited (the Company) for the year ended June 30, 2017 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange 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 and to highlight any non compliance with the requirements of the Code of Corporate Governance. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2017.

**Tahir Siddiqi & Co.**

Chartered Accountants

(A member firm of TIAG Int'l)

Engagement Partner: Mohammad Tahir Siddiqi, FCA

Lahore: September 22, 2017



**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of AL-KHAIR GADOON LIMITED ("the Company") as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a. in our opinion, proper books of 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 purposes of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and the 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, 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d. in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**Tahir Siddiqi & Co.**

Chartered Accountants

(A member firm of TIAG Int'l)

Engagement Partner: Mohammad Tahir Siddiqi, FCA

Lahore: September 22, 2017





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

	Note	2017 Rs.	2016 Rs.
Sales - net	15	366,692,651	351,321,479
Cost of sales	16	(320,662,620)	(303,649,387)
<b>Gross profit</b>		<b>46,030,031</b>	<b>47,672,092</b>
Administrative expenses	17	(19,551,401)	(20,672,586)
Distribution expenses	18	(12,755,334)	(13,991,087)
		<b>(32,306,735)</b>	<b>(34,663,673)</b>
<b>Operating profit</b>		<b>13,723,296</b>	<b>13,008,419</b>
Finance cost	19	(1,916,553)	(2,589,060)
Other operating expenses	20	(968,923)	(829,923)
Other operating income	21	1,015,024	613,517
		<b>(1,870,452)</b>	<b>(2,805,466)</b>
<b>Profit before taxation</b>		<b>11,852,844</b>	<b>10,202,953</b>
Provision for Taxation	22	(3,751,276)	(2,482,099)
<b>Profit for the year</b>		<b>8,101,568</b>	<b>7,720,854</b>
Earnings per share - before tax (basic and diluted - Rupees)	23	<b>1.19</b>	1.02
Earnings per share - after tax (basic and diluted - Rupees)	23	<b>0.81</b>	0.77

The annexed notes 1 to 30 form an integral part of these financial statements.

Lahore: September 22, 2017

MOHAMMAD AFZAL SHEIKH  
CHAIRMAN

MOHAMMAD SAEED SHEIKH  
CHIEF EXECUTIVE



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

	2017	2016
	Rs.	Rs.
Profit for the year	8,101,568	7,720,854
<b>Other comprehensive income for the year:</b>		
<i>Items that will not be re-classified to profit or loss</i>		
Re-measurement of retirement benefits	(554,383)	(523,435)
<b>Total comprehensive income for the year</b>	<b>7,547,185</b>	<b>7,197,419</b>

The annexed notes 1 to 30 form an integral part of these financial statements.

Lahore: September 22, 2017

**MOHAMMAD AFZAL SHEIKH**  
CHAIRMAN

**MOHAMMAD SAEED SHEIKH**  
CHIEF EXECUTIVE

### CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rs.	2016 Rs.
<b>Cash flows from operating activities</b>			
Profit before taxation		11,852,844	10,202,953
Adjustments for non cash items:			
Depreciation on property, plant and equipment	4.2	9,241,881	8,724,968
Finance cost		1,916,553	2,589,060
Gain on sale of property, plant and equipment	4.4	(1,015,024)	(233,415)
Provision for Gratuity		1,700,978	1,717,972
Provision for doubtful debt		(96,735)	78,716
Gain on Disposal of Investment in Associated Company		-	(600,806)
Loss of fixed assets due to fire - net of insurance claim		-	420,704
Provision for Workers' profit participation fund		641,088	551,644
Provision for Workers' welfare fund		327,835	278,279
		<u>12,716,576</u>	<u>13,527,121</u>
<b>Operating profit before working capital changes</b>		<b>24,569,420</b>	<b>23,730,074</b>
<b>(Increase)/decrease in current assets</b>			
Stores and spares		(213,246)	112,197
Stock-in-trade		26,686,595	12,003,347
Trade debts		1,934,702	(1,574,334)
Advances, deposits and prepayments		10,741,064	(22,422,466)
		<u>39,149,115</u>	<u>(11,881,256)</u>
<b>Increase/(decrease) in current liabilities</b>			
Trade and other payables		(33,414,268)	(20,809,183)
<b>Cash generated from / (used in) operations</b>		<b>30,304,267</b>	<b>(8,960,365)</b>
<b>Finance cost paid</b>			
WPPF paid		(1,956,948)	(3,341,908)
Taxes (paid) / Refund		(551,644)	-
Gratuity paid		(2,073,195)	50,425,823
		<u>(64,384)</u>	<u>(549,666)</u>
		<u>(4,646,171)</u>	<u>46,534,249</u>
<b>Net cash generated from operating activities</b>		<b>25,658,096</b>	<b>37,573,884</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(9,472,593)	(10,524,416)
Capital work in progress		-	341,050
Proceeds from sale of property, plant and equipment		1,420,000	275,000
Proceeds from Insurance Company against loss due to fire		-	3,690,763
Proceeds from disposal of Associated Company		-	13,870,375
<b>Net cash (used in) / generated from investing activities</b>		<b>(8,052,593)</b>	<b>7,652,772</b>
<b>Cash flows from financing activities</b>			
Short term borrowings		(17,669,366)	(43,740,413)
<b>Net cash used in financing activities</b>		<b>(17,669,366)</b>	<b>(43,740,413)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(63,863)</b>	<b>1,486,243</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>2,953,241</b>	<b>1,466,998</b>
<b>Cash and cash equivalents at the end of year</b>	9	<b>2,889,379</b>	<b>2,953,241</b>

The annexed notes 1 to 30 form an integral part of these financial statements.





### NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

#### 1 LEGAL STATUS AND NATURE OF BUSINESS

The Company was incorporated as a Private Limited Company on August 27, 1990 and converted into Public Limited Company on August 31, 1995 and is enlisted on Pakistan Stock Exchange. It is principally engaged in manufacturing of foam and allied products. The registered office of the Company is situated at 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa – Pakistan.

#### 2 BASIS OF PREPARATION

##### 2.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for those as stated in the respective policies and notes given here under.

##### 2.2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) 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.

##### 2.3 Standard and amendments to approved accounting standards which became effective during the year ended June 30, 2017

There were standard and amendments to the approved accounting standards which became effective during the year ended June 30, 2017 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

##### 2.4 Amendments to approved accounting standards that are effective for the Company's accounting periods beginning after July 1, 2017:

There are certain new standards and amendments to the approved accounting standards which will be effective for the Company for annual periods beginning on or after July 1, 2017 but are considered not to be relevant or are expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

In addition to this, changes have been made in respect of the disclosure and presentation of the financial statements through promulgation of The Companies Act, 2017 (the Act) with effect from the May 30, 2017. However, the applicability of the Act in relation to the preparation of the financial statements has been deferred by the Securities and Exchange Commission of Pakistan through its Circular 17 dated July 20, 2017 for companies having financial closure on or before June 30, 2017.

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.



### **3.1 Property, Plant and Equipment**

#### *Owned*

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except the leasehold land which is stated at cost and is not amortized for the reason that it is a lease of 99 years.

Depreciation on all property, plant and equipment is charged to Profit and Loss Account on the reducing balance method over its estimated useful life at annual rates mentioned in note 4 after taking into account their residual values. Depreciation on additions is charged from the month in which asset is put to use and, on disposal, before the month of disposal. Residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and repairs are charged to Profit & Loss Account as and when incurred. Major renewals and improvements are capitalized.

The carrying value of fixed assets is reviewed for impairment, when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exist and where carrying value exceeds the estimated recoverable amount, the assets are written down to the recoverable amount.

An item of property, plant & equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) included in the Profit & Loss Account in the year the asset is derecognized.

#### *Leased*

Leases wherein the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment.

Minimum lease payments made under finance leases are apportioned between the finance cost and principal liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any, are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to Profit & Loss Account over the lease term.

Assets acquired under a finance lease are depreciated on systematic basis over the estimated useful life of the assets on reducing balance method at the rates mentioned in note 4. Depreciation of leased assets is charged to Profit & Loss Account.

Residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

**3.2 Capital Work in Progress**

Capital work in progress is stated at cost less any identified impairment loss.

**3.3 Stock - in - Trade**

Stock of raw materials, work in process and finished goods are valued at lower of cost and net realizable value. The cost is determined as follows:-

Raw Materials	- weighted average cost
Work in Process & Finished Goods	- manufacturing and conversion cost

Stock in transit is valued at cost comprising invoice value and other charges incurred thereon as accumulated to the balance sheet date.

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

**3.4 Stores, Spares & Loose Tools**

These are valued at lower of cost and estimated net realizable value. The cost is determined on weighted average cost basis. Items in transit are valued at cost comprising invoice value and other charges thereon accumulated at the balance sheet date.

**3.5 Taxation**

**Current**

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalised during the year.

**Deferred**

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of tax. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent to which it is probable that taxable profits will be available against which the deductible temporary difference, unused tax loss, and tax credits can be utilized. Deferred tax is charged or credited to profit & loss account.

Deferred tax assets and liabilities are measured at the tax rates 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 substantially enacted at the balance sheet date.

**3.6 Trade Debts**

Debtors originated by the company are recognized and carried at the original invoice amount less an allowance for any uncollectible. A provision for doubtful debt is established based on the review of all outstanding amounts at the year end. Bad debts are written off with the approval of Board of Directors, when identified.



### **3.7 Cash and Cash Equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and running finance under mark-up arrangements which form an integral part of the Company's cash management.

### **3.8 Creditors, Accrued and Other Liabilities**

Creditors, Accrued and other Liabilities for trade and other amounts payable are carried at the cost which is the fair value of the consideration to be paid in future for the goods and services received.

### **3.9 Mark-up Bearing Borrowings**

Mark-up bearing borrowings are recognized initially at amortized cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost less subsequent repayments. The company accounts for lease obligations by recording the asset and corresponding liability there against determined on the basis of discounted value of minimum lease payments. Financial Charges are recognized in the profit & loss account using the effective mark-up rate method.

### **3.10 Borrowing Costs**

Mark-up, interest and other direct charges on borrowings are capitalized to the related qualifying asset till substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. All other mark-up, interest and related charges are charged to the profit & loss account in the year in which they are incurred.

### **3.11 Provisions**

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

### **3.12 Foreign Currency Transactions**

Transactions in foreign currencies are accounted for in Pakistan rupees at monthly average rates. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date. Exchange gains or losses are charged to Profit & Loss Account.

### **3.13 Financial Instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are considered in individual policy statement associated with each item.

### **3.14 Offsetting of Financial Assets and Liabilities**

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

### **3.15 Impairments**

The carrying amount of Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized.

### **3.16 Related Party Transactions**

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

### **3.17 Staff Retirement Benefits**

The Company operates a defined benefit plan i.e. gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Contributions are made to the fund on the basis of actuarial recommendations. Actuarial valuation is carried out using the projected unit credit method. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

### **3.18 Dividend and Appropriations**

Dividend is recognized as liability in the period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which appropriations are approved.

### **3.19 Revenue Recognition**

- Revenue from sale is recognized on dispatch of goods to the customers.
- Income from property is recognized when the rental becomes due.
- Income from Banks is recognized when earned.

### **3.20 Critical Accounting Estimates and Judgments**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimate. It also requires 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 historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

- (a) Assumptions and estimates used in calculating the provision for impairment for trade debts (note-7);
- (b) Assumptions and estimates used in the recognition of deferred taxation (note-5);
- (c) Assumptions and estimates used in accounting for defined benefit plan (note-11); and
- (d) Assumptions and estimates used in disclosure and assessment of provision for contingencies (note-14).



### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees)	
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating Fixed Assets	4.1	<b>79,207,584</b>	79,381,848
Capital Work in Progress	4.3	-	-
		<b>79,207,584</b>	<b>79,381,848</b>

#### 4.1 Operating Fixed Assets

	Land Lease Hold	Building		Plant & Machinery	Tools & Equipment's	Office Equipment	Furniture & Fixture	Computer	Vehicle	Total Amount in Rupees
		Lease Hold	Free Hold							
<b>As at July 1, 2015</b>										
Cost	1,459,819	13,988,251	61,669,273	35,988,885	2,640,411	4,400,760	2,513,502	1,156,180	43,382,320	167,199,401
Accumulated Depreciation	-	6,267,567	29,189,033	21,753,969	1,236,206	2,339,154	1,603,331	646,637	22,428,053	85,463,950
<b>Net Book Value</b>	<b>1,459,819</b>	<b>7,720,684</b>	<b>32,480,240</b>	<b>14,234,916</b>	<b>1,404,205</b>	<b>2,061,606</b>	<b>910,171</b>	<b>509,543</b>	<b>20,954,267</b>	<b>81,735,451</b>
<b>Year ended June 30, 2016</b>										
Opening Net Book Value	1,459,819	7,720,684	32,480,240	14,234,916	1,404,205	2,061,606	910,171	509,543	20,954,267	81,735,451
Addition (Cost)	-	422,153	-	2,598,892	17,550	100,850	38,200	89,700	7,257,071	10,524,416
Transfer	-	-	-	-	-	-	-	-	-	-
	1,459,819	8,142,837	32,480,240	16,833,808	1,421,755	2,162,456	948,371	599,243	28,211,338	92,259,867
<b>Disposal (NBV)</b>										
Cost	-	-	3,700,320	-	-	763,558	1,292,175	117,470	429,000	6,302,523
Accumulated Depreciation	-	-	(1,110,096)	-	-	(229,067)	(387,653)	(35,241)	(387,415)	(2,149,472)
	-	-	2,590,224	-	-	534,491	904,522	82,229	41,585	4,153,051
Depreciation Charge	-	796,694	1,494,501	1,495,102	141,444	155,506	3,267	48,111	4,590,343	8,724,968
<b>Closing Net Book Value</b>	<b>1,459,819</b>	<b>7,346,143</b>	<b>28,395,515</b>	<b>15,338,706</b>	<b>1,280,311</b>	<b>1,472,459</b>	<b>40,582</b>	<b>468,903</b>	<b>23,579,410</b>	<b>79,381,848</b>
<b>As at July 1, 2016</b>										
Cost	1,459,819	14,410,404	57,968,953	38,587,777	2,657,961	3,738,052	1,259,527	1,128,410	50,210,391	171,421,294
Accumulated Depreciation	-	7,064,261	29,573,438	23,249,071	1,377,650	2,265,593	1,218,945	659,507	26,630,981	92,039,446
<b>Net Book Value</b>	<b>1,459,819</b>	<b>7,346,143</b>	<b>28,395,515</b>	<b>15,338,706</b>	<b>1,280,311</b>	<b>1,472,459</b>	<b>40,582</b>	<b>468,903</b>	<b>23,579,410</b>	<b>79,381,848</b>
<b>Year ended June 30, 2017</b>										
Opening Net Book Value	1,459,819	7,346,143	28,395,515	15,338,706	1,280,311	1,472,459	40,582	468,903	23,579,410	79,381,848
Addition (Cost)	-	-	-	92,520	-	134,650	8,400	17,500	9,219,523	9,472,593
Transfer	-	-	-	-	-	-	-	-	-	-
	1,459,819	7,346,143	28,395,515	15,431,226	1,280,311	1,607,109	48,982	486,403	32,798,933	88,854,441
<b>Disposal (NBV)</b>										
Cost	-	-	-	-	-	-	-	-	2,050,000	2,050,000
Accumulated Depreciation	-	-	-	-	-	-	-	-	(1,645,024)	(1,645,024)
	-	-	-	-	-	-	-	-	404,976	404,976
Depreciation Charge	-	734,614	1,419,776	1,541,581	128,031	153,867	4,408	47,765	5,211,839	9,241,881
<b>Closing Net Book Value as at June 30, 2017</b>	<b>1,459,819</b>	<b>6,611,529</b>	<b>26,975,739</b>	<b>13,889,645</b>	<b>1,152,280</b>	<b>1,453,242</b>	<b>44,574</b>	<b>438,638</b>	<b>27,182,118</b>	<b>79,207,584</b>
Annual Rate of Depreciation	-	10%	5%	10%	10%	10%	10%	10%	20%	

#### 4.2 Depreciation is allocated as under:

Cost of Goods Sold	16	<b>2,404,226</b>	2,433,240
Administrative Expenses	17	<b>1,625,816</b>	1,701,385
Distribution Expenses	18	<b>5,211,839</b>	4,590,343
		<b>9,241,881</b>	<b>8,724,968</b>

	2017	2016
	(Rupees)	
<b>4.3 Capital Work in Progress</b>		
Building	-	-
Machinery	-	-
	<u>-</u>	<u>-</u>

#### 4.4 Disposal of Assets

Sr. No.	Particulars	Cost	Acc. Dep.	W.D.V	Sale Proceed	Profit / (loss)	Sold to	Mode of Disposal
1	Motor Vehicle	1,250,000	1,068,028	181,972	870,000	688,028	Mrs. Rehana Omer	Negotiation
2	Motor Vehicle	800,000	576,996	223,004	550,000	326,996	Mr. Khurram Ifikhar	Negotiation
<b>June 30, 2017</b>		<b>2,050,000</b>	<b>1,645,024</b>	<b>404,976</b>	<b>1,420,000</b>	<b>1,015,024</b>		
June 30, 2016		6,302,523	2,149,472	4,153,051	275,000	(3,878,051)		

### 5 DEFERRED TAXATION

#### Deferred Tax Assets

Trade debts	204,247	241,043
Deferred liability - Employee benefits	3,707,470	3,151,849
Unutilized Tax Credits	17,871,826	13,868,907

#### Deferred Tax Liabilities

Accelerated Tax Depreciation	(10,409,919)	(11,446,715)
	<u>11,373,624</u>	<u>5,815,084</u>

### 6 STOCK IN TRADE

Raw and Packing Material	76,325,470	92,959,555
Work-in-Process	42,517,851	44,236,524
Finished Goods	39,658,741	47,992,578
	<u>158,502,062</u>	<u>185,188,657</u>

### 7 TRADE DEBTS

Considered Good - unsecured	13,616,445	15,551,147
Provision for Doubtful Debts	(680,822)	(777,557)
	<u>12,935,623</u>	<u>14,773,590</u>

### 8 ADVANCES, DEPOSITS & PREPAYMENTS

Advances to Employees	2,619,312	3,900,137
Advance Taxes	137,887,159	153,631,334
Letter of Credit	48,669	13,213,249
Prepayments	1,204,341	-
Other receivables	10,470,375	7,970,375
	<u>152,229,856</u>	<u>178,715,095</u>

### 9 CASH AND BANK BALANCES

Cash in Hand	868,816	429,674
Cash at Bank - in current accounts	2,020,562	2,523,567
	<u>2,889,378</u>	<u>2,953,241</u>



10 SHARE CAPITAL	Note	2017	2016
		(Rupees)	
<b>AUTHORISED</b>			
12,000,000 (2016: 12,000,000) Ordinary shares of Rs. 10 each		<u>120,000,000</u>	<u>120,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
7,000,000 Ordinary shares of Rs.10 each fully paid in cash		<u>70,000,000</u>	70,000,000
3,000,000 Ordinary shares of Rs.10 each issued as bonus shares		<u>30,000,000</u>	30,000,000
		<u>100,000,000</u>	<u>100,000,000</u>
<b>11 DEFERRED LIABILITIES</b>			
Gratuity	11.1	<u>12,358,233</u>	<u>10,167,256</u>
<p><b>11.1</b> The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial techniques of Projected Unit Credit Method.</p>			
<b>11.1.1 Movement in Net liability recognized</b>			
Net Liability at the beginning of the year		10,167,256	8,475,515
Re-Measurements chargeable in Other Comprehensive income		554,383	523,435
Charge for the year		1,700,978	1,717,972
Benefits paid during the year		(64,384)	(549,666)
		<u>12,358,233</u>	<u>10,167,256</u>
<b>11.1.2 Movement in Present value of defined benefit plan</b>			
Present value of defined benefit obligation		10,167,256	8,475,515
Current service cost		966,186	918,406
Interest costs		734,792	799,566
Benefits Paid		(64,384)	(549,666)
Re-Measurements		554,383	523,435
		<u>12,358,233</u>	<u>10,167,256</u>
<b>11.1.3 Expense recognized in Profit &amp; loss account</b>			
Current service cost		966,186	918,406
Interest costs		734,792	799,566
		<u>1,700,978</u>	<u>1,717,972</u>
<b>11.1.4 Principal actuarial assumptions</b>			
Discount rate used for Interest cost in P&L charge		7.25%	9.75%
Discount rate used for year-end obligation		7.75%	7.25%
Expected rate of increase in salaries per annum		6.75%	6.25%
Average expected remaining life time of employees		9 years	9 years

Expected charge to Profit & Loss Account for the year ended June 30, 2018 amounts to Rs.1,941,872 in respect of Gratuity.

		2017	2016
		(Rupees)	
<b>12 TRADE AND OTHER PAYABLES</b>			
Trade creditors and other payables		119,119,042	155,281,752
Advances from Customers		7,389,115	5,526,293
Taxes Payable		204,215	94,458
Mark up Payable		-	40,395
Accrued Expenses		3,405,586	2,629,723
Others		1,247,202	829,923
		<u>131,365,160</u>	<u>164,402,544</u>
<b>13 SHORT TERM BORROWINGS</b>			
Banking Companies - Secured			
BAFL – Finance against Imported Material	13.1	-	17,669,366
Loan from Directors – Unsecured	13.2	50,105,342	50,105,342
		<u>50,105,342</u>	<u>67,774,708</u>
13.1	<p>The Company has obtained the facility of Finance against imported material from Bank Al-Falah Limited amounting to Rs150 million (2016: 150 million). The facility attracts mark-up at flexible rate linked with 3 months KIBOR plus 200 (2016: 200) basis points per annum. The facility is secured against lien over imported documents, pledge of imported material and personal guarantees of Directors of the Company. The Company has also been provided the facility for sight letter of credit (SLC) of Rs. 150 million (2016: Rs.150 million) to retire import documents under SLCs. The Company has provided the securities to the bank at nil cash margin and lien on import documents.</p>		
13.2	<p>This represents the Interest free loan from directors received during the year ended 2015. It is unsecured and interest free loan which is repayable on Demand.</p>		
<b>14 CONTINGENCIES &amp; COMMITMENTS</b>			
14.1	<b>Contingencies</b>		
	<p>The commercial banks have issued guarantees on behalf of the Company amounted to Rs.1.131 million. (2016 : Nil)</p>		
14.2	<b>Commitments</b>		
	<p>Commitments in respect of L/Cs at the terminal date were Rs.28.412 million (2016: 24.53 million).</p>		
<b>15 SALES</b>			
Local sales		429,565,706	417,200,430
Less: Sales tax		62,873,055	65,878,951
		<u>366,692,651</u>	<u>351,321,479</u>



	Note	2017 (Rupees)	2016
<b>16 COST OF GOODS SOLD</b>			
Opening stock of raw material		94,571,719	100,039,778
Purchases		277,640,292	274,787,398
Closing stock of raw material		(78,150,880)	(94,571,719)
Raw material and Store & Spares consumed		<u>294,061,131</u>	<u>280,255,457</u>
Salaries, wages and other benefits	16.1	12,035,605	11,427,605
Power & Fuel and Lubricants		1,380,602	1,393,398
Repair & Maintenance		217,230	996,333
Depreciation	4.2	2,404,226	2,433,240
Insurance		511,316	495,869
		<u>310,610,110</u>	<u>297,001,902</u>
Opening stock of work in process		44,236,524	51,524,170
Closing stock of work in process		(42,517,851)	(44,236,524)
Cost of goods manufactured		<u>312,328,783</u>	<u>304,289,548</u>
Opening stock of finished goods		47,992,578	47,352,417
Closing stock of finished goods		(39,658,741)	(47,992,578)
Cost of Goods Sold		<u><u>320,662,620</u></u>	<u><u>303,649,387</u></u>

16.1 Salaries and other benefits include Rs.728,990 (2016: Rs.775,858) in respect of defined benefit plan under non-funded gratuity scheme.

### 17 ADMINISTRATIVE EXPENSES

Directors' Remuneration		4,853,523	4,366,531
Salaries & benefits	17.1	5,638,014	6,183,436
Travelling & Conveyance		532,417	562,968
Postage, telephone & telefaxes		865,520	793,686
Rent, rates & taxes		24,000	331,200
Vehicle running & maintenance		421,418	779,900
Legal & professional charges		105,940	154,250
Auditors' remuneration	17.2	500,000	500,000
Printing & stationery		131,288	146,417
Staff Welfare		352,417	450,416
Entertainment		154,780	216,450
Utility Charges		2,617,996	2,771,272
Fee & subscription		46,521	31,234
Depreciation	4.2	1,625,816	1,701,385
Medical Expenses		26,524	33,231
Internet Charges		132,326	112,540
Newspaper & periodicals		-	19,547
Provision for bad debts		(96,735)	78,716
Repair and Maintenance		256,984	392,415
Insurance		829,853	896,661
Advertisements		389,940	14,000
Property Tax		142,859	136,331
		<u><u>19,551,401</u></u>	<u><u>20,672,586</u></u>

17.1 Salaries and other benefits include Rs.546,743 (2016: Rs.498,766) in respect of defined benefit plan under non-funded gratuity scheme.

	Note	2017 (Rupees)	2016
<b>17.2 Auditors' remuneration</b>			
Audit fee		475,000	475,000
Out of pocket expenses		25,000	25,000
		<u>500,000</u>	<u>500,000</u>
<b>18 DISTRIBUTION EXPENSES</b>			
Salaries & wages	18.1	5,687,410	5,325,418
Staff welfare		326,540	433,020
Entertainment		255,879	346,414
Printing and stationery		85,874	132,541
Telephone and postage		203,241	265,870
Travelling and conveyance		450,114	872,627
Vehicle repair and maintenance		365,974	963,541
Newspaper and periodicals		63,597	81,265
Utility charges		104,866	980,048
Depreciation	4.2	5,211,839	4,590,343
		<u>12,755,334</u>	<u>13,991,087</u>
18.1 Salaries and other benefits include Rs.425,245 (2016: Rs.443,348) in respect of defined benefit plan under non-funded gratuity scheme.			
<b>19 FINANCE COST</b>			
Mark up on short term financing		1,546,346	2,140,856
Bank & muccadam charges		370,207	448,204
		<u>1,916,553</u>	<u>2,589,060</u>
<b>20 OTHER OPERATING EXPENSES</b>			
Workers' Profit Participation Fund - WPPF		641,088	551,644
Workers' Welfare Fund - WWF		327,835	278,279
		<u>968,923</u>	<u>829,923</u>
<b>21 OTHER OPERATING INCOME</b>			
Loss of fixed assets due to fire		-	(4,111,467)
Insurance claim received against loss due to fire		-	3,690,763
Gain on sale of fixed assets		1,015,024	233,415
Insurance claim - Others		-	200,000
Gain on Disposal of Investment in Associated Company		-	600,806
		<u>1,015,024</u>	<u>613,517</u>
<b>22 PROVISION FOR TAXATION</b>			
Current Taxation			
- For the year		5,081,441	4,452,462
- For prior year		4,228,375	-
		9,309,816	4,452,462
Deferred Taxation		(5,558,540)	(1,970,363)
		<u>3,751,276</u>	<u>2,482,099</u>



		2017	2016
		(Rupees)	
<b>23 EARNINGS PER SHARE - basic and diluted</b>			
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Profit for the year before taxation	(Rupees)	<b>11,852,844</b>	10,202,953
Profit for the year after taxation	(Rupees)	<b>8,101,568</b>	7,720,854
Number of Shares	(Shares)	<b>10,000,000</b>	10,000,000
Earnings per share before taxation	(Rupees)	<b>1.19</b>	1.02
Earnings per share after taxation	(Rupees)	<b>0.81</b>	0.77

**24 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE REMUNERATION**

	Chief Executive		Directors		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees		Rupees		Rupees		Rupees	
Managerial Remuneration	2,265,120	2,006,256	2,265,120	2,006,256	8,820,119	7,424,714	13,350,359	11,437,226
Utilities	323,283	273,105	-	80,914	-	-	323,283	354,019
<b>Total</b>	<b>2,588,403</b>	<b>2,279,361</b>	<b>2,265,120</b>	<b>2,087,170</b>	<b>8,820,119</b>	<b>7,424,714</b>	<b>13,673,642</b>	<b>11,791,245</b>

In addition to above, the Chief Executive and Director are provided with free use of Company maintained cars for Company's as well as for their personal use. Whereas, no remuneration is paid to any other Director of the Company.

**25 FINANCIAL RISK MANAGEMENT**
**25.1 Credit Risk**

The Company's Credit risk exposures are categorized under the following heads:-

**Exposure to Credit Risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:-

Trade Debtors	<b>13,616,445</b>	15,551,147
Advances to staff	<b>2,619,312</b>	3,900,137
Other Receivables	<b>10,470,375</b>	7,970,375
Cash at Bank	<b>2,020,562</b>	2,523,567
	<b>28,726,694</b>	29,945,226

The trade debts as at the balance sheet date are all domestic debts. The aging of trade receivables at the reporting dates is as under:-

Past due 0-30 days	<b>7,278,794</b>	8,134,373
Past due 31-120 days	<b>3,048,411</b>	4,127,760
Past due 121-365 days	<b>2,541,265</b>	2,756,139
More than one year	<b>747,976</b>	532,875
	<b>13,616,446</b>	15,551,147

Based on the historic records, the company believes that no impairment allowance in respect of loans and receivables is required except for the provisions provided for impairment amounting to Rs.680,822/- (2016: Rs.777,557/-).

**25.2 Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the company's reputation. Following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

2017	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Trade and other payables	122,728,843	122,728,843	69,949,742	52,779,101	-	-
Unclaimed dividend	1,844,946	1,844,946	1,844,946	-	-	-
Financial charges payable	-	-	-	-	-	-
Short term borrowings	50,105,342	50,105,342	-	25,105,342	25,000,000	-
<b>Total</b>	<b>174,679,131</b>	<b>174,679,131</b>	<b>71,794,688</b>	<b>77,884,443</b>	<b>25,000,000</b>	<b>-</b>

2016	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Trade and other payables	158,005,933	158,005,933	108,420,456	49,585,477	-	-
Unclaimed dividend	1,844,946	1,844,946	1,844,946	-	-	-
Financial charges payable	40,395	40,395	40,395	-	-	-
Short term borrowings	67,774,708	67,774,708	67,774,708	-	-	-
<b>Total</b>	<b>227,665,982</b>	<b>227,665,982</b>	<b>178,080,505</b>	<b>49,585,477</b>	<b>-</b>	<b>-</b>

**25.3 Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate, foreign currency, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

**25.3.1 Interest Rate Risk**

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were:-

Particulars	2017	2016	2017	2016
	Effective rate in %		Carrying amount (Rs.)	
Financial Liabilities				
Variable Rate instruments:-				
Short Term Borrowings	8.25 to 10.85	11.50 to 12.85	50,105,342	67,774,708

**Fair value of sensitivity analysis for fixed rate instruments**

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rate at the reporting date would not affect profit and loss account.

**Cash flow sensitivity analysis for various rate instruments**

A change of 100 basis points in interest rate at the reporting date would have increased/ (decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in a particular foreign currency rate (if any), remains constant. The analysis is performed on the same basis as for the previous year:-



	Increase Profit	(Decrease) Profit
As at June 30, 2017	<b>501,053</b>	(501,053)
As at June 30, 2016	<b>677,747</b>	(677,747)

The sensitivity analysis prepared is not necessarily indicative of the effect on Profit for the year and assets / liabilities of the company.

### 25.3.2 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

### 25.3.3 Currency Risk

The company is exposed to currency risk on import of raw materials mainly dominated in US dollars. The Company's exposure to foreign currency risk for US Dollars is as follows:-

	2017	2016
	(Rupees)	
Outstanding Letter of Credits (Rs.)	<b>28,412,470</b>	24,531,926
Average Rate	<b>104.65</b>	104.49
Reporting date rate	<b>104.80</b>	104.70

### 25.3.4 Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, post-tax Profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of outstanding letter of credits.

The effect on Profit and loss Account is (Rs.)	<b>2,841,247</b>	2,453,193
--	------------------	-----------

The weakening of PKR against foreign currencies would have an equal but opposite impact on the post tax profit. The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) /profit for the year and assets/liabilities of the Company.

### 25.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### 25.5 Capital Risk Management

The Company's prime objective when managing capital is to safeguard its ability to continue as going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital employed. Total capital employed is calculated as equity as shown in the balance sheet plus debt.

Total Debt	<b>75,105,342</b>	92,774,708
Total Equity	<b>193,208,415</b>	185,661,230
Total Capital Employed	<b>268,313,757</b>	278,435,938
Gearing Ratio	<b>27.99%</b>	33.32%

**26 TRANSACTIONS WITH RELATED PARTIES**

The Company's related parties include associated companies, entities over which directors are able to exercise influence, subsidiaries, staff retirement fund, directors and key management personnel. Transactions with related parties are disclosed as under:-

Description	Nature of transaction	Amount	Outstanding balance
Al-Khair Global (Private) Limited	Purchase of materials	34,234,748	3,701,160
Al-Khair Global (Private) Limited	Sales	8,364,447	-
Noble Foam (Private) Limited	Purchase of materials	9,874,800	-

**26.1 Loan from Directors**

This represents the Interest free Loan from Directors received during the year ended 2015. It is unsecured and interest free loan which is repayable on Demand.

**27 CAPACITY AND PRODUCTION**

	2017 Tons	2016 Tons
Rated capacity	13,280	13,280
Capacity utilized	1,105	1,374

It is important to disclose that the capacity of plant is utilized according to the demand of the products.

**28 NUMBER OF EMPLOYEES**

	2017	2016
Total number of Employees	178	174
Average number of Employees	175	176

**29 FIGURES**

- have been rounded off to the nearest rupee
- of previous year have been re-classified where necessary for comparison purpose.

**30 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on September 22, 2017 by the Board of Directors of the Company.



**YEAR WISE STATISTICAL SUMMARY**

	2017	2016	2015	2014	2013	2012
	(Amount in millions)					
<b>Investment Measures</b>						
Share Capital	100	100	100	100	100	100
Shareholders' Equity	193.21	185.66	178.46	182.30	208.80	198.99
Profit / (loss) before taxation	11.85	10.20	1.40	(18.33)	40.13	35.06
Profit after taxation	8.10	7.72	(3.70)	(26.27)	25.30	45.05
Dividend Per share	-	-	-	-	-	1.50
Earnings / (Loss) per share - Rs.	0.81	0.77	(0.37)	(2.63)	2.53	4.51
Break-up value per share - Rs.	19.32	18.57	17.85	18.23	20.88	19.89
<b>Measures of Financial Status</b>						
Current Ratio	1.74:1	1.55:1	1.37:1	1.33:1	1.39:1	1.39:1
No of days – Stock	195	232	179	96	63	166
No of days - Debtors	13.60	14.37	12.38	9.12	2.36	39.00
<b>Measures of Financial Performance</b>						
Return on Capital Employed	3.51%	3.50%	-1.31%	-10.05%	18.56%	11.24%
Gross Profit Ratio	12.55%	13.57%	13.78%	7.15%	11.90%	14.30%
Profit before tax to sales	3.23%	2.90%	0.35%	-3.57%	3.50%	4.02%
Profit after tax to sales	2.21%	2.20%	-0.92%	-5.12%	2.21%	5.16%
Debt Equity Ratio	27.99%	33.32%	43.34%	43.06%	33.44%	40.36%

**PATTERN OF HOLDING OF THE SHARES HELD  
BY THE MEMBERS OF AL-KHAIR GADOON LIMITED  
AS AT JUNE 30, 2017**

Sr. No.	Number of Shareholders	HOLDING		Total Shares Held
		From	To	
1	32	1	100	500
2	184	101	500	91,236
3	58	501	1000	58,000
4	62	1001	5000	177,502
5	15	5001	10000	115,500
6	5	10001	15000	64,500
7	1	15001	20000	20,000
8	1	20001	25000	22,500
9	1	30001	35000	32,000
10	1	60001	65000	60,500
11	1	95001	100000	98,423
12	1	120001	125000	122,737
13	1	245001	250000	250,000
14	1	265001	270000	266,200
15	1	350001	355000	351,500
16	1	370001	375000	373,500
17	1	380001	385000	383,500
18	1	450001	455000	450,500
19	3	495001	500000	1,497,000
20	3	600001	605000	1,805,000
21	1	665001	670000	666,500
22	1	675001	680000	676,291
23	1	695001	700000	699,000
24	1	795001	800000	800,000
25	1	915001	920000	917,611
	379			10,000,000

Categories of Shareholders	No. of Shareholders	No. of Shares held	Percentage
Individuals	372	9,996,120	99.961%
Investment Companies	1	500	0.005%
Joint Stock Companies	6	3,380	0.034%
	379	10,000,000	100.000%



**PATTERN OF SHAREHOLDING**

			No. of Shares
<b>1</b>	<b>SHARES HELD BY ICP</b>		<b>500</b>
<b>2</b>	<b>DIRECTORS</b>		
	a) Mr. Mohammad Afzal Sheikh	Chairman/Director	676,291
	b) Mr. Mohammad Saeed Sheikh	Chief Executive	603,000
	c) Mr. Mohammad Amin Sheikh	Director	917,611
	d) Mr. Sheikh Pervaiz Afzal	Director	699,000
	e) Mrs. Parveen Afzal	Director	601,000
	f) Mrs. Farnaz Saeed	Director	800,000
	g) Mrs. Nafeesa Amin	Director	500,000
	h) Mr. Tahir Subhani	Independent Director	500
			<hr/> <b>4,797,402</b>
<b>3</b>	<b>SPOUSE AND CHILDREN</b>		
	a) Mr. Nadeem Afzal s/o M. Afzal Sheikh		601,000
	b) Mr. Ali Afzal s/o M. Afzal Sheikh		266,200
	c) Miss Huma Afzal d/o Sheikh Pervaiz Afzal		450,500
	d) Mr. Muhammad Saad		499,000
	e) Mr. Muhammad Ahmed		373,500
			<hr/> <b>2,190,200</b>
<b>4</b>	<b>PUBLIC SECTOR COMPANIES</b>		<b>3,380</b>
<b>5</b>	<b>GENERAL PUBLIC</b>		<b>3,008,518</b>
			<hr/> <hr/> <b>10,000,000</b>
<b>6</b>	<b>SHAREHOLDING 5% OR MORE</b>		
	Mrs. Mahmooda Iqbal		<b>666,500</b>
<b>7</b>	<b>Trades in the shares by Directors, CEO, CFO, Company Secretary, Executives and their Spouses and Minor Children</b>		
	<b>Name</b>	<b>Sale</b>	<b>Purchase</b>
	Mr. Ali Afzal	-	144,500
	Miss Huma Afzal	-	350,500
	Mr. Muhammad Ahmed	-	275,500

### Form of Proxy

I/We \_\_\_\_\_  
of \_\_\_\_\_  
a member of **AL-KHAIR GADOON LIMITED**  
hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_

who is/are also member/s of **AL-KHAIR GADOON LIMITED** to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on the 27th day of October 2017 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of Shares held	Signature over Revenue Stamp

**Witness 1**

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

**Witness 2**

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

- Notes:
1. The proxy must be a member of the Company.
  2. The signature must tally with the specimen signature/s registered with the Company.
  3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number along with attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
  4. The instrument of Proxy properly completed should be deposited at the Corporate Office of the Company not less than 48 hours before the time of the meeting.



## مختار نامہ (پراکسی فارم)

\_\_\_\_\_ میں / ہم  
ساکن  
\_\_\_\_\_ بحیثیت رکن (ممبر) الخیر گدون لیمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں سٹی / اسماء  
\_\_\_\_\_ ساکن  
\_\_\_\_\_ کو یا ان کی غیر حاضری میں سٹی / اسماء  
\_\_\_\_\_ ساکن  
\_\_\_\_\_ کو جو خود بھی الخیر گدون لیمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) الخیر گدون لیمیٹڈ کے سالانہ اجلاس عام میں جو 27 اکتوبر 2017 کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

\_\_\_\_\_ 2017 کو میرے / ہمارے دستخط سے جاری ہوا۔

رسیدی ٹکٹ پر دستخط

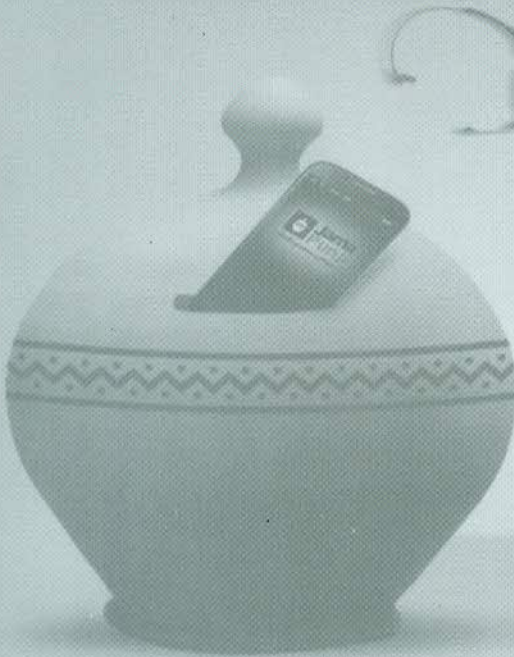
فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

گواہ نمبر	گواہ نمبر
_____ دستخط	_____ دستخط
نام	نام
_____ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	_____ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر
پتہ	پتہ
_____	_____

ہدایات:

- 1- مختار (پراکسی) کا کہنی کارکن (ممبر) ہونا ضروری ہے۔
- 2- ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- 3- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- 3- مختار نامہ (پراکسی فارم) مکمل پُر شدہ کہنی کے کارپوریٹ آفس میں اجلاس کے مقرر وقت سے کم از کم ۳۸ گھنٹے قبل جمع کرانا ضروری ہے۔

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