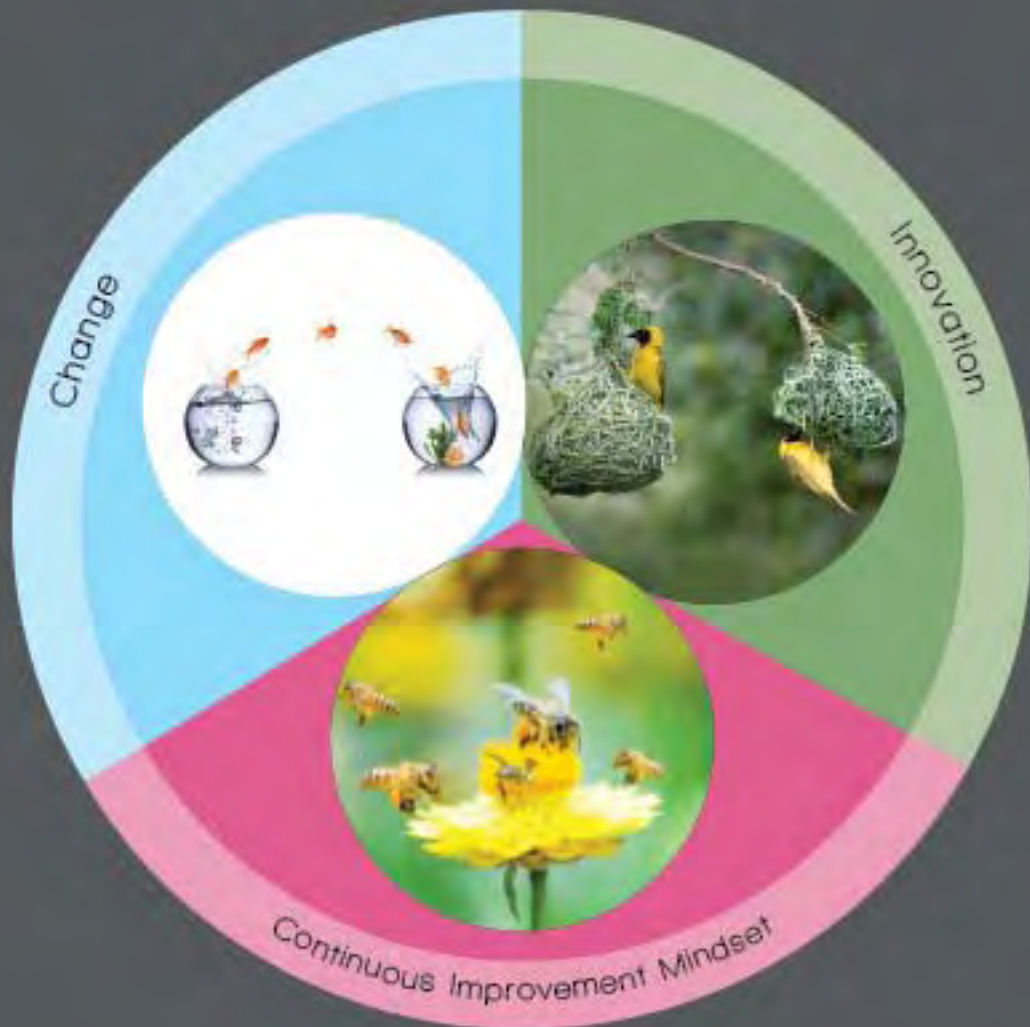




Century Paper & Board Mills Limited

Strive Together For  
**Excellence**



Annual Report 2016

Clean Green Sustainable



# Strive Together For Excellence

“**Strive Together for Excellence**” is an important part of **Our Core Values**. At Century, we are always ready to embrace **Change**, keen to be **Innovative** in its processes / operations, and work with **Continuous Improvement Mindset** for the purpose of excellence in order to achieve the vision of the Company.

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A photograph of a beach. In the background, there are blue fishing nets draped over a rocky shore. The middle ground shows the ocean waves. In the foreground, the word '2025' is written in large, dark, hand-drawn characters in the sand. The overall scene is bright and sunny.

# Vision

To be the market leader and an enduring force in the paper, board and packaging industry, positively influencing and providing value to our stakeholders, society and our nation.



# Mission

To strive incessantly for excellence and sustain our position as a preferred supplier of quality paper, board and packaging material within a team environment and with a customer focussed strategy.

# Geographical Presence

- **Head Office**  
Lakson Square, Building No.2,  
Sarwar Shaheed Road, Karachi.
- **Mills**  
62 KM, Lahore-Multan Highway,  
N-5, District Kasur.
- **Lahore Office**  
14-AII Block, New Garden  
Town, Lahore.



Century Paper and Board Mills Limited



# Core Values





# Code of Ethics

Our core business is to manufacture paper, paperboard and packaging products to provide local businesses and individuals quality products of international standard. We are very strong believer of the fact that Ethics and Good Practices play a vital role in advancement and betterment of the Company. To support our belief, we endeavor our best to follow these ethical and good practices.

## Corporate Governance

We as a responsible corporate citizen strongly adhere to Corporate Governance principles and comply with regulatory obligations enforced by regulatory agencies for improving corporate performance. We believe in uprightness of performance and expect it to be a fundamental responsibility of our employees to act in the Company's best interest while holding confidential information. We expect our employees to neither solicit internal information from others nor disclose Company's figures, data or any material information to any unauthorized persons/body.

## Human Resource Development

We believe in individual respect and growth. Our employment and Human Resource policies develop individuals without race, religion, gender or any other discriminative factors. We provide equal opportunities with a team based management style employing incessant training and development programs for employees. These continuous improvement policies enhance efficiencies and knowledge and create a constructive and affirmative environment.

## Transparent Financial Policies

We develop fair and transparent financial policies for conducting business. We ensure transparency and integrity and follow the principles of accounting and finance as approved by regulations and contemporary accounting codes. Any unsupportive or false entry, infringement of accounts for individual or company gain is strongly incoherent with our business codes and ethics.

## Marketing and Industry Practices

We believe in free and fair business practices and open competitive markets. Developing any association

within the segment, industry or with competitors to distort the pricing and availability is contradictory to our business code of conduct. Any anti-trust activity such as price fixing, monopolization or forming cartel of suppliers is prohibited. Our marketing policies are customer focussed, placing high values in satisfying their requirements with emphasis on quality, service and product development. As a long term marketing strategy we vision to diversify and add value to our products while maintaining close liaisons with markets, customers and their needs.

## Business Risk Management

Our risk management policies are geared to enhance shareholders worth, improve credit worthiness and minimize credit risk while diversifying income, supplier and customer bases and maintaining relationships with financial institutions.

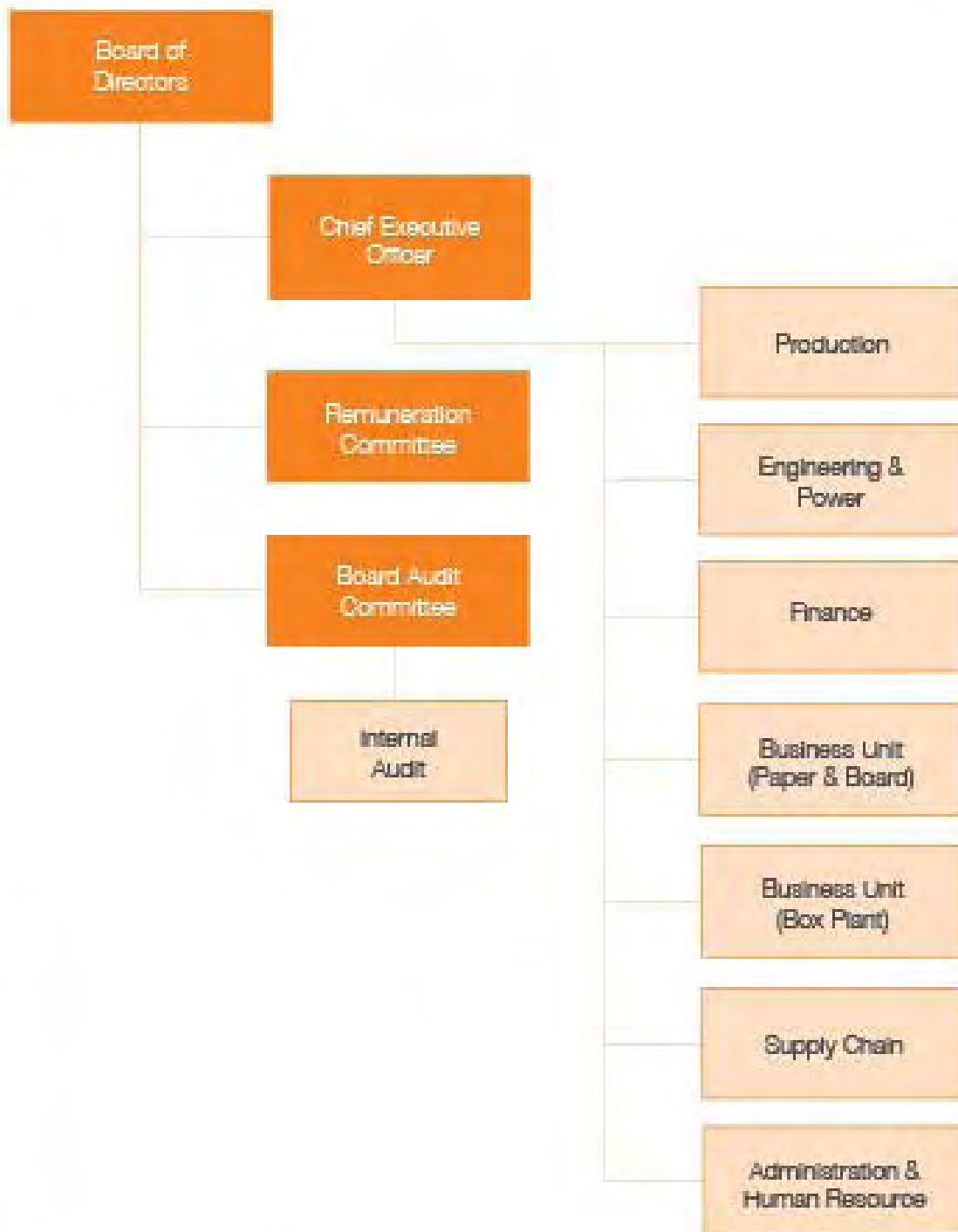
## Social and Community Commitments

We believe in community development without political affiliations with any persons or group of persons working for gains. We contribute our resources for better environment with an unprejudiced approach. Our Safety, Health and Environment (SHE) policies are geared towards unbiased employees' betterment. Our positive contribution towards Community Related Services especially in health and education adds to economic development.

## Environmental Management System - EMS

We invest in environmental projects with environment friendly policies to improve Health and Safety standards of employees, communities and surroundings. Our EMS continuously improves in light of advancement in technology and new understandings in Safety, Health and Environmental science. We are driving towards zero waste generation at the source and materials will be reused and recycled to minimize the need for treatment or disposal and to conserve resources and environment. We are working for the conservation of natural resources, energy and biodiversity by continuously improving our processes, practices and products.

# Organogram



# Entity Rating

by JCR-VIS Credit Rating Company Limited as on June 2016

Long-Term A+

Short-Term A-1

---

## Long-Term A+ (A Plus)

- Good credit Quality.
- 'A' ratings denote expectations of low credit risk.
- Protection factors are adequate.
- Risk factors may vary with possible changes in the economy.

---

## Short-Term A-1 (A minus One)

- High certainty of timely payment.
  - Liquidity factors are excellent and supported by good fundamental protection factors.
  - Risk factors are minor.
-

Strive Together For  
**Change**



Waste to Value



Change is indispensable in every sphere of life and Century sees Change as an opportunity.

Processes of Electricity and Water consumption have been focused during recent years and Changes therein resulted in the valuable benefits. Its glimpses are as under:

1. Electricity consumption has been considerably reduced through; reduction in lighting load by using more day light, use of efficient lighting system, using GPS timers, resizing of electric motors, use of inverters & PLC and improvement of power factor.
2. Effluent pollution load has been reduced through sizeable reduction in water consumption, modification in the processes and installation of a state-of-the-art Secondary Waste Water Treatment Plant.



Motor Resizing



LED Lights

# Century Paper At a glance

RS. **15.6bn** Gross Sales

RS. **2.5bn** Contribution to  
National Exchequer

RS. **3.54bn** Wealth  
Generated

RS. **7.6bn** Market  
Capitalization

RS. **52.04** Closing  
Share Price

**A+** Long Term  
Entity Rating

**1,521** Employees'  
Strength

# Key Figures & Ratios

Rupees in million

Key Figures	2016	2015
Gross sales	15,603	15,391
Net sales	13,389	13,166
EBITDA	1,669	1,307
Profit / (loss) pre tax	436	(176)
Profit / (loss) post tax	322	(205)
Share capital		
Ordinary shares	1,471	1,471
Preference shares	901	901
Shareholders' equity	5,851	5,519
Total assets	14,981	14,108
Capital expenditure	1,534	1,906
Capital employed	11,370	10,868
Long-term financing	4,824	4,771
<b>Key Ratios</b>	<b>2016</b>	<b>2015</b>
Earnings per share - Rupees	1.76	(1.89)
Breakup value per share - Rupees	33.66	31.41
Price earning ratio	29.57	(31.17)
Total Debt equity ratio	54 : 46	55 : 45
Debt equity ratio	45 : 55	46 : 54
Leverage ratio	1.56 : 1	1.56 : 1
Current ratio	1.07 : 1	1.21 : 1
Quick ratio	0.33 : 1	0.34 : 1
Asset coverage ratio	1.96 : 1	1.91 : 1
Interest coverage ratio	2.23 : 1	0.69 : 1
Debt servicing coverage ratio	1.71 : 1	0.95 : 1
Debtors days	29	26
Inventory days	56	67
Operating cycle days	42	60



# Integrated Management System Policy

Century is Committed to:

1. Continual customer satisfaction by providing quality Paper, Paperboard and Corrugated Boxes produced in environment-friendly, Healthy and Safe working conditions.
2. Maintain and update IMS for Quality, Environment and Safety by fulfilling the requirements of International Standards: (ISO 9001, ISO 14001, and OHSAS 18001).
3. Set the IMS objectives and targets for continuously improving the operational efficiencies, resources conservation and mitigation of risks.
4. Take lead in social role and responsibilities towards the surrounding community.
5. Follow and abide by all the applicable Laws and Legal requirements.
6. Implement Century Value System and to endeavour that its employees are the best citizens following ethical values and good practices in advancement and betterment of the Company and the Society.





## Environment Policy

- Ensure environment friendly operations, products and services.
- Mitigate environmental impacts through effective implementation of ISO 14001 in order to achieving conformance to applicable laws and regulations.
- Promote environmental awareness to all employees and the community.
- Establish objectives and targets for continual improvement in resource conservation by waste control and safe operating practices.

## Quality Policy

- Century excels in manufacturing of quality Paper, Paperboard and Corrugated Boxes for packaging.
- Century, a customer focussed Company, is always ready to accept challenges for achieving its mission.
- Century's quality objectives are designed for enhancing customer satisfaction and operational efficiencies.
- Century is committed to building Safe, Healthy and Environment friendly atmosphere.
- Century, with its professional and dedicated team, ensures continual improvement in quality and productivity through effective implementation of Quality Management System.
- Century values the social and economic well being of its partners and strives for a harmonious environment conducive to team performance.

## Safety Policy

- Improve Occupational Health and Safety (OHS) performance continuously in all areas of operations.
- Implement necessary controls and measures for mitigation of accidents and associated risk by setting objectives and following applicable legal and other requirements.
- Promote OHS practices through training of employees for healthy and safe work environment.
- Communicate Safety Policy to all stakeholders and review it periodically for ensuring adequacy and compliance with OHSAS 18001 standards.

# Board of Directors

Iqbal Ali Lakhani (Chairman)

Zulfiqar Ali Lakhani

Amin Mohammed Lakhani

Tasleemuddin Ahmed Batlay

Shahid Ahmed Khan

Kemal Shoaib

Muhammad Imran Rafiq (NIT)

Aftab Ahmad (Chief Executive Officer)

## Committees

### Audit Committee

Kamal Shoaib (Chairman)

Zulfiqar Ali Lakhani

Amin Mohammed Lakhani

Tasleemuddin Ahmed Batlay

### Human Resource and

Remuneration Committee

Zulfiqar Ali Lakhani (Chairman)

Tasleemuddin Ahmed Batlay

Aftab Ahmad

## Advisor

Sultan Ali Lakhani

## Officers

### Chief Financial Officer

Muhammad Rashid Dastagir

Email: rashid-dastagir@centurypaper.com.pk

### Company Secretary

Mansoor Ahmed

Email: mansoor-ahmed@centurypaper.com.pk

## Corporate Information

### Head Office and Registered Office

Lakson Square, Building No.2,

Sarwar Shahed Road,

Karachi - 74200, Pakistan.

Phone: (021) 35698000

Fax: (021) 35681163, 35683410

Email: info@centurypaper.com.pk

Website: www.centurypaper.com.pk

### Lahore Office

14-Ali Block, New Garden Town,

Lahore - 54800, Pakistan.

Phone: (042) 35886801-4

Fax: (042) 35830338

### Mills

62 KM, Lahore-Multan Highway,

N-5, District Kasur, Pakistan.

Phone: (049) 4511464-5, 4510061-2

Fax: (049) 4510063

### External Auditors

BDO Ebrahim & Co.

Chartered Accountants

Email: info@bdoebrahim.com.pk

### Shares Registrar

FAMCO Associates (Private) Limited

8-F, Next to Hotel Faran, Nursery

Block-6, P.E.C.H.S. Shakra-e-Faisal, Karachi.

Phone: (021) 34380101-2 Fax: (021) 34380106

Email: info.shares@famco.com.pk

Website: www.famco.com.pk

### Bankers

#### Conventional:

Allied Bank Limited

Bank Al-Falah Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

JS Bank Limited

MCB Bank Limited

National Bank of Pakistan

NIB Bank Limited

Sonari Bank Limited

Standard Chartered Bank (Pakistan) Limited

#### Islamic:

Al Baraka Bank (Pakistan) Limited

Meezan Bank Limited

Islamic Window Operation:

Faysal Bank Limited

# Corporate Calendar

Meetings	Date
Audit Committee meeting to consider annual accounts of the Company for the year ended June 30, 2015	August 19, 2015
Board of Directors meeting to consider annual accounts of the Company for the year ended June 30, 2015	August 21, 2015
Annual General meeting of Shareholders to consider annual accounts of the Company for the year ended June 30, 2015	October 02, 2015
Audit Committee meeting to consider interim accounts of the Company for the first quarter ended September 30, 2015	October 19, 2015
Board of Directors meeting to consider interim accounts of the Company for the first quarter ended September 30, 2015	October 22, 2015
Audit Committee meeting to consider interim accounts of the Company for the half year ended December 31, 2015	February 16, 2016
Board of Directors meeting to consider interim accounts of the Company for the half year ended December 31, 2015	February 18, 2016
Audit Committee meeting to consider interim accounts of the Company for the nine months ended March 31, 2016	April 19, 2016
Board of Directors meeting to consider interim accounts of the Company for the nine months ended March 31, 2016	April 21, 2016

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 33rd Annual General Meeting of CENTURY PAPER & BOARD MILLS LIMITED will be held on Wednesday, September 28, 2016 at 10:30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following businesses:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' reports thereon.
2. To appoint Auditors and fix their remuneration.

## SPECIAL BUSINESS

### Special Resolution

3. To consider, and if thought fit, to pass the following resolution as special resolution:

"RESOLVED that the Articles of Association of the Company be and are hereby amended by adding the following new sub-Clause 44(a) between the existing Clause 44 and Clause 45 of the Articles of Association of the Company :

'44(a) The provisions and requirements for e-voting as prescribed by the Securities & Exchange Commission of Pakistan for the time being and from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein.'"

### Ordinary Resolutions

4. To consider to pass the following ordinary resolutions:
  - a) "RESOLVED that the transactions carried out in the normal course of business with associated companies as disclosed in Note No. 39 of the audited financial statements for the year ended June 30, 2016 be and are hereby ratified and approved."
  - b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2017 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under section 160 of the Companies Ordinance, 1984 in the above matters mentioned in item Nos.3 & 4 is annexed.

By Order of the Board



(MANSOOR AHMED)  
Company Secretary

Karachi: August 30, 2016

#### NOTES:

1. The share transfer books of the Company will remain closed from September 22, 2016 to September 28, 2016 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi upto the close of business on September 21, 2016 will be treated in time for the purpose of attendance at the Annual General Meeting.
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. 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.
4. Forms of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.
5. Members are requested to promptly notify Share Registrar of the Company of any change in their addresses.
6. Members who have not yet submitted photocopy of their Computerized National Identity Card (CNIC) are requested to send the same to our Share Registrar at the earliest.
7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, Securities and Exchange Commission of Pakistan (SECP) has directed to facilitate the members of the Company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. [www.centurypaper.com.pk](http://www.centurypaper.com.pk). Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
8. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.  
  
\*I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Century Paper & Board Mills Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.\*
9. Form of Proxy is enclosed.

# STATEMENT OF MATERIAL

## FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item Nos. 3 & 4 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

1. Agenda Item No.3 of the Notice – Amendment/change in Articles of Association of the Company

To give effect to the Companies (E-Voting) Regulation 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting. The Board of Directors have recommended to the members to approve and adopt amendment/change in Articles of Association of the Company by inserting a new sub-Clause 44 (a) between the existing Clause 44 and Clause 45 of the Articles of Association of the Company.

Subject to approval of the members the proposed resolution will be considered to be passed by the members as a special resolution.

2. Agenda Item No. 4(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2016 to be passed as an Ordinary Resolution.

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6 (b) of the Code of Corporate Governance, 2012.

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

In view of the above, the normal business transactions conducted during the financial year ended June 30, 2016 with associated companies shown in note No.39 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

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

3. Agenda Item No. 4(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2017 to be passed as an Ordinary Resolution.

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

In order to comply with the provisions of clause 5.19.6 (b) of the Code of Corporate Governance, 2012, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2017.

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



Strive Together For  
**Innovation**

Waste to Value





Innovations create core competencies and give the organization a distinctive advantage. Century seeks room for innovation in ideas, practices, products & services.

Following recent Innovations have brought about competitive edge of Century's products in the market:

1. Designing of special in-house mechanism for recovery of black liquor from pulping process and use of recovered black liquor in the Century's products have substantially enhanced the strength properties.
2. Designing of automatic changeover pallet has not only eliminated the high changeover time of printing machines of the customers but also reduced their waste of the printing process.



Black Liquor Recovery



Automatic Changeover Pallet

# Sales Revenue

(Gross)

**2016** Sixteen  
Billion (Rupees)

**2015** Fifteen  
Billion (Rupees)

**2014** Seventeen  
Billion (Rupees)

**2013** Sixteen  
Billion (Rupees)

**2012** Fourteen  
Billion (Rupees)

**2011** Thirteen  
Billion (Rupees)

**2010** Eleven  
Billion (Rupees)

**2009** Eight  
Billion (Rupees)

**2008** Five  
Billion (Rupees)

**2007** Four  
Billion (Rupees)

**2006** Three  
Billion (Rupees)

# Certifications and Awards

2015

Awarded "Environment Excellence Award 2015" by National Forum for Environment & Health (NFEH).

2012

Awarded "Best Corporate Award" on Annual Report for the year 2010.

2011

Awarded the certification on "Integrated Management System (IMS)" which consists of:

- Quality Management System (QMS) ISO 9001:2008;
- Environmental Management System (EMS) ISO 14001:2004 and
- Occupational Health and Safety Assessment Series (OHSAS) 18001:2007.

2008

Awarded "Best Corporate Award" on Annual Report for the year 2007.

Awarded "Best Environmental Reporter" in ACCA-WWF Pakistan Environmental Reporting Awards 2007 in the Local Listed Company Category.

2007

Awarded "Best Corporate Award" on Annual Report for the year 2005.

2006

Recognized by Karachi Stock Exchange (KSE) as one of the Top 25 Companies for the year 2004.

2004

Recognized by Karachi Stock Exchange (KSE) as one of the Top 25 Companies for the years 2002 and 2003.

2003

Awarded "Best Corporate Award" on Annual Report for the year 2002.

2002

Awarded "Best Corporate Award" on Annual Report for the year 2000 and 2001 in a competition jointly organized by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).

1998

Awarded ISO - 9002 - QMS certification.

# Milestones

2016

- Enhanced the power generation capacity on cheaper alternate fuel as 18 MW Coal Based Co-Generation Power Plant started commercial operations during the year.
- Installed Secondary Waste Water Treatment Plant, the first of its kind in Pakistan for treatment of effluent, to achieve compliance with National Environmental Standards (NES).

2014

Inked an agreement for installation of 18 MW Coal Based Co-Generation Power Plant.

2012

Installed new Coal/Biomass Fired Boiler with capacity of 30 Ton per hour of steam.

2008

Enhanced Captive Power Generation capacity to 30 MW as new 18 MW Co-Generation Plant started commercial operations.

2006

- Enhanced production capacity to 110,000 Metric Tons per annum after installation of Paper Machine (PM-6).
- Added Online Coating facility to three layers Board Machine (PM-4).

1999

Enhanced production capacity to 60,000 Metric Tons after re-engineering of production facilities.

1997

- Enhanced production capacity to 60,000 Metric Tons through addition of a three layers Board Machine (PM4).
- Added an Offline Coating Machine (CM-2).





**2011**

Enhanced Box Making capacity to 30,000 Metric Tons per annum after a New Box Machine is added with capacity of 8,000 Metric Tons per annum.

**2010**

Added a new Corrugator with capacity of 24,000 Metric Tons per annum.

**2009**

Enhanced production capacity to 240,000 Metric Tons per annum as Coated Board Duplex Plant (PM-7) started its commercial operations.

**2005**

- Converted Power Generators to dual fired configuration i.e. oil and natural gas.
- Enhanced un-bleached and bleached pulp capacities.
- Merged Century Power Generation Limited (a former subsidiary Company) with the Company.

**2003**

- Enhanced production capacity to 60,000 Metric Tons per annum after installation of twin layer Board Machine (PM-5).
- Added a Corrugated Boxes Manufacturing Plant with capacity of 22,000 Metric Tons per annum.

**2002**

Installed Dissolved Air Flootation Plant (DAF), the first of its kind in Pakistan for treatment of effluent in Paper and Board Sector.

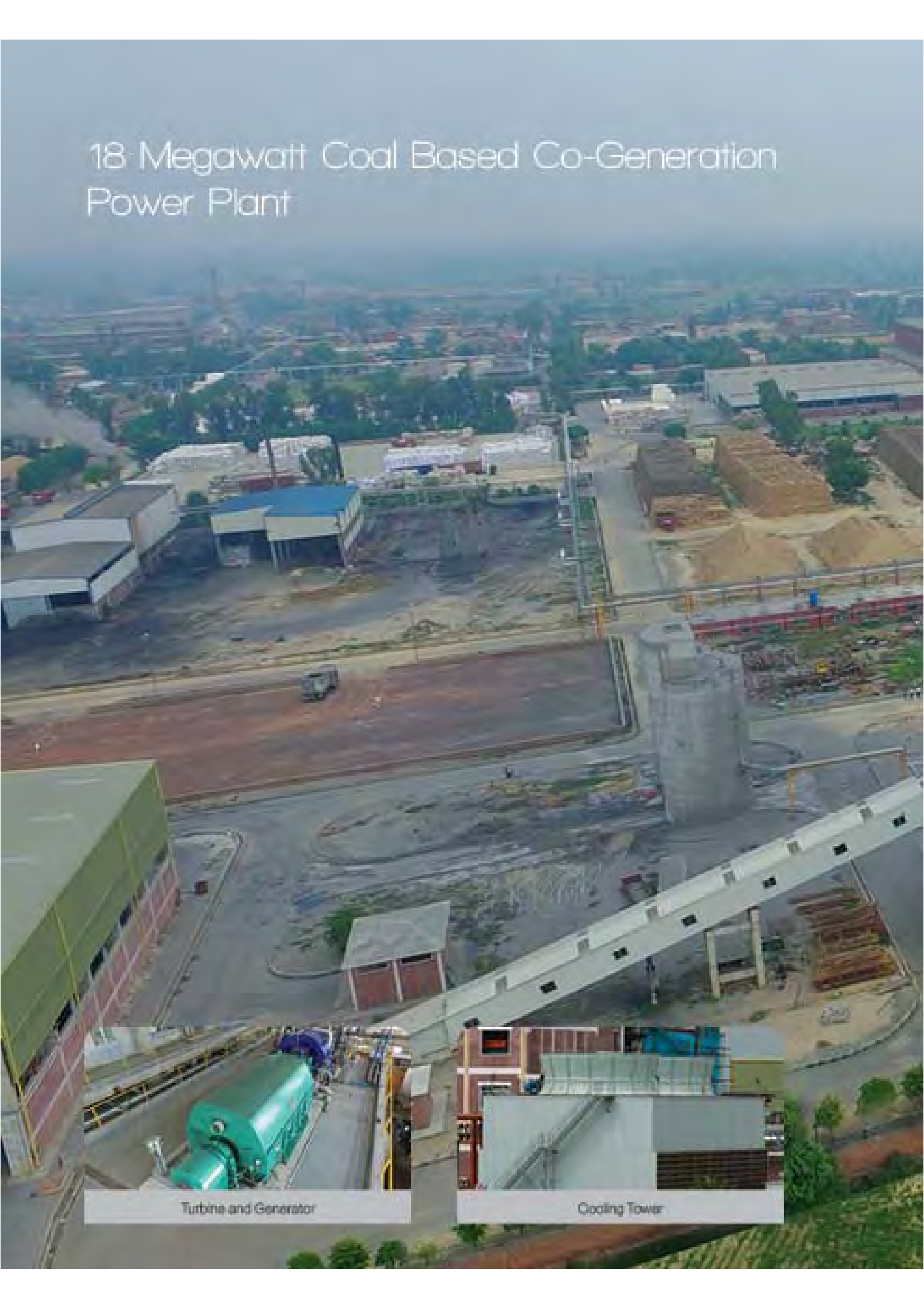
**1996**

Started 12.3 MW Captive Power Generation Plant as Century Power Generation Limited (a former subsidiary Company).

**1990**

Commenced commercial production with three machines having capacity of 30,000 Metric Tons per annum.

# 18 Megawatt Coal Based Co-Generation Power Plant



Turbine and Generator

Cooling Tower



Control Panel



Control Room

# Secondary Waste Water Treatment Plant



Groundbreaking Ceremony



Work in Progress



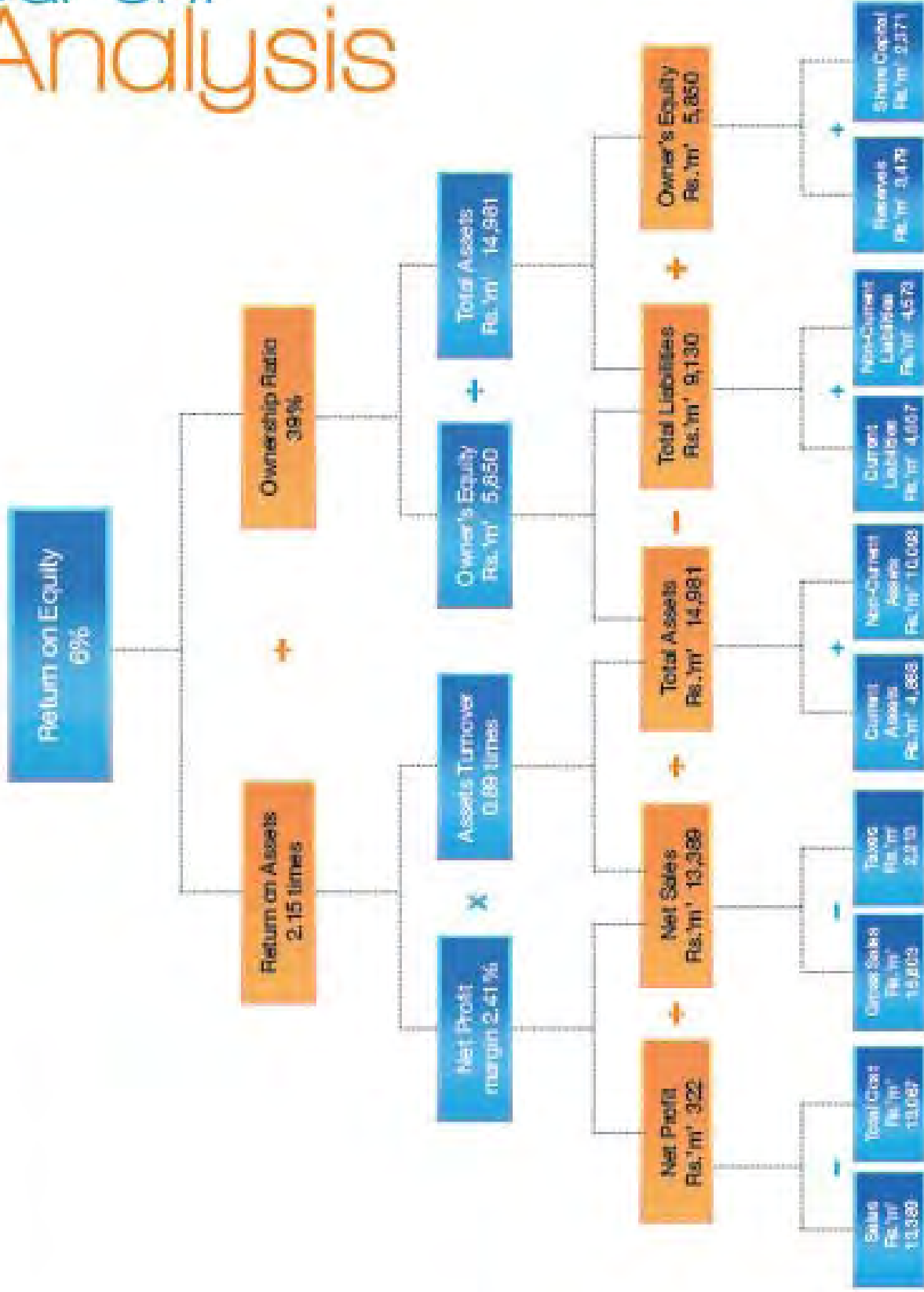


Commissioning Phase



Plant Survey

# DuPont Analysis



# Statement of Value Added

for the year ended June 30, 2016

Rupees in thousands

	2016	%	2015	%
<b>Wealth Generated</b>				
Gross Turnover	15,602,566		15,391,260	
Purchased material and services	(12,124,639)		(12,380,580)	
<b>Value Added</b>	<b>3,477,927</b>		<b>3,010,670</b>	
Other Income	64,136		68,442	
<b>Total</b>	<b>3,542,063</b>		<b>3,079,112</b>	
<b>Wealth Distributed</b>				
<b>To Employees</b>				
Salaries, benefits and related costs	875,909	25	796,279	26
<b>To Government</b>				
Income Tax, Sales Tax, Import Duty, Cess Duty etc.	1,110,808	31	1,004,773	32
<b>To providers of Capital</b>				
Finance cost on borrowed funds	355,751	10	575,987	19
<b>Retained in Business</b>				
Depreciation, amortization and retained profit	1,199,595	34	702,073	23
<b>Total</b>	<b>3,542,063</b>	<b>100</b>	<b>3,079,112</b>	<b>100</b>

Note: Income Tax includes current and deferred tax expense as per profit and loss account for the year.





Strive Together For  
Continuous  
Improvement  
Mindset

Waste to Value



Continuous Improvement Mindset is a key to achieve the Excellence and Century facilitates process-centric thinking to continually improve, correct, and overcome difficulties.

Century focused it in recent years through induction of following internationally renowned systems & studies:

1. Implementation of Kaizen and 5S system were started in 2012. These systems have been resulting in cost reduction by bringing discipline at workplace and through small improvements in the processes.
2. Project "Optimus" was started in 2014. It was a Lean Manufacturing program and carried out under the guidance of Renoir Consulting International. Waste Reduction and Productivity Improvement have been achieved through this project.



Imparting of Suggestion by a Worker (Kaizen)

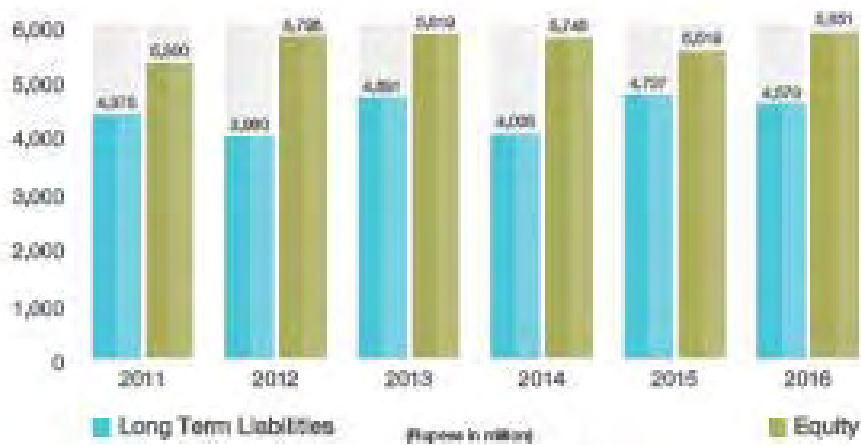


Century and Renoir Team Discourse

# Summarized Six Year Data

Rupees in million

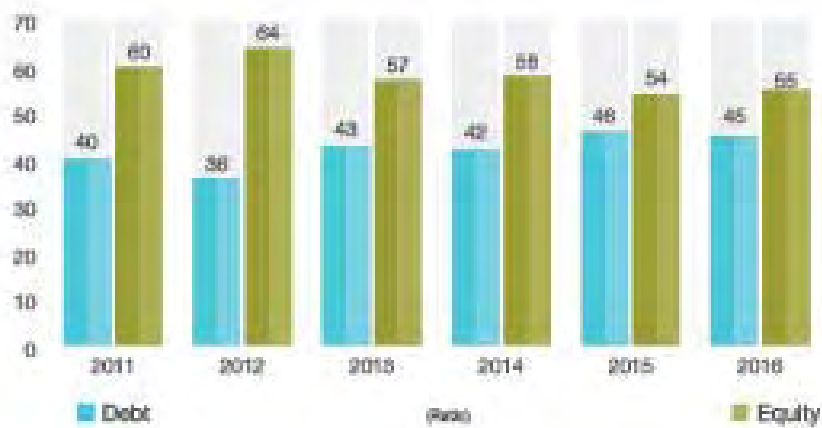
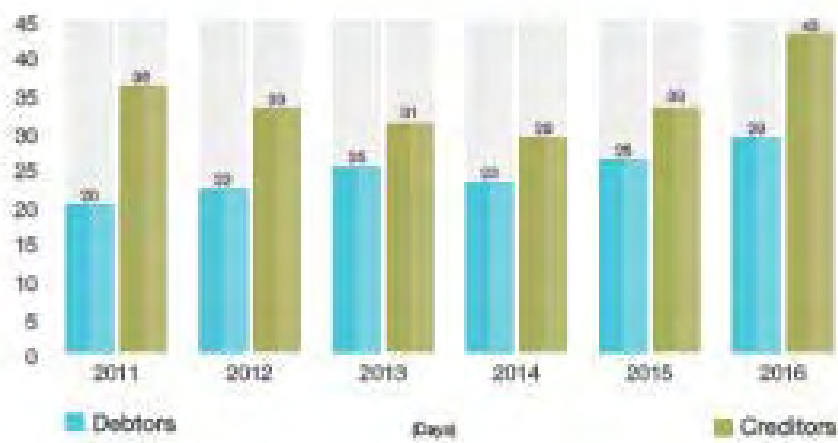
	2016	2015	2014	2013	2012	2011
<b>Balance Sheet</b>						
Share Capital						
Ordinary shares	1,471	1,471	1,471	1,060	707	707
Preference shares	901	901	901	2,103	3,004	3,004
Reserves	3,479	3,147	3,373	2,658	2,085	1,589
Shareholders' equity	5,850	5,519	5,745	5,819	5,796	5,300
Subordinated loan	-	-	-	-	1,000	1,000
Long-term financing	4,824	4,771	4,130	4,425	3,810	4,225
Deferred taxation – Liability	695	578	661	540	134	-
Capital employed	11,370	10,868	10,536	10,784	10,741	10,525
Property, plant and equipment	10,087	9,414	8,340	8,857	9,439	9,384
Other non-current assets	6	12	8	19	29	38
Net current assets / Working capital	331	821	1,405	1,634	309	252
<b>Profit and Loss</b>						
Sales – gross	15,603	15,391	17,132	16,513	14,980	13,959
Sales – net	13,389	13,186	14,668	14,238	12,923	11,779
Gross profit	1,267	878	2,021	2,547	2,113	2,010
Operating profit	792	400	1,529	2,100	1,701	1,703
Profit / (loss) before tax	436	(178)	914	1,407	790	735
Profit / (loss) after tax	322	(205)	630	929	515	405
EBITDA	1,669	1,307	2,441	3,007	2,479	2,452
<b>Cash Flows</b>						
Net cash flow from operating activities	1,536	961	1,034	1,678	1,755	735
Net cash flow from investing activities	(1,529)	(1,897)	(251)	(305)	(798)	(234)
Net cash flow from financing activities	54	641	(983)	(1,289)	(415)	(850)
Changes in cash and cash equivalents	60	(295)	(200)	84	542	(350)
Cash and cash equivalents – Year end	(1,771)	(1,831)	(1,536)	(1,336)	(1,421)	(1,963)
<b>Others</b>						
Number of Employees	1,521	1,543	1,519	1,643	1,638	1,710
Number of shares (million)						
Ordinary shares	147	147	147	106	71	71
Preference shares	90	90	90	210	300	300



# Financial Performance

		2016	2015	2014	2013	2012	2011
<b>Profitability</b>							
Gross profit margin	%	9	7	14	18	16	17
EBITDA margin to sales	%	12	10	17	21	19	21
Profit / (loss) before tax margin	%	3	(1)	6	10	6	6
Net profit / (loss) margin	%	2	(2)	4	7	4	3
Return on equity	%	6	(4)	11	16	9	8
Return on capital employed	%	6	2	13	18	14	14
<b>Operating Performance / Liquidity</b>							
Total assets turnover (excl. CWIP)		0.98 : 1	1.07 : 1	1.13 : 1	1.08 : 1	0.97 : 1	0.84 : 1
Fixed assets turnover		1.37 : 1	1.68 : 1	1.73 : 1	1.58 : 1	1.37 : 1	1.22 : 1
Debtors turnover		12.79 : 1	14.12 : 1	15.63 : 1	14.80 : 1	16.81 : 1	16.67 : 1
Debtors days		29	26	23	25	22	20
Inventory turnover		6.53 : 1	5.42 : 1	5.52 : 1	6.34 : 1	4.99 : 1	4.31 : 1
Inventory days		56	67	66	58	73	85
Creditors turnover		8.58 : 1	11.10 : 1	12.64 : 1	11.78 : 1	11.03 : 1	10.18 : 1
Creditors days		43	33	29	31	33	36
Operating cycle days		42	60	60	73	75	69
Return on assets (excl. CWIP)	%	2.16	(1.67)	4.85	7.02	3.88	2.88
Current ratio		1.07 : 1	1.21 : 1	1.41 : 1	1.59 : 1	1.08 : 1	1.08 : 1
Quick / Acid test ratio		0.33 : 1	0.34 : 1	0.31 : 1	0.46 : 1	0.34 : 1	0.20 : 1
<b>Capital Market / Capital Structure Analysis</b>							
Market value per share	Rs	52.04	58.92	53.30	27.05	18.95	15.40
Breakup value / (Net assets/shares)	Rs	33.66	31.41	32.94	35.05	39.50	32.48
Earnings / (loss) per share (pre tax)	Rs	2.53	(1.69)	7.37	13.65	4.49	3.88
Earnings / (loss) per share (post tax)	Rs	1.76	(1.89)	3.46	5.30	1.40	0.17
Price earning ratio		29.57 : 1	(31.17) : 1	15.40 : 1	5.10 : 1	13.54 : 1	90.59 : 1
Market price to breakup value		1.55 : 1	1.88 : 1	1.62 : 1	0.65 : 1	0.48 : 1	0.47 : 1
Debt equity ratio		45 : 55	46 : 54	42 : 58	43 : 57	36 : 64	40 : 60
Weighted average cost of debt	%	7.20	10.03	10.35	11.56	13.50	12.78
Interest coverage ratio		2.23 : 1	0.69 : 1	2.49 : 1	3.03 : 1	1.87 : 1	1.78 : 1



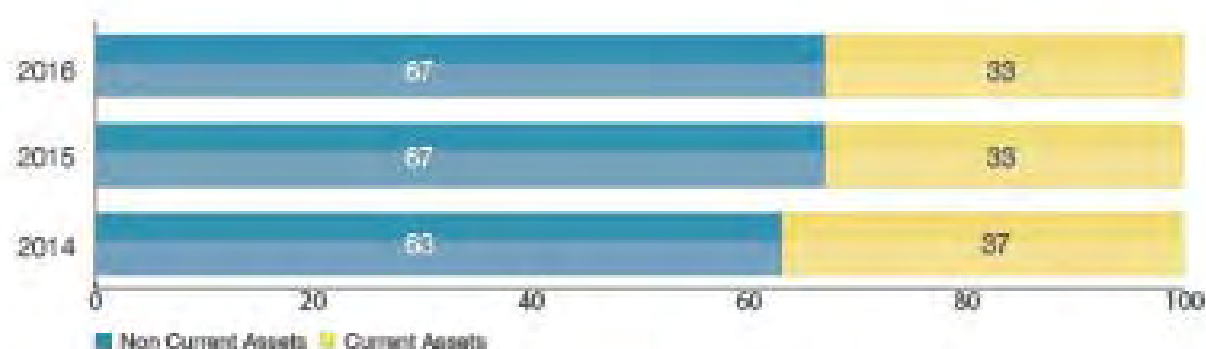


# Horizontal Analysis

## Balance Sheet

Rupees in million

	2016 Amount	16 vs 15 %	2015 Amount	15 vs 14 %	2014 Amount	14 vs 13 %
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment						
Operating fixed assets	10,038	132	7,602	98	8,138	92
Capital work in progress	49	3	1,812	895	203	417
Intangible assets	2	60	4	148	3	24
Long-term loans and advances	1	20	5	176	3	63
Long-term deposits	3	100	3	100	3	100
<b>CURRENT ASSETS</b>						
Stores and spares	1,137	105	1,082	119	910	105
Stock in trade	1,732	87	1,982	77	2,563	127
Trade debts	1,285	108	1,174	117	1,007	85
Loans and advances	15	94	18	70	23	63
Trade deposits and short-term prepayments	80	2000	4	121	3	28
Other receivables	4	133	3	151	2	18
Tax refunds due from Government	129	111	118	82	141	254
Taxation-net	309	169	183	164	111	75
Cash and bank balances	217	179	121	175	69	89
<b>TOTAL ASSETS</b>	<b>14,981</b>		<b>14,107</b>		<b>13,179</b>	
<b>EQUITY AND LIABILITIES</b>						
<b>SHARE CAPITAL AND RESERVE</b>						
Issued, subscribed and paid-up capital						
Ordinary shares	1,471	100	1,471	100	1,471	139
Preference shares	901	100	901	100	901	43
Reserves	3,479	111	3,147	99	3,373	127
<b>NON-CURRENT LIABILITIES</b>						
Long-term financing	3,878	93	4,149	124	3,347	81
Deferred taxation	695	120	578	87	661	122
<b>CURRENT LIABILITIES</b>						
Trade and other payables	1,581	127	1,245	128	973	95
Interest and mark-up accrued	41	98	42	64	65	133
Short-term borrowings	1,388	102	1,352	122	1,505	114
Current portion of long-term financing	946	152	622	79	782	285
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,981</b>		<b>14,107</b>		<b>13,179</b>	

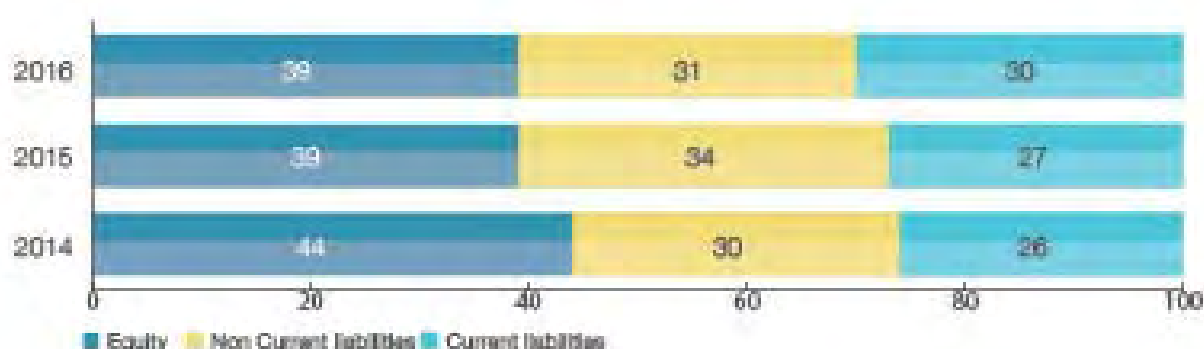


# Vertical Analysis

## Balance Sheet

Rupees in million

	2016 Amount	%	2015 Amount	%	2014 Amount	%
<b>NON CURRENT ASSETS</b>						
Property plant and equipment						
Operating fixed assets	10,058	67.01	7,802	53.89	8,138	61.75
Capital work in progress	49	0.33	1,812	12.84	203	1.54
Intangible assets	2	0.01	4	0.03	3	0.02
Long-term loans and advances	1	0.01	5	0.04	3	0.02
Long-term deposits	3	0.02	3	0.02	3	0.02
<b>CURRENT ASSETS</b>						
Stores and spares	1,137	7.59	1,082	7.67	910	6.91
Stock in trade	1,732	11.58	1,982	14.05	2,593	19.45
Trade debts	1,265	8.44	1,174	8.32	1,007	7.64
Loans and advances	15	0.10	16	0.11	23	0.17
Trade deposits and short-term prepayments	80	0.53	4	0.03	3	0.03
Other receivables	4	0.03	3	0.02	2	0.02
Tax refunds due from Government	129	0.88	116	0.82	141	1.07
Taxation-net	309	2.06	183	1.30	111	0.84
Cash and bank balances	217	1.45	121	0.86	69	0.52
<b>TOTAL ASSETS</b>	<b>14,981</b>	<b>100</b>	<b>14,107</b>	<b>100</b>	<b>13,179</b>	<b>100</b>
<b>EQUITY AND LIABILITIES</b>						
<b>SHARE CAPITAL AND RESERVES</b>						
Issued, subscribed and paid-up capital						
Ordinary shares	1,470	9.81	1,471	10.42	1,470	11.16
Preference shares	901	6.01	901	6.39	901	6.84
Reserves	3,479	23.22	3,147	22.31	3,373	25.60
<b>NON CURRENT LIABILITIES</b>						
Long-term financing	3,878	25.89	4,149	29.41	3,347	25.40
Deferred taxation	695	4.64	578	4.10	661	5.00
<b>CURRENT LIABILITIES</b>						
Trade and other payables	1,581	10.55	1,245	8.83	973	7.38
Interest and mark-up accrued	41	0.27	42	0.30	65	0.50
Short-term borrowings	1,988	13.27	1,962	13.94	1,605	12.18
Current portion of long-term financing	946	6.31	622	4.41	782	5.94
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,981</b>	<b>100</b>	<b>14,107</b>	<b>100</b>	<b>13,179</b>	<b>100</b>



# Horizontal Analysis

## Profit And Loss Account

Rupees in million

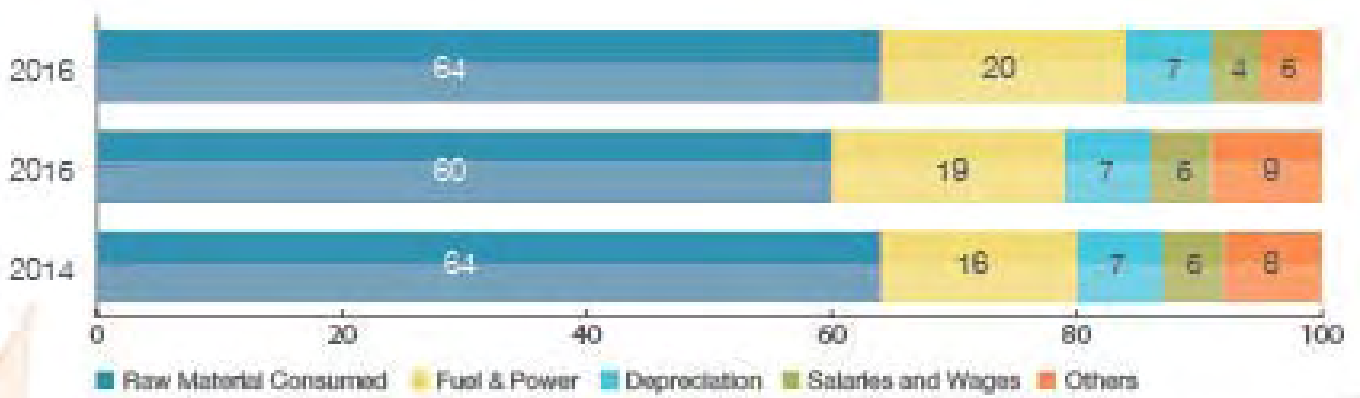
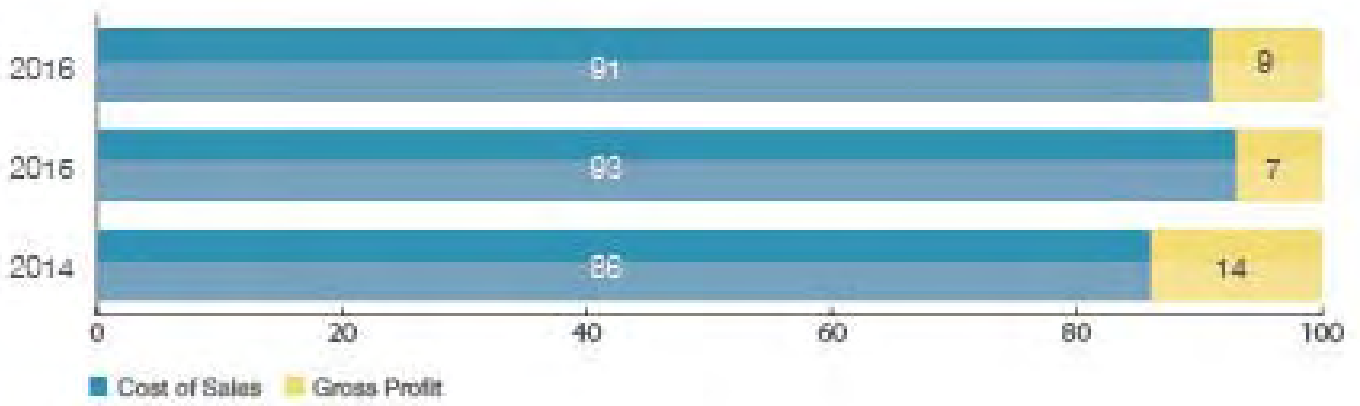
	2016	16 vs 15	2015	15 vs 14	2014	14 vs 13
	Amount	%	Amount	%	Amount	%
Sales - net	13,389	102	13,186	99	14,668	103
Cost of sales	(12,122)	98	(12,306)	97	(12,646)	108
Gross profit	1,267	144	878	43	2,022	79
General and administrative expenses	(379)	108	(359)	102	(351)	113
Selling and distribution expenses	(114)	101	(113)	91	(139)	125
Other operating income	64	94	68	64	106	116
Other operating charges	(46)	63	(73)	68	(107)	91
Operating profit	792	198	400	26	1,529	73
Finance cost	(356)	82	(576)	94	(615)	99
Profit / (loss) before taxation	436	248	(176)	(19)	914	65
Taxation	(114)	303	(29)	10	(284)	59
Profit / (loss) after taxation	322	157	(205)	(33)	630	68

# Vertical Analysis

## Profit And Loss Account

Rupees in million

	2016	%	2015	%	2014	%
	Amount		Amount		Amount	
Sales - net	13,389	100.00	13,186	100.00	14,668	100.00
Cost of sales	(12,122)	90.54	(12,306)	93.34	(12,646)	86.21
Gross profit	1,267	9.46	878	6.66	2,022	13.78
General and administrative expenses	(379)	2.83	(359)	2.72	(351)	2.38
Selling and distribution expenses	(114)	0.85	(113)	0.86	(139)	0.95
Other operating income	64	0.48	68	0.52	106	0.72
Other operating charges	(46)	0.34	(74)	0.56	(107)	0.73
Operating profit	792	5.92	400	3.03	1,529	10.43
Finance cost	(356)	2.66	(576)	4.37	(615)	4.19
Profit / (loss) before taxation	436	3.26	(176)	1.33	914	6.24
Taxation	(114)	0.85	(29)	0.22	(284)	1.94
Profit / (loss) after taxation	322	2.40	(205)	1.55	630	4.30



# Chairman's Message

It was encouraging to note that Pakistan Economy continues to maintain its growth momentum for the 3rd year in a row with real GDP growing at 4.71 percent in FY 2016. It is expected that the growth momentum in the economy will continue in the ensuing years. Paper & Paperboard consumption of the country has also followed the growth trends of the Economy and increased reasonably during the year.

Your Company was able to achieve impressive growth in sales volumes during the year which along with declining key input costs bode well for the Company. Resultantly, your Company was able to show profit for the year as compared to loss suffered during the last year.

Your Company has achieved hallmark of commissioning 18 MW Coal Based Co-Generation Power Plant during 2016. This plant has now been operating at full capacity and providing desired results. This coal plant will be the source of cheaper energy with continuity. Thus, better capacity utilization will be achieved with continuous operation of our production plants.

I am also pleased to inform that Secondary Waste Water Treatment Plant is commissioned as well during the year. I consider investment in this state-of-the-art plant as a part of our social responsibility to continuously make efforts for the betterment of surrounding communities. After commissioning of this plant, Company's compliance with National Environment Standards (NEOs) has significantly improved.

For ensuing year, Pakistan economy expected to show year on year growth around 5% which is even higher than last year. I am positive that Paper & Paperboard market size will also expand and your Company will endeavor to further increase its market share. Moreover, your Company can show more profitability in the coming years provided timely action by the Government to curb the import of similar products at dumped prices.

Iqbal Ali Lakhani  
Chairman

# Directors' Report

On behalf of the Board of Directors (BOD), I am pleased to present the Annual Report of the Century Paper & Board Mills Limited (CPBM) for the year ended June 30th 2016, along with the audited financial statements, and Auditors' Report thereon.

## MARKET REVIEW

Market demand for Paper & Paperboard products increased during the year under review and market share was recouped by adopting the strategy to adjust selling prices to compete with cheaper imports.

The influx of cheaper imports from China at dumped prices persisted during the year and your Company formally raised the issue of dumping and un-fair trade practices with concerned authorities. Unfortunately, due to some legal lacunas in formation of National Tariff Commission (NTC), the matter is still in abeyance till the formation of new Tariff Commission.

## OPERATIONS

During the year under review capacity utilization of the plant improved to 78% against last year utilization of 68% and the production increased to 186,416 metric tons as compared to last year of 162,906 metric tons.

The plant operation was supported by continuous supply of Gas/RLNG along with substantial drop in prices of petroleum products thereby making their use economical.

## SALES

Your Company during the year under review achieved total sales volumes of 176,482 metric tons of its products as compared to last year sales volumes of 157,124 metric tons registering a volume growth of 14%.

Net sales value for the year under review stood at Rs. 13,389 million as compared to last year net sales value of Rs. 13,186 million.

## FINANCIALS

Financial results of the Company for the year under review improved due to higher sales volumes and decline in key input costs, especially prices of different fuels.

Your Directors feel satisfied in reporting that management has been successful in spite of stiff competition in turning the bottom line positive for the year under review as compared to loss reported for the last year.

The net turnover for the year under review is recorded at Rs. 13,389 million (L.Y. Rs. 13,188 million). Gross profit of the Company for the year under review stood at Rs. 1,267 million (L.Y. Rs. 878 million) showing an increase of 44%. Similarly, the operating profit for the year under review stood at Rs. 792 million (L.Y. Rs. 400 million).



Compared to last year, financial cost reduced from Rs. 576 million to Rs. 356 million during the year due to declining interest rates and better portfolio management of funds.

After accounting for the finance cost, Company posted profit before tax of Rs. 436 million as compared to loss before tax of Rs. 176 million of the last year.

After accounting for tax charge for the year of Rs. 114 million, profit after tax for the year stood at Rs. 322 million as compared to last year's net loss of Rs. 206 million.

A summary of the operating results of the Company for the year under review along with the comparatives for the last year is as under:

	Rupees in million	
	2016	2015
Sales	13,389	13,188
Cost of Sales	(12,122)	(12,308)
Gross Profit	1,267	878
Admin, Selling and other Expenses	(539)	(547)
Other Income	64	69
Operating Profit	792	400
Financial Charges	(356)	(576)
Net Profit / (loss) before tax	436	(176)
Taxation	(114)	(29)
Net Profit / (loss) after tax	322	(206)
Sales Volumes (Metric Tons)	176,482	157,124



### EARNINGS PER SHARE

The proportionate dividend attributable to the cumulative preference shares for the year under review stood at Rs 64 million as compared to last year figure of Rs. 72 million.

Consequently the profit attributable to the ordinary shareholders stood at Rs. 258 million (L.Y. loss of Rs 277 million). On this basis the earnings per share for the year is reported at Rs. 1.76 as compared to the last year's loss per share of (Rs.1.89).

### APPROPRIATION

Revenue reserves increased to Rs. 718 million (L.Y. Rs. 386 million) after profit for the year of Rs. 322 million. Out of these reserves, Cumulative Preference Dividend of Rs. 664 million is yet to be declared on the Preference shares of Rs. 901 million. As per the terms and conditions approved by the Security and Exchange Commission of Pakistan (SECP), dividend for the preference shares has to precede any disbursement of dividend on ordinary shares.

Based on the business plan forecasted and cash flow planning and budgeting, no dividend has been declared for the year.

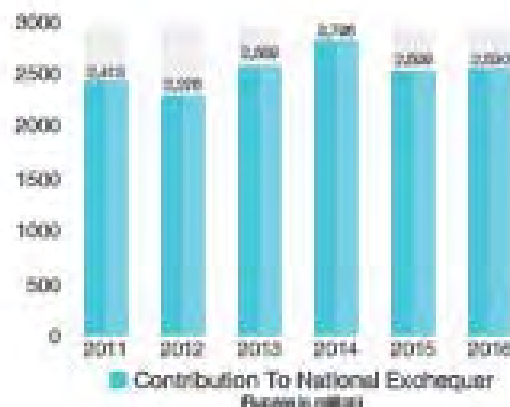


### MARKET CAPITALIZATION

The Capital markets of the country remained stable during the year under review. During the year the market value of Company's share fluctuated between the high of Rs. 73.30; and the low of Rs.41.65. The break-up value per share at the end of the year was Rs. 33.66 (L.Y. Rs. 31.41). The market capitalization at the end of the year was Rs. 7,651 million (L.Y. Rs. 8,662 million) with a market value per share of Rs. 52.04 (L.Y. Rs. 58.92).

### CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your Company's contribution to the National Exchequer amounted to Rs. 2,530 million as compared to Rs. 2,509 million of the last year. This includes Rs. 139 million (L.Y. Rs. 167 million) as Income Tax, Rs. 2,223 million (L.Y. Rs. 2,214 million) as Sales Tax, Rs.168 million (L.Y. Rs. 128 million) as Customs Duty.



# Capital Expenditure

## 18 MEGAWATT COAL BASED CO-GENERATION POWER PLANT

Your Directors are pleased to report that the start-ups of 18 Megawatt Coal Based Co-Generation Power Plant was achieved during the month of June 2016. Your Directors place on record the efforts of Century project team and the team of RUNH Power Corporation Limited of China for successful completion of this project. This project was closed at Rs. 2,932 million which was well within the budget.

At full load, this plant will cater for 60% of the energy (electricity and steam) requirement of the Company and remaining requirement will continue to be met through other sources including Gas/Furnace Oil fired cogeneration plants and steam boilers.

## SECONDARY WASTE WATER TREATMENT PLANT

The Company has also commissioned the Secondary Waste Water Treatment Plant during the year with a total cost of Rs. 243 million.

Your Directors consider the investment in this plant as social responsibility which has significantly improved Company's compliance with the National Environmental Quality Standards (NEQ's).

## CORPORATE INFORMATION

### BOARD MEETINGS

Four meetings of the Board of Directors were held during the year ended June 30th, 2016. Attendance by each Director was as under:

Name of Director	Meetings Attended
Mr. Iqbal Ali Lakhani (Chairman)	4
Mr. Zulfqar Ali Lakhani	2
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	4
Mr. Shahid Ahmad Khan	3
Mr. Kemal Shoeb	4
Mr. Muhammad Imran Rafiq	4
Mr. Aftab Ahmad (CEO)	4

### AUDIT COMMITTEE

The Board in accordance with the Code of Corporate Governance has set up an Audit Committee comprising of four Directors. An independent Director is its Chairman and three Non-Executives Directors are members. Four meetings of the Committee were held during the year ended 30th June 2016. Attendance by each Director was as under:

Name of Director	Meetings Attended
Mr. Kemal Shoeb (Chairman)	4
Mr. Zulfqar Ali Lakhani	3
Mr. Amin Mohammed Lakhani	1
Mr. Tasleemuddin Ahmed Batlay	4

The terms of reference of the Audit Committee are those as specified in the Code of Corporate Governance. In addition the Audit Committee is free to ask for any information and explanation in order to satisfy itself regarding the financial statements and internal controls.

The committee meets at least once in a quarter to review the financial statements and any major judgemental area with reference to Company's business. The Audit Committee gives its recommendation to the Board for the approval of financial statements which are duly endorsed by the CEO and CFO.

### HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board in accordance with the Code of Corporate Governance has also constituted Human Resource and Remuneration Committee, comprising of the following three Directors:

Mr. Zulfqar Ali Lakhani	Chairman
Mr. Tasleemuddin Ahmed Batlay	Member
Mr. Aftab Ahmad	Member

One meeting of the committee was held during the year which was attended by all the Members. The terms and reference of the committee includes but not limited to those as mentioned in the Code of Corporate Governance.

## CORPORATE AND FINANCIAL REPORTING

Your Company is committed to good corporate governance. The Board acknowledges its responsibility in respect of Corporate and Financial Reporting framework.

These Financial Statements together with the notes thereto have been drawn up, in conformity with the Companies Ordinance, 1984. International Financial Reporting Standards wherever applicable have been followed in their preparation.

Proper books of accounts have been maintained by the Company.

Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement.

There are no doubts upon the Company's ability to continue as a going concern.

There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations of the stock exchange.

The system of internal control is sound in design and has been effectively implemented and monitored.

The Board of Directors certify that the financial statements, including the cash flow and the changes in equity, fairly present the state of affairs of the Company's business and of its operations.

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

## PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Company as at June 30th, 2016, along with the necessary information is annexed to this report.

There were 1,966 shareholders on the record of the Company as at June 30th, 2016.

## PROVIDENT AND GRATUITY FUNDS

The Company provides terminal benefits to its employees in the shape of provident fund and gratuity. These funded benefits are maintained by two separate duly approved trusts. These trusts are managed by the trustees who get the funds audited each year.

The Trustees of the respective funds have informed to the Company that the values of the investments of the two funds were as follows as on June 30th, 2016:

	Rupees in million
Provident Fund	410.10
Gratuity Fund	345.48

## AUDITORS

The Auditors BDO Ebrahim & Company 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. On the recommendation of the Board's Audit Committee, the Board of Directors proposed their re-appointment by the shareholders at the ensuing Annual General Meeting, as auditors of the Company for the year ending June 30th, 2017.

### CORPORATE SOCIAL RESPONSIBILITY

Your Company is a part of Lakson Group of Companies. The philanthropic activities on behalf of Company are done by charitable arms of the group under the name of Hasanali & Gulbanoo Lakhani Foundation and Lakson Medical Trust.

Moreover your Company is committed to social and environmental cause of the society and believes in building strong bonds with all segments of the society. To cement these bonds welfare activities are carried in order to uplift the communities with special emphasis on child education and clean drinking water in the surrounding areas.

A value system is placed in the Company to ensure social and ethical conduct to inculcate the spirit of ethical behaviour, develop commitment to excellence and adopt a customer focussed approach. The Directors consider it as a long term investment in the collective development of Century's human resource in particular, and the society as a whole. Moreover festivities like employees family fun fairs, educational trips to historical places, summer camps for employees children and interdepartmental sport activities have become a regular feature of the Company.



### SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Your Company is customer-focused and committed to ensure safer and environment-friendly operations, products and services. Your Company is certified for Integrated Management System (IMS) of OH&S 18001:2007, EMS ISO14001:2004, and QMS ISO 9001:2008.

Your Company is also continually working to promote a quality conscious and safe working environment. Comprehensive risk assessment and related preventive measures are vigorously pursued to achieve zero accident. Training sessions are regularly conducted for employees to enhance the Safety Awareness.

SHEQ framework is reviewed by the Company at regular intervals, followed by concrete steps for its improvement which includes the continuous monitoring of energy consumption, gaseous emission from boilers & power plants and waste water disposal.

Energy conservation has drawn focus in recent years; in this regard your Company has adopted energy saving systems and cleaner production practices. Through regular monitoring and best practices we have been able to achieve overall improvements in utilization of energy resources.





## HUMAN RESOURCE

Your Company endeavours to make the best use of its Human Capital Inventory. It has a broad and interactive approach towards its employees.

Our core value system comprising of Humility & Compassion, Integrity, Change, Innovation, Continuous Improvement Mindset, Team Work, Sense of Urgency and Customer Centric approach, helps in cultivating individual employees by shaping them in an organized infrastructure, and transforming their creativities into professional excellence.

Appropriate career paths and internal recognition programmes are in place for technical and management staff. Scope emanates from on-job training to enhanced skill programs through subject specialists and culminates into participation in local and international seminars and training.

## EMPLOYEE RELATIONS

The cordial relationship between the management and the employees, remain as good as they are for the last many years.



#### OUTLOOK FOR THE YEAR 2017

Your Company will continue with its volume driven strategy by rationalising selling prices of its products, whenever need arises, to compete with imports. Raw material prices are expected to remain stable and cheaper energy from the new Coal Based Co-Generation Power Plant is expected to mitigate any upward trend in the prices of other fuels.

Company is optimistic about some favourable outcome in the ensuing year on its application filed with the NTC for the imposition of anti-dumping duties on paperboard.

Keeping in view of the above factors, the main focus of the management of your Company is to remain competitive in the market by minimising the cost and maximise the profits by improving market share in FY2016-2017.

Karachi: August 17, 2016

#### ACKNOWLEDGEMENT

The Directors are pleased to place on record the appreciation for all the financial institutions.

They also wish to acknowledge the devotion to duty by the employees of all cadres and are appreciative of their support and dedication.

They are also thankful to all the other stakeholders and fully acknowledge their contribution and commitment.

On Behalf of the  
Board of Directors

Aftab Ahmad  
Director and Chief Executive Officer

## ملازمین سے تعلقات

ملازمین اور مینجمنٹ کے درمیان گزشتہ کئی سال سے پر خلوص تعلقات برقرار قائم ہیں۔

## سال 2017 کا منظر نامہ

آپ کی کمپنی درآمدات سے مسابقت کے لیے، جب بھی ضرورت پیش آئے، اپنی پروڈکٹس کی قیمت فروخت کا صورتحال کے مطابق تعین کر کے حجم پر مبنی اپنی حکمت عملی جاری رکھے گی۔ خام مال کی قیمتیں یکساں رہنے، بجٹہ "کوٹے" پر مبنی کوچیزیشن پاور پلانٹ سے سستی بجلی کی پیداوار کی وجہ سے دیگر ایندھنوں کی قیمتوں کے بڑھنے کا رجحان بھی کم ہونے کا امکان ہے۔ کمپنی پر امید ہے کہ پیپر بورڈ پر اپنی ڈیمنگ ڈیویژن لاگو کرنے کے حوالے سے این ٹی سی کے ساتھ کمپنی کی درخواست دائر کرنے پر آنے والے سال میں کچھ اچھے نتائج سامنے آئیں گے۔

درج بالا عوامل کو مد نظر رکھتے ہوئے آپ کی کمپنی کی مینجمنٹ کی بنیادی توجہ مالیاتی سال 2016-2017 میں اخراجات میں کمی لا کر اور منافع کو بڑھا کر مارکیٹ شیئر میں بہتری لانے اور اس بنا پر مارکیٹ میں اپنا مسابقتی طرز عمل جاری رکھنے پر ہے۔

## اعتراف

ڈائریکٹرز تمام مالیاتی اداروں کے لیے اپنے پر خلوص جذبات کا اظہار کرتے ہوئے بڑی خوشی محسوس کر رہے ہیں۔ وہ ہر شعبے کے ملازم کی اپنے کام سے لگن کو قابل ستائش سمجھتے ہیں اور ان کے تعاون اور ادارے کے ساتھ خلوص کو سراہتے ہیں۔

وہ کمپنی سے منسلک ہر فرد اور ادارے کے بھی شکر گزار ہیں اور مقاصد کے حصول کیلئے ان کی پر خلوص شرکت و معاونت کا بھی اعتراف کرتے ہیں۔

منجانب بورڈ

آفتاب احمد

ڈائریکٹر اور چیف ایگزیکٹو آفیسر

کراچی 17 اگست، 2016ء



اضافے اور استعمال کی لگن اور کسٹمر کی خدمت کے حوالے مثبت سوچ جیسے عوامل ہمیشہ ذہن نشین رہیں۔ اس اقدام کو ڈائریکٹرز خاص طور پر سینجھری کے جو من ریسورس کی مجموعی اور پوری سوسائٹی کی ترقی کے لیے ایک طویل مدتی سرمایہ کاری سمجھتے ہیں۔ ساتھ ہی تفریحی سرگرمیاں جیسے ملازمین کی فیملیز کے لیے فن فیئرز، چارجی مقامات پر تعطیلی دورے، ملازمین کے بچوں کے لیے سرگرمیاں اور ٹیپڈ ٹینس کے درمیان کیلوں کی سرگرمیاں مستقل بنیادوں پر کھینی کا خاصہ بن گئی ہیں۔

### سیفٹی، ہیلتھ، انوائزمنٹ اور کوالٹی (SHEQ)

آپ کی کھینی کی ساری توجہ کسٹمر کی خدمت اور مطمئنان پر مرکوز ہے۔ اسی لیے کھینی محفوظ اور ماحول دوست آپریٹرز، پروڈکٹس اور سروسز کی فراہمی کو یقینی بنانے کے لیے ہمیشہ پرعزم ہے۔ آپ کی کھینی انٹیکریٹڈ مینجمنٹ سسٹم (IMS) کے OH&S 18001:2007, EMS ISO 14001:2004, and QMS ISO 9001:2008 معیارات سے سرٹیفائیڈ ہے۔

آپ کی کھینی کوالٹی پر کڑی نظر رکھتے ہوئے کام کے لیے ایک محفوظ ماحول کو پروان چڑھانے میں مستقل بنیادوں پر کوشش کر رہی ہے۔ حادثات کو بالکل ختم کرنے کے لیے ممکنہ خطرات کا مستقل اور مکمل جائزہ اور ان کے تدارک کے لیے حفاظتی اقدامات پر سختی سے عمل کیا جاتا ہے۔ ملازمین میں سیفٹی کے حوالے سے آگہی میں اضافے کے لیے ٹریننگ سیشنز مستقل بنیادوں پر منعقد کیے جاتے ہیں۔

کھینی SHEQ فریم ورک کا بھی وقتے وقتے سے متوازا جائزہ لیتی رہتی ہے۔ جس کے نتیجے میں مزید بہتری کے لیے ٹھوس اقدامات کیے جاتے ہیں، جس میں توانائی کے استعمال کا مستقل جائزہ اور پڑھنا، بوائز سے گیسوں کا اخراج، پاور پلانٹ اور حادثہ شدہ گندے پانی کو ضائع کرنا شامل ہے۔

حالیہ برسوں میں توانائی کا تحفظ بہت زیادہ اہمیت اختیار کر گیا ہے۔ اس حوالے سے کھینی نے توانائی بچانے کے سسٹمز اور پروڈکشن کے خلاف طریقوں کو اپنایا ہے۔ کھینی نے مستقل مینٹننگ اور بہترین طریقہ کار پر عمل کے ذریعے توانائی کی کھپت اور استعمال میں مجموعی طور پر خاصے بہتر نتائج حاصل کیے ہیں۔

### افراد قوت

آپ کی کھینی اپنی افرادی قوت کا بہترین استعمال کرنے کے لیے کوشاں رہتی ہے۔ اس نے اپنے ملازمین کے لیے ان کی ضرورتوں اور رائے کو اہمیت دیتے ہوئے ایک وسیع النظر طریقہ کار اختیار کیا ہوا ہے۔

کھینی کی بنیادی اقدار اگلساری، ہمدردی، دیانت، شہری، جدت، مسلسل بہتری کا رجحان رکھنے والے ذہن، ایم ورک، قوری ضرورت کی پہچان اور کسٹمر کو اولین فوقیت دینے پر مبنی ہے۔ انہی اقدار کی بدولت ہر ملازم کو ایک منظم ادارے میں آگے بڑھنے اور اپنی تعلیمی صلاحیتوں کو پیشہ ورانہ مہارتوں میں ڈھلنے کا موقع ملتا ہے۔

ٹیکنیکل اور مینجمنٹ اسٹاف کے لیے کیریئر کے موزوں راستے اور حوصلہ افزائی کے پروگرامز ہیں۔ ان پروگرامز میں ملازمت کے دوران ٹریننگ، سہولت سہولتس کے ذریعے صلاحیتوں کو نکھارنے والے پروگرامز سے لے کر مقامی اور بین الاقوامی سیمینارز اور ٹریننگز شامل ہیں۔

## بیزنس آف شیئر ہولڈنگ

30 جون 2016ء کے مطابق کمپنی کے شیئر ہولڈنگ بیزنس اور بشمول ضروری معلومات اس رپورٹ کے ساتھ منسلک ہے۔  
30 جون 2016ء تک کمپنی کے ریکارڈ میں 1,966 شیئر ہولڈرز موجود تھے۔

## پروویڈنٹ اینڈ گریجویٹی فنڈز

کمپنی اپنے ملازمین کو سال کے اختتام پر پروویڈنٹ فنڈ اور گریجویٹی کے فوائد بھی دیتی ہے۔ فنڈز کی شکل میں دیے جانے والے یہ فوائد آگ آگ منگور شدہ ٹرسٹس کے زیر انتظام چلائے جاتے ہیں۔ ان ٹرسٹس کا نظم و نسق ٹرسٹیز دیکھتے ہیں جن کو ہر سال آڈٹ کیے گئے فنڈز حاصل ہوتے ہیں۔

متعلقہ فنڈز کے ٹرسٹیز نے کمپنی کو آگاہ کیا ہے کہ ان 2 فنڈز کی سرمایہ کاری کی رقوم 30 جون 2016ء تک فنڈل کے مطابق ہیں:

پروویڈنٹ فنڈ	410.10 ملین روپے
گریجویٹی فنڈ	345.46 ملین روپے

## آڈیٹرز

BDO براہیم اینڈ کمپنی کے آڈیٹرز کمپنی سے رہناز ہو رہے ہیں اور دوبارہ تقرری کے لیے اپنی خدمات کو پیش کیا ہے۔ آڈٹ فرم نے تصدیق کی ہے کہ اسے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش ریٹنگ سے نوازا جا چکا ہے اور فرم انٹرنیشنل فنڈ ریٹن آف اکاؤنٹنٹس (IFAC) کی طرف سے ضابطہ اخلاق پر ہدایات کی، جنہیں ICAP کی طرف سے اختیار کیا گیا ہے، پوری طرح تعمیل کرتی ہے۔ بورڈ کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز سالانہ اجلاس عام کے آخر میں شیئر ہولڈرز کے سامنے ان آڈیٹرز کی دوبارہ تقرری کی تجویز رکھیں گے، جو کہ 30 جون 2017ء کے سالانہ اجلاس کے لیے کمپنی کے آڈیٹرز کے طور پر اپنی ذمہ داریاں ادا کریں گے۔

## ادارے کی سماجی ذمہ داری

آپ کی کمپنی نیکن گروپ آف کمپنیز کا حصہ ہے۔ کمپنی کی جانب سے کی جانے والی رفاہی سرگرمیاں، گروپ کے حیراتی و فلاحی شعبے کے تحت کام کرنے والی حسن علی اینڈ گل بانو لاکھانی فاؤنڈیشن اور نیکن میڈیکل ٹرسٹ کے ہم سے قائم ادارے سرانجام دیتے ہیں۔

مزید برآں آپ کی کمپنی سوسائٹی کے سماجی اور ماحولیاتی مقاصد کی تعمیل کے لیے بھی پر عزم ہے اور اس بات پر یقین رکھتی ہے کہ معاشرے کے تمام طبقات میں باہمی تعاون اور آپس میں مدد کے لیے مستحکم تعلقات استوار ہوں۔ ان رشتوں کو مضبوط کرنے کے لیے مختلف سماجی سرگرمیاں کی جاتی ہیں تاکہ اپنے اطراف کے علاقوں میں کیونیمینج کے معیار زندگی کو بلند کیا جائے جس کے لیے بچوں کی تعلیم اور بچنے کے صاف پانی کی فراہمی پر خاص طور پر توجہ دی جاتی ہے۔

کمپنی میں سماجی اور ایچ ایس اے اخلاقی رویوں کے فروغ کے لیے ایک ویلیو سسٹم نافذ کیا گیا ہے تاکہ بہتر اخلاقی برتاؤ کا جذبہ، مہارت میں

منعقد کرتی ہے۔ آڈٹ کمیٹی مالیاتی گوشواروں کی منظوری کے لیے بورڈ کو اپنی سفارشات کرتی ہے جن کی چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر باضابطہ توثیق کرتے ہیں۔

## افراد و مسائل و مشاہرہ کمیٹی

بورڈ نے کاروباری نظم و ضبط کے ضابطے کے مطابق افراد و مسائل و مشاہرہ کمیٹی بھی تشکیل دی جو درج ذیل ڈائریکٹرز پر مشتمل ہے:

جناب ذوالفقار علی لاکھانی  
جناب تسلیم الدین احمد باٹے  
آفتاب احمد

سال کے دوران کمیٹی کی ایک میٹنگ منعقد ہوئی جس میں تمام ڈائریکٹرز شریک ہوئے۔ کمیٹی کی لٹرم آف ریفرنس کاروباری نظم و ضبط کے ضابطے کے مندرجات کے مطابق ہیں تاہم صرف ان تک محدود نہیں ہیں۔

## کارپوریٹ اور فنانس نیشنل رپورٹنگ

آپ کی کمیٹی کاروباری نظم و ضبط کے ضابطے کی تعمیل کے عہد پر کاربند ہے۔ بورڈ کارپوریٹ اور فنانس نیشنل رپورٹنگ فریم ورک کے حوالے سے اپنی ذمہ داری کا اقرار کرتا ہے۔

یہ مالیاتی گوشوارے مع مندرجہ نونس کمپنیز آرڈیننس 1984 کے مطابق تیار کیے گئے ہیں۔ ان کی تیاری میں فنانس نیشنل رپورٹنگ کے بین الاقوامی معیاروں کی جہاں تک قابل اطلاق ہیں، پیروی کی گئی ہے۔

کمیٹی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔ کمیٹی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے اور شمارائی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

کمیٹی کی کاروباروں و اہل رکنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔ اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز میں تفصیلاً درج کاروباری نظم و ضبط کی اعلیٰ ترین روایات سے کوئی پہلو چھپی نہیں کی گئی۔

انٹرنل کنٹرول کا نظام مستحکم ہے اور اس کا موثر انداز میں نفاذ اور نگرانی کی جاتی ہے۔ بورڈ آف ڈائریکٹرز تصدیق کرتا ہے کہ مالیاتی گوشوارے، بشمول کیش فلوز اور ایکٹیوٹی میں تبدیلی، اس کے معاملات کی کیفیت اور اس کی کاروباری سرگرمیوں کی منصفانہ عکاسی کرتے ہیں۔

کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کی تعمیل کاروباری نظم و ضبط کے ضابطے کی تعمیل کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

## کاروباری معلومات

### (1) بورڈ میٹنگ

30 جون 2016ء کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل رہی:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب اقبال علی لاکھانی (چیف مین)	4
جناب ذوالفقار علی لاکھانی	2
جناب امین عمر لاکھانی	2
جناب تسلیم الدین احمد ہائے	4
جناب شاہد احمد خان	3
جناب کمال شعیب	4
جناب محمد عمران رفیق	4
جناب آفتاب احمد	4

### آڈٹ کمیٹی

بورڈ نے کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کے مطابق چار ڈائریکٹر پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے۔ ایک خود مختار ڈائریکٹر اس کا چیئر مین اور تین نان ایگزیکٹو ڈائریکٹر ممبران ہیں۔ 30 جون 2016ء کو ختم ہونے والے سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری حسب ذیل رہی:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب کمال شعیب	4
جناب ذوالفقار علی لاکھانی	3
جناب امین عمر لاکھانی	1
جناب تسلیم الدین احمد ہائے	4

آڈٹ کمیٹی کی رچر آف ریفرنس دی ہیں جو کاروباری نظم و ضبط کے ضابطے میں طے کیے گئے ہیں۔ مزید برآں آڈٹ کمیٹی مالیاتی گوشواروں اور انٹرنل کنٹرولز کے حوالے سے مطمئن ہونے کے لیے کوئی بھی معلومات یا وضاحت طلب کرنے کے لیے آزاد ہے۔ کمیٹی مالیاتی گوشواروں اور کمیٹی کے کاروبار کے حوالے سے کوئی بڑا فیصلہ صادر کرنے کے لیے ہر سہ ماہی میں کم از کم ایک بار اجلاس

میں کامیابی حاصل کر لی گئی۔ آپ کے ڈائریکٹرز اس پروجیکٹ کی کامیاب تکمیل میں سینچری پروجیکٹ اور RUNH پاور کارپوریشن لمیٹڈ آف چائنا کے ارکان کی کاوشوں کو سراہتے ہیں۔ اس پروجیکٹ پر کل لاگت 2,932 ملین روپے رہی۔ اپنی پوری استعداد پر یہ پلانٹ کمپنی کی توانائی کی 60 فیصد ضروریات پوری کرے گا اور باقی ضرورت بدستور دیگر ذرائع، بشمول گیس / فرنس آئل سے چلنے والے کوجنریشن پلانٹس اور اسٹیم بوائلرز کے ذریعے پوری کی جائے گی۔

### (ب) ثانوی واٹر ٹریٹمنٹ پلانٹ

کمپنی سال کے دوران 243 ملین روپے کی مجموعی لاگت سے ثانوی واٹر ٹریٹمنٹ پلانٹ بروئے کار لائی ہے۔ آپ کے ڈائریکٹرز اس پلانٹ میں سرمایہ کاری کو سماجی ذمہ داری سمجھتے ہیں جس سے کمپنی کی طرف سے نیشنل انوائرنمنٹ کوالٹی اسٹینڈرڈز (NEQ's) کی تعمیل میں نمایاں بہتری آئی ہے۔

### مجموعی بازاری مالیت (Market Capitalization)

زیر جائزہ سال کے دوران ملک کی کمیٹیٹل مارکیٹ مستحکم رہی۔ اس سال کے دوران کمپنی کے شیئرز کی مارکیٹ ویلیو کم سے کم 41.65 روپے اور زیادہ سے زیادہ 73.30 روپے کے درمیان اتار چڑھاؤ کا شکار رہی۔ سال کے اختتام پر نی شیئرز بریک اپ ویلیو 33.66 روپے تھی (گزشتہ سال: 31.41 روپے)۔ سال کے اختتام پر مجموعی بازاری مالیت 7,651 ملین روپے تھی (گزشتہ سال: 8,662 ملین روپے) جب کہ فی شیئر مارکیٹ ویلیو 52.04 روپے رہی (گزشتہ سال: 58.92 روپے)۔

### سرمایے کی تخصیص (Appropriation)

سال کے بعد آمدن کے ذخائر گزشتہ سال کے 386 ملین روپے سے بڑھ کر 718 ملین روپے ہو گئے۔ مزید برآں 901 ملین روپے کے ترجیحی شیئرز پر 644 ملین روپے کے جمع شدہ ترجیحی ڈیویڈنڈ کا اعلان ابھی باقی ہے۔ سیکورٹی اینڈ انویسٹمنٹ کمیشن آف پاکستان (SECP) کی منظور کردہ شرائط و ضوابط کے مطابق ترجیحی شیئرز کے لیے ڈیویڈنڈ عام شیئرز پر ڈیویڈنڈ کی کسی تقسیم سے قبل ہونا چاہیے۔ متوقع کاروباری منصوبے اور کیش فلو کی منصوبہ بندی اور بجٹ سازی کی بنیاد پر، اس سال کے لیے کسی ڈیویڈنڈ کا اعلان نہیں کیا گیا۔

### قومی خزانے میں حصہ

آپ کی کمپنی کے قومی خزانے میں جمع کردہ حصے کی مالیت گزشتہ سال کے 2,509 ملین روپے کے مقابلے میں 2,530 ملین روپے رہی۔ اس میں 139 ملین روپے بطور انکم ٹیکس (گزشتہ سال: 167 ملین روپے)، 2,223 ملین روپے بطور سیلز ٹیکس (گزشتہ سال: 2,214 ملین روپے)، 168 ملین روپے بطور کسٹم ڈیوٹی (گزشتہ سال: 128 ملین روپے) شامل ہیں۔

شرح سود میں کمی اور فنانس کے پورٹ فولیو کا بہتر انتظام و انصرام ہے۔  
 مالیاتی لاگت کو شمار میں لانے کے بعد کمپنی نے گزشتہ سال کے 176 ملین روپے قتل از ٹیکس خسارے کے مقابلے میں 436 ملین روپے قتل از ٹیکس منافع درج کرایا۔  
 سال کے لیے 114 ملین روپے کا ٹیکس چارج شمار میں لانے کے بعد، گزشتہ سال کے 205 ملین روپے کے خالص خسارے کے مقابلے میں زیر جائزہ سال کا خالص منافع 322 ملین روپے رہا۔  
 زیر جائزہ سال کے کمپنی کے کاروباری نتائج کا گزشتہ سال کے مقابل سمیت خلاصہ درج ذیل ہے:

ملین روپے	2015	2016	یہ
13,186	(12,308)	13,389	سیلز کی لاگت
878	(547)	1,267	کل منافع
69	400	64	انتظامی، فروخت اور دیگر مدوں میں اخراجات
400	(576)	792	دیگر آمدن
(176)	(29)	436	آپریٹنگ منافع
(205)	322	114	مالیاتی چارجز
157,124	176,482	322	خالص قتل از ٹیکس منافع / خسارہ
			ٹیکس
			خالص بعد از ٹیکس منافع / خسارہ
			فروخت کا حجم (میٹرک ٹن)

### فی شیئر آمدنی

زیر جائزہ سال کے لیے مجموعی زخمی شیئرز سے منسوب حسب تناسب ڈویڈنڈ گزشتہ سال کے 72 ملین روپے کے اعداد و شمار کے مقابلے میں 64 ملین روپے رہا۔  
 جس کے نتیجے میں عمومی شیئرز سے منسوب منافع 258 ملین روپے ہو گیا (گزشتہ سال: 277 ملین روپے کا نقصان)۔ اس بنیاد پر گزشتہ سال کے 1.89 روپے فی شیئر خسارے کے مقابلے میں سال کے لیے فی شیئر آمدن 1.76 روپے رہی۔

### خرچ سرمایہ:

(1) کونکے سے چلنے والا 18 میگاواٹ کو جزییشن پاور پلانٹ

آپ کے ڈائریکٹرز بعد خوشی اطلاع دیتے ہیں کہ جون 2016ء میں کونکے پر جزی 18 میگاواٹ کو جزییشن پاور پلانٹ کے اسٹارٹ اپس

## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز (BOD) کی طرف سے 30 جون 2016ء کو ختم ہونے والے سال کے لیے مینجیریٹیو ریپورٹ بورڈ آف ڈائریکٹرز (CPBM) کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ پیش کرنا میرے لیے باعث مسرت ہے۔

### مارکیٹ کا جائزہ

زیر جائزہ سال میں سچے اور سچے بورڈ پروڈکٹس کی مارکیٹ ڈیمانڈ میں اضافہ ہوا اور نسبتاً سستی اپورٹڈ مصنوعات کے ساتھ مقابلے کے لیے قیمت فروخت ایڈجسٹ کرنے کی حکمت عملی اختیار کر کے مارکیٹ شیئر بحال کیا گیا۔ سال کے دوران چین سے ڈپنگ کی قیمتوں پر نسبتاً سستی اپورٹڈ اشیاء کی آمد بدستور جاری رہی اور آپ کی کمپنی نے ڈپنگ اور غیر منصفانہ تجارتی سرگرمیوں کا معاملہ باضابطہ طور پر متعلقہ حکام کے سامنے اٹھایا۔ بد قسمتی سے نیشنل ٹریف کمیشن (NTC) کے قیام میں چند قانونی پیچیدگیوں کی وجہ سے یہ معاملہ ابھی تک حل طلب ہے۔

### کاروباری سرگرمیاں

زیر جائزہ سال کے دوران پلانٹ سے پیداوار گزشتہ سال کے 162,906 ٹن کے مقابلے میں بڑھ کر 186,416 ٹن تک پہنچ گئی۔ پلانٹ کی کارکردگی RLNG کی مسلسل سپلائی کی وجہ سے بہتر رہی اور پٹرولیم مصنوعات کی قیمتوں میں کمی کی وجہ سے ان کا استعمال باکثرت رہا۔

### فروخت

آپ کی کمپنی نے گزشتہ سال میں سیلز کے 157,124 میٹرک ٹن حجم کے مقابلے میں زیر جائزہ سال کے دوران مجموعی سیلز کا 176,482 میٹرک ٹن حجم حاصل کر کے حجم میں 14 فی صد اضافہ ریکارڈ کیا۔ زیر جائزہ سال کے دوران نیٹ سیلز ویلیو، گزشتہ سال کی نیٹ سیلز ویلیو 13,186 ملین روپے کے مقابلے میں 13,389 ملین روپے رہی۔

### مالیاتی جائزہ

زیر جائزہ سال میں فروخت کے زیادہ حجم اور اہم داخلی اخراجات، خصوصاً مختلف ایندھنوں کی قیمتوں میں کمی ہونے کی وجہ سے کمپنی کی مالیاتی کارکردگی میں بہتری آئی۔ آپ کے ڈائریکٹرز یہ اطلاع دیتے ہوئے اطمینان محسوس کر رہے ہیں کہ انتظامیہ سخت مقابلے کے باوجود گزشتہ سال میں ہونے والے خسارے کے مقابلے میں زیر جائزہ سال کے حتمی نتائج مثبت بنانے میں کامیاب رہی۔ زیر جائزہ سال میں خاص سیلز ٹرن اوور 13,389 ملین روپے ریکارڈ کی گئی (گزشتہ سال: 13,186 ملین روپے)۔ اسی طرح زیر جائزہ سال میں کمپنی کا مجموعی منافع 1,267 ملین روپے رہا (گزشتہ سال: 878 ملین روپے) جو کے 44 فی صد زیادہ ہے۔

اسی طرح زیر جائزہ سال کے لیے آپریٹنگ منافع 792 ملین روپے رہا (گزشتہ سال: 400 ملین روپے)۔ گزشتہ سال کے مقابلے میں مالیاتی لاگت 576 ملین روپے سے کم ہو کر اس سال کے دوران 356 ملین روپے ہو گئی جس کی وجہ

# Statement of Compliance

## With the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Listing Regulation No 5.19 of the Pakistan Stock Exchange Regulations 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 Board of the Company comprises of one independent, six non-executive and one executive Directors. At present the Board consists of the following:

Independent Director	Mr. Kemal Shoaib
Non-Executive Directors	Mr. Iqbal Ali Lakhani Mr. Zulfiqar Ali Lakhani Mr. Amin Mohammed Lakhani Mr. Tasleemuddin Ahmed Batlay Mr. Shahid Ahmed Khan Mr. Muhammad Imran Rafiq
Executive Director	Mr. Aftab Ahmad

The independent director meets the criteria of independence under clause 5.19.1(b) of the Code of Corporate Governance.

- 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 Directors of the Company are registered taxpayers, and none of them has defaulted in payment of any loan to a banking company, DFI and NBFIs, or being a broker of the stock exchange, has been declared as a defaulter by that stock exchange.
- 4) No casual vacancy occurred on the Board during the current year.
- 5) The Company has adopted a Code of Conduct which has been disseminated throughout the Company. It has also been placed on the website of the Company.
- 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 and major judgemental areas, if any, were taken by the Board. The Board approves the appointment and determination of remuneration and terms and conditions of employment of the Chief Executive officer, other Executive and Non-Executive Director/s.
- 8) The meetings of the Board were presided by the Chairman and in his absence, by a Director elected by the Board for this purpose. The Board meets at least once in every quarter. Written notices of the Board meeting, along with agendas were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated in time.
- 9) Five Directors on the Board have more than 14 years of education and more than 15 years of experience; therefore they are exempted from the Directors training program as prescribed by the Code of Corporate Governance. Two Directors attended the Directors' training course earlier and two Directors attended the Directors Training Program during the year.
- 10) The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 11) The Directors report has been prepared in compliance with the requirements of the CCG containing the salient matters required to be disclosed.
- 12) Before approval by the Board the financial statements of the Company were duly reviewed by the Audit Committee as endorsed by the CEO and CFO. The half yearly and annual accounts were also initialled by the external auditors before presentation to 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 Code of Corporate Governance.
- 15) The Board has formed an Audit Committee comprising of one independent and three non-executive Directors. The Chairman of the Committee is an Independent Director.
- 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 as required by the CCG. The terms of reference/charter of the committee have been formed and approved by the Board and advised to the committee for compliance.

- 17) The Board has also constituted a Human Resource and Remuneration Committee comprising of two non-executive directors and one executive director. The chairman of the Committee is a non-executive director.
- 18) The Board has set up an effective internal audit function which is headed by a chartered accountant. The full time staffs are qualified and experienced for the purpose, and 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, 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 Accountants of Pakistan.
- 20) The statutory auditors or the persons associated with them have not been appointed to provide any other services except in accordance with the listing regulations. The auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The Company announces the "closed period" prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the company's securities and immediately intimates the closed period to Directors/Executives and the Stock Exchange.
- 22) Material and sensitive information has been disseminated at once among all market participants through the Stock Exchange.
- 23) It is confirmed that material principles contained in the Code of Corporate Governance have been complied with.



Aftab Ahmad  
Director and Chief Executive Officer

Karachi: August 17, 2016



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## 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 (the Code) prepared by the Board of Directors of Century Paper and Board Mills Limited for the year ended June 30, 2016 to comply with the requirements of Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

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

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

The 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 as applicable to the Company for the year ended June 30, 2016.

KARACHI  
DATED: August 17, 2016

BDO Ebrahim & Co,  
CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

## Auditors' Report to the Members

We have audited the annexed balance sheet of CENTURY PAPER & BOARD MILLS LIMITED as at June 30, 2016 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 above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) In our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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, 2016 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.

KARACHI  
DATED: August 17, 2016



BDO Ebrahim & Co.  
CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

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# Balance Sheet

as at June 30, 2016

	Note	2016 (Rupees in thousands)	2015
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	5	10,037,714	7,602,231
Capital work in progress	6	49,037	1,812,177
		<u>10,086,751</u>	<u>9,414,408</u>
Intangible assets	7	2,390	3,645
Long-term loans and advances	8	882	5,054
Long-term deposits		2,829	2,829
		<u>10,092,852</u>	<u>9,425,936</u>
<b>CURRENT ASSETS</b>			
Stores and spares	9	1,136,597	1,082,473
Stock-in-trade	10	1,731,864	1,982,334
Trade debts	11	1,265,432	1,173,624
Loans and advances	12	15,199	16,156
Trade deposits and short-term prepayments	13	79,533	3,679
Other receivables	14	4,336	2,815
Tax refunds due from Government		127,604	116,306
Taxation - net	15	309,838	183,318
Cash and bank balances	16	217,494	120,987
		<u>4,887,897</u>	<u>4,681,692</u>
<b>TOTAL ASSETS</b>		<u><b>14,980,749</b></u>	<u><b>14,107,628</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
410,000,000 (2015: 410,000,000) shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital			
Ordinary shares	17	1,470,184	1,470,184
Preference shares	18	901,214	901,214
		<u>2,371,398</u>	<u>2,371,398</u>
Reserves	19	3,479,168	3,147,348
		<u>5,850,566</u>	<u>5,518,746</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	20	3,878,066	4,149,238
Deferred taxation	21	695,234	578,499
		<u>4,573,300</u>	<u>4,727,737</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	22	1,580,938	1,245,364
Interest and mark-up accrued	23	41,330	42,399
Short-term borrowings	24	1,988,443	1,951,943
Current portion of long-term financing	20	946,172	621,439
		<u>4,556,883</u>	<u>3,861,145</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>14,980,749</b></u>	<u><b>14,107,628</b></u>

The annexed notes from 1 to 47 form an integral part of these financial statements.



Aftab Ahmad  
Chief Executive Officer



Tasleemuddin Ahmed Batlay  
Director

# Profit and Loss Account

for the year ended June 30, 2016

	Note	2016 (Rupees in thousands)	2015
Sales - net	26	13,389,130	13,186,182
Cost of sales	27	(12,121,851)	(12,308,379)
<b>Gross profit</b>		<b>1,267,279</b>	877,803
General and administrative expenses	28	(379,336)	(359,045)
Selling and distribution expenses	29	(113,871)	(113,049)
Other operating charges	30	(46,081)	(74,601)
Other income	31	64,136	68,442
<b>Operating profit</b>		<b>792,127</b>	399,550
Finance cost	32	(355,751)	(575,987)
<b>Net profit / (loss) before taxation</b>		<b>436,376</b>	(176,437)
Taxation	33	(113,985)	(28,961)
<b>Net profit / (loss) for the year</b>		<b>322,391</b>	(205,398)
Earnings / (loss) per share - basic and diluted (Rupees)	34	1.76	(1.89)

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

The annexed notes from 1 to 47 form an integral part of these financial statements.

  
Aftab Ahmad  
Chief Executive Officer

  
Tasleemuddin Ahmed Batlay  
Director

# Statement of Comprehensive Income

for the year ended June 30, 2016

	2016	2015
Note	(Rupees in thousands)	
Net profit / (loss) for the year	322,391	(205,398)
<b>Other comprehensive income for the year</b>		
Items that will not be reclassified to profit and loss account		
Gain / (loss) on remeasurement of defined benefit liability	13,470	(29,351)
Tax impact	(4,041)	8,805
35	9,429	(20,546)
Total comprehensive income / (loss) for the year	<u>331,820</u>	<u>(225,944)</u>

The annexed notes from 1 to 47 form an integral part of these financial statements.



Aftab Ahmad  
Chief Executive Officer



Tasleemuddin Ahmed Batlay  
Director



# Cash Flow Statement

for the year ended June 30, 2016

	2016	2015
Note	(Rupees in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	37 2,065,690	1,813,089
Finance cost paid	(356,820)	(599,066)
Taxes paid	(232,390)	(287,790)
Taxes refunded	93,280	120,291
Gratuity paid	(38,245)	(33,734)
Workers' Profit Participation Fund paid	-	(49,087)
Long-term loans and advances - net	4,172	(2,209)
Net cash generated from operating activities	<u>1,535,687</u>	<u>961,494</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	<u>(1,533,570)</u>	<u>(1,905,514)</u>
Proceeds from sale of operating fixed assets	4,543	8,281
Net cash used in investing activities	<u>(1,529,027)</u>	<u>(1,897,233)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term financing from banking companies	<u>675,000</u>	<u>1,434,844</u>
Repayment of long-term financing from banking companies	<u>(621,439)</u>	<u>(794,015)</u>
Net cash generated from financing activities	<u>53,561</u>	<u>640,829</u>
Net increase / (decrease) in cash and cash equivalents	<u>60,221</u>	<u>(294,910)</u>
Cash and cash equivalents at the beginning of the year	<u>(1,830,956)</u>	<u>(1,536,046)</u>
Effect of exchange loss	<u>(214)</u>	<u>-</u>
Cash and cash equivalents at the end of the year	<u>(1,770,949)</u>	<u>(1,830,956)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	16 217,494	120,987
Short-term borrowings	24 (1,988,443)	(1,951,943)
	<u>(1,770,949)</u>	<u>(1,830,956)</u>

The annexed notes from 1 to 47 form an integral part of these financial statements.

  
Aftab Ahmad  
Chief Executive Officer

  
Tasleemuddin Ahmed Batlay  
Director

# Statement of Changes In Equity

for the year ended June 30, 2016

Issued, subscribed and paid-up		Reserves									Total
		Capital reserves					Revenue reserves			Sub total	
Ordinary share capital	Preference share capital	Share premium	Merger reserve	Redemption reserve	Total	General reserve	Unappropriated profit	Total			

(Rupees in thousands)

Balance as at July 01, 2014 1,470,184 901,214 1,822,122 7,925 931,254 2,761,301 313,226 298,765 611,991 3,373,292 5,744,690

## Total comprehensive income for the year

Net loss for the year

-	-	-	-	-	-	-	-	(205,398)	(205,398)	(205,398)	(205,398)
-	-	-	-	-	-	-	-	(20,546)	(20,546)	(20,546)	(20,546)
-	-	-	-	-	-	-	-	(225,944)	(225,944)	(225,944)	(225,944)

Loss on remeasurement of defined benefit liability - net

Balance as at June 30, 2015 1,470,184 901,214 1,822,122 7,925 931,254 2,761,301 313,226 72,821 386,047 3,147,348 5,518,746

## Total comprehensive income for the year

Net profit for the year

-	-	-	-	-	-	-	-	322,391	322,391	322,391	322,391
-	-	-	-	-	-	-	-	9,429	9,429	9,429	9,429
-	-	-	-	-	-	-	-	331,820	331,820	331,820	331,820

Gain on remeasurement of defined benefit liability - net

Balance as at June 30, 2016 1,470,184 901,214 1,822,122 7,925 931,254 2,761,301 313,226 404,641 717,867 3,479,168 5,850,566

The annexed notes from 1 to 47 form an integral part of these financial statements.



Aftab Ahmad  
Chief Executive Officer



Tasleemuddin Ahmed Batlay  
Director

# Notes to the Financial Statements

for the year ended June 30, 2016

## 1 STATUS AND NATURE OF BUSINESS

Century Paper & Board Mills Limited (“the Company”) was incorporated in Pakistan as a public limited company on August 2, 1984 under the Companies Ordinance, 1984 and its ordinary shares were quoted on Karachi, Lahore and Islamabad Stock Exchanges of Pakistan all of which merged into Pakistan Stock Exchange with effect from January 11, 2016. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The Company is engaged in manufacturing and marketing of paper, board and related products.

## 2 BASIS OF PREPARATION

### 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 and 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 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain staff retirement benefits at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company’s accounting policies and use of certain critical accounting estimates. The areas involving a higher degree of judgment, critical accounting estimates and significant assumptions are disclosed in note 4.25.

### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company’s functional and presentation currency.

## 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

### 3.1 Standards or interpretations that are effective in current year but not relevant to the Company

The following new standards have been issued by the International Accounting Standards Board (IASB) which have been adopted locally by the Securities and Exchange Commission of Pakistan vide SRO 633(I)/2014 dated July 10, 2014 with effect from following dates. The Company has adopted these accounting standards which do not have significant impact on the Company’s financial statements other than certain disclosure requirements about fair value of financial instruments as per IFRS 13 “Fair Value Measurement” which have been disclosed in note 42.

# Notes to the Financial Statements

for the year ended June 30, 2016

	Effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements	January 01, 2015
IFRS 11 Joint Arrangements	January 01, 2015
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 Fair Value Measurement	January 01, 2015
IAS 27 Separate Financial Statements (Revised 2011)	January 01, 2015
IAS 28 Investments in Associates and Joint Ventures (Revised 2011)	January 01, 2015

## 3.2 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective date (annual periods beginning on or after)
<b>Accounting standards and interpretations:</b>	
IFRS 2 Share-based Payments - Amendment to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IFRS 7 Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (Servicing Contracts and Applicability of the offsetting amendments in condensed interim financial statements)	January 01, 2016
IFRS 9 Financial Instruments - Amendments for incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 01, 2018
IFRS 10 Consolidated Financial Statements - Amendments regarding the application of the consolidation exception	January 01, 2016
IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12 Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IFRS 14 Regulatory Deferral Accounts, To recognize Regulatory Deferred Accounts balances arise from rate-regulated activities	January 01, 2016
IFRS 15 Revenue from Contracts with Customers (Superseded IAS 11), To recognize revenue for the transfer of promised goods or services to the customer under the contract	January 01, 2018

# Notes to the Financial Statements

for the year ended June 30, 2016

IFRS 16	Leases (Superseding IAS 17), To report all lease assets and lease liabilities on the balance sheet, initially measured at the present value of future lease payments as it eliminated classification of leases as Operating or Finance Leases for lessee	January 01, 2019
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendment regarding the recognition of deferred tax assets for unrealized losses	January 01, 2017
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 19	Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 27	Consolidated and Separate Financial Statements - Amendment reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associated in an entity separate financial statements	January 01, 2016
IAS 28	Investment in Associates and Joint Ventures - Amendment regarding the application of consolidation exception	January 01, 2016
IAS 34	Interim Financial Reporting - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plant into the scope of IAS 16	January 01, 2016

### 3.3 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which 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 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have significant effect on the Company's future financial statements.

The management anticipates that the adoption of the above standards and amendments in future periods will have no material impact on the Company's financial statements.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 4 SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Property, plant and equipment

#### a) Operating fixed assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the item including borrowing costs (refer note 4.9). The cost of self constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost of the day to day servicing of property, plant and equipment are recognized in profit and loss account during the financial year in which they are incurred.

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

The spare parts, stand-by equipment and servicing equipment are capitalized as an asset when they meet the definition of property, plant and equipment.

Depreciation on operating fixed assets other than land is provided on a straight line basis. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets. Rates of depreciation, which are disclosed in note 5, are determined to allocate the cost of an asset less estimated residual value, if not insignificant, over its useful life.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Disposal of assets is recognized when significant risks and rewards incidental to the ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the profit and loss account.

#### b) Capital work-in-progress

Capital work-in-progress are stated at cost and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

### 4.2 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Major computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software.

Expenditure which enhances the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

# Notes to the Financial Statements

for the year ended June 30, 2016

Amortization is provided on a straight line basis at the rates disclosed in note 7 to the financial statements. Amortization on addition to intangible assets is charged from the month of addition while no amortization is charged for the month of disposal or deletion of assets.

Costs associated with maintaining computer softwares are recognized as an expense as and when incurred.

## 4.3 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each balance sheet date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

## 4.4 Stores and spares

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the moving average method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

## 4.5 Stock-in-trade

Stock-in-trade are valued at the lower of cost and net realizable value. Cost of raw material is determined by using the monthly weighted average method.

Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon.

Work-in-process and finished goods consist of the direct materials costs, fuel and power cost and an appropriate proportion of manufacturing overheads including labour cost, depreciation and maintenance etc.

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

## 4.6 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoiced amount. When a trade debt is uncollectible, it is written off and charge to profit and loss account. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 4.7 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is also recognized in other comprehensive income or directly in equity respectively.

### a) Current

Current tax is the expected tax payable on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date after taking into account tax credits and tax rebates. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### b) Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in future years to utilize deductible temporary differences, unused tax losses and tax credits.

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted up to the balance sheet date and are expected to apply to the periods when the differences reverse.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

- c) The Company takes into account decisions taken by the taxation authorities. For instance where the Company's view differs from the income tax department at the assessment stage, the disputed amounts are shown as contingent liabilities.

## 4.8 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

## 4.9 Borrowings

Loans and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis and are shown as interest and mark-up accrued to the extent of the amount remaining unpaid.

Short-term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowing cost on long-term finances and short-term borrowings which are obtained for the acquisition of qualifying assets are capitalized as part of cost of that asset. All other borrowing costs are charged to profit and loss account in the period in which these are incurred. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost as allowed under IAS 23 "Borrowing cost".



# Notes to the Financial Statements

for the year ended June 30, 2016

## 4.10 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

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

## 4.11 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of that obligation can be measured reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

## 4.12 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

## 4.13 Financial instruments

### 4.13.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at balance sheet date are carried as loans and receivables.

#### - Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the balance sheet, which are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'loans and deposits', 'other receivables' and 'cash and cash equivalents' in the balance sheet.

#### - Impairment

At the end of each reporting period the Company assesses whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

# Notes to the Financial Statements

for the year ended June 30, 2016

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss will be reversed either directly or by adjusting provision account.

## 4.13.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

## 4.13.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

## 4.13.4 Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

## 4.14 Offsetting of financial assets and financial liabilities

Financial asset and financial liability are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set-off the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

## 4.15 Derivative financial instruments

The Company enters into derivative financial instruments. The derivatives that do not qualify for hedge accounting are recognized in the balance sheet at fair value with corresponding effect in profit and loss account.

## 4.16 Foreign currency translation

Transactions in foreign currencies are converted into functional currency (PKR) at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are recognized in the profit and loss account.

## 4.17 Employees benefits

The Company's employees benefits comprise of provident fund, gratuity scheme and compensated absences for eligible employees.

### 4.17.1 Staff retirement benefits

#### a) Defined benefit plan (Gratuity Fund)

The Company has a gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The Gratuity Fund is maintained by a trust created and duly approved. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out at June 30, 2016 using the projected unit credit method (refer note 35). The rereasurement gains/losses as per actuarial valuation done at financial year end are recognized immediately in other comprehensive income and all other expenses are recognized in accordance with IAS 19 "Employee Benefits" in the profit and loss account.

# Notes to the Financial Statements

for the year ended June 30, 2016

## b) Defined contribution plan (Provident Fund)

The Company contributes to an approved contributory provident fund scheme for all its permanent employees. Equal monthly contributions, both by the Company and the employees are made to the fund, at the rate of 10% of the basic salary plus cost of living allowance. Obligation for contributions to defined contribution plan by the Company is recognized as an expense in the profit and loss account.

## 4.17.2 Compensated absences

The Company accounts for compensated absences on the basis of earned unavailed leaves accumulated up to three years balance of each employee at the balance sheet date.

## 4.18 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax and sales discounts, if any.

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

- Sale of goods are recorded when the risks and rewards are transferred, that is, on dispatch of goods to customers.
- Scrap sales are recognized on delivery to customers at realized amounts.
- Return on deposit is accrued on time proportion basis by reference to the principle outstanding and the applicable rate of return.
- Commission on insurance premium is recognized on accrual basis.

## 4.19 Cash and cash equivalents

Cash and cash equivalents comprise of cash, cheques in hand and balances with banks. Short-term borrowing facilities which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

## 4.20 Share capital

Share capital is classified as equity and recognized at the face value. Incidental costs, net of tax, directly attributable to the issue of new shares are shown as a deduction in equity.

## 4.21 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 4.22 Dividend and appropriation to reserves

Dividend is recognized as a liability in the period in which it is declared. Appropriations to reserves are recognized in the year in which these are approved by the Company's shareholders at the Annual General Meeting.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 4.23 Related party transactions

Transactions with related parties are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

## 4.24 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

## 4.25 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The management has exercised judgment in applying the Company's accounting policies for classification of Post Employment Benefits as Defined Benefits Plan and Defined Contribution Plan (refer note 4.17 and note 35) that have the most significant effects on the amounts recognized in the financial statements.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

### a) Income taxes

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note 4.7 of these financial statements.

### b) Defined benefits plan

Certain actuarial assumptions have been adopted as disclosed in note 35 to these financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect actuarial gains / losses recognized in those years with corresponding effect on carrying amount of defined benefit plan liability / asset.

### c) Property, plant and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

### d) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding effect on amounts recognized in profit and loss account as provision / reversal.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 5 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Freehold land	Buildings on freehold land	Leasehold improvements	Plant and machinery (note 5.2)	Furniture and fixtures	Vehicles	Electrical and other equipments	Computers	Total
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(Rupees in thousands)

### Year ended June 30, 2016

#### Net carrying value basis

Opening net book value (NBV)	281,529	1,195,547	-	6,009,196	4,256	81,587	10,350	19,766	7,602,231
Additions (at cost)	-	803,222	-	2,459,241	1,806	37,539	7,003	6,282	3,315,093
Disposals (NBV)	-	-	-	-	-	(3,616)	-	(46)	(3,662)
Depreciation charge	-	(52,588)	-	(791,038)	(896)	(17,934)	(4,101)	(9,391)	(875,948)
Closing net book value (refer note 5.1)	<b>281,529</b>	<b>1,946,181</b>	<b>-</b>	<b>7,677,399</b>	<b>5,166</b>	<b>97,576</b>	<b>13,252</b>	<b>16,611</b>	<b>10,037,714</b>

#### Gross carrying value basis

Cost	281,529	2,388,122	6,995	15,350,605	20,374	148,507	35,663	91,171	18,322,966
Accumulated depreciation / impairment	-	(441,941)	(6,995)	(7,673,206)	(15,208)	(50,931)	(22,411)	(74,560)	(8,285,252)
Net book value	<b>281,529</b>	<b>1,946,181</b>	<b>-</b>	<b>7,677,399</b>	<b>5,166</b>	<b>97,576</b>	<b>13,252</b>	<b>16,611</b>	<b>10,037,714</b>

### Year ended June 30, 2015

#### Net carrying value basis

Opening net book value (NBV)	280,092	1,209,159	-	6,542,963	4,640	65,492	11,246	24,154	8,137,746
Additions (at cost)	1,437	34,810	-	294,883	474	36,565	3,410	5,265	376,844
Disposals (NBV)	-	-	-	(770)	-	(5,724)	-	-	(6,494)
Depreciation charge	-	(48,422)	-	(827,880)	(858)	(14,746)	(4,306)	(9,653)	(905,865)
Closing net book value (refer note 5.1)	<b>281,529</b>	<b>1,195,547</b>	<b>-</b>	<b>6,009,196</b>	<b>4,256</b>	<b>81,587</b>	<b>10,350</b>	<b>19,766</b>	<b>7,602,231</b>

#### Gross carrying value basis

Cost	281,529	1,584,900	6,995	12,891,414	18,569	122,985	29,007	91,705	15,027,104
Accumulated depreciation / impairment	-	(389,353)	(6,995)	(6,882,218)	(14,313)	(41,398)	(18,657)	(71,939)	(7,424,873)
Net book value	<b>281,529</b>	<b>1,195,547</b>	<b>-</b>	<b>6,009,196</b>	<b>4,256</b>	<b>81,587</b>	<b>10,350</b>	<b>19,766</b>	<b>7,602,231</b>

#### Depreciation rate % per annum

-	2.5 to 10	20	5 to 20	10 to 20	20	10 to 33	20 to 33
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5.1 The cost of fully depreciated assets which are still in use as at June 30, 2016 is Rs. 2,826 million and written down value is Rs. 3.02 million (2015: Rs. 2,109 million and written down value is Rs. 2.96 million).

5.2 Plant and machinery includes gas pipeline installations with a cost of Rs. 16.87 million (written down value: Nil) [2015: Rs. 16.87 million (written down value: Nil)] which have been installed outside the premises of the factory and which are under the possession and control of the Sui Northern Gas Pipelines Limited. However, the economic benefits associated with these assets are flowing to the Company.

5.3 Plant and machinery includes capital spares amounting to Rs. 286.43 million (written down value Rs. 201.35 million) [2015: Rs. 229.59 million (written down value Rs. 161.34 million)].

5.4 The depreciation charge for the year has been allocated as follows:

	Note	2016 (Rupees in thousands)	2015
Cost of sales	27	<b>841,071</b>	874,121
General and administrative expenses	28	<b>32,935</b>	30,160
Selling and distribution expenses	29	<b>1,942</b>	1,581
		<b>875,948</b>	905,862

# Notes to the Financial Statements

for the year ended June 30, 2016

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
(Rupees in thousands)						
<b>Plant and machinery</b>						
Items having book value upto Rs. fifty thousand	50	50	-	-	Scrap (Note 5.5.1)	Various
	50	50	-	-		
<b>Vehicles</b>						
Suzuki Mehran	529	370	159	203	Maturity of Company Car Scheme (5.5.2)	Mr. Farooq Qureshi
Suzuki Cultus	868	608	260	312	Maturity of Company Car Scheme (5.5.2)	Mr. Abid Ali
Suzuki Cultus	868	608	260	312	Maturity of Company Car Scheme (5.5.2)	Mr. Nadeem Daniel
Suzuki Cultus	868	608	260	312	Maturity of Company Car Scheme (5.5.2)	Mr. Asghar Ali
Toyota Corolla Xli	943	660	283	527	Sale (Negotiation)	Mr. Laeeq Ahmed
Honda City i-Vtec	1,270	889	381	416	Maturity of Company Car Scheme (5.5.2)	Mr. Irfan Farooqui
Toyota Corolla Xli	1,300	910	390	426	Maturity of Company Car Scheme (5.5.2)	Mr. Muhammad Rashid Dastagir
Toyota Corolla Gli	1,414	990	424	512	Maturity of Company Car Scheme (5.5.2)	Mr. Mansoor Ahmed
Honda Civic i-Vtec	1,673	1,171	502	548	Maturity of Company Car Scheme (5.5.2)	Mr. Tanveer Ahmed Khalid
Toyota Corolla Altis	1,790	1,253	537	644	Maturity of Company Car Scheme (5.5.2)	Mr. Karamat Ullah Khan Niazi
Items Having Book Value Upto Rs. Fifty Thousand	493	334	159	190	Scrap (Note 5.5.1)	Various
	12,016	8,401	3,615	4,402		
<b>Electrical and other equipments</b>						
Items having book value upto Rs. fifty thousand	348	348	-	53	Scrap (Note 5.5.1)	Various
<b>Computers</b>						
Items having book value upto Rs. fifty thousand	6,817	6,771	46	88	Scrap (Note 5.5.1)	Various
<b>Total - 2016</b>	<b>19,231</b>	<b>15,570</b>	<b>3,661</b>	<b>4,543</b>		
<b>Total - 2015</b>	<b>155,109</b>	<b>148,615</b>	<b>6,493</b>	<b>8,281</b>		

5.5.1 Certain assets were retired during the year and sold as bulk scrap. Consequently, it is not practicable to assign sale proceeds to these retired assets individually.

5.5.2 The vehicles were transferred to employees at maturity of the Company car scheme.

## 6 CAPITAL WORK-IN-PROGRESS

This comprises of:

	2016	2015
	(Rupees in thousands)	
Civil works	21,963	120,534
Plant and machinery	7,597	113,962
Advances to suppliers	19,477	4,523
	<u>49,037</u>	<u>239,019</u>
Project (Coal Based Co-Generation Power Plant)		
Civil works	-	206,681
Plant and machinery	-	1,208,808
Advances to suppliers	-	49,406
Other directly attributable cost	-	108,263
	<u>-</u>	<u>1,573,158</u>
	<u>49,037</u>	<u>1,812,177</u>

# Notes to the Financial Statements

for the year ended June 30, 2016

## 6.1 Movement of carrying amount

	Note	Building	Plant and machinery	Total
(Rupees in thousands)				
<b>Year ended June 30, 2016</b>				
Opening balance		327,215	1,484,962	1,812,177
Additions (at cost)	6.2	497,969	942,556	1,440,525
Transferred to operating fixed assets	6.3	(803,222)	(2,400,443)	(3,203,665)
Closing balance		21,962	27,075	49,037
<b>Year ended June 30, 2015</b>				
Opening balance		17,852	184,673	202,525
Additions (at cost)	6.2	345,222	1,560,395	1,905,617
Transferred to operating fixed assets		(35,859)	(260,106)	(295,965)
Closing balance		327,215	1,484,962	1,812,177

6.2 This includes borrowing costs capitalized amounting to Rs. 150.714 million (2015: Rs. 67.785 million) at an average rate of 7.33% (2015: 9.34 %) per annum.

6.3 This includes amount transferred to Operating fixed assets relating to Coal Fired Co-generation Power Plant (COGEN-3) and Secondary Waste Water Treatment Plant amounting to Rs. 2,932 million and Rs. 243 million respectively.

	Note	2016	2015
(Rupees in thousands)			
<b>7 INTANGIBLE ASSETS</b>			
Intangible assets		2,390	3,645
<b>7.1 Net carrying value basis</b>			
Opening net book value		3,645	2,712
Additions (at cost)		-	2,542
Amortization charge	28	(1,255)	(1,609)
Closing net book value		2,390	3,645
<b>Gross carrying value basis</b>			
Cost		62,013	62,013
Accumulated amortization		(59,623)	(58,368)
Net book value		2,390	3,645
<b>Amortization rate % per annum</b>		20 – 33.33	20 – 33.33

## 8 LONG-TERM LOANS AND ADVANCES

(Unsecured - considered good)			
Long-term loans	8.1	184	668
Long-term advance to supplier	8.5	698	4,386
		882	5,054
<b>8.1 Long-term loans</b>			
Due from employees	8.4	690	1,637
Current portion shown under current assets	12	(506)	(969)
	8.3	184	668
<b>8.2 Outstanding period is as under:</b>			
More than one year but less than three years		184	668

# Notes to the Financial Statements

for the year ended June 30, 2016

- 8.3 Chief Executive Officer and Directors have not taken any loans and advances from the Company.
- 8.4 These loans are granted to employees of the Company principally for purchase of motor vehicles which do not carry mark-up in accordance with their terms of employment.
- 8.5 This represents advances to suppliers against fixed assets in the normal course of business and does not carry any interest or mark-up.

	Note	2016 (Rupees in thousands)	2015
<b>9 STORES AND SPARES</b>			
Stores	9.1	723,838	667,393
Spares			
in hand		398,730	421,187
in transit		42,839	19,618
		<u>441,569</u>	<u>440,805</u>
		1,165,407	1,108,198
Provision for slow moving stores and spares	9.2	(28,810)	(25,725)
	9.3	<u>1,136,597</u>	<u>1,082,473</u>

- 9.1 This includes fuel for power and steam generation amounting to Rs. 118.07 million (2015: Rs. 55.82 million).

	Note	2016 (Rupees in thousands)	2015
<b>9.2 Provision for slow moving stores and spares comprises:</b>			
Balance at the beginning of the year		25,725	31,932
Provision / (reversal) recognized during the year	27	3,085	(2,954)
Written off during the year		-	(3,253)
Balance at the end of the year		<u>28,810</u>	<u>25,725</u>

- 9.3 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

	Note	2016 (Rupees in thousands)	2015
<b>10 STOCK-IN-TRADE</b>			
Raw materials			
in hand		1,085,198	1,328,750
in transit		217,260	243,803
		<u>1,302,458</u>	<u>1,572,553</u>
Work-in-process		50,053	298,416
Finished goods		379,353	111,365
		<u>1,731,864</u>	<u>1,982,334</u>

	Note	2016	2015
<b>11 TRADE DEBTS</b>			
(Unsecured - considered good)			
Due from associated undertakings	11.1	119,051	67,765
Others		1,146,381	1,105,859
		<u>1,265,432</u>	<u>1,173,624</u>

- 11.1 This comprises of amounts receivable from:

Merit Packaging Limited	73,208	35,950
Colgate-Palmolive (Pakistan) Limited	45,843	29,904
Tetley Clover (Private) Limited	-	1,911
	<u>119,051</u>	<u>67,765</u>



# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016 (Rupees in thousands)	2015
11.2	The aging of related party balances at the balance sheet date is as follows:		
	Not past due	112,717	64,797
	Past due by 1 to 30 days	6,334	841
	Past due by 31 to 60 days	-	929
	Past due by over 60 days	-	1,198
	11.3	<u>119,051</u>	<u>67,765</u>
11.3	The maximum amount due from related parties at the end of any month during the year was Rs. 209.70 million (2015: Rs. 199.96 million).		

11.4 These are in the normal course of business and interest free.

	Note	2016 (Rupees in thousands)	2015	
12	<b>LOANS AND ADVANCES</b>			
	(Unsecured - considered good)			
	Loans			
	Current portion of long-term loans	8.1	506	969
	Advances			
	to employees	12.1	1,844	865
	to suppliers	12.2	12,849	14,322
			<u>14,693</u>	<u>15,187</u>
	12.3	<u>15,199</u>	<u>16,156</u>	

12.1 This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred. These advances do not carry any interest or mark-up.

12.2 This represents advances to suppliers in the normal course of business and does not carry any interest or mark-up.

12.3 Chief Executive Officer and Directors have not taken any loans and advances from the Company.

	Note	2016 (Rupees in thousands)	2015	
13	<b>TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
	Deposits	13.1	80	70
	Prepayments		<u>79,453</u>	<u>3,609</u>
			<u>79,533</u>	<u>3,679</u>

13.1 This represents short-term deposits in the normal course of business and does not carry any interest or mark-up.

# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016 (Rupees in thousands)	2015
<b>14 OTHER RECEIVABLES</b>			
(Unsecured - considered good)			
Due from associated undertakings			
Insurance agency commission		836	1,214
Others		3,174	114
	14.1	<u>4,010</u>	<u>1,328</u>
Others		326	1,487
		<u>4,336</u>	<u>2,815</u>

14.1 This comprises of amounts receivable from:

Century Insurance Company Limited	1,523	1,214
Merit Packaging Limited	1,419	107
SIZA (Private) Limited	649	-
Accuray Surgical (Private) Limited	60	-
Anchor Commodities (Private) Limited	55	-
GAM Corporation (Private) Limited	55	-
Cyber Internet Service (Private) Limited	21	7
Sybrid (Private) Limited	228	-
	<u>4,010</u>	<u>1,328</u>

## 15 TAXATION - NET

15.1 The income tax assessments of the Company have been finalized upto Tax Year 2015 (accounting year ended June 30, 2015). However, the return for the Tax Year 2014 has been selected for audit under Section 177 of the Income Tax Ordinance, 2001 pending assessment order. Adequate provisions have been made in these financial statements for the year ended June 30, 2016 (Tax year 2016).

15.2 Deputy Commissioner Inland Revenue has made certain disallowances for expenses for the Tax Year 2009, 2011, 2012 and 2015 which resulted in reduction of tax losses available to the Company for respective years. The Company has filed appeals against orders of the Deputy Commissioner, Inland Revenue for the Tax Year 2009, 2011 and 2012 before Income Tax Appellate Tribunal and filed appeal against order of the Deputy Commissioner, Inland Revenue for the Tax Year 2015 before Commissioner (Appeals), which are pending adjudication.

	Note	2016 (Rupees in thousands)	2015
<b>16 CASH AND BANK BALANCES</b>			
Cash at bank in current account	16.1	134,462	117,166
Cheques in hand		79,174	-
Cash in hand		3,858	3,821
		<u>217,494</u>	<u>120,987</u>

16.1 Cash at bank in current account does not carry any interest or mark-up.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 17 ORDINARY SHARES

Number of ordinary shares of Rs. 10/- each			2016	2015
2016	2015		(Rupees in thousands)	
77,678,857	77,678,857	Fully paid in cash	776,790	776,790
43,542,501	43,542,501	Issued as fully paid bonus shares	435,425	435,425
25,089,437	25,089,437	Issued due to conversion of preference shares	250,894	250,894
707,550	707,550	Issued under scheme of amalgamation	7,075	7,075
<u>147,018,345</u>	<u>147,018,345</u>		<u>1,470,184</u>	<u>1,470,184</u>
<u>100,229,748</u>	<u>100,229,748</u>	Shares held by associated companies and related parties	<u>1,002,297</u>	<u>1,002,297</u>

## 18 PREFERENCE SHARES

Number of ordinary shares of Rs. 10/- each			2016	2015
2016	2015			
300,404,561	300,404,561	Fully paid in cash	3,004,046	3,004,046
(135,182,070)	(135,182,070)	Redeemed through cash / right shares	(1,351,821)	(1,351,821)
(75,101,140)	(75,101,140)	Conversion to ordinary shares	(751,011)	(751,011)
<u>90,121,351</u>	<u>90,121,351</u>		<u>901,214</u>	<u>901,214</u>
<u>90,121,351</u>	<u>90,121,351</u>	Shares held by associated companies	<u>901,214</u>	<u>901,214</u>

18.1 In November 2009, the Company issued preference right shares of the face value of Rs. 10 each, in the proportion of 4.25 preference shares for every ordinary share held. These shares are not listed on any of the stock exchanges in Pakistan.

18.2 The followings are the terms, conditions, rights and privileges of preference shares with amendments which became effective on July 01, 2013.

- a) Annual dividends will be payable when and if declared by the Company but shall be paid on cumulative basis prior to any dividend or other distribution payable to the ordinary shareholders. The dividend rate will be based on six months KIBOR plus spread of 1% per annum subject to cap of 13% per annum on the face value of the preference shares. The cumulative dividend in arrear as at the balance sheet date amounted to Rs. 664.16 million (June 30, 2015: Rs. 600.26 million).
- b) The preference shareholders do not have any voting rights and are not entitled to receive any notice for meeting of shareholders and will not be entitled to any rights in respect of subscription of further issue of ordinary shares of the Company.

# Notes to the Financial Statements

for the year ended June 30, 2016

- c) The Company shall have the option to redeem the preference shares in full or in any proportion by giving fourteen days notice. The redemption will be subject to the payment of cumulative unpaid dividend, if any, on the part being redeemed up to the applicable date of redemption notice. The redemption will be subject to compliance with the provisions of Section 85 of the Companies Ordinance, 1984.

	Note	2016 (Rupees in thousands)	2015
<b>19 RESERVES</b>			
Capital			
Share premium	19.1	1,822,122	1,822,122
Capital redemption reserve	19.2	931,254	931,254
Merger reserve	19.3	7,925	7,925
		<u>2,761,301</u>	<u>2,761,301</u>
Revenue			
General reserve		313,226	313,226
Un-appropriated profit		404,641	72,821
		<u>717,867</u>	<u>386,047</u>
		<u>3,479,168</u>	<u>3,147,348</u>

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

19.2 This represents reserve created for the purpose of redemption of preference shares through cash to comply with Section 85(c) of the Companies Ordinance, 1984.

19.3 This represents amount created under scheme of arrangement for amalgamation of former Century Power Generation Limited, a subsidiary, with the Company.

19.4 Movement of reserves have been reflected in the statement of changes in equity.

	Note	2016 (Rupees in thousands)	2015
<b>20 LONG-TERM FINANCING</b>			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Consortium of Banks			
Musharaka	20.1	900,000	1,200,000
Syndicated	20.2	1,350,000	898,000
		<u>2,250,000</u>	<u>2,098,000</u>
Term Loans			
Allied Bank Limited	20.3	825,000	1,125,000
Meezan Bank Limited - Musharaka	20.4	675,000	452,000
Faysal Bank Limited - 1	20.5	-	10,833
Faysal Bank Limited - 2	20.6	74,238	84,844
		<u>1,574,238</u>	<u>1,672,677</u>
		<u>3,824,238</u>	<u>3,770,677</u>
From associated undertaking - unsecured	20.7	1,000,000	1,000,000
		<u>4,824,238</u>	<u>4,770,677</u>
Less: Current portion shown under current liabilities		(946,172)	(621,439)
		<u>3,878,066</u>	<u>4,149,238</u>

# Notes to the Financial Statements

for the year ended June 30, 2016

- 20.1 This represents Diminishing Musharaka Arrangement with a Consortium of Meezan Bank Limited and Al Baraka Bank (Pakistan) Limited amounting to Rs. 1,500 million. The tenor of the facility is six years. This finance facility is repayable in twenty equal quarterly installments which commenced from August 2014.

The finance facility is secured by way of mortgage of immovable properties of the Company and pari passu hypothecation charge over the assets pertaining to Board Machine (PM-7) with 25% margin.

The rate of mark-up is equal to base rate plus 0.9%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the year the effective mark-up rate was 7.54 % (June 30, 2015: 10.24%) per annum.

- 20.2 This represents drawdowns of Rs. 1,350 million against Syndicated Term Financing arrangement with Consortium of MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million to finance expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments commencing from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and ranking hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark-up is equal to base rate plus 0.75%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the year, the effective mark-up rate was 7.35% (June 30, 2015: 9.32%) per annum.

- 20.3 This term finance facility has been obtained from Allied Bank Limited amounting to Rs. 1,500 million. The tenor of the facility is six years. This finance facility is repayable in twenty equal quarterly installments which commenced from June 2014.

The finance facility is secured by way of mortgage of immovable properties of the Company and pari passu hypothecation charge over the assets pertaining to Board Machine (PM-7) with 25% margin.

The rate of mark-up is equal to base rate plus 0.9%. Base rate is equal to average of three months KIBOR of the last six business days prior to the beginning of each installment period. During the year, the effective mark-up rate was 7.48% (June 30, 2015: 10.20%) per annum.

- 20.4 This represents drawdowns of Rs. 675 million against Diminishing Musharaka Arrangement of Rs. 750 million with Meezan Bank Limited to finance expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments commencing from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and ranking hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark-up is equal to base rate plus 0.75%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the year, the effective mark-up rate was 7.35% (June 30, 2015: 9.32%) per annum.

- 20.5 This term finance facility has been fully repaid during the year. During the year, the effective mark-up rate for the year was 9.32% per annum (June 30, 2015: 11.29%).

- 20.6 This term finance facility has been obtained from Faysal Bank Limited under Diminishing Musharaka Arrangement specifically for acquisition of Compact Sheeter. The tenor of the facility is three years including one year grace period. This finance facility is repayable in eight equal quarterly instalments which commenced from May 2016.

# Notes to the Financial Statements

for the year ended June 30, 2016

This finance facility is secured by way of exclusive charge on Compact Sheeter with 25% margin.

The rate of mark-up is equal to base rate plus 0.75%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the year, the effective mark-up rate was 7.23% (June 30, 2015: 9.28%) per annum.

20.7 This loan has been obtained from SIZA Commodities (Private) Limited, an associated company, amounting to Rs. 1,000 million. The loan has been rescheduled during the year on June 30, 2016 and is now repayable after two years from the date of agreement i.e. July 2018.

The rate of mark-up is 0.9% over average of three months KIBOR of the last one day of preceding quarter. During the year, the effective mark-up rate was 7.51 % (June 30, 2015: 10.39%) per annum.

	Note	2016 (Rupees in thousands)	2015
<b>21 DEFERRED TAXATION</b>			
Deferred taxation	21.1	<u>695,234</u>	<u>578,499</u>
21.1 The net balance for deferred taxation is in respect of following temporary differences:			
<b>Deferred tax liabilities</b>			
Accelerated tax depreciation allowance		1,606,182	1,430,331
<b>Deferred tax assets</b>			
Tax losses carried forward		545,121	495,300
Turnover tax / Alternative Corporate tax		326,406	326,408
Provision for slow moving stores and spares		8,643	7,717
Provision for compensated absences		15,780	-
Others		14,998	22,407
		<u>(910,948)</u>	<u>(851,832)</u>
		<u>695,234</u>	<u>578,499</u>

21.2 The Company has not recognized deferred tax assets on tax credit of Rs. 192.48 million which is available for adjustment against two subsequent years' tax charge, on the basis of the stated policy of the Company.

	Note	2016 (Rupees in thousands)	2015
<b>22 TRADE AND OTHER PAYABLES</b>			
Creditors	22.1	510,181	302,422
Foreign bills payable		125,058	196,302
Accrued liabilities	22.2	510,220	403,220
Retention money payable		204,136	126,605
Customers' balances		89,877	60,898
Gratuity payable	35.4	49,992	74,690
Workers' Profit Participation Fund	22.3	23,437	-
Sales tax payable - net		10,172	37,947
Workers' Welfare Fund		8,906	-
Provident fund payable		6,182	5,490
Unclaimed dividend		724	724
Other liabilities		42,053	37,066
		<u>1,580,938</u>	<u>1,245,364</u>

# Notes to the Financial Statements

for the year ended June 30, 2016

22.1 The aggregate amount of the outstanding balance of associated undertakings as at June 30, 2016 is Rs. 89.42 million (2015: Rs. 1.63 million).

22.2 This includes an amount of Rs. 399.20 million (2015: Rs. 207.67 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Sindh High Court has granted stay order against collecting GIDC under the Act pending the final decision on the writ petition filed by the Company. However, the Company has recorded a provision in the financial statements against GIDC as liability for the period from August 2014 to February 2016 and no GIDC was levied by the Sui Northern Gas Pipeline Limited (SNGPL) for the period from March 2016 to June 2016.

	Note	2016 (Rupees in thousands)	2015
<b>22.3 Workers' Profit Participation Fund</b>			
Balance at July 01		-	49,087
Interest on funds utilized in Company's business	32	-	2,454
Allocation for the year	30	<u>23,437</u>	-
		23,437	51,541
Amount paid during the year		-	(51,541)
Balance at June 30		<u>23,437</u>	-

## 23 INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long-term financing		27,722	28,769
Short-term borrowings		<u>13,608</u>	<u>13,630</u>
		<u>41,330</u>	<u>42,399</u>

## 24 SHORT-TERM BORROWINGS

From banking companies - secured

Running finances	24.1	1,517,866	1,390,563
Import credit finances	24.2	<u>470,577</u>	<u>561,380</u>
	24.3	<u>1,988,443</u>	<u>1,951,943</u>

24.1 The Company has available aggregate short-term running finance facilities amounting to Rs. 2,860 million (June 30, 2015: Rs. 2,860 million). Mark-up rates are linked with KIBOR from one to three months plus spreads ranging from 0.30% to 1.50% per annum (2015: from 0.70% to 1.50% per annum).

24.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs. 2,830 million (2015: Rs. 2,830 million). The FE loan of USD 4.49 million has been utilized at year end. This facility is priced at one month and three months LIBOR plus spread ranging between 1.75% to 3.23% per annum (2015: from 2.00% to 2.80% per annum).

24.3 These arrangements are secured by way of pari passu hypothecation charge created on stock-in-trade, stores and spares and trade debts of the Company.

24.4 Additional facilities for opening of letters of credit and guarantees amounting to Rs. 4,046 million (2015: Rs. 4,031 million) are available to the Company.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 25 CONTINGENCIES AND COMMITMENTS

### 25.1 Contingencies

#### a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 447 million (2015: Rs. 367 million).

#### b) Sales tax

Three cases of inadmissible input sale tax amounting to Rs. 82.27 million have been adjudicated against the Company by Deputy Commissioner Inland Revenue. The appeals were filed by the Company against these orders at respective forum. These cases have been remanded back to the adjudicating authorities by the Appellate Authorities with the direction to verify the compliance of the Company with the relevant provisions of the Sales Tax Act, 1990. No provision has been made in these financial statements as the management is of the opinion, based on advice of tax advisor, that the decision is likely to be in the favor of the Company.

#### c) Gas Infrastructure Development Cess

Sui Northern Gas Pipeline Limited has charged an amount of Rs. 70.83 million on account of late payment surcharge on GIDC of Rs. 399.20 million (Note 22.2) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Sindh High Court has granted stay order against collecting GIDC under the Act pending the final decision on the writ petition filed by the Company. No provision has been made in these financial statements for late payment surcharge as the management is of the opinion, based on advice of legal advisor, that stay has been granted by Sindh High Court against collecting GIDC under the Act, therefore, the Company is not liable to pay late payment surcharge and expects that the decision is likely to be in the favor of the Company.

### 25.2 Commitments

25.2.1 The Company's commitments as at balance sheet date are as follows:

- a) Letters of credit other than for capital expenditure at the end of the year amounted to Rs. 702.52 million (2015: Rs. 559.39 million).
- b) Capital expenditure including letters of credit amounting to Rs. 112.70 million (2015: Rs. 562.69 million).

## 26 SALES

Gross sales  
Sales tax

Note	2016 (Rupees in thousands)	2015
	15,602,566	15,391,250
	<u>(2,213,436)</u>	<u>(2,205,068)</u>
	<u>13,389,130</u>	<u>13,186,182</u>



# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016 (Rupees in thousands)	2015
<b>27 COST OF SALES</b>			
Materials consumed		7,739,036	7,433,203
Fuel and power		1,909,960	2,364,298
Depreciation on property, plant and equipment	5.4	841,071	874,121
Salaries, wages and other benefits	27.1	643,095	571,972
Repairs, maintenance and stores consumption		632,805	552,621
Packing expenses		299,867	281,757
Insurance		66,858	67,105
Provision / (reversal) for slow moving stores and spares	9.2	3,085	(2,954)
Rent, rates and taxes		5,699	5,372
Manufacturing cost		<u>12,141,476</u>	<u>12,147,495</u>
Work-in-process			
Opening stock		298,416	439,789
Closing stock		(50,053)	(298,416)
Cost of goods manufactured		<u>12,389,839</u>	<u>12,288,868</u>
Finished goods			
Opening stock		111,365	130,876
Closing stock		(379,353)	(111,365)
		<u>(267,988)</u>	<u>19,511</u>
		<u>12,121,851</u>	<u>12,308,379</u>

27.1 Salaries, wages and other benefits includes Rs. 43.19 million (2015: Rs. 38.86 million) in respect of staff retirement benefits.

	Note	2016 (Rupees in thousands)	2015
<b>28 GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	28.1	214,039	209,653
Depreciation on property, plant and equipment	5.4	32,935	30,160
Information technology		18,237	21,657
Rent, rates and taxes		8,861	7,982
Amortization on intangible assets	7.1	1,255	1,609
Security service charges		36,990	29,124
Repairs and maintenance		21,247	18,724
Travelling and conveyance		12,231	9,391
Electricity		10,651	9,715
Printing, stationery and periodicals		6,794	7,464
Business promotion expenses		6,318	4,272
Fee and subscription		3,813	4,101
Telephone and postage		3,271	3,369
Insurance		2,192	1,741
Advertisement		502	83
		<u>379,336</u>	<u>359,045</u>

28.1 Salaries and other benefits include Rs. 14.37 million (2015: Rs. 13.98 million) in respect of staff retirement benefits.

# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016 (Rupees in thousands)	2015
<b>29</b>	<b>SELLING AND DISTRIBUTION EXPENSES</b>		
<b>Selling expenses</b>			
Salaries and other benefits	29.1	42,431	36,880
Insurance		452	321
Electricity		679	830
Depreciation on property, plant and equipment	5.4	1,942	1,581
Travelling and conveyance		1,825	1,307
Rent, rate and taxes		1,745	1,665
Telephone and postage		174	205
		<u>49,248</u>	<u>42,789</u>
<b>Distribution expenses</b>			
Outward freight		64,623	70,260
		<u>113,871</u>	<u>113,049</u>

29.1 Salaries and other benefits include Rs. 3.26 million (2015: Rs. 2.88 million) in respect of staff retirement benefits.

	Note	2016 (Rupees in thousands)	2015
<b>30</b>	<b>OTHER OPERATING CHARGES</b>		
<b>Legal and professional charges</b>			
Consultancy fees		-	52,221
Others		9,147	11,958
		<u>9,147</u>	<u>64,179</u>
<b>Auditors' remuneration</b>			
Statutory audit		880	800
Half yearly review		165	150
Fee for other services		134	123
Reimbursement of expenses		144	133
		<u>1,323</u>	<u>1,206</u>
Workers' Profit Participation Fund	22.3	23,437	-
Workers' Welfare Fund	22	8,906	-
Net exchange loss	31.1	-	6,437
Others		3,268	2,779
		<u>46,081</u>	<u>74,601</u>

<b>31</b>	<b>OTHER INCOME</b>		
<b>Income from non-financial assets</b>			
Sale of scrap		52,054	51,567
Insurance agency commission from associated company		9,669	11,197
Gain on sale of operating fixed assets - net		882	1,785
Net exchange gain	31.1	955	-
Others		576	3,893
		<u>64,136</u>	<u>68,442</u>

31.1 This represents exchange loss or gain related to derivative financial instruments.

# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016 (Rupees in thousands)	2015
<b>32 FINANCE COST</b>			
Long term financing		172,429	287,356
Long term financing from associated company		75,341	103,959
Short term borrowings		89,100	160,634
Workers' Profit Participation Fund	22.3	-	2,454
		<u>336,870</u>	<u>554,403</u>
Net exchange loss on import credit finances		15,536	18,271
Bank charges and commission		3,345	3,313
		<u>355,751</u>	<u>575,987</u>

## 33 TAXATION

For the year

Current	33.1	-	102,725
Prior		1,291	-
Deferred		112,694	(73,764)
		<u>113,985</u>	<u>28,961</u>

33.1 The current year tax charge of Rs. 135.09 million including minimum tax of Rs 133.89 million under Section 113 of Income Tax Ordinance, 2001 has been fully adjusted against tax credit of Rs 327.57 under Section 65B at the rate 10% on the cost of plant and machinery capitalized during the year. Unadjusted tax credit of Rs. 192.48 million is available for adjustment against two subsequent years' tax charge.

33.2 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	2016 %age	2015 %age
Applicable tax rate	32.00	33.00
Effect of final tax under presumptive tax regime	-	1.46
Effect of change in rate of tax	-	53.75
Others	(5.77)	(104.62)
	<u>(5.77)</u>	<u>(49.41)</u>
Average effective tax rate	<u>26.23</u>	<u>(16.41)</u>

33.3 The applicable income tax rate for subsequent years beyond Tax Year 2017 was reduced to 30% on account of changes made to Income Tax Ordinance 2001 through Finance Act 2015. Therefore, deferred tax is computed at the rate of 30% applicable to the period when temporary differences are expected to be reversed / utilized.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 34 EARNINGS PER SHARE - BASIC AND DILUTED

The earnings per share as required under IAS 33 "Earnings per share" is given below:

	2016 (Rupees in thousands)	2015
Profit / (loss) for the year	322,391	(205,398)
Less: Dividend attributable to cumulative preference shares	(63,896)	(72,097)
Profit / (loss) attributable to ordinary shareholders	<u>258,495</u>	<u>(277,495)</u>
Weighted average number of ordinary shares (in thousands)	<u>147,018</u>	<u>147,018</u>
Earnings / (loss) per share attributable to ordinary shareholders (Rupees)	<u>1.76</u>	<u>(1.89)</u>

There is no dilutive effect on the basic earnings per share of the Company.

## 35 DEFINED BENEFIT PLAN

### 35.1 General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at June 30, 2016 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in risk free investments i.e. Government Bonds / Treasury Bills. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investments.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the Actuary.

### 35.2 Principal actuarial assumptions

Following are a few important actuarial assumptions used in the valuation:

	2016 %age	2015 %age
Discount rate	7.25	9.75
Expected rate of return on plan assets	9.75	13.25
Expected rate of increase in salary	7.25	9.75

# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016 (Rupees in thousands)	2015
<b>35.3 Reconciliation of balance due to defined benefit plan</b>			
Present value of defined benefit obligation		395,453	338,942
Fair value of plan assets		(345,461)	(264,252)
Closing net liability		<u>49,992</u>	<u>74,690</u>
<b>35.4 Movement of the liability recognized in the balance sheet</b>			
Opening net liability		74,690	54,543
Charge for the year	35.8	27,017	24,530
Remeasurement chargeable to other comprehensive income	35.9	(13,469)	29,351
Contribution made during the year		(38,246)	(33,734)
Closing net liability	22	<u>49,992</u>	<u>74,690</u>
<b>35.5 Fair value of plan assets at year end</b>			
Government securities		256,081	225,016
Term Finance Certificates / Certificates of Investment		8,733	1,733
Mutual funds / Shares		32,307	33,178
Cash at banks		50,648	4,928
Others		(2,308)	(603)
		<u>345,461</u>	<u>264,252</u>
<b>35.6 Movement in present value of defined benefit obligations</b>			
Opening present value of defined benefit obligations		338,942	290,778
Current service cost for the year		21,771	19,627
Interest cost for the year		32,603	37,474
Benefits due but not paid during the year		(2,308)	(603)
Benefits paid during the year		(6,794)	(15,298)
Remeasurement loss on obligation		11,239	6,964
Closing present value of defined benefit obligations		<u>395,453</u>	<u>338,942</u>
<b>35.7 Movement in fair value of plan assets</b>			
Opening fair value of plan assets		264,252	236,235
Expected return on plan assets		24,708	32,571
Contributions during the year		38,246	33,734
Benefits paid during the year		(6,794)	(15,298)
Benefits due but not paid during the year		(2,308)	(603)
Remeasurement gain / (loss) on plan assets		27,357	(22,387)
Closing fair value of plan assets		<u>345,461</u>	<u>264,252</u>
<b>35.8 Charge for the year</b>			
Current service cost		21,771	19,627
Interest cost		32,603	37,474
Expected return on plan assets		(27,357)	(32,571)
Charge for the year		<u>27,017</u>	<u>24,530</u>

# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016 (Rupees in thousands)	2015
<b>35.9 Remeasurement chargeable to other comprehensive income</b>			
Remeasurement loss on defined benefit obligation		11,238	6,964
Remeasurement (gain) / loss on plan assets		(24,708)	22,387
		(13,470)	29,351
Tax impact at 30% (2015: 30%)		4,041	(8,805)
		(9,429)	20,546

## 35.10 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in assumption	Decrease in assumption
Discount rate	(26,957)	30,731
Salary increase	31,003	(27,713)

## 35.11 Maturity Profile

Time in year	
1	52,877
2	23,043
3	43,028
4	51,182
5-10	243,762
Weighted average duration	7 years

**35.12** The charge in respect of defined benefit plan for the year ending June 30, 2017 is estimated to be Rs. 26.01 million.

## 36 DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of "Century Paper & Board Mills Limited - Employees Contributory Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

**36.1** The Trustees have intimated that the size of the Fund at year end was Rs. 430.78 million (2015: Rs. 385.77 million).

**36.2** As intimated by the Trustees, the cost of the investments made at year end was Rs. 404.79 million (2015: Rs. 376.25 million) which is equal to 94% of the total fund size. The fair value of the investments was Rs. 410.10 million (2015: Rs. 385.77 million) at that date. The category wise break-up of investment as per Section 227 of the Companies Ordinance, 1984 is given below:

	2016		2015	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
Government securities	323,345	79	307,747	80
Listed securities (Mutual funds)	76,483	19	77,743	20
Term Finance Certificates	10,275	2	275	-
	410,103	100	385,765	100

**36.3** According to the Trustees, investments out of provident fund have been made in accordance with the provisions of Section 227 of Companies Ordinance, 1984 and the rules made there under.

# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016 (Rupees in thousands)	2015
<b>37 CASH GENERATED FROM OPERATIONS</b>			
Profit / (loss) before taxation		436,376	(176,437)
Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment		875,948	905,862
Amortization of intangible assets		1,256	1,609
Gain on sale of operating fixed assets		(882)	(1,785)
Provision for gratuity		27,017	24,530
Provision / (reversal) for slow moving / obsolete stores and spares		3,085	(2,954)
Workers' Profit Participation Fund		23,437	-
Finance cost	32	355,751	575,987
Effect of exchange gain		215	-
Working capital changes	37.1	343,487	486,277
		<u>2,065,690</u>	<u>1,813,089</u>
<b>37.1 Changes in working capital</b>			
<b>Decrease in current assets:</b>			
Stores and spares		(57,209)	(169,063)
Stock-in-trade		250,470	581,079
Trade debts		(91,808)	(166,871)
Loans and advances		957	6,589
Trade deposits and short-term prepayments		(461)	(367)
Other receivables		(1,521)	(827)
Tax refunds due from Government		-	18,653
		<u>100,428</u>	<u>269,193</u>
<b>Increase in current liabilities:</b>			
Trade and other payables		243,059	217,084
		<u>343,487</u>	<u>486,277</u>

## 38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	2016				2015			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	8,237	9,060	118,905	136,202	7,540	9,060	102,996	119,596
House rent	3,707	-	49,915	53,622	3,393	-	43,298	46,691
Bonus	2,002	-	25,040	27,042	1,202	-	14,476	15,678
Staff retirement benefits	2,322	-	21,250	23,572	1,967	-	18,422	20,389
Medical	824	900	11,891	13,615	754	900	10,300	11,954
Utilities	-	4,260	299	4,559	-	3,099	220	3,319
Others	8	-	4,517	4,525	8	-	3,860	3,868
Total	<u>17,100</u>	<u>14,220</u>	<u>231,817</u>	<u>263,137</u>	<u>14,864</u>	<u>13,059</u>	<u>193,572</u>	<u>221,495</u>
Number of persons	<u>1</u>	<u>1</u>	<u>108</u>	<u>110</u>	<u>1</u>	<u>1</u>	<u>90</u>	<u>92</u>

# Notes to the Financial Statements

for the year ended June 30, 2016

- b) Aggregate amount charged in these financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 200,000 and Rs. 200,000, respectively (2015: Rs. 200,000) and (2015: Rs. 200,000) respectively. The Directors fees for attending Board and Audit Committee meetings were paid as prescribed in Articles of Association.
- c) The Chief Executive and certain executives are also provided with cars for business and personal use in accordance with the Company car scheme.
- d) Remuneration to Non-Executive Director relates to amount paid for part time involvement in the Company.

## 39 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties and associated undertakings comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Nature of transaction	Relation with the Company	Note	2016 (Rupees in thousands)	2015
<b>Sale of goods, Services and Reimbursement of expenses</b>				
Merit Packaging Limited	Associated		969,840	1,031,132
Colgate Palmolive (Pakistan) Limited	Associated		477,140	406,794
Tetley Clover (Private) Limited	Associated		-	5,162
Century Insurance Company Limited	Associated		2,927	2,000
SIZA (Private) Limited	Associated		2,470	-
Cyber Internet Services (Private) Limited	Associated		135	93
Sybrid (Private) Limited	Associated		876	-
Ice Animation (Private) Limited	Associated		187	-
Others	Associated		170	-
<b>Purchase of goods, Services and Reimbursement of expenses</b>				
Century Insurance Company Limited	Associated		200,279	124,448
Merit Packaging Limited	Associated		34,277	36,663
Lakson Business Solutions Limited	Associated		4,146	4,063
Hassanali and Gulbanoo Lakhani Foundation	Associated		3,536	4,460
Princeton Travels (Private) Limited	Associated		7,905	7,857
SIZA Services (Private) Limited	Associated		3,168	2,470
Cyber Internet Services (Private) Limited	Associated		1,356	1,128
SIZA (Private) Limited	Associated		659	686
SIZA Foods (Private) Limited	Associated		116	129
Tetley Clover (Private) Limited	Associated		432	316
Colgate Palmolive (Pakistan) Limited	Associated		47	386
Clover Pakistan Limited	Associated		-	17
Express Publications (Private) Limited	Associated		192	-
Sybrid (Private) Limited	Associated		106	-
<b>Rent and other allied charges</b>				
Hassanali and Gulbanoo Lakhani Foundation	Associated		5,419	4,679
SIZA (Private) Limited	Associated		2,562	2,429
SIZA Commodities (Private) Limited	Associated		347	347
<b>Insurance Agency Commission</b>				
Century Insurance Company Limited	Associated		9,668	11,197
<b>Mark-up Accrued</b>				
SIZA Commodities (Private) Limited	Associated		75,341	103,959
<b>Others</b>				
Contribution to Staff Retirement Benefit Plans	Employees Fund		72,618	64,294
Remuneration and other benefits	Key Management Personnel	39.2	263,137	221,495



# Notes to the Financial Statements

for the year ended June 30, 2016

	2016	2015
	(Rupees in thousands)	
<b>39.1 Year end balances</b>		
Receivable from related parties	123,061	69,094
Payable to related parties	145,597	81,813
Long-term financing from associated undertaking	1,000,000	1,000,000

**39.2** The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 38)". There are no transactions with key management personnel other than under their terms of employment.

**39.3** All transactions with related parties have been carried out on commercial terms and conditions.

## 40 CAPACITY AND PRODUCTION - TONNES

	2016		2015	
	Annual capacity on three shifts	Actual production	Annual capacity on three shifts	Actual production
Paper and paper board produced (Note: 40.1)	240,000	178,932	240,000	157,646
Paper and paper board conversion	30,000	23,723	30,000	22,081

**40.1** The Company could not achieve the installed capacity because of forced shutdown of plant due to gas shortages and market conditions during the year.

## 41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 41.1 Risk management policies

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 41.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

### Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures. Out of total financial assets of Rs. 1,490.86 million (2015: Rs. 1,301.96 million), the financial assets which are subject to credit risk amounted to Rs. 1,487.01 million (2015: Rs. 1,298.14 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2016	2015
	(Rupees in thousands)	
Loans and deposits	3,599	4,536
Trade debts	1,265,432	1,173,624
Other receivables	4,336	2,815
Bank balances	213,636	117,166
	<u>1,487,003</u>	<u>1,298,141</u>

The aging of trade receivable at the reporting date is:

Not past due	800,785	818,659
Past due 1-30 days	374,641	264,592
Past due 30-90 days	79,851	83,188
Past due 90 days	10,155	7,185
	<u>1,265,432</u>	<u>1,173,624</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The ratings of banks ranges from A to AAA.

### Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

### Impaired assets

During the year no assets have been impaired.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 41.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting 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. The following are the contractual maturities of financial liabilities, including interest payments, if any:

	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
(Rupees in thousands)							
<b>2016</b>							
Long-term financing	4,824,238	5,561,131	564,907	675,751	1,286,841	2,930,562	103,070
Trade and other payables	1,296,754	1,296,754	1,296,754	-	-	-	-
Interest and mark-up accrued	41,330	41,330	41,330	-	-	-	-
Short-term borrowings	1,988,443	1,993,670	1,993,670	-	-	-	-
	<b>8,150,765</b>	<b>8,892,885</b>	<b>3,896,661</b>	<b>675,751</b>	<b>1,286,841</b>	<b>2,930,562</b>	<b>103,070</b>
<b>2015</b>							
Long-term financing	4,770,673	5,739,852	475,185	489,056	1,161,321	3,256,590	357,700
Trade and other payables	989,522	989,522	989,522	-	-	-	-
Interest and mark-up accrued	42,399	42,399	42,399	-	-	-	-
Short-term borrowings	1,951,943	1,959,337	1,959,337	-	-	-	-
	<b>7,754,537</b>	<b>8,731,110</b>	<b>3,466,443</b>	<b>489,056</b>	<b>1,161,321</b>	<b>3,256,590</b>	<b>357,700</b>

## 41.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to price risk.

### a) Currency risk

Foreign currency risk is the risk that the future cash flow of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company's exposure to foreign currency risk is as follows:

	2016	2015
	(Rupees in thousands)	
Foreign bills payable	125,058	196,302
Import credit finances	470,577	561,380
Retention money payable	150,984	110,821
Gross balance sheet exposure	746,619	868,503
Outstanding letter of credits	804,811	947,080
Net exposure	<b>1,551,430</b>	<b>1,815,583</b>

The following significant exchange rates have been applied.

# Notes to the Financial Statements

for the year ended June 30, 2016

	Average rate		Reporting date rate	
	2016	2015	2016	2015
	Rupees			
USD to PKR	104.43	101.54	104.85	101.83

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher / lower by the amount shown below, mainly as a result of net foreign exchange gain on net foreign currency exposure at reporting date.

	Average rate		Reporting date rate	
	2016	2015	2016	2015
	(Rupees in thousands)			
Effect on profit	104,967	95,408	105,389	95,680

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post-tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

## b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long-term loans and short-term borrowings. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	2016	2015	2016	2015
	Effective rate		Carrying amount	
	(In percent)		(Rupees in thousands)	
<b>Financial liabilities</b>				
Variable rate instruments				
Long-term loans	7.13 to 7.52	10.39 to 11.36	4,824,238	4,770,677
Short-term borrowings	5.61 to 6.59	8.42 to 9.38	1,988,443	1,951,943

## Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increase / (decrease) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the prior year.

	Profit and loss (post tax)	
	100 bps increase	100 bps decrease
	(Rupees in thousands)	
<b>As at June 30, 2016</b>		
Cash flow sensitivity - Variable rate financial liabilities	(45,645)	45,645
<b>As at June 30, 2015</b>		
Cash flow sensitivity - Variable rate financial liabilities	(45,042)	45,042

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

# Notes to the Financial Statements

for the year ended June 30, 2016

	2016	2015
	(Rupees in thousands)	
<b>41.5 Financial instruments by category</b>		
<b>Financial assets</b>		
Loans and receivables at amortised cost:		
Long-term loans and deposits	3,013	3,497
Trade debts	1,265,432	1,173,624
Loans, advances and trade deposits	586	1,039
Other receivables	4,336	2,815
Cash and bank balances	217,494	120,987
	<u>1,490,861</u>	<u>1,301,962</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
Long-term financing	4,824,238	4,770,677
Trade and other payables	1,296,754	989,522
Interest and mark-up accrued	41,330	42,399
Short-term borrowings	1,988,443	1,951,943
	<u>8,150,765</u>	<u>7,754,541</u>

## 42 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- 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 either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data ( that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

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

# Notes to the Financial Statements

for the year ended June 30, 2016

## 43 CAPITAL MANAGEMENT

The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders through the optimization of the debt and equity balance.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The Company's management believes in maintaining appropriate mix of debt and equity capital and monitors capital on the basis of the net debt to equity ratio. The net debt is defined as long and short term borrowings offset by cash and bank balances. The equity includes ordinary and preference share capital and all types of reserves that are managed as capital and subordinated loan.

## 44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 17, 2016 by the Board of Directors of the Company.

## 45 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.

## 46 NUMBER OF EMPLOYEES

The number of employees as at year end was 1,521 (2015: 1,543) and average number of employees during the year was 1,524 (2015: 1,527).

## 47 GENERAL

Amounts have been rounded off to the nearest thousands of rupees.



Aftab Ahmad  
Chief Executive Officer



Tasleemuddin Ahmed Batlay  
Director

# Pattern of Shareholding

as at June 30, 2016

Incorporation Number K-54/8182 of 1984

CUIN Registration No. 0012021

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
474	1	100	10,041
342	101	500	120,221
241	501	1,000	214,631
504	1,001	5,000	1,331,717
141	5,001	10,000	1,101,237
61	10,001	15,000	768,012
50	15,001	20,000	911,803
22	20,001	25,000	514,569
12	25,001	30,000	338,990
12	30,001	35,000	398,383
10	35,001	40,000	385,498
3	40,001	45,000	133,000
16	45,001	50,000	788,493
6	50,001	55,000	312,370
3	55,001	60,000	173,546
2	60,001	65,000	127,091
2	65,001	70,000	138,362
3	75,001	80,000	237,313
2	85,001	90,000	175,750
1	90,001	95,000	93,115
4	95,001	100,000	396,925
1	100,001	105,000	102,500
4	105,001	110,000	433,313
3	120,001	125,000	363,000
1	130,001	135,000	134,500
1	135,001	140,000	138,000
2	150,001	155,000	302,500
1	155,001	160,000	155,500
1	160,001	165,000	161,500
1	170,001	175,000	172,530

# Pattern of Shareholding

as at June 30, 2016

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
1	175,001	180,000	177,355
3	190,001	195,000	581,031
4	195,001	200,000	793,342
1	200,001	205,000	204,930
1	210,001	215,000	210,410
2	300,001	305,000	606,540
3	345,001	350,000	1,045,000
2	365,001	370,000	736,402
1	375,001	380,000	377,500
2	550,001	555,000	1,101,000
1	555,001	560,000	557,000
1	600,001	605,000	600,000
1	625,001	630,000	629,495
1	700,001	705,000	700,536
1	820,001	825,000	824,550
1	900,001	905,000	904,500
1	1,005,001	1,010,000	1,005,100
1	1,190,001	1,195,000	1,191,500
1	1,360,001	1,365,000	1,362,825
1	1,795,001	1,800,000	1,798,500
1	1,850,001	1,855,000	1,853,386
1	1,870,001	1,875,000	1,871,050
1	3,250,001	3,255,000	3,253,537
1	3,500,001	3,505,000	3,500,000
1	5,795,001	5,800,000	5,798,500
1	7,040,001	7,045,000	7,044,231
1	12,390,001	12,395,000	12,390,648
1	12,495,001	12,500,000	12,499,634
1	32,610,001	32,615,000	32,614,961
1	40,150,001	40,155,000	40,150,472
	<hr/>		<hr/>
	1,966		147,018,345



# Categories of Shareholding

as at June 30, 2016

Shareholders' Category	Shares Held	Percentage
Directors, CEO, and their spouses and minor children	62,545	0.04
Associated Companies / undertakings and related parties	100,165,203	68.13
NIT and ICP	7,044,531	4.80
Public Sector Companies and Corporation	3,253,537	2.21
Banks, Development Financial Institutions and Non Banking Financial Institutions	1,947,018	1.32
Modarabas and Mutual Funds	2,227,455	1.51
Insurance Companies	493,402	0.34
Shareholders holding 10% or more	72,765,433	49.49
General Public	17,038,386	11.59
Others	14,786,268	10.06

Note: Some of the Shareholders are reflected in more than one category.

# Information as required under Code of Corporate Governance

as at June 30, 2016

Shareholders' Category	Number of Shares Held
<b>ASSOCIATED COMPANIES/UNDERTAKINGS AND RELATED PARTIES</b>	
SIZA Services (Private) Limited	32,614,961
SIZA (Private) Limited	40,150,472
Premier Fashions (Private) Limited	12,390,648
SIZA Commodities (Private) Limited	12,499,634
Accuray Surgicals Limited	1,853,386
Century Insurance Company Limited	629,495
Sultan Ali Lakhani	1,767
Shaista Sultan Ali Lakhani	303
Babar Ali Lakhani	18,901
Bilal Ali Lakhani	151
Danish Ali Lakhani	2,850
Anushka Zulfiqar Lakhani	1,393
Anika Amin Lakhani	1,242
<b>MUTUAL FUNDS</b>	
MCBFSL-Trustee JS Value Fund	557,000
CDC-Trustee JS Large Cap Fund	550,500
CDC-Trustee PIML Strategic Multi Asset Fund	30,000
CDC-Trustee JS Pension Savings Fund-Equity Account	152,500
CDC-Trustee PIML Value Equity Fund	32,500
CDC-Trustee Unit Trust of Pakistan	904,500
CDC-Trustee National Investment (UNIT) Trust	7,044,231
M/s. First Capital Mutual	455
<b>DIRECTORS,CEO,THEIR SPOUSES AND MINOR CHILDREN</b>	
Iqbal Ali Lakhani	Chairman 2,167
Zulfiqar Ali Lakhani	Director 948
Amin Mohammed Lakhani	Director 1,606
Tasleemuddin A. Batlay	Director 3,417
Shahid Ahmed Khan	Director 1,724
Aftab Ahmad	Director & CEO 4,718
Kemal Shoaib	Director 718
Muhammad Imran Rafiq	Nominee Director (NIT) NIL
Ronak Iqbal Lakhani W/o Iqbal Ali Lakhani	189
Fatima Lakhani W/o Zulfiqar Ali Lakhani	189
Saira Amin Lakhani W/o Amin Mohammed Lakhani	189
Roohi Aftab W/o Aftab Ahmad	46,680
<b>EXECUTIVE</b>	
	20
<b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>	
	3,253,537
<b>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABA AND PENSION FUNDS</b>	
	3,140,956
<b>SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE COMPANY</b>	
SIZA (Private) Limited	40,150,472
SIZA Services (Private) Limited	32,614,961
SIZA Commodities (Private) Limited	12,499,634
Premier Fashions (Private) Limited	12,390,648

# Form of Proxy

I/We \_\_\_\_\_  
of \_\_\_\_\_  
a member of **CENTURY PAPER & BOARD MILLS LIMITED**  
hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of \_\_\_\_\_

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 28<sup>th</sup> day of September 2016 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

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 into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and 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 Registered Office of the Company situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi not less than 48 hours before the time of the meeting.

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AFFIX  
CORRECT  
POSTAGE

TO,  
THE COMPANY SECRETARY  
CENTURY PAPER & BOARD MILLS LIMITED  
LAKSON SQUARE, BUILDING NO. 2,  
SARWAR SHAHEED ROAD,  
KARACHI-74200.

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## مختار نامہ (پراکسی فارم)

میں/ہم \_\_\_\_\_ ساکن  
 بحیثیت رکن (ممبر) سینجری پیپرا اینڈ بورڈ ملز لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسماۃ / مسماۃ  
 ساکن  
 کو یا ان کی غیر حاضری میں مسماۃ / مسماۃ  
 ساکن  
 کو جو خود بھی سینجری پیپرا اینڈ بورڈ ملز لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) سینجری پیپرا اینڈ بورڈ ملز لمیٹڈ کے سالانہ اجلاس عام میں جو ۲۸ ستمبر ۲۰۱۶ 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۔

مورخہ ستمبر \_\_\_\_\_ ۲۰۱۶ کو میرے / ہمارے دستخط سے جاری ہوا۔

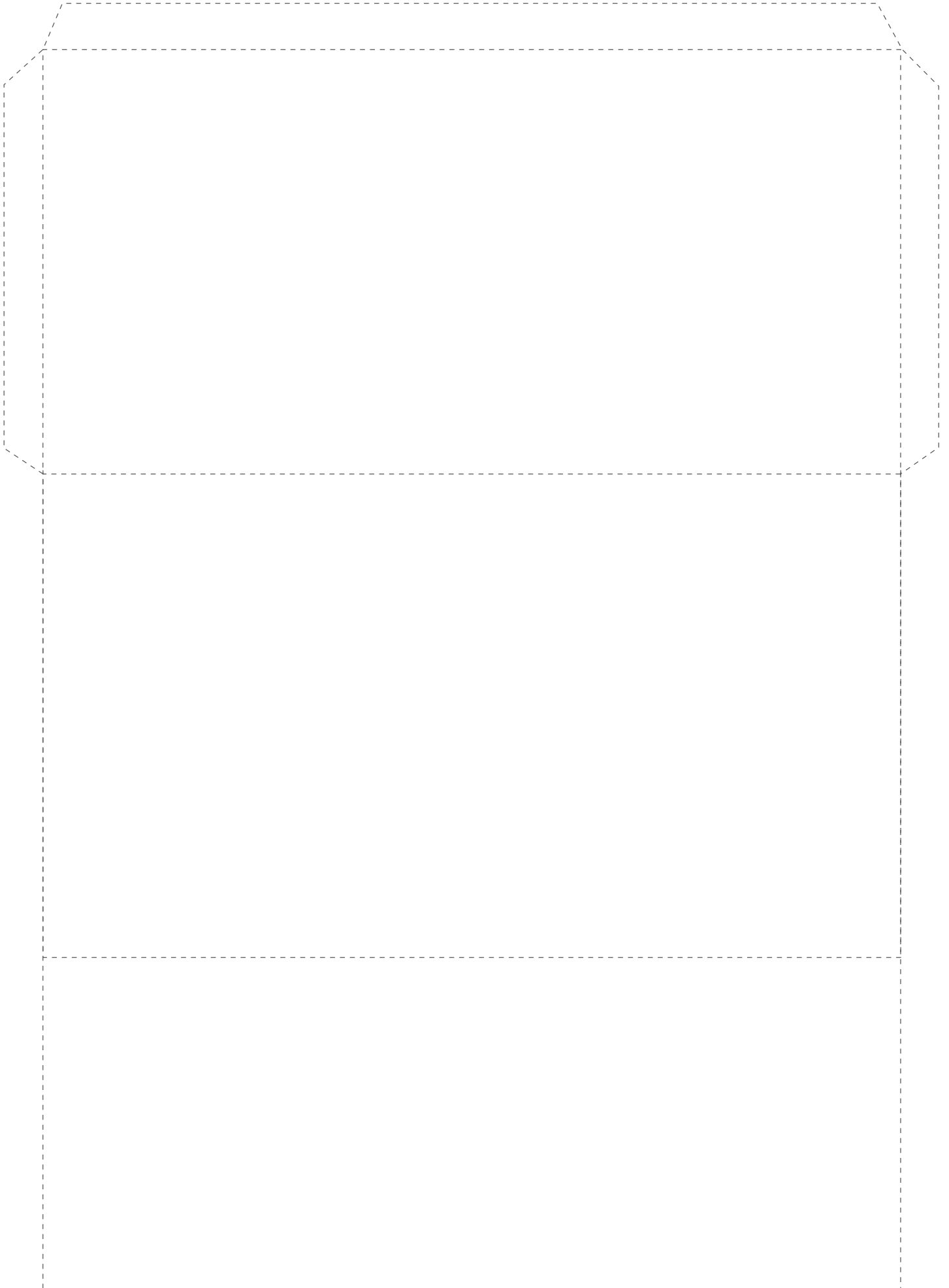
فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

رسیدی ٹکٹ پر دستخط

گواہ نمبر ۲	گواہ نمبر ۱
دستخط _____	دستخط _____
نام _____	نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____	پتہ _____

### ہدایات:

- مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔
- ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- 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۔
- مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقرر وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔



















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-  Knowledge center
-  Risk profiler\*
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