



**Habib-ADM Ltd.**

***36th Annual Report  
for the year ended  
June 30, 2016***

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# COMPANY INFORMATION

## **BOARD OF DIRECTORS**

### **Executive Directors**

Mr. Owais G. Habib  
Mr. Tufail Y. Habib

Managing Director

### **Non Executive Directors**

Mr. Gaffar A. Habib  
Dr. Howard J. Synenberg  
Ms. Fatemah G. Habib  
Dr. Salma Habib  
Mr. Daniyal Ghani

Chairman

## **BOARD OF AUDIT COMMITTEE**

Mr. Gaffar A. Habib  
Ms. Fatemah G. Habib  
Dr. Salma Habib  
Mr. Daniyal Ghani

## **BOARD OF HR AND REMUNERATION COMMITTEE**

Mr. Tufail Y. Habib  
Ms. Fatemah G. Habib  
Dr. Salma Habib

## **CHIEF EXECUTIVE OFFICER**

Mr. Owais G. Habib

## **CHIEF FINANCIAL OFFICER**

Mr. S. M. Vakil

## **COMPANY SECRETARY**

Mr. Ali Asghar Rajani

## **AUDITORS**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

## **SHARE REGISTRAR**

M/s. THK Associates (Pvt.) Limited  
2nd Floor, State Life Building No. 3,  
Dr. Ziauddin Ahmed Road, Karachi-75530, Pakistan.

## **REGISTERED OFFICE**

2nd Floor, UBL Building  
I. I. Chundrigar Road,  
Karachi - 74000, Pakistan.  
Telephone : (021) 32411887  
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## **ADMINISTRATIVE OFFICES & FACTORY**

Ahmad Habib Boulevard,  
Hub - 90250  
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## CHAIRMAN'S REVIEW / DIRECTORS' REPORT



**Dear Shareholders,**

We bow our heads in gratitude to Allah the Beneficent, the Merciful, the Provider, for the Blessing He continues to bestow on us which are partly reflected in the Company's performance for the year ended 30 June 2016.

The Financial Highlights and the Directors' proposed appropriations are as follow:

	<b>RUPEES in '000</b>	
	<b>2016</b>	<b>2015</b>
Profit before Tax	17,137	148,579
Taxation		
Current	(10,415)	(28,820)
Prior	(1,000)	(548)
Deferred	27,121	2,921
Provision for Tax	15,706	26,448
Net Profit after Tax	32,843	122,131
Un-appropriated Profit Brought Forward	456,537	454,406
Total Available for Appropriations	489,380	576,537
<b>Proposed Appropriations:</b>		
Final Dividend @ 20% (2015: 60%)	40,000	120,000
Un-Appropriated Profit Carried Forward	449,380	456,537
Earnings per Share (EPS) -Net of Tax	0.82	3.05
Dividend per Share of Rs. 5 each	1.00	3.00

## **The Year In Review**

During the Year under Review, we faced a challenge of limited Plant operation due to water rationing and competition in the local market. To a point we were able to hold down our production cost by collecting water for a 3 days run before start of operation. The drop in the market prices - we had no option but to fall in line. The lower local sale revenue of Rs. 120 million is mainly due to this. While the Countries around the world protect their domestic producers, Pakistan's liberal import policy with sale tax free import by pharmaceuticals industry has played havoc with our markets. Traders, in the garb of pharmaceuticals companies are using the 17% to 19% sales tax free advantage to devastate our market.

## **Water**

The recent beneficial rains have raised the Hub Dam Lake to 298 feet or a live storage of about 120,000 acre feet as compared with 80,000 acre feet last year. Although the present quantity is less than a normal requirement for a year, we expect that there will be a more liberal rationing of water for the current year.

The Board of Directors have recommended 20% (Rs. 1 per share of Rs. 5) dividend for the year ending 30 June 2016.

We pray to Allah to Bless us with Bounties as befit His Glory, Aameen.

On behalf of the Board,



**GAFFAR A. HABIB**  
Chairman

Karachi: 23 August 2016

## Post Script to the Chairman Report

### COMPANY'S CONTRIBUTION TO THE ECONOMY

A Quick glance at the numbers below shows the contribution our Company has made to the Pakistan Economy.

Description	2016 Amount	2015 Amount	2014 Amount	2013 Amount	2012 Amount
	----- Rupees in millions -----				
Total Revenue	1,060	1,144	1,382	1,229	1,432
<b>Export Sales</b>	<b>240</b>	<b>200</b>	<b>240</b>	<b>300</b>	<b>366</b>
Taxes Paid					
Sales Tax	86	87	109	81	100
Income Tax	45	69	83	119	81
	131	156	192	200	181
Employees Salaries & Other Benefits	154	134	130	126	124
Investors	35	106	71	126	144
<b>Grand Total</b>	<b>320</b>	<b>396</b>	<b>393</b>	<b>452</b>	<b>449</b>

## STATEMENTS ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a. The Financial Statements prepared by the management of the Company, present fairly it's state of affairs and the result of it's operations.
- b. The Company has maintained proper books of accounts.
- c. In preparation of Financial Statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.
- d. In preparation of Financial Statement International Accounting Standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.
- e. The existing system of internal control and other procedures are been continuously reviewed by the internal auditor. The process of review will continue and any weakness in controls will have immediate attention of the management.
- f. There are no doubts about the Company's ability to continue as a going concern.
- g. The Corporate Governance Regulations, as detailed in the Listing Regulations, have been fully implemented.
- h. Key operating and financial data for the last six years in summarized form is annexed.
- i. The following is the value of total assets based on-respective un-audited accounts as on 30 June 2016.

Provident Fund Rs. 173.33 million (2015 Rs.180.95 million)

- j. Pattern of Share Holding of the Company is shown on the page 8.
- k. During the year (4) meetings of the Board of Directors were held. Attendance by each Director is as follows:-

Name of Directors	No. of Meeting Attended
1. Mr. Gaffar A. Habib	4
2. Mr. Owais G. Habib	4
3. Dr. Howard J. Synenberg	-
4. Mr. Tufail Y. Habib	4
5. Ms. Fatemah G. Habib	4
6. Dr. Salma Habib	1
7. Mr. Daniyal Ghani	4

## AUDITORS

The auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and have offered themselves for reappointment. The Board of Audit Committee of the Company have recommended their re-appointment for the financial year ending June 30, 2017.



**GAFFAR A. HABIB**  
Chairman

Karachi: August 23, 2016

## SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2016	2015	2014	2013	2012	2011
<b>FINANCIAL POSITION</b>						
Paid up Capital	200,000	200,000	200,000	200,000	200,000	200,000
Revenue and Reserves	60,000	60,000	60,000	60,000	60,000	60,000
Unappropriated Profit	489,380	576,537	534,406	519,559	537,603	412,805
Total Share Holder Equity	749,380	836,537	794,406	779,559	797,603	672,805
Fixed Assets at Cost	959,550	944,892	936,897	897,632	880,439	849,975
Accumulated Depreciation	649,428	617,548	586,351	555,878	521,159	485,479
Fixed Assets Net of Depreciation	310,122	327,344	350,546	341,754	359,280	364,496
Long Term Investments/Deposits	3,102	4,102	4,078	4,243	4,258	4,558
Current Assets	571,147	617,985	551,689	558,263	603,230	400,566
Total Assets Net of Depreciation	884,371	949,431	906,313	904,260	966,768	769,620
Non Current Liabilities	7,878	34,999	37,920	41,450	43,460	42,445
Current Liabilities	127,114	77,895	73,987	83,251	125,705	54,370
Total Liabilities	134,992	112,894	111,907	124,701	169,165	96,815
<b>INCOME</b>						
Consolidated Gross Sales	1,088,511	1,166,036	1,403,132	1,241,106	1,481,175	1,424,436
Net Sales(Habib-ADM Ltd)	1,041,050	1,113,985	1,335,973	1,183,698	1,404,005	1,300,918
Dividend from Subsidiary Company	-	793	12,121	6,987	4,449	8,226
Other Income	18,811	28,776	28,253	33,342	18,834	4,321
Total Net Revenue	1,059,861	1,143,554	1,376,346	1,224,027	1,427,287	1,313,466
Profit before Taxation	17,137	148,579	203,558	198,686	306,004	169,196
Taxation	(15,706)	26,448	48,712	56,730	101,207	52,591
Profit after Taxation	32,843	122,131	154,846	141,956	204,798	116,606
<b>STATISTICS AND RATIOS</b>						
Pre-Tax Profit to Sales %	0.02	0.13	0.15	0.17	0.22	0.13
Pre-Tax Profit to Capital %	0.09	0.74	1.02	0.99	1.53	0.85
Current Ratio	4.49	7.93	7.46	6.71	4.80	7.37
Paid-Up Value Per Share (Rs)	5.00	5.00	5.00	5.00	5.00	5.00
Earning Per Share Before Tax(Rs)	0.43	3.71	5.09	4.97	7.65	4.23
Earning Per Share After Tax(Rs)	0.82	3.05	3.87	3.55	5.12	2.92
Cash Dividend %(Rs.)	1.00(20%)	3.00(60%)	2.00(40%)	3.50(70%)	4.00(80%)	2.00(40%)
Bonus Share %	-	-	-	-	-	-
Retained Earning Per Share (Rs)	(0.18)	0.05	1.87	0.05	5.12	0.92
Break-Up Value Per Share (Rs)	18.73	20.91	19.86	19.49	19.94	16.82

\* The Board of Directors in their meeting of August 23, 2016 has recommended cash dividend in respect of the year ended June 30,2016 @20% i.e. Rs. 1 per share of Rs. 5 each.



## PATTERN OF SHARE HOLDING AS ON JUNE 30, 2016

NO. OF SHARE HOLDERS	SHARE HOLDING	TOTAL SHARES HELD
1057	0000001 TO 0000100	30,432
601	0000101 TO 0000500	175,823
324	0000501 TO 0001000	259,107
437	0001001 TO 0005000	1,092,380
77	0005001 TO 0010000	592,193
30	0010001 TO 0015000	382,530
19	0015001 TO 0020000	340,248
7	0020001 TO 0025000	162,140
4	0025001 TO 0030000	116,466
6	0030001 TO 0035000	199,240
2	0035001 TO 0040000	78,000
6	0040001 TO 0050000	272,399
5	0050001 TO 0070000	306,722
6	0070001 TO 0075000	438,600
9	0075001 TO 0100000	803,217
7	0100001 TO 0200000	890,764
7	0200001 TO 0300000	1,705,180
2	0350001 TO 0500000	734,450
1	0800001 TO 1000000	908,670
3	1000001 TO 2000000	4,578,795
2	2000001 TO 2500000	4,390,905
4	3000001 TO 4000000	14,341,739
1	4000001 TO 7200000	7,200,000
2617		40,000,000

S.NO.	CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
1	INDIVIDUALS	2,574	31,121,805	77.80%
2	JOINT STOCK COMPANIES	29	8,005,070	20.01%
3	INSURANCE COMPANIES	3	638,700	1.60%
4	FINANCIAL INSTITUTIONS	6	25,429	0.06%
5	CHARITABLE & OTHER TRUSTS	5	208,996	0.52%
	<b>TOTAL</b>	<b>2,617</b>	<b>40,000,000</b>	<b>100%</b>

## PATTERN OF SHAREHOLDING AS ON JUNE 30, 2016

Category #	Shareholders' Category	Number of Shareholders	Number of Shares Held	Category Wise Shares Held	Percentage
<b>1</b>	<b>Associated Companies</b>			19,573	0.05
	M/s. Hydari Boring & Pilling (Pvt) Limited	1	18,000		
	M/s. Abbas Builders (Pvt) Limited	1	1,373		
	M/s. Indus Oil Expellers (Pvt) Limited	1	200		
<b>2</b>	<b>NIT</b>			12,730	0.03
	M/s. National Investment Trust Limited	3	12,730		
<b>3</b>	<b>Directors, Chief Executive Officer &amp; Their Spouses</b>			18,099,887	45.25
	Mr. Gaffar A. Habib	1	3,820,036		
	Mr. Owais G. Habib	1	3,826,633		
	Mr. Tufail Y. Habib	1	2,150,152		
	Ms. Fatemah G. Habib	1	3,347,851		
	Dr. Salma Habib	1	3,347,219		
	Mr. Daniyal Ghani	1	100		
	<b>Directors' Spouse</b>				
	Mrs. Gaffar A. Habib	1	1,607,896		
<b>4</b>	<b>Banks, DFIs, NBFIs, Insurance &amp; Modaraba Companies</b>	7	651,565	651,565	1.63
<b>5</b>	<b>Joint Stock Companies</b>	24	785,331	785,331	1.96
<b>6</b>	<b>Charitable &amp; Other Trusts</b>	5	208,996	208,996	0.52
<b>7</b>	<b>Individuals</b>	2,566	10,781,165	10,781,165	26.95
<b>8</b>	<b>Foreign Investors</b>			9,440,753	23.60
	Holding 10% or more voting Interest (M/s. ADM International Ltd)	1	7,200,000		
	Holding less than 10% voting Interest	1	2,240,753		
	<b>Total</b>	<b>2,617</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>100.00</b>

## SHARE HOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

Name(s) of Shareholder(s)	Number of Shareholders	Number of Shares Held	Percentage
M/s. ADM International Ltd	1	7,200,000	18.00%
Mr. Owais G. Habib	1	3,826,633	9.57%
Mr. Gaffar A. Habib	1	3,820,036	9.55%
Ms. Fatemah G. Habib	1	3,347,851	8.37%
Dr. Salma Habib	1	3,347,219	8.37%
Dr. Howard J. Synenberg	1	2,240,753	5.60%
Mr. Tufail Y. Habib	1	2,150,152	5.38%
<b>TOTAL</b>		<b>25,932,644</b>	<b>64.83%</b>

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE Year Ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No 5.19 of listing regulations of Pakistan Stock Exchange Limited, for the purpose of establishing a framework of good governance, whereby a Listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its Board of Directors (the Board). At present the Board constitutes of:

Category	Names
Independent Director	Mr. Daniyal Ghani
Executive Directors	Mr. Owais G. Habib Mr. Tufail Y. Habib
Non-Executive Directors	Mr. Gaffar A. Habib Dr. Howard J. Synenberg Ms. Fatemah G. Habib Dr. Salma Habib

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven Listed Companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No Casual Vacancy occurred in the Board during the year ended June 30, 2016.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other Executive and Non-Executive Directors, have been taken by the Board/Shareholders.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the Meetings. The Minutes of Meetings were appropriately recorded and circulated.
9. In accordance with amendments approved to Pakistan Stock Exchange Regulations pertaining to Code of Corporate Governance (Chapter V of Pakistan Stock Exchange Rule Book), It shall be mandatory of all Listed Companies to ensure that by June 30, 2018, at least half of the Directors on their Board have certification under any Director's Training Program (DTP) offered by institution - local or foreign - that meet the criteria specified by the SECP. Four Directors of the Company have completed Director's Training Program.
10. No new appointment has been made during the year for Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises four members of whom three are non-executive directors and the Chairman of the Committee is an Independent Director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company, and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are Non-Executive Directors and the Chairman of the committee is an Executive Director.
18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of ethics as adopted by the ICAP.
20. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Closed Period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / Price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. All related party transactions during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit Committee and Board of Directors along with pricing method.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors



Chief Executive Officer

Karachi: 23 August 2016



EY Ford Rhodes  
Chartered Accountants  
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Pakistan

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## **Review report to the members on 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 **Habib-ADM Limited** (the Company) for the year ended **30 June 2016** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance, 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 **30 June 2016**.

*EY Ford Rhodes*

Chartered Accountants  
Date: 23 August 2016  
Place: Karachi





EY Ford Rhodes  
Chartered Accountants  
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ey.com/pk

#### AUDITORS' REPORT TO THE MEMBERS

- \* We have audited the annexed balance sheet of **Habib-ADM Limited** (the Company) as at **30 June 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 the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.1 to the accompanying financial statements with which we concur;
  - 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 **30 June 2016**, and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

*EY Ford Rhodes*

Chartered Accountants  
Audit Engagement Partner: Arif Nazeer  
Date: 23 August 2016  
Place: Karachi

## BALANCE SHEET AS AT JUNE 30, 2016

	NOTE	2016 RUPEES	2015 RUPEES
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	310,122,354	327,344,241
Long term investments	7	-	1,000,000
Long term deposits	8	3,102,001	3,102,001
		<u>313,224,355</u>	<u>331,446,242</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	9	58,131,254	56,792,386
Stock-in-trade	10	139,938,866	193,789,452
Trade debts	11	12,329,732	11,991,630
Advances	12	2,914,823	3,405,494
Trade deposits and short term pre-payments	13	2,393,570	2,088,206
Accrued income		537,359	452,592
Other receivables		-	376,786
Short term investments	14	200,254,450	250,254,450
Taxation-net	15	42,965,020	17,390,136
Cash and bank balances	16	111,682,159	81,443,942
		<u>571,147,233</u>	<u>617,985,074</u>
<b>TOTAL ASSETS</b>		<u><u>884,371,588</u></u>	<u><u>949,431,316</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 60,000,000 (2015: 60,000,000) Ordinary shares of Rs.5/- each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up capital	17	200,000,000	200,000,000
Reserves		60,000,000	60,000,000
Unappropriated profit		<u>489,379,900</u>	<u>576,537,021</u>
		<u>749,379,900</u>	<u>836,537,021</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation	18	7,878,085	34,999,061
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	127,113,603	77,895,234
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>884,371,588</u></u>	<u><u>949,431,316</u></u>

The annexed notes from 1 to 37 form an integral part of these financial statements.



**OWAIS G. HABIB**  
Chief Executive Officer



**GAFFAR A. HABIB**  
Chairman

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	NOTE	2016 RUPEES	2015 RUPEES
Turnover-net	21	1,041,050,134	1,113,984,560
Cost of sales	22	(881,495,248)	(848,580,705)
<b>Gross profit</b>		<u>159,554,886</u>	<u>265,403,855</u>
Distribution costs	23	(72,529,974)	(69,365,869)
Administrative expenses	24	(85,925,234)	(65,100,598)
Other expenses	25	(1,349,733)	(11,007,076)
Other income	26	18,811,015	29,684,953
Finance costs	27	(1,424,058)	(1,035,986)
<b>Profit before taxation</b>		<u>17,136,902</u>	<u>148,579,279</u>
<b>Taxation</b>			
Current		(10,414,664)	(28,820,325)
Prior		(1,000,335)	(548,476)
Deferred		27,120,976	2,920,939
	28	<u>15,705,977</u>	<u>(26,447,862)</u>
<b>Profit after taxation</b>		<u><u>32,842,879</u></u>	<u><u>122,131,417</u></u>
(Rupees)			
<b>Earnings per share - basic and diluted</b>	29	<u><u>0.82</u></u>	<u><u>3.05</u></u>

The annexed notes from 1 to 37 form an integral part of these financial statements.



**OWAIS G. HABIB**  
Chief Executive Officer



**GAFFAR A. HABIB**  
Chairman



## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED JUNE 30, 2016

	2016 RUPEES	2015 RUPEES
Profit after taxation	32,842,879	122,131,417
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>32,842,879</u>	<u>122,131,417</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.



**OWAIS G. HABIB**  
Chief Executive Officer




**GAFFAR A. HABIB**  
Chairman

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2016

	NOTE	2016 RUPEES	2015 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	30	152,096,307	202,531,896
Finance costs paid		(1,424,058)	(1,035,986)
Taxes paid		(36,989,883)	(41,315,005)
Net cash generated from operating activities		113,682,366	160,180,905
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(14,902,149)	(13,376,338)
Proceeds from disposal of property, plant and equipment		458,000	4,623,000
Long term deposits		-	(24,000)
Proceeds from disposal of long term investments		1,000,000	-
Net cash used in investing activities		(13,444,149)	(8,777,338)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(120,000,000)	(80,000,000)
Net cash used in financing activities		(120,000,000)	(80,000,000)
Net (decrease) / increase in cash and cash equivalents		(19,761,783)	71,403,567
<b>Cash and cash equivalents at the beginning of the year</b>		331,698,392	260,294,825
<b>Cash and cash equivalents at the end of the year</b>		311,936,609	331,698,392
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>			
Cash and bank balances	16	111,682,159	81,443,942
Short-term investments	14	200,254,450	250,254,450
		311,936,609	331,698,392

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
**OWAIS G. HABIB**  
 Chief Executive Officer

  
**GAFFAR A. HABIB**  
 Chairman

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

PARTICULARS	Issued, subscribed and paid -up capital	Reserves			Total reserves	TOTAL
		Capital Reserves- Share Premium	General reserve	Unappropriated profit		
----- Rupees -----						
Balance at June 30, 2014	200,000,000	10,000,000	50,000,000	534,405,604	594,405,604	794,405,604
Final dividend @ 40% for the year ended June, 2014	-	-	-	(80,000,000)	(80,000,000)	(80,000,000)
Profit for the year	-	-	-	122,131,417	122,131,417	122,131,417
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	122,131,417	122,131,417	122,131,417
Balance at June 30, 2015	200,000,000	10,000,000	50,000,000	576,537,021	636,537,021	836,537,021
Final dividend @ 60% for the year ended June, 2015	-	-	-	(120,000,000)	(120,000,000)	(120,000,000)
Profit for the year	-	-	-	32,842,879	32,842,879	32,842,879
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	32,842,879	32,842,879	32,842,879
Balance at June 30, 2016	200,000,000	10,000,000	50,000,000	489,379,900	549,379,900	749,379,900

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
**OWAIS G. HABIB**  
 Chief Executive Officer

  
**GAFFAR A. HABIB**  
 Chairman

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

### **1. THE COMPANY AND ITS OPERATIONS**

- 1.1 Habib-ADM Limited (the Company) is a public listed company limited by shares incorporated in Pakistan on July 10, 1980 under the Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchanges). The registered office of the Company is situated at 2nd Floor, UBL Building I.I Chundrigar Road, Karachi. The Company is engaged in the production of rice based Starch Sugar and Proteins.
- 1.2 The Company's primary production facilities are located at its industrial complex at Hub.

### **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 (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions 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 Accounting Convention**

These financial statements have been prepared under the historical cost convention.

### **3. ADOPTION OF AMENDED STANDARDS**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

#### **3.1 New Standards, Interpretations and Amendments**

The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 - Consolidated Financial Statements  
IFRS 11 - Joint Arrangements  
IFRS 12 - Disclosure of Interests in Other Entities  
IFRS 13 - Fair Value Measurement  
IAS 27 - Equity Method in Separate Financial Statements  
IAS 28 - Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

### 3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, 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:

<b>Standard or interpretation</b>	<b>Effective date (annual periods Beginning on or after)</b>
IFRS 2: Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2019

#### **4. Significant accounting judgements, estimates and assumptions**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

##### **a) Property, plant and equipment**

The Company has made certain estimations with respect to residual value, depreciation method and depreciable lives of property, plant and equipments as disclosed in these financial statements. Further, the Company reviews the value of assets for possible impairment on each reporting period.

##### **b) Provision for stores and spares and stock-in-trade**

The Company has made estimation with respect to provision for slow moving, damaged and obsolete items and their net realizable value as disclosed in these financial statements.

##### **c) Provision for doubtful debts and other receivables**

The Company reviews the recoverability of its trade debts and other receivables, to assess the amount required for provision for doubtful debts as disclosed in these financial statements.

**d) Income taxes**

In making the estimates for income taxes payable by the Company, the management considers current Income Tax law and the decisions of appellate authorities on certain cases issued in the past.

**e) Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events.

**5. Significant accounting policies**

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

**5.1 Property, plant and equipment**

These are stated at cost less accumulated depreciation and impairment loss except for freehold land and capital work in progress which is stated at cost less impairment losses, if any.

Depreciation on fixed assets is charged to the profit and loss account applying the reducing balance method. Depreciation on additions is charged from the quarter in which addition is made and in case of deletion up to the quarter preceding the disposal. Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalized. Gains or losses on disposals of fixed assets, if any, are included in income currently.

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

**5.2 Investments**

**Held-to-maturity**

Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held-to-maturity

Gains or losses on held-to-maturity investments are recognised in income when the investments are derecognised or impaired.

### 5.3 Stores, spare parts and loose tools

These are stated at the lower of cost and Net Realisable Value (NRV) except for goods-in-transit which are stated at invoice price plus other charges incurred thereon upto the date of the balance sheet. Cost is determined on weighted moving average basis.

Stores, spares and loose tools are regularly reviewed by the management and any obsolete items are brought down to their NRV.

### 5.4 Stock in trade

Stock-in-trade is valued at the lower of weighted average cost and net realisable value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

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

### 5.5 Trade debts and other receivables

Trade debts originated by the Company are recognised and carried at original invoice amount less provision for impairment. Other receivables are carried at cost less provision for impairment. Provision for impairment is based on the management's assessment of customers' outstandings and creditworthiness. Bad debts are written-off as and when identified.

### 5.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition net of short-term running finance. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

### 5.7 Financial assets and liabilities

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 remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

### 5.8 Offsetting of financial assets and financial liabilities

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



#### 5.9 Employees' benefits - Provident fund

The Company operates a recognised provident fund scheme (defined contribution plan) for all its employees who are eligible for the scheme in accordance with the Company's policy. Contributions in respect thereto are made in accordance with the terms of the scheme.

#### 5.10 Trade and other payables

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 billed to the Company or not.

#### 5.11 Provisions

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

#### 5.12 Revenue recognition

Sale is recognized upon passage of title to the customers which generally coincides with physical delivery.

Profit on term deposit receipts is recognised on constant rate of return to maturity.

Profit on deposit accounts is recognised on accrual basis.

#### 5.13 Foreign currency transactions

Transactions denominated in foreign currencies are recorded on initial recognition in Pak. Rupees, by applying to the foreign currency amount the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak. Rupees equivalents using the exchange rate at the balance sheet date. Exchange differences are included in profit and loss account.

#### 5.14 Dividends and appropriation to reserve

Dividend and appropriation to reserve are recognised in the financial statements in the period in which these are approved.

#### 5.15 Impairment

At each balance sheet date, the carrying amount of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

## 5.16 Taxation

### Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance.

### Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

## 5.17 Functional and presentation currency

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

	Note	2016 RUPEES	2015 RUPEES
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	308,649,782	327,344,241
Capital work-in-progress	6.4	1,472,572	-
		<u>310,122,354</u>	<u>327,344,241</u>

## 6.1 Operating fixed assets

Particulars	COST				DEPRECIATION				Net book value at June 30, 2016	Rate
	As at July 01, 2015	Additions / transfers*	Disposals	As at June 30, 2016	As at July 01, 2015	For the year	Disposals	As at June 30, 2016		
Freehold land	50,905,696	300,000	-	51,205,696	-	-	-	-	51,205,696	-
Buildings on freehold land:										
- Factory building	105,438,096	-	-	105,438,096	74,478,579	3,095,952	-	77,574,531	27,863,565	10%
- Factory office	7,086,750	-	-	7,086,750	1,781,675	265,252	-	2,046,927	5,039,823	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	4,652,266	232,572	-	4,884,838	4,418,862	5%
Larkana office premises	759,358	-	-	759,358	455,624	15,188	-	470,812	288,546	5%
Plant and machinery	665,785,100	3,432,328 3,562,574*	-	672,780,002	472,780,213	19,745,038	-	492,525,251	180,254,751	10%
Tubewell	175,000	-	-	175,000	145,342	2,964	-	148,306	26,694	10%
Office and electrical equipment	4,952,961	28,000	-	4,980,961	3,983,432	97,652	-	4,081,084	899,877	10%
Computers	4,274,154	237,200	-	4,511,354	3,778,506	168,586	-	3,947,092	564,262	30%
Laboratory equipment	3,303,870	3,966,215	-	7,270,085	2,972,046	429,804	-	3,401,850	3,868,235	10%
Furniture and fixtures	5,354,409	9,700	-	5,364,109	3,292,596	207,152	-	3,499,748	1,864,361	10%
Vehicles	86,918,658	1,893,560	243,750	88,568,468	48,736,514	7,811,302	202,016	56,345,800	32,222,668	20%
Boat	415,000	-	-	415,000	390,501	4,900	-	395,401	19,599	20%
Godown	218,996	-	-	218,996	100,213	5,940	-	106,153	112,843	5%
	944,891,748	9,867,003 3,562,574*	243,750	958,077,575	617,547,507	32,082,302	202,016	649,427,793	308,649,782	

Particulars	COST				DEPRECIATION				Net book value at June 30, 2015	Rate
	As at July 01, 2014	Additions / transfers*	Disposals	As at June 30, 2015	As at July 01, 2014	For the year	Disposals	As at June 30, 2015		
Freehold land	50,905,696	-	-	50,905,696	-	-	-	-	50,905,696	-
Buildings on freehold land:										
- Factory building	106,694,290	-	-	106,694,290	72,294,825	3,439,948	-	75,734,773	30,959,517	10%
- Factory office	7,086,750	-	-	7,086,750	1,502,459	279,216	-	1,781,675	5,305,075	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	4,407,454	244,812	-	4,652,266	4,651,434	5%
Larkana office premises	759,358	-	-	759,358	439,640	15,984	-	455,624	303,734	5%
Plant and machinery	683,478,076	1,100,000 1,269,586*	-	685,847,662	471,566,436	21,276,339	-	492,842,775	193,004,887	10%
Tubewell	175,000	-	-	175,000	142,046	3,296	-	145,342	29,658	10%
Office and electrical equipment	4,974,636	-	(21,675)	4,952,961	3,893,710	111,397	(21,675)	3,983,432	969,529	10%
Computers	4,274,154	-	-	4,274,154	3,566,086	212,420	-	3,778,506	495,648	30%
Laboratory equipment	3,303,870	-	-	3,303,870	2,935,178	36,868	-	2,972,046	331,824	10%
Furniture and fixtures	4,957,888	396,521	-	5,354,409	3,090,855	201,741	-	3,292,596	2,061,813	10%
Vehicles	82,461,608	9,838,300	(5,381,250)	86,918,658	43,307,665	8,699,541	(3,270,692)	48,736,514	38,182,144	20%
Boat	415,000	-	-	415,000	384,377	6,124	-	390,501	24,499	20%
Godown	218,996	-	-	218,996	93,961	6,252	-	100,213	118,783	5%
	959,009,022	11,334,821 1,269,586*	(5,402,925)	966,210,504	607,624,692	34,533,938	(3,292,367)	638,866,263	327,344,241	

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

	Note	2016 RUPEES	2015 RUPEES
Cost of sales	22.1	27,709,866	29,822,545
Administration expenses	24	4,372,436	4,645,131
		<u>32,082,302</u>	<u>34,467,676</u>

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

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Sale	Particulars of Purchaser
KIA GRAND SPORTAGE Reg # BC-6594 Model 2002	154,900	139,099	15,801	431,000	415,199	Tender	Mr. Malik Mohammad Javed Flat # 204/A Karim Apartment. Fatima Jinnah Colony, Karachi
HABIB MOTOR CYCLE Reg # KGH-0485 Model 2013	43,500	22,342	21,158	16,000	(5,158)	Negotiation	Mr. Sajid S/o Zahid Khan House A-63 Geelanabad, Malir Tausi, Colony, Karachi
HABIB MOTOR CYCLE Reg # KBQ-7412 Model 2006	39,500	35,471	4,029	6,000	1,971	Negotiation	Mr. Mohammad Anwar S/o Mohla Buksh GK-16Y2/27, Street # 8 Area Tagluk Lapan rangiwara, Liyari, Karachi
YAMAHA YB 100 Reg # KBB-1546 Model 2004	5,850	5,104	746	5,000	4,254	Tender	Mr. Ashfaq Ahmed Qureshi House # B-746, Sheikh Mohall, Rohri, House # 278, I Area Korangi 5 Karachi
June 30, 2016	243,750	202,016	41,734	458,000	416,266		
June 30, 2015	5,381,250	3,270,692	2,110,558	4,623,000	2,512,442		

	Note	2016 RUPEES	2015 RUPEES
6.4 Capital work-in-progress			
At the beginning of the year		-	-
Capital expenditure incurred / advances made during the year	6.4.1	5,035,146	1,269,586
		<u>5,035,146</u>	<u>1,269,586</u>
Transferred to operating fixed assets		(3,562,574)	(1,269,586)
Balance as at June 30, 2016		<u>1,472,572</u>	<u>-</u>

6.4.1 Additions during the year

Plant and machinery	<u>5,035,146</u>	<u>1,269,586</u>
---------------------	------------------	------------------

## 7. LONG TERM INVESTMENTS

Unquoted			
- Habib Microfine (Private) Limited	7.1	<u>-</u>	<u>1,000,000</u>

- 7.1 The Company had a wholly owned subsidiary namely Habib Microfine (Private) Limited which was engaged in the business of microfine processed products, trading and export of goods. During the year, the Subsidiary Company has shut down its operations and wound up on 31 October 2015 under members' voluntary winding up. The Company has received Rs 1 million in respect of disposal of its subsidiary.

	Note	2016 RUPEES	2015 RUPEES
<b>8. LONG TERM DEPOSITS</b>			
Security deposits	8.1	<u>3,102,001</u>	<u>3,102,001</u>
8.1 Represents interest free deposits.			
<b>9. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores - in hand		28,046,133	27,078,425
- in transit		34,199	684,863
Spare parts		29,614,503	28,592,679
Loose tools		436,419	436,419
		<u>58,131,254</u>	<u>56,792,386</u>
<b>10. STOCK IN TRADE</b>			
Raw and packing materials			
- in hand	22.1.1	70,225,333	116,014,363
- in transit		434,759	2,814,385
		<u>70,660,092</u>	<u>118,828,748</u>
Work-in-process	22.1	-	2,957,958
Finished goods	22	69,278,774	72,002,746
		<u>139,938,866</u>	<u>193,789,452</u>
<b>11. TRADE DEBTS - considered good</b>			
- Local		117,977	119,416
- Foreign		12,211,755	11,872,214
	11.1	<u>12,329,732</u>	<u>11,991,630</u>
11.1 The aging of trade debts as at June 30 is as follows:			
Neither past due nor impaired:		12,211,755	11,872,214
Past due but not impaired:			
- within 90 days		17,657	38,060
- 91 - 180 days		100,320	-
- over 365 days		-	81,356
		<u>12,329,732</u>	<u>11,991,630</u>

	Note	2016 RUPEES	2015 RUPEES
<b>12. ADVANCES - unsecured, considered good</b>			
Suppliers and contractors		2,907,323	3,397,204
Employees		7,500	8,290
	12.1	<u>2,914,823</u>	<u>3,405,494</u>
12.1 These advances are interest free.			
<b>13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits	13.1	235,000	125,000
Short term prepayments		2,158,570	1,963,206
		<u>2,393,570</u>	<u>2,088,206</u>
13.1 Trade deposits does not carry any interest.			
<b>14. SHORT TERM INVESTMENTS</b>			
Term deposit receipt	14.1	<u>200,254,450</u>	<u>250,254,450</u>
14.1 Represents three month term deposit receipts with a commercial bank under conventional banking relationship carrying profit rate ranging from 5.9% to 7.5% (2015: 7% to 9.25%) per annum.			
<b>15. TAXATION - net</b>			
Opening refundable		17,390,136	5,443,932
Add: Tax paid / deducted at source during the year		36,989,883	41,315,005
		<u>54,380,019</u>	<u>46,758,937</u>
Less:			
- provision for the current year		(10,414,664)	(28,820,325)
- prior year		(1,000,335)	(548,476)
Closing refundable		<u>42,965,020</u>	<u>17,390,136</u>
<b>16. CASH AND BANK BALANCES</b>			
Cash in hand		4,531,544	1,828,448
Cash with banks			
- Current accounts		11,036,101	14,193,266
- Saving accounts	16.1	96,114,514	65,422,228
		<u>107,150,615</u>	<u>79,615,494</u>
		<u>111,682,159</u>	<u>81,443,942</u>
16.1 These carry profit rates ranging from 4.5% to 6.1% (2015: 5.3% to 7.75%) per annum.			
16.2 Bank balances with deposits and saving accounts are placed under interest / mark-up arrangements under conventional banking relationships.			

**17. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

2016 Number of Shares	2015		2016 RUPEES	2015 RUPEES
15,000,000	15,000,000	Ordinary shares of Rs.5/- each fully paid up in cash	75,000,000	75,000,000
25,000,000	25,000,000	Ordinary shares of Rs.5/- each issued	125,000,000	125,000,000
<u>40,000,000</u>	<u>40,000,000</u>		<u>200,000,000</u>	<u>200,000,000</u>

17.1 Related parties held 19,573 (2015: 19,573) ordinary shares of Rs. 5/- each in the Company at year end.

**18. DEFERRED TAX LIABILITY**

Taxable temporary differences arising due to: Accelerated tax depreciation	38,304,306	34,999,061
Deductable temporary differences arising due to: Provisions / tax credits	(30,426,221)	-
	<u>7,878,085</u>	<u>34,999,061</u>

**19. TRADE AND OTHER PAYABLES**

Creditors	5,348,470	3,244,269
Accrued liabilities	23,463,198	24,633,224
Provision for GIDC	50,218,272	-
Advance from customers	32,097,673	29,677,290
Workers' profit participation fund	-	506,393
Workers' welfare fund	1,486,011	3,030,934
Unclaimed dividend	13,517,605	12,018,776
Security deposit from customers	254,450	254,450
Sales tax payable	722,768	3,148,072
Others	5,156	1,381,826
	<u>127,113,603</u>	<u>77,895,234</u>

**19.1 Provident Fund**

Size of the trust	173,334,055	180,954,424
Cost of investments made	86,207,904	89,451,387
Fair value of investments	89,082,900	95,113,880

----- (Percentage) -----

Percentage of investment made	50%	49%
-------------------------------	-----	-----

**2016  
RUPEES** **2015  
RUPEES**

The breakup value of fair value of investment is

Bank balances	1,868,495	4,323,604
Term Deposit Receipts	87,214,405	90,790,276
	<u>89,082,900</u>	<u>95,113,880</u>

Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	Note	2016 RUPEES	2015 RUPEES
19.2 Workers' profit participation fund			
Opening balance		506,393	2,623,580
Interest on funds utilized by the Company	27	4,995	30,251
		511,388	2,653,831
Allocation for the year	25	1,000,000	7,976,142
		1,511,388	10,629,973
Less: Amount paid during the year		(1,511,388)	(10,123,580)
Closing balance		-	506,393

## 20. CONTINGENCIES AND COMMITMENTS

### 20.1 Contingencies

In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No.VI of 2014 to circumvent earlier decision of the Honorable Supreme Court on the subject, where it upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultravires on the grounds that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the Government passed the GIDC Act., 2015.

The Company has challenged the GIDC Act, 2015 and filed writ petition in the High Court of Sindh (HCS) including retrospective treatment of the provision of the GIDC Act. The Court has granted stay against charging of the GIDC under the GIDC Act.,2015. The Company is hopeful, based on the advice of its legal consultant, that the decision of the case will be in its favor. However, during the year, the Company has provided Rs. 36.52 million in these financial statements due to inherent uncertainties involved in such matters, as a matter of prudence.

In August 2015, Sui Southern Gas Company (SSGC) increased rates of natural gas on the basis of notification dated 31 August 2015 issued by Oil and Gas Regulatory Authority (OGRA) whereby prices for natural gas for industrial sector have increased from Rs. 488 to Rs. 600 per MMBTU whereas those for the captive power sector have been increased from Rs. 573 to Rs. 600 per MMBTU and the Company falls within both categories. The Company challenged the OGRA notification and filed writ petition in the HCS. The Court had granted stay against charging of the increase tariff resulting in the operation of impugned notification to remain suspended. Subsequently, the HCS vide its order dated 18 May 2016, decided the case in Company's favour and concluded that the OGRA notification lacks the sanctity of law and it cannot be validated in terms of Section 7 and 8 of the Oil and Gas Regulatory Authority Ordinance 2002. However, during the year, the Company has provided Rs. 13.70 million in these financial statements due to inherent uncertainties involved in such matters, as a matter of prudence.

### 20.2 Commitments

Guarantees have been issued by a commercial bank under conventional banking relationship on behalf of the Company to Sui Southern Gas Company Limited in the normal course of business amounting to Rs. 35.77 million (June 30, 2015: Rs. 36.435 million).

20.3 Outstanding letters of credit	256,200	3,499,000
20.4 Guarantee issued in favour of:		
- Sui Southern Gas Company Limited	35,770,000	36,435,000
- Habib Microfine (Private) Limited	-	100,000,000



	Note	2016 RUPEES	2015 RUPEES
<b>21. TURNOVER - net</b>			
Local sales		849,936,466	968,025,425
Export sales		238,574,333	196,399,847
Add: rebate		-	97,342
		<u>1,088,510,799</u>	<u>1,164,522,614</u>
Less:			
Sales tax on local sales		(47,460,665)	(50,538,054)
		<u>1,041,050,134</u>	<u>1,113,984,560</u>
<b>22. COST OF SALES</b>			
Opening stock - finished goods		72,002,746	65,839,595
Cost of goods manufactured	22.1	878,771,276	854,743,856
Less: Closing stock - finished goods	10	(69,278,774)	(72,002,746)
		<u>881,495,248</u>	<u>848,580,705</u>
<b>22.1 Cost of goods manufactured</b>			
Raw and packing materials consumed	22.1.1	500,126,421	521,091,454
Salaries, wages and benefits	22.1.2	97,576,954	88,328,347
Repairs, maintenance and stores consumed		49,548,089	45,483,429
Utilities		183,865,827	150,846,200
Vehicles running and maintenance		5,291,153	5,086,424
Insurance		4,753,972	6,612,935
Depreciation	6.2	27,709,866	29,822,545
Others		6,941,036	6,328,855
		<u>875,813,318</u>	<u>853,600,189</u>
Work in process			
Opening stock		2,957,958	4,101,625
Closing stock	10	-	(2,957,958)
		<u>2,957,958</u>	<u>1,143,667</u>
		<u>878,771,276</u>	<u>854,743,856</u>
<b>22.1.1 Raw and packing materials consumed</b>			
Opening stock		116,014,363	102,393,988
Purchases		454,337,391	534,711,829
		<u>570,351,754</u>	<u>637,105,817</u>
Less: Closing stock	10	(70,225,333)	(116,014,363)
		<u>500,126,421</u>	<u>521,091,454</u>
<b>22.1.2 Salaries, wages and benefits include Rs. 4.98 million (2015: Rs. 4.79 million) in respect of staff retirement benefits.</b>			

	Note	2016 RUPEES	2015 RUPEES
<b>23. DISTRIBUTION COSTS</b>			
Salaries, wages and benefits	23.1	10,854,106	10,802,648
Rent, rates and taxes		317,000	312,000
Vehicle running expenses		675,878	678,075
Repairs and maintenance		22,300	30,286
Travelling and conveyance		613,225	725,840
Utilities(Fuel, power and water)		66,483	14,880
Postage and telephone		355,219	464,573
Printing and stationary		149,239	139,645
Advertisement expenses		389,195	529,460
Insurance		329,091	367,136
Sampling		-	32,152
Entertainment		60,912	120,213
ISO and HACCP certification expenses		718,200	145,000
Kosher certification expenses		760,621	1,018,000
Organic certification expenses		1,555,886	991,475
Freight and commission		55,541,564	52,487,645
Others		121,055	506,841
		<u>72,529,974</u>	<u>69,365,869</u>

23.1 Salaries, wages and benefits include Rs. 0.67 million (2015: Rs. 0.67 million) in respect of staff retirement benefits.

## 24. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	24.1	35,639,665	31,058,487
Rent, rates and taxes		780	3,900
Vehicle running expenses		2,133,015	2,330,151
Repairs and maintenance		132,310	161,905
Travelling and conveyance		30,720,031	14,549,140
Utilities		360,998	267,836
Postage and telephone		1,631,702	1,265,025
Printing and stationery		1,624,386	1,576,950
Advertisement expenses		239,797	603,208
Legal and professional charges		2,391,670	2,109,462
Insurance		1,046,039	1,122,631
Entertainment		2,036,318	1,814,120
Directors' fee		65,000	70,000
Auditors' remuneration	24.2	878,000	878,610
Donations and corporate social responsibility	24.3	874,249	783,265
Depreciation	6.2	4,372,436	4,645,131
Share Registrar service charges		377,782	858,000
Reversal of provision for doubtful advances to employees		-	(250,900)
Others		1,401,056	1,253,677
		<u>85,925,234</u>	<u>65,100,598</u>

24.1 Salaries, wages and benefits include Rs. 2.02 million (2015: Rs. 1.9 million) in respect of staff retirement benefits.

	Note	2016 RUPEES	2015 RUPEES
24.2 Auditors' remuneration			
Audit fee		650,000	650,000
Fee for half yearly review		100,000	100,000
Fee for consolidation		-	50,000
Fee for Corporate Governance certificate		53,000	50,000
Out of pocket expenses		75,000	28,610
		<u>878,000</u>	<u>878,610</u>
24.3 Directors or their spouses do not have any interest in the donees to whom donations were made.			
<b>25. OTHER EXPENSES</b>			
Workers' profit participation fund	19.2	1,000,000	7,976,142
Workers' welfare fund		349,733	3,030,934
		<u>1,349,733</u>	<u>11,007,076</u>
<b>26. OTHER INCOME</b>			
Income from financial assets			
Income from bank deposits	26.1	3,353,142	3,926,591
Income from short term investment	26.2	13,457,740	20,665,556
Exchange gain	26.3	1,583,867	1,783,957
Dividend income		-	793,407
		<u>18,394,749</u>	<u>27,169,511</u>
Income from non financial assets			
Rent income		-	3,000
Gain on disposal of property, plant and equipment		416,266	2,512,442
		<u>416,266</u>	<u>2,515,442</u>
		<u>18,811,015</u>	<u>29,684,953</u>
26.1 Represents markup on bank accounts under conventional banking relationship.			
26.2 Represents profit on term deposit receipts with a commercial bank under conventional banking relationship.			
26.3 Represents exchange gain arising on revaluation of foreign currency assets and liabilities and on transactions in foreign currencies.			
<b>27. FINANCE COSTS</b>			
Mark-up / interest on:			
Short term borrowings		-	63,548
Workers' Profit Participation Fund	19.2	4,995	30,251
		<u>4,995</u>	<u>93,799</u>
Bank charges and commission		1,419,063	942,187
		<u>1,424,058</u>	<u>1,035,986</u>

## 28. TAXATION

The tax assessments of the Company have been finalized upto and including the tax year 2015.

	Note	2016 RUPEES	2015 RUPEES
28.1 Reconciliation between tax expense accounting profit			
Account profit for the year before taxation		17,136,902	148,579,279
Tax at applicable rate of 32% (2015: 33%)		5,483,809	49,031,162
Tax effect of:			
Effect of income charged at lower rate		(20,237,626)	(23,364,076)
Dividend income attracting lower tax		-	(182,483)
Effect of previous years tax charge		1,000,335	548,476
Others		(1,952,495)	414,783
		<u>(15,705,977)</u>	<u>26,447,862</u>

## 29. EARNINGS PER SHARE

Profit after taxation (Rs.)		<u>32,842,879</u>	<u>122,131,417</u>
Weighted average number of ordinary shares in issue		<u>40,000,000</u>	<u>40,000,000</u>
Basic earnings per share (Rs.)	29.1	<u>0.82</u>	<u>3.05</u>

29.1 There is no dilutive effect on basic earnings per share.

## 30. CASH GENERATED FROM OPERATIONS

Profit before taxation		17,136,902	148,579,279
Adjustments for non-cash charges and other items:			
Depreciation		32,082,302	34,467,676
Gain on disposal of property, plant and equipment		(416,266)	(2,512,442)
Finance costs		1,424,058	1,035,986
		<u>33,090,094</u>	<u>32,991,220</u>
		50,226,996	181,570,499
Decrease in current assets			
Stores, spare parts and loose tools		(1,338,868)	(8,143,157)
Stock-in-trade		53,850,586	(21,222,366)
Trade debts		(338,102)	43,859,872
Advances, trade deposits, short term prepayments and other receivables		562,093	3,011,545
Accrued income		(84,767)	(452,592)
		<u>52,650,942</u>	<u>17,053,302</u>
Increase in current liabilities			
Trade and other payables		49,218,369	3,908,095
		<u>152,096,307</u>	<u>202,531,896</u>

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, financial instruments and investment of excess liquidity. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews policies for managing each of these risks which are summarized below:

#### 31.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk, such as equity risk.

##### 31.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company presently has no borrowings as at June 30, 2016, though it has sanctioned limit of Rs.100 million

Instead the Company's financial instruments are balances placed on deposits with banks where changes in interest rates may have impact on the future profit/cash flows. Treasury account with a schedule banks of Rs. 96.11 million (2015: Rs. 65.42 million). The Company places its most of the funds in commercial bank having good credit rating. As of the balance sheet date the Company is not materially exposed to interest rate risk.

##### 31.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

	2016	2015
Trade debts - US Dollar	<u>116,580</u>	<u>115,770</u>
The following significant exchange rates have been applied at reporting dates:		
Exchange rate - US Dollar	<u>104.75</u>	<u>102.55</u>

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in rate (%)	Effect of translation of foreign currency asset on profit or (loss) ----- Rupees -----	Effect on equity
<b>30 June 2016-US Dollar</b>	+10	<b>11,658</b>	<b>11,658</b>
	-10	<b>11,658</b>	<b>11,658</b>
<b>30 June 2015-US Dollar</b>	+10	<b>11,577</b>	<b>11,577</b>
	- 10	<b>11,577</b>	<b>11,577</b>

### 31.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk by limiting significant exposure to any individual customers, by obtaining advance against sales and does not have significant exposure to any individual customer. As of the balance sheet date, the Company is exposed to credit risk on the following assets:

	<b>2016 RUPEES</b>	<b>2015 RUPEES</b>
Long-term deposits	3,102,001	3,102,001
Trade debts	12,329,732	11,991,630
Loans and advances	2,914,823	3,405,494
Trade deposits and short term prepayments	2,393,570	2,088,206
Accrued income	537,359	452,592
Other receivables	-	376,786
Bank balances	107,150,615	79,615,494
	<b>128,428,100</b>	<b>101,032,203</b>

### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings agencies or the historical information about counter party default rates as shown below:

#### Trade debts

Neither past due nor impaired	12,211,755	11,872,214
Past due but not impaired	117,977	119,416
	<b>12,329,732</b>	<b>11,991,630</b>

#### Cash at bank

Current accounts		
A-1 +	11,036,101	13,799,502
P-1	-	393,764
Saving accounts		
A-1 +	96,114,514	65,422,228
	<b>107,150,615</b>	<b>79,615,494</b>

### 31.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date the Company has unavailed credit facility of Rs.100 million (2015: Rs.100 million).

Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments.

	2016					2015				
	INTEREST BEARING				NON-INTEREST BEARING	INTEREST BEARING				NON-INTEREST BEARING
	Less than one year	One to five years	Total			Less than one year	One to five years	Total		
Financial Assets										
Deposits	-	-	-	3,337,001	3,337,001	-	-	-	3,227,001	3,227,001
Trade debts	-	-	-	12,329,732	12,329,732	-	-	-	11,991,630	11,991,630
Advance to staff	-	-	-	7,500	7,500	-	-	-	8,290	8,290
Short term investments	200,254,450	-	200,254,450	-	200,254,450	250,254,450	-	250,254,450	-	250,254,450
Other receivables	-	-	-	-	-	-	-	-	376,786	376,786
Financial Liabilities										
Trade and other payables	-	-	-	127,113,603	127,113,603	506,393	-	506,393	77,388,841	77,895,234
	200,254,450	-	200,254,450	142,787,836	343,042,286	250,760,843	-	250,760,843	92,992,548	343,753,391

### 31.4 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the year ended June 30, 2016.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings including any finance cost thereon less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt.

During the year, the Company's strategy was to minimize leveraged gearing. The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. As of the balance sheet date the Company has no gearing (gearing ratio - 2015: Nil).

## 32. REMUNERATION OF THE CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

32.1 Aggregate amounts charged in the financial statements are as follows:

	2016			2015		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)					
Managerial remuneration	6,893,936	4,025,540	26,117,074	6,667,918	3,893,839	25,447,503
Other benefits	611,017	356,048	1,628,058	611,017	356,048	1,338,892
Contribution to provident fund	572,828	333,795	2,143,043	553,993	322,820	2,074,424
	<u>8,077,781</u>	<u>4,715,383</u>	<u>29,888,175</u>	<u>7,832,928</u>	<u>4,572,707</u>	<u>28,860,819</u>
Number of persons	<u>1</u>	<u>1</u>	<u>21</u>	<u>1</u>	<u>1</u>	<u>23</u>

32.2 The aggregate amount paid to the Directors as a fee for attending the Board of Directors' meetings amount to Rs.65,000 (2015: Rs. 70,000).

32.3 In addition, the Chief Executive, Directors and the ten Executives are provided free use of Company maintained cars as per terms of employment. Telephone at residence and club bills are also paid by the Company.

### 33. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors, executives and retirement funds. Transactions and balances with related parties other than those disclosed elsewhere in the financial statements are as follows:

		2016	2015
		-----Rupees-----	
Relationship	Nature of transactions		
Subsidiary	Proceeds from the disposal of long term investments	1,000,000	-
	Rent received	-	3,000
	Sales	-	1,635,750
	Dividends received	-	793,407
	Purchase of property, plant and equipment	-	771,931
	Expenses paid on behalf of the Company	-	766,485
Associates	Dividends paid	58,719	2,369,146

### 34. NUMBER OF EMPLOYEES

Total number of persons employed as at the year-end were 401 (2015: 405) and average number of employees during the year were 431 (2015: 447).

### 35. CAPACITY

Annual installed capacity as of June 30,	<u>45,000</u>	<u>45,000</u>
Actual production for the year	<u>31.64%</u>	<u>33.33%</u>

35.1 Actual production was below capacity due to low demand.



### **36. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on 23 August 2016 (i) approved the transfer of Rs. Nil from un-appropriated profit to general reserve; and (ii) proposed final cash dividend of Rs.1/- per share for the year ended June 30, 2016 amounting to Rs. 40 million for approval of the members at the Annual General Meeting to be held on 26 September 2016.

The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid up capital. However, this tax shall not apply in case of a public company which distribute cash dividend equal to at least either 40% of its after tax profits or 50% of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the fact that the Board of Directors of the Company has proposed 20 % dividend for the financial and tax year 2016 which exceeds the prescribed minimum dividend requirement as aforesaid, the Company believes that it would not eventually be liable to pay tax on its undistributed reserves as of 30 June 2016.

### **37. GENERAL**

37.1 Figures have been rounded off to the nearest Rupees unless otherwise stated.

37.2 There was no reclassification that could affect the financial statements materially.



**OWAIS G. HABIB**  
Chief Executive Officer



**GAFFAR A. HABIB**  
Chairman

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 36th Annual General Meeting of the members of the Company will be held on Monday, September 26, 2016 at 11:30 a.m. at The Institute of Chartered Accountants of Pakistan (ICAP) Auditorium Hall, D-31/8, Chartered Accountants Avenue, Clifton, Karachi to transact the following business.

### ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Body Meeting held on October 03, 2015.
2. To receive and adopt the Director's Report and Audited Financial Statements of the Company for the year ended June 30, 2016.
3. To approve the Final Cash Dividend for the year ended June 30, 2016 @ 20% i.e. Rs.1.00 per share of Rs.5 each to the members as recommended by the Board of Directors.
4. To appoint Auditors for the year ending on June 30, 2017 and fix their remuneration.
5. To transact such other business as may be placed before the meeting with the permission of the Chairman.

### SPECIAL BUSINESS:

6. To authorize the Company, subject to the approval of the Securities and Exchange Commission of Pakistan, to transmit its quarterly accounts by placing the same on the Company's website instead of circulating by post to the Shareholders, as and by way of passing the following ordinary resolution:

RESOLVED THAT subject to all prior necessary approvals as stipulated by the regulatory authorities, the Company be and is hereby authorised to transmit its quarterly accounts by placing the same on the Company's website instead of circulating by post to the Shareholders.

FURTHER RESOLVED that the Company Secretary be and is hereby authorised to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution.

By Order of the Board

Ali Asghar Rajani  
Company Secretary

Karachi: 23 August 2016

**NOTES:**

- i. The share transfer books of the Company will remain closed from September 19, 2016 to September 26, 2016 (both days inclusive).
- ii. A member of the company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies must be received at the Company's Share Registrar office not later than 48 hours prior to the meeting.
- iii. The CDC account / Sub account holders are requested to bring with them their Computerized National Identity Cards (CNIC) along with the participant(s) ID number and their account numbers at the time of attending the AGM in order to facilitate identification of the respective shareholders. In case of corporate entity, the Board of Directors Resolution / Power of attorney with specimen signature must be produced at the time of meeting.
- iv. The shareholders are requested to promptly communicate any change in their address to our Share Registrar: M/s. THK Associates (Pvt.) Limited and provide the Zakat declaration / Valid Tax Exemption Certificate (if any) immediately along with contact details.
- v. Pursuant to the directives of the Securities & Exchange Commission of Pakistan, CNIC number is mandatory required to be mentioned on dividend warrants. Shareholders holding share certificate are therefore requested to submit a copy of their valid CNIC, if not already provided to M/s. THK Associates (Pvt.) Limited, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi (the Share Registrar). In case of non-receipt of the copy of valid CNIC, Habib - ADM Limited would be unable to comply with SRO 831 (1) 2012 dated July 05, 2012 of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrant of such Shareholders.
- vi. The Government of Pakistan through Finance Act, 2016 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are as under:

(a) For filers of income tax returns	12.5%
(b) For non-filers of income tax returns	20.0%

To enable the Company to make tax deduction on the amount of cash dividend @12.5% instead of 20.0%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend, otherwise tax on their cash dividend will be deducted @ 20.0% instead of 12.5%.

For Shareholders holding their shares jointly, as per the clarification issue by the Federal Board of Revenue, withholding tax will be determined separately on 'Filer/Non-Filer' status of Principle shareholders as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principle shareholder and Joint-holder(s) in respect of shares held by them to our share registrar, in writing as follows:

Company Name	Folio/CDC Account No.	Total Shares	Joint Shareholders			
			Name of CNIC #	Shareholding Proportion (No. of Share)	Name of CNIC #	Shareholding Proportion (No. of Share)

The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN certificate to the Company or Company's Share Registrar M/s. THK Associates (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio numbers.

For any query / clarification / information, the shareholder may contact the Company. and/or the Share Registrar at the following addresses:

**Company Address:**

Habib - ADM Limited  
2nd Floor, UBL Building, I.I. Chundrigar Road, Karachi.  
Phone: (+92-21) 32411887 Fax: (+92-21) 32414581  
e-mail: habib-adm@cyber.net.pk

**Share Registrar Address:**

M/s. THK Associates (Pvt.) Limited  
2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi-75530  
UAN: (021) 111-000-322 Fax: (021) 35655595 e-mail: secretariat@thk.com.pk



## PROXY FORM

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

of \_\_\_\_\_

\_\_\_\_\_

being a member(s) of HABIB-ADM LIMITED, and a holder of \_\_\_\_\_

Ordinary Shares as per Share Register Folio Number \_\_\_\_\_

and/or CDC Account and participant's I.D. Numbers \_\_\_\_\_

hereby appoint \_\_\_\_\_ Folio No. \_\_\_\_\_ of \_\_\_\_\_

or failing him/her \_\_\_\_\_ Folio No. \_\_\_\_\_ of \_\_\_\_\_

another member of HABIB-ADM LIMITED as my/our proxy to vote for me/us and on my/our behalf  
at the Annual General Meeting of the Company to be held on September 26, 2016, and at any  
adjournment thereof.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_

Revenue Stamp  
Five  
Rupees

SIGNATURE OF MEMBER(S)

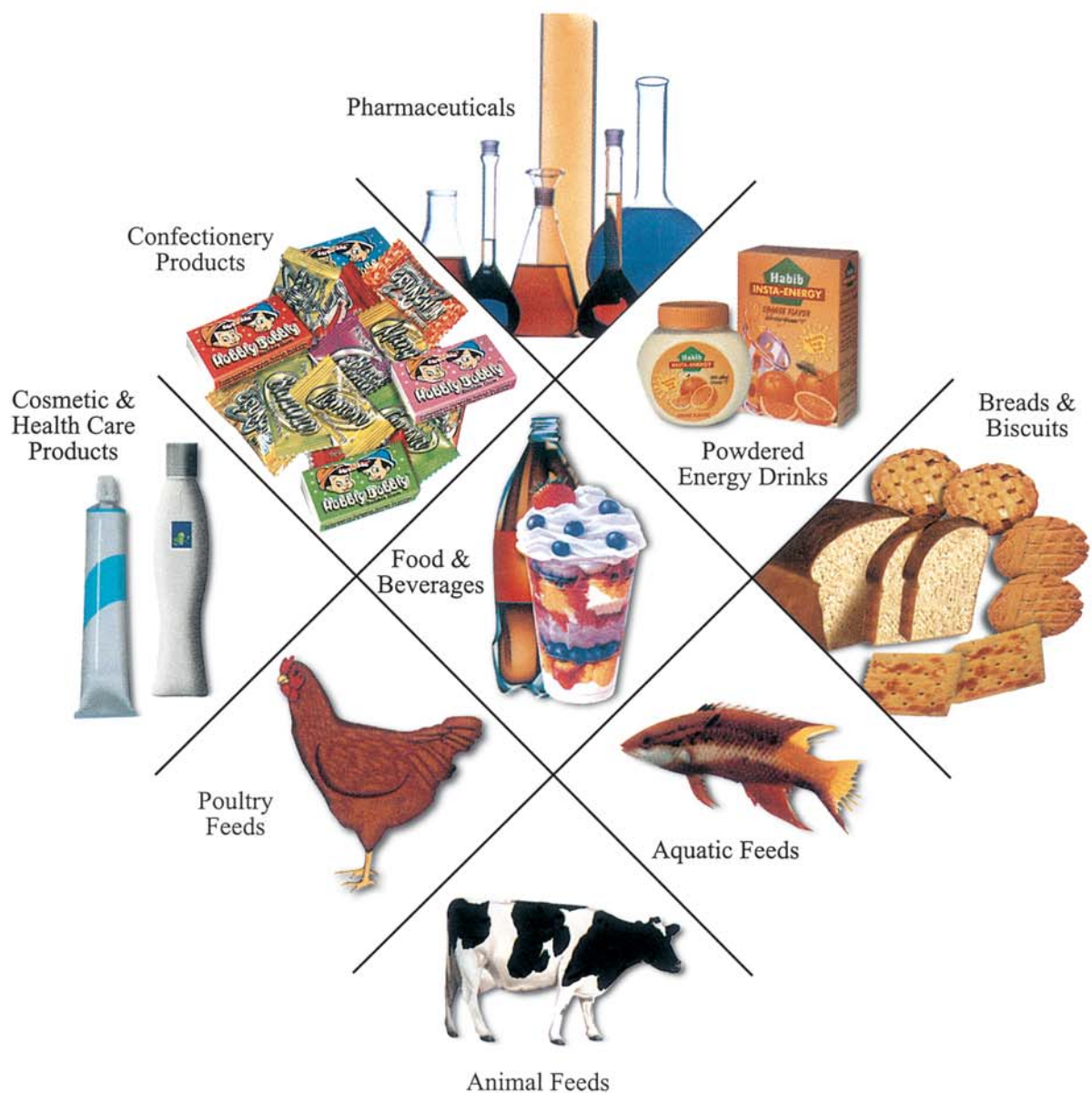
(Signature should agree with the specimen signature registered with the Company)



# Habib-ADM Ltd.

## Pioneer Producers of Rice Based Starch Sugars and Proteins

Habib-ADM Limited pioneered the conversion of Rice into Glucose, Dextrose, Fructose, Sorbitol and Maltodextrine - all essential ingredients for:



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contributing to a sweeter tomorrow