

SHAVYL®

Annual Report 2017

PAKISTAN PVC LIMITED

54rd ANNUAL REPORT

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COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Adnan Shaffi

CHIEF EXECUTIVE

Arif Shaffi

DIRECTORS

Masood Parvaiz

Adeel Shaffi

Asif Shaffi

Mohammad Iqbal

Mohammad Shaffi

**SECRETARY &
CHIEF FINANCIAL OFFICER**

Asif Shaffi

AUDITORS

Mushtaq & Co., Chartered Accountants

AUDIT COMMITTEE

Mohammad Shaffi – Chairman

Mohammad Iqbal – Member

Masood Parvaiz – Member

**HUMAN RESOURCES &
REMUNERATION
COMMITTEE**

Mohammad Shaffi – Chairman

Mohammad Iqbal – Member

Masood Parvaiz – Member

BANKERS

Habib Bank Limited

Muslim Commercial Bank Limited

Faysal Bank Limited

REGISTERED OFFICE

Shaffiabad, Gharo, District Thatta

SHARE REGISTRAR

CORPLINK (PVT) LTD.,

Wings Arcade, 1 – K, Commercial,
Model Town, Lahore.

FACTORIES

Shaffiabad, Gharo, District Thatta.

Sector 1 – 9, Industrial Area,
Islamabad.

کمپنی کی معلومات

بورڈ آف ڈائریکٹرز	
چیئرمین	عدنان شفیع
چیف ایگزیکٹو ڈائریکٹر	عارف شفیع
	مسعود پرویز عبدل شفیع آصف شفیع محمد اقبال محمد شفیع
کمپنی سیکریٹری & چیف فنانشل آفیسر	آصف شفیع
آڈیٹرز	مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس
آڈٹ کمیٹی	محمد شفیع - چیئرمین محمد اقبال - رکن مسعود پرویز - رکن
انسانی وسائل & معاوضے کمیٹی	محمد شفیع - چیئرمین محمد اقبال - رکن مسعود پرویز - رکن
بینکر	حبیب بینک لمیٹڈ مسلم کمرشل بینک لمیٹڈ فیصل بینک لمیٹڈ
منظور شدہ دفتر	شفیع آباد، گھارو، ضلع ٹھٹہ
ہیڈ آفس	سیکٹر 9 - I، انڈسٹریل ایریا، اسلام آباد
حصص رجسٹرار	CORPLINK (PVT) LTD., Wings Arcade, 1 – K, Commercial, Model Town, Lahore.
فیکٹریوں	شفیع آباد، گھارو، ضلع ٹھٹہ، سیکٹر 9 - I، انڈسٹریل ایریا، اسلام آباد
ٹیلی فون	+9251 - 4430317, +9251 - 4444578
ای میل آڈریس	info@shavyl.com
ویب سائٹ	www.pakistanpvc.com
کمپنی رجسٹریشن نمبر	0001781
نیشنل ٹیکس نمبر & سیلز ٹیکس نمبر	0823852 - 9, 07 - 01 - 3900 - 005 - 64
شخص کے رابطے کی تفصیلات کی مدد اور بینڈلنگ کے سرمایہ کار شکایات کے لئے نامزد	کمپنی سیکریٹری ٹیلی فون - 4444578 +9251

PAKISTAN PVC LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 54th Annual General Meeting of the Company will be held on Saturday, October 28, 2017 at the registered office of the company at **Pakistan PVC Limited, Shaffiabad, Ghara, District Thatta** at 9.00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To confirm the minutes of the 53rd Annual General Meeting of the company held on October 29, 2016.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2017 together with the reports of the Director's and Auditors' thereon.
3. To appoint auditors of the company for the year ending June 30, 2018 and fix their remuneration.

ANY OTHER BUSINESS

1. To transact any other business of the company with the permission of the chair.

Islamabad: September 23, 2017

By Order of the Board
(ASIF SHAFFI)
Company Secretary

Notes:

1. Share transfer Books of the Company shall remain closed from October 19, 2017 to October 28, 2017 (both days inclusive)
2. A member entitled to attend and vote in the meeting is authorized to appoint any other person a proxy to attend, speak and vote for him or her.
3. Any individual Beneficial Owner of CDC, entitled to vote at this meeting must bring his/her original NIC with him/her to prove his/her identity, and in case of proxy, a copy of shareholders attested NIC must be attached with the proxy form and shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or passport at the time of attending the meeting. Representatives of corporate members should bring the usual documents required for such purpose.
4. In order to valid, an instrument of proxy and the power of Attorney or other authority (if any) under which it is signed, or a notarized certified copy of such power or Authority, must be reached at the Registered Office of the Company not less than 72 hours before the time of the Meeting.
5. As per Section 242 of the Companies Act, 2017 enacting from May 31, 2017, SECP Circular No. 18/2017, a listed company, is required to pay cash dividend to shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders.
Therefore In compliance with the said law, in order to receive your future dividends directly in your bank account, you are required to provide the information mentioned on the Form placed on the Company's website www.pakistanpvc.com and send the same to your brokers/Central Depository Company Ltd., if the shares are held in the electronic form or to the Company's Share Registrar if shares are held in paper certificates form. The Company's Share Registrar's address in M/s Corplink (Private) Limited, Wings Arcade, 1 - K, Commercial, Model Town, Lahore; Tele# 042 - 3591 6714 or email at corplink786@gmail.com.
6. Members are requested to provide by mail or fax, to The Company's Share Registrar's address in M/s Corplink (Private) Limited, Wings Arcade, 1 - K, Commercial, Model Town, Lahore, Tele# 042 - 3591 6714 or email at corplink786@gmail.com., photocopy of their valid CNIC or passport (in case of foreigner), unless it has been provided earlier, enabling the Company to Comply with relevant laws.
7. Financial statements have been placed on Company's website at www.pakistanpvc.com.

عمومی کارروائی

1. مورخہ 29 اکتوبر 2016 کو منعقدہ کمیٹی کے 53 ویں اجلاس عام کی کارروائی کی تصدیق کرنا
2. مورخہ 30 جون 2017 کو ختم ہونے والے مالی سال کے لیے کمیٹی کے آڈٹ شدہ اکاؤنٹس کے ساتھ ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹوں کی وصولی، ان پر غور و خوض اور منظور کرنا۔
3. مورخہ 30 جون 2018 کو ختم ہونے والے مالی سال کے لیے آڈیٹرز کی تقرری اور ان کا معاوضہ مقرر کرنا۔

دیگر کوئی کارروائی

- 1 چیئر مین کی اجازت سے کمپنی کے امور کے متعلق کوئی اور کارروائی عمل میں لانا

بحکم بورڈ (آصف شفیع) کمپنی سیکرٹری

اسلام آباد: 23 ستمبر 2017

نوٹس:

- 1 کمپنی کی شیئر ٹرانسفر بکس مورخہ 19 اکتوبر 2017 تا 28 اکتوبر 2017 بشمول دونوں تاریخوں کے) بند رہیں گی۔
- 2 اجلاس میں شامل ہونے اور ووٹ دینے کی اہلیت رکھنے والا رکن کسی اور فرد کو اپنی جانب سے اجلاس میں شرکت کرنے، بولنے یا ووٹ دینے کے لیے بطور نمائندہ نامزد کر سکتا ہے۔
- 3 سی ڈی سی کا کوئی بھی انفرادی مستفید کنندہ الگ جو اس اجلاس میں ووٹ دینے کا اہل ہو اس کے لیے ضروری ہے کہ وہ اپنی شناخت ثابت کرنے کے لیے اپنے ہمراہ اصل شناختی کارڈ لے کر آئے۔ نمائندے کے تقرر کی صورت میں شیئر ہولڈرز کے شناختی کارڈ کی نقول نمائندگی فارم کے ساتھ منسلک کی جائے جبکہ مجاز نمائندہ اجلاس میں شرکت کے وقت اپنے اصلی شناختی کارڈ یا پاسپورٹ کو دکھا کر اپنی شناخت کروائے گا۔ کارپوریٹ اراکین کے نمائندگان اپنے ساتھ ایسی صورتوں میں درکار ضروری دستاویزات ساتھ لے کر آئیں گے۔
- 4 مؤثر ہونے کے لیے ضروری ہے کہ مجاز نمائندے کے تقرر کی دستاویز اور مختصر نامہ یا کوئی اور دستاویز جو کہ باقاعدہ طور پر نوٹری سے تصدیق شدہ ہو، کمپنی کے رجسٹرڈ دفتر میں اجلاس سے 72 گھنٹے قبل پہنچ جانی چاہئیں۔

- 5 کمپنی ایکٹ، 2017 کے سیکشن 242 کے مطابق، 31 مئی، 2017 سے منسلک، ایس ای سی پی سرکلر نمبر، 18/2017 فہرست کمپنی، صرف حصص دار حصص کے ذریعہ نامزد کردہ بینک اکاؤنٹ میں الیکٹرانک موڈ کے ذریعے حصص داروں کو نقد رقم ادا کرنے کی ضرورت ہے۔ ہذا قانون کے مطابق آپ کے مستقبل کے منافع کو براہ راست آپ کے بینک اکاؤنٹ میں حاصل کرنے کے لئے، آپ کو کمپنی کی ویب سائٹ www.pakistanpvc.com پر درج فارم پر بیان کردہ معلومات فراہم کرنے کی ضرورت ہے۔ اگر حصص الیکٹرانک شکل میں منعقد ہوتے ہیں تو اپنے بروکر/ای سی سی سی ایس ایس کو بھیجیں، یا اگر حصص کاغذی شکل فارم میں منعقد ہوتے ہیں تو کمپنی کا حصص رجسٹرار کا پتہ: K-1، Wings Arcade، M/s Corplink (Private) Limited، کمرشل، ماڈل ٹاؤن، لاہور، ٹیلی فون: 042.35916714 یا corplink786@gmail.com۔

- 6 اراکین سے درخواست کی جاتی ہے کہ ای میل یا فکس نمبر پر کمپنی کے حصول رجسٹری کے ایڈریس میں، M/s Corplink (Private) Limited, Wings Arcade, 1 - K، کمرشل، ماڈل ٹاؤن، لاہور، ٹیلی # 042.35916714 یا ای میل corplink786@gmail.com پر نوٹوں کو اپنی کے درست سی این آئی سی یا (غیر ملکی حوصلے کی صورت میں) پاسپورٹ، اگر جو پہلے فراہم نہیں کیا گیا ہے، کمپنی کو متعلقہ قوانین کی تعمیل کرنے کے لئے فراہم کریں۔

OBJECTIVES AND STRATEGIC PLANNING

SHAVYL GROUP VISION

"Shavyl to be a global group of companies recognized for a range of quality products".

MISSION STATEMENT

"To be market leader in petrochemicals, building company's image through innovation and competitiveness, ensuring satisfaction to customers and stakeholders and to fulfill social obligations".

OBJECTIVES

Constantly endeavor to be market leaders in terms of market share and technology pacesetters in areas of operations and to continuously improve efficiency and competitive strength.

To offer customers quality products and support services at competitive prices and to their satisfaction.

By continuously improving performance, aim to generate earnings sufficient to ensure a secure future for the Company and to protect and increase shareholders' return.

To enhance creativity and job satisfaction, provide employees opportunity for personal development.

Be an integral part of national economy with a strong sense of responsibility to society and the environment.

STRATEGIC PLANNING

To maintain a strong R&D department for the development of new and the up gradation of our own technology. To develop in-house know how for a world scale petrochemical complex.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Company's Ethics and Business Practices conform to the Shavyl Group Vision and the Company's Mission Statement.

THE PURPOSE AND VALUES OF BUSINESS

Manufacturers of PVC Resins and its down stream products that conform to the Specified Standards, saving of foreign exchange and developing technical and engineering capabilities in the country.

EMPLOYEES

Recruitment of personnel on merit offering training and career development, equal opportunities of growth, no discrimination or harassment and reward for achievements. Improved working conditions, ensuring safety, security and health.

Employees shall not use Company information and assets for their personal advantage. Conflict of interest shall be avoided and disclosed where it exists and guidance sought.

CUSTOMER RELATION

Ensure customer satisfaction by providing quality products at competitive prices with warranty coverage and ensuring after sale service.

SHAREHOLDERS, FINANCIAL INSTITUTIONS & CREDITORS

Protection of investment made in the Company and proper return on money lent/invested. A commitment to accurate and timely communication on achievements and prospects.

SUPPLIERS

Prompt settling of bills. Co-operation to achieve quality and efficiency. No bribery or excess hospitality accepted or given.

SOCIETY / COMMUNITY

Compliance with the spirit of laws. Timely payment of all Government taxes and dues. Eliminate the release of substance that may cause environmental damage. Financial assistance for promoting education and social activities including games and donation/charity to deserving.

GENERAL

The Company shall neither support any political party nor contribute funds to groups or associations whose activities prompt political interest. The Company shall promote its legitimate business interest through trade associations.

IMPLEMENTATION

Company Board to ensure implementation of these codes, regular monitoring, and review for modification/amendment where necessary.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of my colleagues on the Board, I welcome you to the 54th Annual General Meeting of the Company and present the audited accounts for the year ended June 30, 2017 along with the auditors' report thereon.

During the period under review Ghara Plant remains closed and there was no production. The production of PVC Pipes & Fittings at Islamabad increased during the year.

Sales during the year under review increased to Rs. 7.612 million as compared to Rs. 7.031 million of the same period last year and loss during the year was Rs. 22.599 million as compared to a net loss of Rs. 24.714 million during the previous year. The production of PVC Pipes at Islamabad factory was 222,549 meters as against 229,799 meters last year. Excess capacity of this water treatment plant was used to make Mineral Water. Sale of Mineral Water was 60,645 Gallons as against 113,130 Gallons. Work of installation of Machinery of Pipe Plant shifted from Ghara to Islamabad has delayed due to non availability of funds.

1. AUDITORS' RESERVATION OF GOING CONCERN

The auditors have qualified their opinion, since your company has prepared the accounts on the going concern basis. The reason given in their qualification is the continued losses sustained by your company, no improvement/result of the efforts made by the management for obtaining additional capital. The case for the revival of your company remains under active consideration with the Committee for Revival of Sick Industrial Units set up by the Finance Division, Government of Pakistan.

2. AUDITORS' RESERVATION ABOUT DIRECT CONFIRMATION

As regards confirmations from the lenders of long term loans the company had dispatched the balance confirmation letters several times to the lenders of long term loans.

3. AUDITORS' RESERVATION ABOUT LONG OUTSTANDING BALANCES

As regards balances of very long outstanding balances of Creditors, Advances from Customers and Accrued liability we have to state that these balances are appearing in the company's accounts since last many years and as regards confirmations from the Trade and other payables in respect of Accrued liability the company had dispatched the balance confirmation letters to the Trade and Other payables in respect of Accrued liability and we understand that an over all majority of these have been responded too.

As reported earlier that due to non availability of financial limits from the banks, discontinuation of electricity by KESC for Ghara plant, management of your company could not start the production at Ghara. As reported in earlier years I repeat my statement that unless Ghara plant goes into operation, no fruitful results could be seen.

AUDIT COMMITTEE

In compliance with the code of corporate governance the Company has established an Audit Committee comprising of the following members:-

Mr. Mohammad Shaffi	Chairman
Mr. Mohammad Iqbal	Member
Dr. Masood Parvaiz	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

In compliance with the code of corporate governance the Company has established a Human Resources & Remuneration Committee comprising of the following members:-

Mr. Mohammad Shaffi	Chairman
Mr. Mohammad Iqbal	Member
Dr. Masood Parvaiz	Member

DIVIDEND

Due to poor financial result and huge accumulated losses, the Directors of your company have decided to pass over the Dividend.

AUDITORS

The Audit Committee has recommended the appointment of Messer's Mushtaq & Company, Chartered Accountants, as auditors of the Company for the ensuing year.

The present auditors M/s Mushtaq & Company, Chartered Accountants, the retiring auditors being eligible have offered themselves for reappointment as auditors of the Company for the year ending June 30, 2018.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company strongly believes that improving its environmental and social performance is inevitable for its financial success. The Company has continued with CSR program with a focus on health support, education programs, energy conservation, environmental protection measures, community welfare schemes, occupational safety & health and business ethics.

The Company in its continuous efforts to positively impact the local communities that reside near our plants has formulated policies for social development that are based on the following guiding principles:

- Adopt an approach that aims at achieving a greater balance between social development and economic development.
- Adopt new measures to accelerate and ensure the basic needs of the local population.
- Work towards elimination of all barriers for the social inclusion of disadvantaged groups such as the poor and the disabled.
- Give unfailing attention to children for in their hands lies the country's future. It is for their sake that health, education and environment get topmost priority in our programs.

The Company works closely with Special Olympics Pakistan to support their programs for rehabilitation of mentally handicapped children.

The main emphasis of our CSR is in District Thatta and Federal Capital Islamabad.

Health

As a Company, we are not only committed to compliance with legal norms but endeavour to voluntarily go beyond that and provide quality healthcare facilities in the regions around our plants.

Education

Education is a basic tool to bring development to an area and its people. We aim to create an awareness pool of human resource both within and across our area of operations. We are committed to bridging the digital divide between the haves and have nots in educational infrastructure and facilities. The Company is involved in activities that have changed the lives of the people residing the close proximity to our plants. Education is the main thrust of these activities.

Energy Conservation Measures

Energy conservation measures include usage of energy savers and LED lights all around the plant and shutting down auxiliaries and equipments wherever possible.

Occupational Health, Safety and Environment

The Company is committed to health, safety and environment. Potential risks are systematically identified and managed in a manner that any undesirable damage is minimized. HSE signs are displayed at key locations and their implementation is ensured.

Business Ethics

The Company's Code of Business Ethics sets the minimum standards expected of the entire Team and is part of the Corporate Governance framework approved by the Board. The conduct of business should above all be characterized by honesty and integrity. Unethical practices of any sort are not to find their way into our business. All employees are expected to promote the Company's best interest whilst maintaining the highest standard of personal integrity and business practices. All employees must act at all times in the interest of Company's shareholders and must abide by the Company's stated standards of environmental safety and management practices. No employee shall ever commit an illegal or an unethical act, or instruct and encourage another employee to do so. The laws and regulations of the country should always be observed.

The Company has communicated the code to all its employees.

STATEMENTS OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the company's ability to continue as a going concern as have been fully explained in Note no.1 of the Notes to the Accounts.
7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for last six years in summarized form is given on page 14.
9. During the year five board meetings were held and the attendance of the concerned Directors during their tenure on the Board was as follows:

<u>Name of Director</u>	<u>Total Number of Meetings</u>	<u>Board Meetings Attended</u>	<u>Audit Committee Meetings Attended</u>	<u>H.R. Committee Meetings Attended</u>
Mr. Adnan Shaffi	4	4	N/A	N/A
Mr. Arif Shaffi	4	4	N/A	N/A
Mr. Mohammad Iqbal	4	4	4	4
Mr. Asif Shaffi	4	4	N/A	N/A
Mr. Mohammad Shaffi	4	4	4	4
Mr. Ijaz Ahmad Khan	4	3	3	3
Dr. Masood Parvaiz	1	1	1	1
Mr. Adeel Shaffi	4	4	N/A	N/A

10. The pattern of shareholding and additional information regarding pattern of shareholding is given on Page 41-43
11. No trades in the shares of the Company during the year were carried out by the Director, CEO, CFO, Company Secretary and their spouses and minor children.

Islamabad: September 23, 2017

On behalf of the Board of Directors

(ARIF SHAFFI) – Chief Executive.

Statement of Compliance With The Best Practice On Transfer Pricing

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of the Pakistan Stock Exchanges.

Arif Shaffi – Chief Executive

Dated: September 23, 2017

شیئر ہولڈرز کے لیے ڈائریکٹرز کی رپورٹ

بورڈ میں اپنے ساتھی اراکین کی جانب سے، میں آپ کو کمپنی کے 54 ویں سالانہ اجلاس عام میں خوش آمدید کہتا ہوں اور آپ کے سامنے مورخہ 30 جون 2017 کو ختم ہونے والے مالی سال کے آڈٹ شدہ اکاؤنٹس کو آڈیٹرز کی رپورٹ کے ساتھ پیش کر رہا ہوں۔

زیر غور مدت کے دوران، گھارو پینٹس بند رہا جس کی وجہ سے کوئی پیداوار نہ ہو سکی۔ اس سال کے دوران اسلام آباد میں پی وی سی پائپس اور فٹنگز کی پیداوار میں اضافہ ہوا۔

زیر غور سال کے دوران ہونے والی فروخت سابقہ سال اسی مدت کے دوران ہونے والے 7.031 ملین روپوں کی فروخت کی نسبت 7.612 ملین روپے رہی۔ گذشتہ سال ہونے والے 24.714 ملین روپے کے خالص نقصان کی نسبت اس سال 22.599 ملین روپوں کا نقصان ہوا۔ فنڈز کی عدم دستیابی کی وجہ سے گھارو سے منتقل کیے جانے والے پائپ پلانٹ کی مشینری کی تنصیب کا کام تاخیر کا شکار ہوا۔

زیر غور سال کے دوران گھارو پینٹس پورا سال بند رہا جس کی وجہ سے کوئی پیداوار نہیں ہوئی۔ اسلام آباد فیکٹری میں پچھلے سال ہونے والی 229,799 میٹرز کی پیداوار کی نسبت اس سال پیداوار 222,549 میٹر رہی۔ اس وائر ٹریٹمنٹ پلانٹ کی اضافی صلاحیت کو منزل وائر بنانے کے لیے استعمال کیا گیا۔ 113,130 کیلن کے برخلاف 60,645 کیلن منزل وائر فروخت ہوا۔

1. گونگ کنسرن کے متعلق آڈیٹرز کا نقطہ نظر

آڈیٹرز نے اپنا نقطہ نظر کوالیفائی کر لیا ہے کیونکہ آپکی کمپنی نے گونگ کنسرن کی بنیاد پر کھاتہ جات تیار کیے ہیں۔ ان کے نقطہ نظر میں دی گئی وجوہات یہ ہیں کہ آپ کی کمپنی نے مسلسل نقصانات برداشت کیے ہیں جبکہ اضافی سرمایہ حاصل کرنے کے لیے انتظامیہ کی جانب سے کیے جانے والے اقدامات سے کوئی نتیجہ برآمد نہیں ہوا اور نہ ہی کوئی بہتری آئی۔ آپ کی کمپنی کی تجدید کا کیس فنانس ڈویژن حکومت پاکستان اور یونائیٹڈ بینک لمیٹڈ کی جانب سے کمزور صنعتی اداروں کی تجدید کے لیے قائم کردہ کمیٹی میں فعال طور پر زیر غور رہا۔ اس دوران یونائیٹڈ بینک لمیٹڈ کی خواہش پر اور سٹیٹ بینک آف پاکستان کے قواعد کے مطابق سٹیٹ بینک کے منظور شدہ ویلیوٹرز کی جانب سے نئی ری ویلیوشن رپورٹ تیار کی گئی ہے۔

2. براہ راست تصدیق کے متعلق آڈیٹرز کا نقطہ نظر

طویل المدتی قرضہ دینے والے اداروں سے تصدیق کے لیے کمپنی نے متعدد بار بیلس کے متعلق تصدیقی خطوط ان اداروں کو ارسال کیے ہیں۔

3. طویل عرصے سے بقایا جات کے متعلق آڈیٹرز کا نقطہ نگاہ

جہاں تک قرضہ دینے والوں کے طویل عرصے سے بقایا جات، صارفین کی جانب سے دی گئی ایڈوانس رقوم اور قابل ادا رقوم کی بات ہے تو ہم یہ بتاتے چلیں کہ یہ بقایا جات گذشتہ کئی سالوں سے کمپنی کے کھاتوں میں ظاہر ہو رہے ہیں جبکہ قابل ادا رقوم کے حوالے سے تجارتی اور دیگر اداروں سے تصدیق کے لیے کمپنی نے انہیں تصدیقی خطوط ارسال کیے تھے، ہمارے علم کے مطابق ان میں سے زیادہ تر خطوط کے جوابات بھی موصول ہوئے تھے۔

میں آپ کا یہ بتانا چاہتا ہوں کہ آپ کی کمپنی کی تجدید کا کیس فنانس ڈویژن، حکومت پاکستان اور یونائیٹڈ بینک کی جانب سے کمزور صنعتی بونٹس کی تجدید کے لیے قائم کردہ کمیٹی کے پاس فعال طور پر زیر غور رہا۔

جیسا کہ پہلے بتایا گیا ہے کہ بینکوں سے مالیاتی حدود کی عدم دستیابی اور گھارو پلانٹ کے لیے کراچی الیکٹرک سپلائی کمپنی کی جانب سے بجلی کے انقطاع کی وجہ سے آپ کی کمپنی کی انتظامیہ گھارو میں پیداوار شروع نہیں کر سکی۔ جیسا کہ پہلے بتایا جا چکا ہے، میں دوبارہ بتانا چاہتا ہوں کہ جب تک گھارو پلانٹ فعال نہیں ہو گا تب تک کوئی فائدہ مند نتائج نہیں مل سکتے۔

آڈٹ کمیٹی

کارپوریٹ گورننس کے ضابطہ عمل کے مطابق کمپنی نے مندرجہ ذیل اراکین پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے:

جناب محمد شفیع	چیئرمین
جناب محمد اقبال	رکن
ڈاکٹر مسعود پرویز	رکن

پیومن ریسورسز اور تنخواہوں/معاوضوں کے امور کی کمیٹی

کارپوریٹ گورننس کے ضابطہ عمل کے مطابق کمپنی نے پیومن ریسورسز اور تنخواہوں کے امور کے متعلق مندرجہ ذیل اراکین پر مشتمل ایک کمیٹی تشکیل دی ہے:

جناب محمد شفیع	چیئرمین
جناب محمد اقبال	رکن
ڈاکٹر مسعود پرویز	رکن

ڈیوائڈنڈ

کمزور مالیاتی نتائج اور انتہائی زیادہ مجموعی نقصان کی وجہ سے آپ کی کمپنی کے ڈائریکٹرز نے ڈیوائڈنڈ نہ دینے کا فیصلہ کیا ہے۔

آڈیٹرز

آڈٹ کمیٹی کی جانب سے آئندہ مالی سال کے لیے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز مقرر کرنے کی سفارش کی گئی ہے۔

موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے (ریٹائرڈ آڈیٹرز کے اہل ہونے کی وجہ سے) خود کو 30 جون 2017 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے لیے پیش کیا ہے۔

کاروباری سماجی ذمہ داری (کارپوریٹ سوشل ریسپانسیبلٹی)

کمپنی اس بات پر گہرا یقین رکھتی ہے کہ ماحولیاتی اور سماجی کارکردگی میں بہتری اس کی مالیاتی کامیابی کے لیے کلیدی حیثیت رکھتی ہے۔ کمپنی نے کاروباری سماجی ذمہ داری کے پروگرام کو صحت عامہ، تعلیم، توانائی، ماحولیاتی تحفظ کے اقدامات، سماجی بہبود کی سکیموں، پیشہ ورانہ امور کی سرانجام دہی کے دوران صحت اور حفاظت و کاروباری اخلاقیات جیسے امور پر توجہ دینے ہوئے جاری رکھا ہوا ہے۔

کمپنی نے اپنے پلانٹس کے نزدیک موجود مقامی آبادیوں پر مثبت اثرات مرتب کرنے کے لیے اپنی مسلسل کاوشوں کے سلسلے میں سماجی ترقی کی ایسی پالیسیز مرتب کی ہیں جو مندرجہ ذیل رابطہ اصولوں پر مشتمل ہیں:

- ن ایسا طریقہ کار اختیار کیا جائے جس سے سماجی اور معاشی ترقی میں زبردست توازن پیدا کرنے میں مدد ملے۔
- ن مقامی آبادی کی بنیادی ضروریات کی تیز تر فراہم کے لیے نئے اقدامات کیے جائیں۔
- ن محروم طبقات مثلا غریبوں اور معذور افراد کو سماجی دھارے میں شامل کرنے کے راستے میں حائل تمام رکاوٹوں کو دور کرنے پر کام کرنا۔
- ن بچوں پر اس طرح توجہ دی جائے جس میں ناکامی کی کوئی گنجائش نہ ہو کیونکہ بچوں کے ہاتھ میں ملک کا مستقبل ہوتا ہے۔ یہی وجہ ہے کہ ہمارے پروگراموں میں تعلیم اور ماحول کو سب سے زیادہ ترجیح دی جاتی ہے۔

کمپنی سیشل اولمپکس پاکستان کے ساتھ خصوصی تعاون کرتی ہے تاکہ ذہنی طور پر معذور افراد کی بحالی کے لیے ان کے پروگراموں میں معاونت کی جا سکے۔

ہمارے CSR پروگرام کا بنیادی محور ضلع ٹھٹھہ اور وفاقی دارالحکومت اسلام آباد ہیں۔

صحت

بطور کمپنی، ہم نہ صرف قوانین کی پاسداری کے لیے پرعزم ہیں بلکہ ہم رضاکارانہ طور پر اس کے علاوہ بھی ذمہ داریاں سرانجام دینے کے لیے پرعزم ہیں اور اس سلسلے میں ہم اپنے پلانٹس کے اردگرد موجود علاقوں کے لیے صحت کی معیاری سہولیات فراہم کرتے ہیں۔

تعلیم

کسی بھی علاقے اور اس کے لوگوں کی ترقی کے لیے تعلیم ایک بنیادی ذریعہ ہے۔ ہم اپنی کاروباری سرگرمیوں کے علاقوں میں انسانی وسائل کے متعلق معلوماتی مرکز پیدا کرنے کا ارادہ رکھتے ہیں۔ ہم تعلیمی انفراسٹرکچر اور سہولیات میں موجود اور غیر موجود سہولیات کے مابین موجود ڈیجیٹل تفریق کو ختم کرنے کے لیے پرعزم ہیں۔ کمپنی ایسی سرگرمیوں میں حصہ لیتی ہے جس سے ہمارے پلانٹس کے اردگرد موجود آباد لوگوں کی زندگیوں میں تبدیلیاں آئیں۔ تعلیم ان سرگرمیوں کا بنیادی محور ہے۔

توانائی کی بچت کے اقدامات

توانائی کی بچت کے اقدامات میں پلانٹ بھر میں انرجی سیورز اور ایل ای ڈی لائٹس کا استعمال شامل ہے جبکہ جہاں کہیں ممکن ہو تو اضافی آلات کو بند کیا جاتا ہے۔

پیشہ ورانہ فرائض کی سرانجام دہی کے دوران صحت، حفاظت اور ماحول

کمپنی صحت، حفاظت اور ماحول کے متعلق پرعزم ہے۔ ایک طے شدہ طریقہ کار کے تحت ممکنہ خطرات کی نشاندہی کر کے ان کا اس طرح نڈارک کیا جاتا ہے کہ ناپسندیدہ نقصانات کو کم سے کم کیا جا سکے۔ ایچ ای سی ای نشانہات کو اہم مقامات پر ڈسپلے کیا گیا ہے جبکہ ان پر عملدرآمد کو یقینی بنایا گیا ہے۔

Business Ethics

کاروباری اخلاقیات

کمپنی کے کاروباری ضابطہ اخلاقیات میں ان تمام کم از کم معیارات کی صراحت کی گئی ہے جن کی پاسداری کی تمام ملازمین سے امید کی جاتی ہے جبکہ یہ ضابطہ اخلاق بورڈ کے منظور شدہ کارپوریٹ گورننس فریم ورک کا حصہ ہے۔ تمام کاروباری سرگرمیاں ایمانداری کے ساتھ سرانجام دی جائیں۔ کسی قسم کے غیر اخلاقی طریقوں کو ہمارے کاروبار میں کوئی جگہ نہیں دی جائے گی۔ تمام ملازمین سے توقع رکھی جاتی ہے کہ وہ شخص ایمانداری اور کاروباری طریقوں کے اعلیٰ ترین معیار کو قائم رکھتے ہوئے کمپنی کے بہترین مفاد میں کام کریں گے۔ تمام ملازمین ہمہ وقت کمپنی کے شیئر ہولڈرز کے بہترین مفاد کے لیے کام کریں گے اور وہ کمپنی کی جانب سے ماحولیاتی تحفظ کے لیے صراحت کردہ طریقوں پر عملدرآمد کریں گے۔ کوئی بھی ملازم کہیں بھی کوئی غیر قانونی یا غیر اخلاقی حرکت نہیں کرے گا اور نہ ہی کسی اور کو ایسا کرنے کی ہدایت دے گا یا ایسا کرنے کی حوصلہ افزائی کرے گا۔ ملکی قوانین کی ہمہ وقت پاسداری کی جانی چاہیے۔

کمپنی نے اس ضابطہ اخلاق کے متعلق تمام ملازمین کو مطلع کر رکھا ہے۔

تجارتی اور مالیاتی رپورٹنگ کے ڈھانچے کے متعلق بیانات

1. کمپنی کے نیار کردہ مالیاتی گوشواروں سے کمپنی کے معاملات، اس کے آپریشنز کے نتائج، کیش فلو اور سرمائے میں ہونے والی تبدیلیاں شفاف طور پر واضح ہیں۔
2. کمپنی کے اکاؤنٹ کے باقاعدہ کھاتہ جات تیار کیے گئے ہیں۔
3. مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی درست پالیسیوں کو مسلسل طور پر اختیار کیا گیا ہے جبکہ اکاؤنٹنگ کے تخمینے مناسب اور عملی تجزیوں کی بنیاد پر لگائے گئے ہیں۔
4. مالیاتی گوشواروں کی تیاری کے دوران، پاکستان میں رائج اکاؤنٹنگ کے بین الاقوامی معیارات کو ملحوظ خاطر رکھا گیا ہے اور ان سے استثنیٰ کی باقاعدہ وجوہ دی گئی ہیں۔
5. اندرونی کنٹرول کے نظام کا ڈیزائن مضبوط ہے اور اسے مؤثر انداز میں نافذ اور مانیٹر کیا گیا ہے۔
6. جیسا کہ اکاؤنٹ نوٹس کے نوٹ نمبر 1 میں مکمل وضاحت کے ساتھ بتایا گیا ہے، کمپنی کے فعال اور نفع بخش ادارے کے طور پر جاری رکھے جانے کی صلاحیت میں کسی قسم کے شکوک و شبہات نہیں ہیں۔
7. لسٹنگ کے قوانین میں صراحت کردہ کارپوریٹ گورننس کے بہترین طریقوں سے کسی قسم کا واضح انحراف نہیں کیا گیا۔
8. گذشتہ 6 سالوں کے دوران آپریشن اور مالیاتی امور کے متعلق ڈیٹا کا خلاصہ صفحہ 14 پر دیا گیا ہے۔
9. اس سال پانچ بورڈ میٹنگز منعقد کی گئیں۔ ان میٹنگز میں متعلقہ ڈائریکٹرز کا اپنی تعیناتی کی مدت کے دوران شمولیت کا ریکارڈ ذیل میں دیا گیا ہے:

ڈائریکٹر کا نام	بورڈ میٹنگز کی تعداد	بورڈ کے اجلاس میں شرکت	آڈٹ کمیٹی کے اجلاس میں شرکت	ایچ آر کمیٹی کے اجلاسوں میں شرکت ہوئی ہوئے
جناب عدنان شفیق	4	4	-	-
جناب عارف شفیق	4	4	-	-
جناب محمد اقبال	4	4	4	4
جناب آصف شفیق	4	4	-	-
جناب محمد شفیق	4	4	4	4
جناب اعجاز احمد خان	4	3	3	3
ڈاکٹر مسعود پرویز	4	1	1	1
جناب عدیل شفیق	4	4	-	-

- 10 شیئر ہولڈنگ کا پیٹرن اور شیئر ہولڈنگ کے پیٹرن کے متعلق اضافی معلومات صفحات نمبر 43 تا 44 پر دی گئی ہیں۔
- 11 اس سال کے دوران کمپنی کے شیئرز میں ڈائریکٹر، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات و چھوٹے بچوں کی جانب سے کسی قسم کی خرید و فروخت نہیں کی گئی۔

بورڈ آف ڈائریکٹرز کی جانب سے
(عارف شفیع) - چیف ایگزیکٹو

اسلام آباد: 23 ستمبر 2017

منتقلی کی قیمت کے بہترین طریقے پر عمل کے متعلق بیان

کمپنی نے پاکستان سٹاک ایکسچینج کے لسٹنگ قوانین میں منتقلی کی قیمت کے متعلق صراحت کردہ بہترین طریقوں پر مکمل طور پر عمل کیا۔

عارف شفیع - چیف ایگزیکٹو
مورخہ 23 ستمبر 2017

Six Years at a Glance

(Rs.000)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
TURNOVER	7,612	7,031	7,740	9,514	3,373	2,432
GROSS PROFIT	(16,573)	(16,814)	(17,155)	(17,761)	(17,198)	(19,301)
NET PROFIT	(22,599)	(24,714)	(26,204)	(24,225)	(11,687)	(25,069)
TAXATION	2,030	1,246	1,381	3,055	1,247	1,121
SHARE CAPITAL FUND	149,580	149,580	149,580	149,580	149,580	149,580
SHAREHOLDERS FUND	318,866	304,036	287,954	271,332	257,764	255,276
GROSS PROFIT %	(218)	(239)	(222)	(187)	(510)	(794)
NET PROFIT %	(297)	(352)	(339)	(255)	(346)	(1,031)
TAXATION %	27	18	18	32	37	46
EARNING PER SHARE	(1.51)	(1.65)	(1.75)	(1.62)	(0.78)	(1.68)
DIVIDEND %	-	-	-	-	-	-
BONUS %	-	-	-	-	-	-

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the Code in the following manner:

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

Category	Name
Non – Executive Director	Adnan Shaffi
Executive Director	Arif Shaffi
Independent Director	Masood Parvaiz
Non – Executive Director	Adeel Shaffi
Executive Director	Asif Shaffi
Independent Director	Mohammad Iqbal
Non – Executive Director	Mohammad Shaffi

The independent directors meet the criteria of independence under clause i (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 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.
4. One casual vacancy occurred in the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the 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 is being maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other 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 the meetings were appropriately recorded and circulated.
9. The board arranged 1 training programs for its directors during the year.
10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance 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 Code of Corporate Governance.
15. The Board has formed an audit committee. It comprises 3 members, of whom all are non executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises 3 members, of whom all are non-executive directors including the chairman of the committee.
18. The Board has set-up an effective internal audit function who 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 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 Institute of Chartered Accountants of Pakistan.
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 exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the Code of Corporate Governance have been complied with.

(Adnan Shaffi)

Chairman

Dated: September 23, 2017

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

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Pakistan PVC Limited ("the Company")** for the year ended June 30, 2017 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all the risks and control 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 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 recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Lahore:

Dated: **September 23, 2017**

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Zahid Hussain Zahid, ACA

AUDITORS' REPORT TO THE MEMBERS

We were engaged to audit the annexed balance sheet of Pakistan PVC Limited ("the Company") as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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 financial statements based on conducting the audit in accordance with International Standards on Auditing as applicable in Pakistan. Because of the matters described in paragraph (a) to (f), however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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 the 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 verifications, we report that;

- (a) The Company has ceased the production at Gharo Plant since 1995. The production at Islamabad Plant continues. As stated in the note 2.2 to the financial statements, the Company had incurred a loss for the year ended June 30, 2017 of Rs. 22,599 million (June 30, 2016: Rs. 24,714 million) and as of that date, reported accumulated loss of Rs. 468,446 million (June 30, 2016: Rs. 453,616 million) against the issued, subscribed and paid up capital of Rs. 149,580 million (June 30, 2016: Rs. 149,580 million) turning shareholders' equity to a negative balance of Rs. 318,866 million (June 30, 2016: Rs. 304,036 million). The current liabilities exceed the current assets by Rs. 331,094 million (June 30, 2016: Rs. 317,332 million). Further the Company has not been able to obtain enough finance to revive its Gharo Plant operations. These circumstances give rise to significant uncertainty as to the ability of the Company to continue operations as going concern in the foreseeable future and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, these financial statements do not include any adjustment relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The management has not prepared cash flow projections and future plan to revive the operation of Gharo plant closed since 1995.
- (b) No confirmation/bank statement was received to verify the correctness of balance of long term loan from Government of Pakistan reflected under current portion of long term loans amounting to Rs. 32,991,000 and UBL cash finance amounting to Rs. 15,000,000 reflected under short term borrowings and markup accrued thereon amounting to Rs. 88,508,073 and Rs. 88,913,995.
- (c) No confirmation was received to verify the amount included in trade and other payables in respect of liability towards Privatization Commission, Finance Division, amounted to Rs. 10,000,000.
- (d) We do not concur with the accounting treatment of leasehold land referred in note 15.5 of these financial statements being violation of the requirements of International Accounting Standards (IAS 40) "Investment Property".

- (e) As more fully explained in note 14.2 of these financial statements, the impact on the financial statements of the disputed CDA plot of land at Islamabad is not determinable.
- (f) Except for the effects of the matters stated above, in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (g) In our opinion;
 - (i) Except for the matters referred in paragraph (a) to (f) 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;
- (h) Because of the significance of the matters discussed in the preceding paragraph (a) to (f) above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.
- (i) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore:

Dated: **September 23, 2017**

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

PAKISTAN PVC LIMITED

BALANCE SHEET

AS AT JUNE 30, 2017

		2017	2016			2017	2016
		-----Rupees-----				-----Rupees-----	
Note				Note			
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorized capital				Property, plant and equipment	15	137,338,985	146,183,597
15,000,000 (June 30, 2016 : 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000				
Issued, subscribed and paid up capital	6	149,580,000	149,580,000	Long term investments	16	90,000	79,000
Accumulated loss		(468,446,415)	(453,615,890)				
		(318,866,415)	(304,035,890)				
Surplus on revaluation of fixed assets	7	125,008,744	132,777,531				
NON CURRENT LIABILITIES							
Long term financing	8						
Deferred liabilities	9	192,948	188,526				
CURRENT LIABILITIES				CURRENT ASSETS			
Trade and other payables	10	81,022,760	78,133,395	Stock in trade	17	718,078	918,850
Accrued interest / markup	11	177,422,068	170,183,090	Trade debts	18	704,983	410,064
Short term borrowings	12	40,989,188	38,790,721	Loans and advances	19	392,297	390,072
Current portion of long term financing	8	32,991,000	32,991,000	Trade deposits	20	100,000	100,000
Provision for taxation - net	13	956,164	298,619	Other receivables	21	84,339	2,339
				Tax refunds due from Government	22	178,328	185,200
				Cash and bank balances	23	109,446	1,057,872
		333,381,180	320,396,826			2,287,471	3,064,396
CONTINGENCIES AND COMMITMENTS							
	14						
		139,716,456	149,326,993			139,716,456	149,326,993

The annexed notes from 1 to 39 form an integral part of these financial statements.

Arif Shaffi
CHIEF EXECUTIVE

Mohammad Shaffi
DIRECTOR

PAKISTAN PVC LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

		<u>2017</u>	<u>2016</u>
	Note	-----Rupees-----	
Sales - net	24	7,612,233	7,030,681
Cost of sales	25	(24,185,100)	(23,844,188)
Gross loss		(16,572,867)	(16,813,507)
Other income	26	9,355,360	7,436,488
Distribution cost	27	(2,162,800)	(3,049,476)
Administrative expenses	28	(3,941,545)	(3,796,080)
Finance costs	29	(7,247,379)	(7,245,466)
Loss before taxation		(20,569,231)	(23,468,040)
Taxation	30	(2,030,082)	(1,245,860)
Loss for the year		(22,599,313)	(24,713,900)
Loss per share - basic and diluted	31	(1.51)	(1.65)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Arif Shaffi
CHIEF EXECUTIVE

Mohammad Shaffi
DIRECTOR

PAKISTAN PVC LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

		<u>2017</u>	<u>2016</u>
	Note	-----Rupees-----	
Loss for the year		(22,599,313)	(24,713,900)
Other comprehensive income / (loss)		-	-
Total comprehensive loss for the year		(22,599,313)	(24,713,900)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Arif Shaffi
CHIEF EXECUTIVE

Mohammad Shaffi
DIRECTOR

PAKISTAN PVC LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(20,569,231)	(23,468,040)
Adjustments for :		
Depreciation	8,844,611	9,847,362
Accrued Interest	(11,000)	(9,000)
Finance cost	7,247,379	7,245,466
Staff retirement benefits - gratuity	4,422	4,422
Rental income	(9,344,360)	(7,427,488)
Operating cash flows before changes in working capital	(13,828,179)	(13,807,279)
(Increase) / decrease in current assets		
Stores, spare part and loose tools		31,501
Stock in trade	200,772	(238,543)
Trade debts	(294,919)	1,394,536
Loans and advances	(2,226)	6,484
Tax refunds due from Government	6,872	(28,517)
Increase in current liabilities		
Trade and other payables	4,661,156	6,825,394
	4,571,655	7,990,855
Net cash used in operation	(9,256,524)	(5,816,424)
Income tax paid	(1,372,536)	(1,554,055)
Finance cost paid	(8,401)	(6,488)
	(1,380,938)	(1,560,543)
Net cash used in operating activities	(10,637,462)	(7,376,967)
CASH FLOWS FROM INVESTING ACTIVITIES		
Rent received	7,490,570	8,676,013
Net cash generated from investing activities	7,490,570	8,676,013
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	2,198,466	(346,803)
Net cash generated from /(used) in financing activities	2,198,466	(346,803)
Net (decrease) / increase in cash and cash equivalents	(948,426)	952,243
Cash and cash equivalent at the beginning of the year	1,057,872	105,629
Cash and cash equivalent at the end of the year	109,446	1,057,872

The annexed notes from 1 to 39 form an integral part of these financial statements.

Arif Shaffi
CHIEF EXECUTIVE

Mohammad Shaffi
DIRECTOR

PAKISTAN PVC LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid up capital	Accumulated loss	Total
	-----Rupees-----		
Balance as at June 30, 2015	149,580,000	(437,533,977)	(287,953,977)
Transfer from surplus on revaluation on account of incremental depreciation	-	8,631,987	8,631,987
Total comprehensive loss for the year ended June 30, 2016	-	(24,713,900)	(24,713,900)
Balance as at June 30, 2016	149,580,000	(453,615,890)	(304,035,890)
Transfer from surplus on revaluation on account of incremental depreciation	-	7,768,788	7,768,788
Total comprehensive loss for the year ended June 30, 2017	-	(22,599,313)	(22,599,313)
Balance as at June 30, 2017	149,580,000	(468,446,415)	(318,866,415)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Arif Shaffi
CHIEF EXECUTIVE

Mohammad Shaffi
DIRECTOR

PAKISTAN PVC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND OPERATIONS

Pakistan PVC Limited (the company) is incorporated in Pakistan and is listed on the Pakistan Stock Exchange Limited. The registered office of the company is situated at Shaffiabad, Gharo, District Thatta.

The company is engaged in production and sale of PVCresin, PVCpipes and fittings, PVCcompound and caustic soda. The company has ceased the production at Gharo since 1995. The production at Islamabad plant continues. The company has installed a water purification plant to process and sell mineral water in 2011.

The case for the revival of the company remained with the committee for revival of sick industrial unit setup by the finance division, Government of Pakistan with representation of the federation of Chamber of Commerce and Industries.

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded off to the nearest rupee.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of The Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under The Companies Ordinance, 1984, provisions of and directives issued under The Companies Ordinance, 1984. Wherever the requirements of The Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IAS, the requirements of The Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain fixed assets that have been stated at revalued amounts. The company had incurred a loss for the year ended June 30, 2017 of Rupees 22.599 million (June 30, 2016: Rupees 24.714 million) and as of that date, reported accumulated loss of Rs. 468.446 million as at June 30, 2017 (June 30, 2016 : Rs. 453.616 million) against the issued, subscribed and paid up capital of Rs. 149.580 million (June 30, 2016 : Rs. 149.580 million) turning shareholders' equity to a negative balance of Rs. 318.866 million (June 30, 2016 : Rs. 304.036 million). The current liabilities exceeds the current assets by Rs. 331.094 million (June 30, 2016 : Rs. 317.332 million). Further the company has not been able to obtain enough finance to revive its operations. These circumstances give rise to significant uncertainty as to the ability of the company to continue operations as going concern in the foreseeable future. However, these financial statements do not include any adjustment relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

3 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect application of policies reported amount of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1 Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.2 Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

3.3 Property, plant and equipment

The company reviews recoverable amount, useful life, residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

3.4 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

- Provision for doubtful debts
- Estimation of net realizable value
- Computation of deferred taxation
- Disclosure of contingencies

4 Standards, interpretations and amendments to published approved accounting standards

4.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

Following are the amendments that are applicable for accounting periods beginning on or after July 1, 2016:

Amendments to IAS 38 Intangible Assets and IAS 16 Property, plant and equipment (effective for periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The Company's policy is already in line with these amendments.

IAS 19, 'Employee Benefits' This amendment as part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment obligation, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The Company's policy is already in line with this change.

Amendments to IAS 1, 'Presentation of financial statements' are made in the context of the IASB's disclosure initiative, which explores how financial statements disclosure can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
 - Notes — confirmation that the notes do not need to be presented in a particular order.
 - Disaggregation and subtotals line items specify in IAS 1 may need to be disaggregated where this is relevant to understandability of entities' financial position and performance.
 - Other comprehensive income (OCI) arising from investments accounted for under the equity method the
- The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2015 and the Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

- IFRS9, 'Financial instruments (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS9, 'Financial instruments, which replaces the guidance in IAS39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.
- IFRS15, 'Revenue from contracts with customers is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.
- IFRS16, 'Leases is applicable to accounting periods beginning on or after January 1, 2019. IFRS16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.
- Amendments to IAS 12, 'Income taxes are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impact on the Company's financial statements.
- Amendments to IAS 7, 'Statement of cash flows are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.

4.3 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost / revalued amount less accumulated depreciation and impairment in value, if any. Freehold land is stated at cost / revalued amount less any identified impairment loss, if any.

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost / revalued amount of an asset over its estimated useful life at the rates as disclosed in property, plant and equipment note. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or as a separate asset, as appropriated, 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. All other costs are charged to income during the period in which they are incurred.

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of assets, if any, are recognized as and when incurred.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent that it reverses deficit on revaluation of the same assets previously recognized in profit or loss, in which case the surplus is credited to profit or loss to the extent of deficit previously charged to income. Deficit on revaluation of an item of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any held in surplus on revaluation of property, plant and equipment relating to previous revaluation of that item. On subsequent sale or retirement of revalued item of property, plant and equipment the attributable surplus remaining in the surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

5.2 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

5.3 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets 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. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

5.4 Investments

The investments made by the company are classified for the purpose of measurement into the following categories.

Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term are classified as investment at fair value through profit or loss. These are stated at fair values at balance sheet date with any change in fair value recognized directly in the profit or loss account. The fair value of such investments are determined on the basis of prevailing market prices at balance sheet date.

Held to maturity

Investments with fixed maturity that the management has the intention and ability to hold onto until maturity are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Available for sale

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each reporting date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exist the recoverable amount is estimated in order to determine the extent of the impairment loss if any. Impairment losses are recognized as an expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of the investment. A reversal of the impairment loss is recognized in income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

All purchases and sales are recognized on the trade date which is the date that the company commits to purchase or sell the investment, except for sale and purchase of securities in future market which are accounted for at settlement date. Cost of purchase includes transaction cost.

5.5 Stores and spares

These are valued at lower of cost or net realizable value. Cost is determined on weighted average basis except items in transit, which are valued at cost accumulated to balance sheet date. Provision is made in the financial statements for obsolete and slow moving store spares based on the management best estimate.

5.6 Stock in trade

Stock in trade have been valued at lower of cost and net realizable value (NRV) except waste, which is valued at net realizable value. Cost is determined as follows:

Raw material	- At weighted average cost
Work in process and finished goods	- Cost of material and proportionate manufacturing overheads
Stock in transit	- At cost accumulated to the balance sheet date
Scrap and Crush of pipes	- Net realizable value

Provision is made in the financial statements for obsolete and slow moving stocks based on the management's best estimates.

5.7 Trade debts

Trade debts are carried at original invoiced amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off, when identified.

5.8 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents comprises cash in hand and bank balances.

5.9 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are included in accrued interest / markup to the extent of amount remaining unpaid, if any.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to the income, in the period in which these are incurred.

5.10 Revenue recognition

Revenue from sale of goods is recognized on delivery / dispatch of goods to customers.

5.11 Financial instruments

Financial instruments carried at the balance sheet date include long term advances, trade debts, marketable securities, trade deposits, other receivables, cash and bank balances, long term financing, short term loans and running finances, creditors, accrued and other liabilities and interest / markup accrued on secured loans. Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

5.12 Off setting financial assets and financial liabilities

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

5.13 Dividends

Dividend distribution to the shareholders is recognized as a liability in the financial statements in the period in which such dividends are declared and approved by the shareholders.

5.14 Staff retirement benefits-gratuity

During the period, the company has adopted IAS 19, (Revised) "Employee Benefits". The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

There is only one employee entitled for gratuity, therefore the management believes that it is unreasonable to conduct actuarial valuation as required by IAS 19 "(Revised) Employee Benefits". As the company has not carried out actuarial valuation under projected credit unit method therefore, adoption of IAS 19 (revised) "Employee benefits" have no retrospective impacts on these financial statements as required under International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the comparative financial statements have not been restated.

5.15 Taxation**Current**

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

Deferred

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

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. During the year a deferred tax assets for the carry forward of unused tax losses that shall not be recognized because it is not probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

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

5.16 Trade and other payable

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.

5.17 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

5.18 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupee at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

5.19 Related parties

Transaction with related parties are priced on an arms length basis determined in accordance with comparable uncontrolled price method.

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
Number of shares			Rupees	
2,603,335	2,603,335	Ordinary shares of Rs. 10/- each fully paid in cash	26,033,350	26,033,350
2,396,665	2,396,665	Ordinary shares of Rs. 10/= each fully paid for consideration of amounts outstanding against secured loans	23,966,650	23,966,650
180	180	Right shares issued of Rs. 10 each for cash in ratio of 2 for 1 share	1,800	1,800
9,971,820	9,971,820	Right shares issued to underwriters	99,718,200	99,718,200
14,972,000	14,972,000		149,720,000	149,720,000
(14,000)	(14,000)	Less: Unpaid amount in respect of shares allotted to Federal Chemical and Ceramics Corporation (Pvt) Limited.	(140,000)	(140,000)
14,958,000	14,958,000		149,580,000	149,580,000

- 6.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction. There is no movement in share capital during the year.

	Note	2017	2016
		-----Rupees-----	
7 SURPLUS ON REVALUATION OF FIXED ASSETS			
Surplus on revaluation of property, plant and equipment - gross	7.1	125,008,744	132,777,531
		<u>125,008,744</u>	<u>132,777,531</u>
7.1 Surplus on revaluation of property, plant and equipment - gross			
Surplus on revaluation of property, plant and equipment at the beginning of the year		132,777,531	141,409,518
Arised during the year		-	-
Transfer to unappropriated profit in respect of incremental depreciation on revalued assets		(7,768,788)	(8,631,987)
		<u>125,008,744</u>	<u>132,777,531</u>
8 LONG TERM FINANCING			
Secured			
Government loan	8.1	32,991,000	32,991,000
Less : Current portion shown under current liabilities		(32,991,000)	(32,991,000)
		<u>-</u>	<u>-</u>
8.1	The loan was repayable in four half-yearly installments commenced one year after the date of disbursement to the company (i.e. June 17, 1992) and subject to an interest @11%(SBPrate prevailed at the time of agreement) as agreed with the management. It is secured against bank guarantee provided by the directors which is secured against personal marketable securities of directors. The entire amount of the loan stands outstanding and overdue.		
	Note	2017	2016
		-----Rupees-----	
9 DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	9.1	192,948	188,526
		<u>192,948</u>	<u>188,526</u>
9.1 Staff retirement benefits - gratuity			
Opening balance		188,526	184,104
Provision made during the year		4,422	4,422
		<u>192,948</u>	<u>188,526</u>
Paid during the year		-	-
Closing balance		<u>192,948</u>	<u>188,526</u>
9.2	There is only one employee (June 30, 2016: one employee), entitled for gratuity, therefore the management believes that it is unreasonable to conduct actuarial valuation as required by IAS "19" Employee Benefits".		
	Note	2017	2016
		-----Rupees-----	
10 TRADE AND OTHER PAYABLES			
Creditors		3,545,537	3,179,071
Accrued liabilities	10.1	65,667,835	61,077,375
Advances from customers		1,483,839	1,679,610
Advance Rent		19,069	1,790,859
Interest free demand deposits		260,500	360,500
Unclaimed dividend		45,980	45,980
Privatization commission, finance division	10.2	10,000,000	10,000,000
		<u>81,022,760</u>	<u>78,133,395</u>

- 10.1 It includes amount payable to directors and associates amounting to Rs.55,949,597 (June 30, 2016: Rs.53,439,733) against the salaries payable and other expenses.
- 10.2 It represents unsecured, interest free advance received from Privatization Commission Financial Division, Islamabad in October 1992 for payment to workers on account of golden hand shake.

	Note	2017	2016
-----Rupees-----			
11 ACCRUED INTEREST / MARKUP			
Interest / markup on:			
Short term borrowings-UBL		88,913,995	85,304,027
Long term financing		88,508,073	84,879,063
		<u>177,422,068</u>	<u>170,183,090</u>

12 SHORT TERM BORROWINGS

From banking companies - secured			
Cash finance	12.1	15,000,000	15,000,000
From related parties and directors - unsecured			
Related parties	12.2	21,650,901	21,650,901
Directors	12.3	4,205,282	2,139,820
Book over draft - unsecured	12.4	133,004	-
		<u>40,989,188</u>	<u>38,790,721</u>

- 12.1 This represents UBL cash finance amounting to Rs. 15,000,000. Suit against the recovery of short term borrowings has been filed by the bank against the company was decreed in favor of the bank by the Banking Court for Rs. 21,978,493 and markup thereon from the date of filing of suit. The amount of markup accrued has not been confirmed by the bank and have been accrued by the company on estimated basis. The company has filed an appeal against the decree in the Sindh High Court, Karachi.
- 12.2 This amount is payable to Mrs. Parveen shaffi. There is not any written agreement regarding repayment of loan and the loan amount is payable to Mrs. Parveen Shaffi on her demand with mutual consent of management of the company, therefore, the loan is clubbed in short term borrowings and classified under current liabilities. The loan is interest free and unsecured.
- 12.3 These are interest free.
- 12.4 This represents book overdraft due to issuance of cheques in excess of balances in bank accounts.

	Note	2017	2016
-----Rupees-----			
13 PROVISION FOR TAXATION - NET			
Opening balance		298,619	606,816
Add: Provision for the year	30	2,030,082	1,245,860
Less: Paid / adjusted during the year		(1,372,538)	(1,554,056)
		<u>956,164</u>	<u>298,619</u>

14 CONTINGENCIES AND COMMITMENTS

- 14.1 The Securities and Exchange Commission of Pakistan (SECP) had appointed an inspector to investigate into the affairs of the company under Section 265 of the Companies Ordinance, 1984. The inspector has submitted report on his findings to the SECP. The outcome can not be anticipated at this stage.
- 14.2 Title of plot of land of the company situated at Islamabad is in dispute. The company has started negotiations with CDA. As a result company has committed to pay outstanding dues to CDA for the leasehold land. CDA has not confirmed the amount therefore the amount of the obligation can not be measured with sufficient reliability.
- 14.3 The Privatization Commission of Pakistan had filed a suit in honorable Islamabad High Court, C.O.S No 07/2002, against the company for recovery of amount repayable to the Privatization commission against principal amount of Government loan assumed at time of privatization of Rs. 32,971,000 along with the markup thereon amounting to Rs. 48,005,929 aggregating to Rs. 80,996,929. The outcome of the case is still undecided however, the legal opinion of the solicitors appointed by the company are of the view that even if the above suit is decided against the company it shall not involve the company into any financial loss.

15.2 Non operating assets

	Owned											Total
	Land freehold	Factory building	Plant and machinery	Refrigerators and freezers	Fire fighting equipment	Weighting scales	Furniture and fixtures	Office computers	Office equipments	Carbon equipments	Motor vehicles	
Cost												
Balance as at July 01, 2015	24,480,000	3,840,000	18,240,700	-	-	-	-	-	-	-	-	122,370,700
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Surplus	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2016	24,480,000	3,840,000	18,240,700	-	-	-	-	-	-	-	-	122,370,700
Balance as at July 01, 2016	24,480,000	3,840,000	18,240,700	-	-	-	-	-	-	-	-	122,370,700
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2017	24,480,000	3,840,000	18,240,700	-	-	-	-	-	-	-	-	122,370,700
Depreciation												
Balance as at July 01, 2015	-	-	3,465,733	-	-	-	-	-	-	-	-	17,889,633
Charge for the year	-	-	1,477,487	-	-	-	-	-	-	-	-	7,616,107
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2016	-	-	4,943,220	-	-	-	-	-	-	-	-	25,487,740
Balance as at July 01, 2016	-	-	4,943,220	-	-	-	-	-	-	-	-	25,487,740
Charge for the year	-	-	1,328,747	-	-	-	-	-	-	-	-	6,856,298
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2017	-	-	6,272,977	-	-	-	-	-	-	-	-	32,344,038
Written down value as at June 30, 2016	24,480,000	3,840,000	13,297,470	-	-	-	-	-	-	-	-	96,882,960
Written down value as at June 30, 2017	24,480,000	3,840,000	11,967,723	-	-	-	-	-	-	-	-	90,026,964
Rate of depreciation	-	-	10%	-	-	-	-	-	-	-	-	-

15.3 The company has ceased the production at Chann since 1995. The above represent assets transferred from property, plant and equipment - operating to property, plant and equipment - non operating from July 1, 2003.

15.4 Depreciation has been allocated as under

Note	Rupees	
	2017	2016
Cost of good manufactured	25.1	8,796,978
Administrative expenses	26	8,003
Distribution cost	27	41,600
	6,844,611	9,847,382

15.5 Lease hold land is classified as owner occupied property III disposal of the case referred to in note 14.2 to these financial statements.

15.6 The company has its land freehold / leasehold, buildings on freehold land and plant and machinery revalued. Revaluation of the assets was carried out by the independent valuers "MS W Engineering service (Pvt.) Limited" on June 30, 2019. The value is assessed on the basis of professional knowledge, present market conditions and available records. Freehold / leasehold land, building on freehold land, and plant and machinery was revalued at market value. The company has incorporated a revaluation surplus of Rs. 37,788,255 on revaluation of above assets on the basis of said valuation report. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revised amount of the asset.

15.7 Had there been no revaluation, the carrying amount of the specific class of assets would have been as follows:

	Operating assets		Non operating assets	
	2017	2016	2017	2016
Freehold land	-	-	5,902	5,902
Leasehold land	4,981,979	4,981,979	38,957	38,957
Factory building	83,383	93,314	47,672	52,369
Plant and machinery	1,979,098	2,087,818	587,883	653,204
	6,944,998	7,163,111	680,415	751,032

16 LONG TERM INVESTMENTS

Held to maturity

Government Securities

National defense saving certificates

Add: Profit accrued to date

Note

2017

2016

-----Rupees-----

16.1

50,000

50,000

40,000

29,000

90,000

79,000

90,000

79,000

16.1

National defense saving certificate of Rs. 50,000 have been purchased from the Government of Pakistan under 10 years maturity scheme. The certificates are en-cashable at par at any time. However, no profit is payable if encashment is made before completion of one year. The average compound rate of return on maturity presently works to 12.857 %per annum. Profit accrued represents the profit on National defense saving certificates from November 2010 till June 2017.

17 STOCK IN TRADE

Raw and packing materials

Work in process

Finished goods

Note

2017

2016

-----Rupees-----

180,349

53,592

5,744

65,526

531,985

799,733

718,078

918,850

18 TRADE DEBTS

Local - unsecured considered good

- Pipes and fittings sales

- Water Sales

700,652

387,632

4,331

22,432

704,983

410,064

Note

2017

2016

-----Rupees-----

19 LOANS AND ADVANCES

Advance to suppliers - considered good

392,297

390,072

392,297

390,072

Note

2017

2016

-----Rupees-----

20 TRADE DEPOSITS

Trade deposits

100,000

100,000

100,000

100,000

21 OTHER RECEIVABLES

Rent receivables

84,339

2,339

84,339

2,339

		Note	2017	2016
			-----Rupees-----	
22 TAX REFUNDS DUE FROM GOVERNMENT				
Sales tax receivables			178,328	185,200
Advance income tax		22.1	-	-
			<u>178,328</u>	<u>185,200</u>
22.1 Advance income tax				
Opening balance			-	-
Deducted during the year			1,372,538	1,554,056
Total			<u>1,372,538</u>	<u>1,554,056</u>
Adjusted against liability			<u>(1,372,538)</u>	<u>(1,554,056)</u>
			<u>-</u>	<u>-</u>
23 CASH AND BANK BALANCES				
Cash in hand			10,000	10,000
Cash at banks - current accounts			99,446	1,047,872
			<u>109,446</u>	<u>1,057,872</u>
24 SALES - Net				
Local				
PVC pipes and fittings			8,013,695	6,591,451
Mineral water			790,215	1,386,175
Less: Trade discounts and commission			(1,191,677)	(946,945)
			<u>7,612,233</u>	<u>7,030,681</u>
			<u>2017</u>	<u>2016</u>
25 COST OF SALES		Note	-----Rupees-----	
Opening stock - finished good			799,733	585,022
Cost of goods manufactured		25.1	23,415,678	23,882,137
Outside purchases			501,675	176,761
			<u>24,717,086</u>	<u>24,643,920</u>
Closing stock- finished goods			<u>(531,985)</u>	<u>(799,733)</u>
			<u>24,185,100</u>	<u>23,844,188</u>
25.1 Cost of goods manufactured				
Raw and packing material consumed		25.2	4,299,561	3,642,527
Directors remuneration			750,000	750,000
Salaries, wages and benefits			6,321,357	5,652,982
Fuel and power			1,724,369	1,551,918
Stores and spares consumed			187,725	470,988
Repairs and maintenance			556,226	1,413,554
Postage and telephone			110,882	142,939
Rent, rates and taxes			120,600	161,769
Traveling, conveyance and vehicles running			464,863	308,511
Entertainment			23,335	24,992
Depreciation		15.4	8,796,978	9,789,233
			<u>23,355,897</u>	<u>23,909,413</u>
Work in process				
Opening			65,526	38,250
Closing stock			(5,744)	(65,526)
			<u>59,782</u>	<u>(27,276)</u>
Cost of goods manufactured			<u>23,415,678</u>	<u>23,882,137</u>

		2017	2016
		-----Rupees-----	
25.2 Raw and packing material consumed	Note		
Opening		53,592	57,035
Purchases		4,426,318	3,639,084
Available for consumption		4,479,910	3,696,119
Closing stock		(180,349)	(53,592)
		<u>4,299,561</u>	<u>3,642,527</u>
26 OTHER INCOME			
From financial assets			
Profit on national defense saving certificates		11,000	9,000
From other than financial assets			
Rental income		9,344,360	7,427,488
		<u>9,355,360</u>	<u>7,436,488</u>
	Note	2017	2016
		-----Rupees-----	
27 DISTRIBUTION COST			
Salaries, wages and benefits		685,555	844,298
Rent, rates and taxes		145,968	33,440
Vehicles running		515,826	405,757
Traveling and conveyance		294,669	357,117
Entertainment		167,389	134,858
Postage and telephone		116,497	93,976
Printing and stationery		36,114	41,707
Electricity, gas and water		-	513,006
Transportation cost		36,520	53,226
Membership and subscription		122,662	521,046
Depreciation	15.4	41,600	51,045
		<u>2,162,800</u>	<u>3,049,476</u>
28 ADMINISTRATIVE EXPENSES			
Directors remuneration		2,250,000	2,250,000
Salaries, wages and benefits		840,000	840,000
Rent, rates and taxes		14,240	1,935
Traveling and conveyance		-	23,500
Entertainment		8,000	20,925
Postage and telephone		11,700	-
Printing and stationery		72,282	56,750
Electricity, gas and water		193,822	-
Membership fee and subscription		-	202,830
Legal and professional		320,468	180,556
Auditors remuneration	28.1	225,000	212,500
Depreciation	15.4	6,033	7,084
		<u>3,941,545</u>	<u>3,796,080</u>
28.1 Auditors' remuneration			
Statutory audit fee		140,000	130,000
Half yearly review fee		85,000	82,500
		<u>225,000</u>	<u>212,500</u>

29 FINANCE COSTS

Mark-up on long term financing		3,629,010	3,629,010
Mark-up on short term borrowings		3,609,967	3,609,967
Bank charges		8,401	6,488
		<u>7,247,379</u>	<u>7,245,466</u>

30 TAXATION

Current year	30.1	2,190,083	1,728,238
Prior year		(160,001)	(482,378)
		<u>2,030,082</u>	<u>1,245,860</u>

30.1 The provision for current year taxation on local sales and rental income earned during the year. The assessment of the company will be finalized under the provisions of Income Tax Ordinance, 2001. Income tax returns are filed up to tax year 2015.

30.2 Relationship between tax expense and accounting profit is presented below.

	2017	2016
	-----Rupees-----	
Accounting loss	(20,569,231)	(23,468,040)
Tax at the applicable tax rate of 31% (2016: 32%)	-	-
Tax effects:		
Prior year tax effect	(160,001)	(482,378)
Income taxed as separate block	2,190,083	1,728,238
	<u>2,030,082</u>	<u>1,245,860</u>

30.3 During the year net deferred tax assets for the carry forward of unused tax losses amounting to Rs. 82,312,606, (2016: Rs.80,963,373) has not been recognized because it is not probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

31 LOSS PER SHARE - BASIC AND DILUTED

	Note	2017	2016
		-----Rupees-----	
Loss for the year - Rupees		(22,599,313)	(24,713,900)
Weighted average number of shares		14,958,000	14,958,000
Basic loss per share - Rupees		<u>(1.51)</u>	<u>(1.65)</u>

There is no dilutive effect on the basic loss per share of the company for the year.

32 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

- 32.1 Credit risk
- 32.2 Liquidity risk
- 32.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

32.1 Credit risk

Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 0.999 million (June 30, 2016 : Rs. 1,570 million), financial assets which are subject to credit risk aggregate to Rs. 0.889 million (June 30, 2016 : Rs. 0.512 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2017	2016
	-----Rupees-----	
Trade debts	704,983	410,064
Other receivables	84,339	2,339
Cash and bank balances	109,446	1,057,872
	<u>998,767</u>	<u>1,570,274</u>

The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

	2017	2016
	-----Rupees-----	
Domestic	704,983	410,064

The aging of trade debtors at the balance sheet is as follows.

	Gross debtors	
	2017	2016
	-----Rupees-----	
Not past due	274,601	251,230
Past due 0 - 30 days	294,292	84,742
Past due 31 - 90 days	34,759	535
Past due 90 days - 1 year	100,289	73,286
More than one year	1,043	270
	<u>704,983</u>	<u>410,063</u>

32.2

Liquidity risk

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

	2017					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Long term financing	32,991,000	32,991,000	32,991,000	-	-	-
Short term borrowings	40,989,188	40,989,188	40,989,188	-	-	-
Accrued interest /	177,422,068	177,422,068	177,422,068	-	-	-
Trade and other	79,519,852	79,519,852	79,519,852	-	-	-
Total	<u>330,922,108</u>	<u>330,922,108</u>	<u>330,922,108</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2016					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Long term financing	32,991,000	32,991,000	32,991,000	-	-	-
Short term borrowings	38,790,721	38,790,721	38,790,721	-	-	-
Accrued interest /	170,183,090	170,183,090	170,183,090	-	-	-
Trade and other	74,662,926	74,662,926	74,662,926	-	-	-
Total	316,627,738	316,627,738	316,627,738	-	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30, 2017. The rates of mark up have been disclosed in relevant notes to these financial statements.

32.3

Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

Currency**Exposure to currency risk**

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company. The company has not exposed to

Interest rate

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 exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2017	2016
	-----Rupees-----	
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	47,991,000	47,991,000

Fair value sensitivity analysis for fixed rate instruments

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

Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

33 CAPITAL RISK MANAGEMENT

The board's policy is to maintain a strong capital base as to maintain investor, creditor and market confidence and to sustain future development of the business, however, practical difficulties with this regard are being faced by the management due to liquidity crisis, small market share and huge losses. The board of directors monitor the return on capital and the level of dividend to ordinary shareholders while due to heavy losses no dividend has been declared since several past years. There were no changes to the company's approach to capital management during the year and the company is not subject to externally imposed capital requirements.

34 TRANSACTIONS WITH RELATED PARTIES

The company has related party relationship with its directors and key management personnel. Remuneration given to chief executive directors and executives are in accordance with their terms of employment as disclosed in note 35 to the financial statements. Following are the balances of and transaction with related parties with related parties.

	2017	2016
	-----Rupees-----	
Balances with related parties		
Short term borrowing from Mr. Arif Shaffi - Director	843,820	739,820
Short term borrowing from Mrs. Parveen Shaffi - w/o Director	21,650,901	21,650,901
Short term borrowing from Mr. Asif Shaffi - Director	1,565,190	1,400,000
Short term borrowing from Mr. Adeel Shafi - Director	1,796,272	-
Long term financing from Parveen Shaffi - Heirs Mr. Reyaz Shaffi	-	-
	25,856,183	23,790,721

35 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	CHIEF EXECUTIVE		EXECUTIVE DIRECTORS		NON EXECUTIVE DIRECTOR		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Basic	999,996	999,996	499,998	499,998	499,998	499,998	1,999,992	1,999,992
House rent	449,998	449,998	224,999	224,999	224,999	224,999	899,996	899,996
Others	50,006	50,006	25,003	25,003	25,003	25,003	100,012	100,012
	1,500,000	1,500,000	750,000	750,000	750,000	750,000	3,000,000	3,000,000
Number of	1	1	1	1	1	1	3	3

35.1 Chief executive of the company is provided with free use of company maintained car. No employee of the company falls under the definition of executive as defined in the Companies Ordinance, 1984.

36 PLANT CAPACITY

	Budgeted capacity	Actual production	
		2017	2016
		-----Rupees-----	
At Ghara			
PVC Resin - tons	25,000	-	-
Compounds 100% - tons	1,500	-	-
PVC leather cloth and plastic sheets -	22,144,500	-	-
At Islamabad			
PVC pipes and fittings - meters	7,751,808	222,549	229,799
Processing of water - Gallons	900,000	60,645	113,130

The budgeted capacity at Ghara is from the time of ceasure of production and can only be re-assessed when production resumes at the facility.

The company has ceased the production at Ghara Plant since 1995.

The lower level of production of PVC pipes and fittings is due to abnormal increase in prices of raw material, which is directly linked with international petroleum prices.

37 NUMBER OF EMPLOYEES

	2017	2016
Number of employees as at year end	35	37
Average employee during the year	36	39

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 23, 2017 by the board of directors of the company.

39 GENERAL

Figures have been rounded off to the nearest Rupee.

Arif Shaffi
CHIEF EXECUTIVE

Mohammad Shaffi
DIRECTOR

PATTERN OF SHAREHOLDING
As at June 30, 2017

No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
275	1	100	10,324
128	101	500	48,638
84	501	1,000	80,020
160	1,001	5,000	486,877
48	5,001	10,000	406,709
14	10,001	15,000	191,660
11	15,001	20,000	200,470
4	20,001	25,000	100,000
4	25,001	30,000	117,000
1	30,001	35,000	35,000
1	35,001	40,000	40,000
2	40,001	45,000	86,000
3	45,001	50,000	149,500
1	65,001	70,000	65,690
1	70,001	75,000	75,000
1	95,001	100,000	96,500
1	175,001	180,000	180,000
1	295,001	300,000	300,000
2	375,001	380,000	752,550
1	410,001	415,000	415,000
1	425,001	430,000	425,602
1	735,001	740,000	737,640
1	9,970,001	9,975,000	9,971,820
746			14,972,000

Categories of Shareholding As at June 30, 2017

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	806,450	5.3864%
Associated Companies, undertakings and related parties.	0	0.0000%
NIT and ICP	4,250	0.0284%
Banks Development	969,838	6.4777%
Financial Institutions, Non Banking Financial Institutions.		
Insurance Companies	24,220	0.1618%
Modarabas and Mutual Funds	0	0.0000%
Share holders holding 10% or more	9,971,820	66.6031%
General Public		
Local	2,555,043	17.0655%
Others (to be specified)		
1- Joint Stock Companies	638,215	4.2627%
2- Investment Companies	1,625	0.0109%
3- Abandoned Properties	539	0.0036%
4- Forigen Companies	9,971,820	66.6031%

PAKISTAN PVC LIMITED

Categories of Shareholding required under Code of Corporate Governance (CCG)

As on June 30, 2017

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

-

-

Mutual Funds (Name Wise Detail)

-

-

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. ARIF SHAFFI	376,450	2.5144%
2	MR. ASIF SHAFFI	376,100	2.5120%
3	MR. MOHAMMAD SHAFFI	17,500	0.1169%
4	MR. MOHAMMAD IQBAL	2,500	0.0167%
5	MR. ADEEL SHAFFI	2,500	0.0167%
6	MR. MASOOD PARVAIZ (CDC)	2,500	0.0167%
7	MR. ADNAN SHAFFI	2,500	0.0167%
8	MRS. SHAZIA SHAFFI W/O ASIF SHAFFI	13,550	0.0905%
9	MRS. SAIRA SHAFFI W/O ARIF SHAFFI	12,850	0.0858%

Executives:

-

-

Public Sector Companies & Corporations:

-

-

Banks, Development Finance Institutions, Non Banking Finance

994,058

6.6394%

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	ENSENA HOLDING FZC	9,971,820	66.6031%
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All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Sr. No.	Name	Sale	Purchase
1	MR. MASOOD PARVAIZ (CDC)	-	2,500