

66th Annual Report 2017



**HAFIZ LIMITED**

# ANNUAL REPORT 2017

<i>Chief Executive Officer</i>	:	<i>Fakhruddin Usmani</i>
<i>Directors</i>	:	<i>Quamruddin Usmani</i>
	:	<i>Muhammad Farooq Usmani</i>
	:	<i>Mahmood Wali Muhammad</i>
	:	<i>Muhammad Atiq</i>
	:	<i>Ali Muhammad Usmani</i>
	:	<i>Muhammad Shahzad Fakir</i>
<i>Board of Audit Committee</i>		
<i>Chairman</i>	:	<i>Quamruddin Usmani</i>
<i>Members</i>	:	<i>Muhammad Farooq Usmani</i>
		<i>Mahmood Wali Muhammad</i>
<i>Board of Human Resource Committee</i>		
<i>Chairman</i>	:	<i>Ali Muhammad Usmani</i>
<i>Members</i>	:	<i>Fakhruddin Usmani</i>
	:	<i>Quamruddin Usmani</i>
<i>Chief Financial Officer</i>	:	<i>Muhammad Shahid Siddiqui</i>
<i>Company Secretary</i>	:	<i>S. Shafiq Hasan</i>
<i>Bankers</i>	:	<i>Habib Metropolitan Bank Ltd.</i>
	:	<i>HBL Bank Limited</i>
	:	<i>NIB Bank Limited</i>
	:	<i>National Bank of Pakistan</i>
<i>Auditors</i>	:	<i>Moochhala Gangat &amp; Co.,</i>
		<i>Chartered Accountants,</i>
		<i>Karachi.</i>
<i>Shares Registrar</i>	:	<i>F. D. Registrar Service (SMC-Pvt) Ltd.</i>
		<i>1705, 17th Floor, Saima Trade Tower-A,</i>
		<i>I. I. Chundrigar Road, Karachi-74000</i>
<i>Registered Office</i>	:	<i>97, Alliance Building, 2<sup>nd</sup> Floor,</i>
		<i>Moolji Street, Mereweather Tower,</i>
		<i>Karachi-74000.</i>
<i>Mill at</i>	:	<i>D-9, S.I.T.E., Karachi.</i>
<i>Website</i>	:	<i>www.hafiztm.com</i>



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 66th Annual General Meeting of shareholders of the HAFIZ LIMITED will be held Insha-Allah on Tuesday, 31st October, 2017 at 12:30 a.m. at the Registered Office of the Company, 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi for the following purposes:

1. To confirm the Minutes of last Annual General Meeting held on 27th October, 2016.
2. To receive, consider and adopt the Annual Audited Accounts of the company for the year ended 30th June, 2017 together with the Directors' and Auditors' reports thereon.
3. To approve as recommended by the directors, the payment of Cash Dividend @ 15% Rs.1.50 per share for the year ended 30th June, 2017.
4. To appoint Auditors for the year ending 30th June, 2018 and to fix their remuneration.
5. To transact any other business of the Company with the permission of the Chair.

By order of the Board  
**S. Shafiq Hassan**  
Company Secretary

Karachi: 2nd October, 2017.

### Notes:

#### 1- Participation in the Annual General Meeting

A member entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

#### 2- CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular-1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

##### a) For attending the meeting

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

In the case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

##### b) For appointing proxies

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies for CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v) In the case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**3- Closure of Share Transfer Books**

The share transfer books of the Company will remain closed from **Tuesday, 24th October, 2017 to Tuesday, 31st October, 2017** (both days inclusive).

**4- E-Dividend**

Pursuant to Section 242 of the Companies Act, 2017, the listed companies have been mandated to pay dividend only by way of electronic mode, directly into the bank accounts of entitled members designated by them. However, the SECP vide its Circular No. 18 of 2017 dated August 01, 2017, has granted listed companies one time relaxation from the afore-mentioned requirements of the Act, for payment of cash dividend, till October 31, 2017.

In view of the above, as notified to the members via notice issued by the Company on August 17, 2017, it is hereby reminded to all members that the amount of cash dividends which may be payable by the Company after October 31, 2017, would be credited directly into the bank accounts of respective members. Accordingly, all members of the Company who have not yet provided their bank account details to their participant/CDC Investor Account Services which maintains their CDC account, are again requested to provide the same at the earliest but not later than October 23, 2017, for incorporation of bank account details in order to enable the Company for payment of cash dividend through electronic mode.

It may kindly be noted that in case of non-communication of bank account details by the members within the afore-mentioned timeframe, the Company would be constrained to act in accordance with the provisions of the Law, for withholding the amount of dividend which may be payable by the Company on or after November 01, 2017.

**5- Change in Address**

Members are requested to promptly notify any change in their addresses.

**6- Submission of copies of CNIC (MANDATORY)**

Pursuant to the directive of the Securities & Exchange Commission of Pakistan Circular No.EMD/D-II/Misc/2009-1342 dated April 4, 2013, CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, **M/s.F.D. Registrar Services (SMC-Pvt.) Ltd.** 1705, 17th floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000.

**7- Deduction of Income Tax from Dividend U/s150 of the Income Tax ordinance, 2001**

According to the provisions of the Finance Act, 2017, Income tax will be withheld on payment of dividend at 15% for filers as the Active Taxpayers List (ATL) on FBR's portal on the dividend distribution date i.e.23rd October, 2017. In case a shareholder is not on the ATL on the above date, the 20% rate for non-filers will be applied. Since the said ATL list contains CNIC, we will be deducting tax where CNIC matches with the list provided by the FBR and in case of no match, tax will be deducted at the rate of 20% as Tax Return Non-Filer.

**8- Taxation for joint shareholdings**

Information in respect of joint shareholding is to be provided on the format given below to compute withholding tax of each shareholder accordingly.

Name of Shareholder (principal / joint holders)	Folio / CDC Acct. No.	No of Shares OR % (Proportion)	CNIC No.	Signature

The information must reach the office of the Independent Share Registrar i.e. **M/s .F.D. Registrar Services (SMC-Pvt.) Ltd.** 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000 latest by October 23, 2017 otherwise each account holder will be assumed to hold equal proportion of shares.

## ***DIRECTORS REPORT***

"We would start with the name of **Almighty Allah** - the most Gracious, and Merciful, and again thanks **Almighty Allah** for sending us such a precious gift in the form of our beloved **Prophet Muhammad** (peace be upon him), whose teaching and life style always being a reason of success in life and hereafter."

The Board of Directors of your company are pleasure to present the **66th Annual Report** together with audited financial statements of your company and auditors' report thereon for the year ended June 30, 2017.

Operating Results	2017	2016
	<i>(Rupees)</i>	<i>(Rupees)</i>
Net profit before taxation	22,310,105	29,768,023
Taxation	2,322,745	1,343,326
Net profit after taxation	19,987,360	28,424,697
<b>Appropriations:</b>		
Proposed Fianl Dividend 15%	1,800,000	1,800,000
Transfer to reserves	18,187,360	26,624,697
earnings per share	16.66	23.69

### Review and future prospects

Pakistan's textile industry is going through one of the toughest periods in decades. The global recession which has hit the global textile really hard is not the only cause for concern. Serious internal issues also affected Pakistan's textile industry very badly. The high cost of production resulting from an instant rise in the energy costs has been the primary cause of concern for the industry. Furthermore, double digit inflation and high cost of financing has seriously affected the growth in the textile industry. Pakistan's textile exports in turn have gone down during last three years as exporters cannot effectively market their produce since buyers are not visiting Pakistan due to adverse travel conditions and it is getting more and more difficult for the exporters to travel abroad. Pakistan's textile industry is lacking in research & development (R & D).The production capability is very low due to obsolete machinery & technology. Pakistan is facing high cost of production due to several factors like the hike in electricity tariff, the increase in interest rate, energy crisis, increasing cost of inputs, political instability, removal of subsidy & internal dispute. The above all factor increase the cost of production which decreases the exports. The global recession also hit badly the textile industry. Double digit inflation also caused decrease in production in textile sector which cause the increase in unemployment level. By the removal of subsidy the industry's production get higher effected which prove as a last strike on industry's back. Government should provide subsidy to the textile industry for the survival of this industry. This withdrawal would enable the industry to procure some 3m cotton bales annually from outside world in order to meet the shortage and to compete with regional competitors in international market to earn foreign exchange for the country. On imposition of 16% FED on banking and insurance services such advance taxes would play havoc with the growth of the industry in already existing adverse circumstances and needed to be withdrawn immediately. The government should not withdraw sales tax and withholding tax exemption on machinery and parts, as it would add cost besides liquidity problem for the industry.

At the end of this year, the company report 19.8974 million profits after tax, with maintaining the dividend payouts. We are confident that the company will overcome existing temporary factors that are negatively affecting its bottom line.

### Dividend

The Board of directors of Hafiz Limited has pleasure in recommending final cash dividend at the rate of 15% i.e. Rs.1.50 per share for the financial year ended June 30, 2017 (2016: 15% i.e. Rs.1.50 share), subject to the approval of the shareholders in the Annual General Meeting.

**Auditors:**

The present auditors M/s. Moochhala Gangat & Co., Chartered Accountants retire and offer themselves for re-appointment, as suggested by the audit committee, the Board recommends their appointment as Auditors for the year ended June 30, 2018.

**Pattern of Shareholding:**

The detailed pattern of shareholding as required by the Companies Ordinance, 1984 and the Code of corporate Governance are enclosed.

**Key Financial Data at a Glance:**

Key Financial Data for last six years at a glance is enclosed.

**Board of Directors Meetings:**

The statement showing the attendance of Directors in BOD meetings and the Audit Committee meetings is as under:

No.	Name of Directors	Number of BOD Meetings		
		Held	Attended	Leave Granted
1	Mr. Fakhruddin Usmani	6	6	0
2	Mr. Quamruddin Usmani	6	6	0
3	Mr. Muhammad Farooq Usmani	6	6	0
4	Mr. Mahmood Wali Muhammad	6	6	0
5	Mr. Muhammad Atiq	6	5	1
6	Mr. Ali Muhammad Usmani	6	5	1
7	Mr. Muhammad Shahzad Fakir	6	5	1

**Audit and Human Resource Committees**

The board in compliance with the Code of Corporate Governance has constituted as audit committee as well as human resource committee comprising of the following members:

Audit Committee		Human Resource Committee	
Mr. Quamruddin Usmani	Chairman	Mr. Ali Muhammad Usmani	Chairman
Mr. Muhammad Farooq Usmani	Member	Mr. Fakhruddin Usmani	Member
Mr. Mahmood Wali Muhammad	Member	Mr. Quamruddin Usmani	Member

During the year under review, the committees have performed its functions satisfactory and in accordance with the Code of Corporate Governance.

**Appreciation**

We wish to thank all tenant parties for their faith on our esteem organization, and their continuing patronage. We also take this opportunity to thank our bankers for providing us with their valuable support throughout the period. Finally we wish to thank our staff who remained committed to deliver towards the growth of the Company.

For and on behalf of the Board

  
Fakhruddin Usmani  
Chief Executive Officer

Karachi:  
2nd October, 2017.

## آڈیٹرز

موجودہ آڈیٹرز میسرز موج والا کنکٹ اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور انہوں نے دوبارہ تقرری کے لئے پیشکش کی ہے، جسے آڈٹ کمیٹی نے تجویز کیا ہے اور بورڈ نے مالیاتی سال ختمہ 30 جون 2018 کے لئے ان کی تقرری کی سفارش کی ہے۔

## حصص یافتگان کی ساخت (تفصیلی نمونہ)

کمپنیز آرڈیننس 1984 اور انتظامی ضابطہ اخلاق کی مطلوبات کے تحت حصص یافتگان کی تفصیلات نمونے کے مطابق منسلک ہے۔

## اہم مالیاتی تفصیلات کا سرسری جائزہ

گزشتہ 6 سالوں کی اہم مالیاتی تفصیلات کا سرسری جائزہ منسلک ہے۔

## بورڈ آف ڈائریکٹرز کے اجلاس

مندرجہ ذیل گوشوارے میں بورڈ آف ڈائریکٹرز کے اجلاس اور آڈٹ کمیٹی کے اجلاسوں میں ڈائریکٹران کی حاضری کی تفصیلات دی گئی ہیں:

نمبر شمار	ڈائریکٹران کے نام	BOD اجلاس کی تعداد		
		متعلقہ	حاضری	رخصت دی گئی
1	جناب فخر الدین عثمانی	6	6	0
2	جناب قمر الدین عثمانی	6	6	0
3	جناب محمد فاروق عثمانی	6	6	0
4	جناب محمود ولی محمد	6	6	0
5	جناب محمد عتیق	6	5	1
6	جناب علی محمد عثمانی	6	5	1
7	جناب محمد شہزاد فقیر	6	5	1

## آڈٹ اور انسانی وسائل کمیٹی

انتظامی ضابطہ اخلاق کی پاسداری کرتے ہوئے بورڈ نے آڈٹ کمیٹی کے ساتھ ساتھ انسانی وسائل کمیٹی تشکیل دی ہے جو مندرجہ ذیل ممبران پر مشتمل ہے:

آڈٹ کمیٹی		انسانی وسائل کمیٹی	
جناب قمر الدین عثمانی	چیئر مین	جناب علی محمد عثمانی	چیئر مین
جناب فاروق عثمانی	ممبر	جناب فخر الدین عثمانی	ممبر
جناب محمود ولی محمد	ممبر	جناب قمر الدین عثمانی	ممبر

جائزہ سال کے دوران کمیٹی کے افعال تسلی بخش اور انتظامی ضابطہ اخلاق کے مطابق رہے۔

## حوصلہ افزائی

ہم اپنے تمام کرایہ داروں کے شکر گزار ہیں کہ انہوں نے ہمارے معزز ادارے پر اعتماد کا اظہار کیا اور تسلسل کے ساتھ کی ہماری سرپرستی کی۔ ہم اس موقع پر اپنے بینکاروں کا شکریہ ادا کرتے ہیں کہ انہوں نے اس مدت کے دوران ہمیں اپنے لازوال تعاون سے نوازا۔ آخر میں ہم اپنے اسٹاف کے لئے نیک خواہشات کا اظہار کرتے ہیں جنہوں نے کمپنی کی ترقی کے لئے انتھک جدوجہد کی۔

از طرف

فخر الدین عثمانی  
چیف ایگزیکٹو آفیسر

کراچی:

02 اکتوبر 2017ء

## ڈائریکٹران کی رپورٹ

ہم اللہ رب العزت کے نام سے شروع کرتے ہیں جو بڑا مہربان اور نہایت رحم والا ہے جس نے ہمارے پیارے نبی ﷺ جیسی عظیم نعمت سے ہمیں نوازا جن کے ارشادات اور طرز زندگی ہماری دنیا اور آخرت دونوں کے لئے کامیابی کا ذریعہ ہیں۔

آپ کی کمپنی کے ڈائریکٹران 66 ویں سالانہ رپورٹ کے ساتھ سال بختمہ 30 جون 2017 کے لئے آپ کی کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بمع آڈٹ رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مالیاتی نتائج	2017 (روپے)	2016 (روپے)
خالص منافع قبل از ٹیکس	22,310,105	29,768,023
ٹیکس کی ادائیگی	2,322,745	1,343,326
خالص منافع بعد از ٹیکس تخصیص	19,987,360	28,424,697
مجوزہ حتمی منافع منقسمہ 15 فیصد	1,800,000	1,800,000
محفوظ سرمائے میں منتقلی	18,187,360	26,624,697
فی حصص منافع	16.66	23.69

## جائزہ اور مستقبل کی پیش بینی

پاکستان کی ٹیکسٹائل کی صنعت پچھلی کئی دہائیوں سے مشکلات کا شکار ہے۔ عالمی کساد بازاری نے ٹیکسٹائل کی عالمی صنعت کو حقیقتاً شدید متاثر کیا ہے لیکن صرف یہی بات باعث تشویش نہیں۔ تشویشناک امر اندرونی مسائل ہیں جنہوں نے پاکستان کی ٹیکسٹائل کی صنعت کو بری طرح متاثر کیا ہے۔ صنعت میں بھاری پیداواری لاگت کی بنیادی وجہ توانائی کی کمی بڑھتی ہوئی قیمتیں ہیں۔ مزید برآں، افراط زر کا دہرا ہندسہ اور بھاری تجارتی لاگت نے ٹیکسٹائل کی صنعت کو شدید متاثر کیا ہے۔ پاکستان کی ٹیکسٹائل برآمدات پچھلے تین سالوں میں گرتی چلی آ رہی ہیں اس کی وجہ یہ ہے کہ برآمد کنندگان اپنی مصنوعات کو موثر طریقے سے بازار میں نہیں لاسکتے کیونکہ خریدار (گا بک) خراب سفری حالات کی وجہ سے ہمارے ملک کا دور نہیں کرتے اور برآمد کنندگان کے لئے بھی بیرون ملک سفر کرنا دن بدن مشکل ہوتا جا رہا ہے۔ پاکستان کی ٹیکسٹائل کی صنعت میں تحقیق اور ترویج (R&D) نہیں ہو رہی۔ متروکہ مشینری اور ٹیکنالوجی کی وجہ سے پیداواری صلاحیت بہت کم ہے۔ پاکستان کو بھاری پیداواری لاگت کا سامنا ہے جس کی بڑی وجوہات بجلی کے نرخوں میں اضافہ، سودی نرخوں میں اضافہ، توانائی کا بحران، خام مال کی بڑھتی ہوئی لاگت، سیاسی انتشار، سبسڈی کا خاتمہ اور اندرونی تنازعات ہیں۔ مذکورہ بالا تمام عناصر پیداواری لاگت میں اضافے اور برآمدات میں کمی کا سبب بنتے ہیں۔ عالمی کساد بازاری نے ٹیکسٹائل کی صنعت کو بری طرح متاثر کیا ہے۔ دہرے ہندسے والا افراط زر بھی ٹیکسٹائل سیکٹر کی پیداواری میں کمی کا سبب ہے جس سے بیروزگاری میں اضافہ ہوا ہے۔ صنعت کی پیداوار سے سبسڈی واپس لینے سے صنعت کو شدید دھچک لگا ہے۔ صنعت کے احیاء کے لئے حکومت کو چاہئے کہ وہ سبسڈی فوری طور پر بحال کرے۔ اس بحالی کی وجہ سے صنعت تقریباً سالانہ 3 ملین گانٹھیں بیرونی دنیا سے منگوا کر طلب اور رسد کی کمی کو پورا کرنے کے قابل ہو جائے گی اور عالمی مارکیٹ میں علاقائی مسابقت کاروں کا مقابلہ کرتے ہوئے ملک کے لئے قیمتی زر مبادلہ لائے گی۔ بینکنگ اور انشورنس کی خدمات پر 16 فیصد FED کے نفاذ سے پہلے ہی سے مسائل کا شکار صنعت کی نمو کے لئے ایک بھیانک صورتحال اختیار کر لے گی اور جسے فوری طور پر واپس لینا اشد ضروری ہے۔ مشینری اور پرزوں کو خریدنے پر صنعت کو تھوڑے ہولڈنگ ٹیکس اور سیلز ٹیکس سے استثناء حاصل ہے، حکومت اسے واپس نہ لے، بصورت دیگر صنعت کی روانی میں مزید مسائل کھڑے ہو جائیں گے۔

اس سال کے آخر میں کمپنی نے بعد از ٹیکس منافع 19.8974 ملین روپے ظاہر کیا ہے اور اس کے ساتھ ساتھ منافع منقسمہ بھی دیا ہے۔ ہمیں یقین ہے کہ کمپنی موجودہ عارضی عناصر پر قابو پالے گی اور ان کے منفی اثرات کو کم سے کم سطح پر لے آئے گی۔

## منافع منقسمہ (حصص منافع)

مالیاتی سال بختمہ 30 جون 2017ء کے لئے حافظ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز نے 15 فیصد کے حساب سے 1.5 روپے فی حصص حتمی منافع منقسمہ کی سفارش کی ہے جس کی منظوری سالانہ عمومی اجلاس میں حصص یافتگان سے لی جائے گی۔



**KEY OPERATING & FINANCIAL RESULTS  
FROM 2012 TO 2017**

PARTICULARS	2017	2016	2015	2014	2013	2012
	( Rupees in thousands)					
<b>OPERATING DATA</b>						
Sales (Net)	12,289	12,193	12,251	9,218	12,210	12,071
Cost of Sales	-	-	-	-	-	-
Gross Profit / (Loss)	-	-	-	-	-	-
Operating Expenses	5,611	5,887	5,380	4,564	6,132	5,454
Operating Profit / (Loss)	6,678	6,306	6,871	4,654	6,078	6,617
Financial Charges	17	71	19	26	6	18
Gain on change in fair value of investment property	15,649	22,771	12,973	16,657	-	-
Profit/ (Loss) Before Taxation	22,310	29,768	19,747	21,285	6,072	8,014
Profit/ (Loss) After Taxation	19,987	28,425	16,515	18,905	4,879	6,826
<b>FINANCIAL DATA</b>						
Paid up Capital	12,000	12,000	12,000	12,000	12,000	12,000
Equity Balance	371,449	353,244	326,595	311,909	295,395	(80,533)
Long Term Loans	58,986	61,501	65,001	65,256	71,456	73,022
Fixed Assets (Net)	445,644	430,769	407,346	393,155	376,940	86,423
Current Assets	8,513	6,654	9,241	6,578	10,422	5,888
Current Liabilities	11,425	10,393	12,705	10,307	8,276	6,853
<b>KEY RATIOS</b>						
Gross Margin	-	-	-	-	-	-
Operating Margin	-	-	-	-	-	-
Net Profit	35%	46%	29%	24%	40%	57%
Return on Capital Employed	1.50%	1.64%	1.68%	1.19%	1.60%	9.38%
Current Ratio	0.75	0.64	0.73	0.64	1.26	0.86
Earning per share (Rupees)	16.66	23.69	13.76	15.75	4.07	5.69
Cash Dividend	15%	15%	15%	15%	20%	15%

## STATEMENT OF COMPLIANCE

WITH THE BEST PRACTICES OF 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 (the CCG) contained in Chapter 5.19 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the 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	Names
Non-Executive Directors	Mr. Muhammad Farooq Usmani Mr. Mahmood Wali Muhammad Mr. Muhammad Atiq Mr. Ali Muhammad Usmani Mr. Muhammad Shahzad Fakir
Independent Directors	Mr. Quamruddin Usmani
Executive Directors	Mr. Fakhruddin Usmani

The independent directors meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year, no casual vacancy was occurred and filled up in the board.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/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 no training programs for its directors during the year as they have experience of more than 14 years and are considered exempt from training.

10. The board has approved the terms and conditions including remuneration of Head of Internal Audit, CFO and Company Secretary of the company.

11. The directors' report for this year has been prepared in compliance with the requirements of the

Code 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.

15. The board has formed an Audit Committee. It comprises of three non-executive directors, of whom one is independent director. An independent director is the chairman of the audit 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. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed a Human Resources and Remuneration (HR&R) Committee. It comprises three members, out of whom two are non-executive directors, of whom one is independent director and the chairman of the committee is non-executive director.

18. The board has set up an effective internal audit function.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. All related party transactions during the year were on arm's length basis and these have been placed before the Audit Committee and Board of directors. These transactions are duly reviewed and approved by the Audit Committee and board of Directors along with pricing method.

24. We confirm that all other material principles enshrined in the Code have been complied with.

A handwritten signature in black ink, appearing to read 'Fakhruddin Usmani'.

Fakhruddin Usmani  
CEO



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the "code") prepared by the Board of Directors of Hafiz Limited (the "Company") for the year ended June 30, 2017 to comply with the requirements of Listing Regulations No. 5.19 of the Pakistan Stock Exchange where the Company is listed.

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

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

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

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

**Moochhala Gangat & Co.**

Chartered Accountants

Name of the engagement partner:

**Mr. Najeeb Moochhala**

Karachi

Date: 2nd October, 2017

## *AUDITORS' REPORT TO THE MEMBERS*

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

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affair as at June 30, 2017 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the central zakat fund established under section 7 of that Ordinance.

**Moochhala Gangat & Co.**  
Chartered Accountants

Audit engagement partner:  
**Mr. Najeeb Moochhala**

Karachi

Date: 2nd October, 2017

**BALANCE SHEET AS ON JUNE 30, 2017**

	Note	2017	2016
----- <i>(Rupees)</i> -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	4,131,379	4,906,027
Investment property	6	441,512,475	425,863,436
Long term investments- quoted	7	1	1
		<u>445,643,855</u>	<u>430,769,464</u>
<b>Current assets</b>			
Stores and spares	8	-	-
Trade debts	9	544,320	330,400
Loans and advances	10	-	-
Deposits and income tax	11	3,957,629	3,314,700
Cash and bank balances	12	4,010,740	3,009,238
		<u>8,512,689</u>	<u>6,654,338</u>
Net assets in Bangladesh	13	1	1
<b>Total assets</b>		<u><u>454,156,545</u></u>	<u><u>437,423,803</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Authorized 2,000,000 (2016: 2,000,000) ordinary shares of Rs.10/- each		<u>20,000,000</u>	<u>20,000,000</u>
Issued, subscribed and paid-up	14	12,000,000	12,000,000
Reserves		<u>430,434,578</u>	<u>414,744,990</u>
		<u>442,434,578</u>	<u>426,744,990</u>
<b>Non Current Liability</b>			
Deferred liability	15	<u>296,874</u>	<u>285,355</u>
		296,874	285,355
<b>Current Liabilities</b>			
Trade and other payable	16	<u>8,518,241</u>	<u>7,723,253</u>
Provision for taxation		<u>2,906,852</u>	<u>2,670,205</u>
		<u>11,425,093</u>	<u>10,393,458</u>
Contingencies and commitments	17	-	-
<b>Total equity and liabilities</b>		<u><u>454,156,545</u></u>	<u><u>437,423,803</u></u>

The annexed notes from an integral part of these financial statements.

  
Muhammad Shahid Siddiqui  
CFO

  
Fakhruddin Usmani  
CEO

  
Quamruddin Usmani  
Director

## PROFIT AND LOSS ACCOUNT

### FOR THE YEAR ENDED JUNE 30, 2017

	<i>Note</i>	2017 ------(Rupees)-----	2016
Rental income		12,289,324	12,192,559
Administrative expenditure	18	(5,611,099)	(5,887,441)
Financial charges	19	(17,159)	(70,838)
		(5,628,258)	(5,958,279)
		6,661,066	6,234,280
Gain on charge in fair value of Investment property	6	15,649,039	22,771,252
Other income	20	-	762,490
Profit before taxation		22,310,105	29,768,022
Taxation	21	(2,322,745)	(1,343,326)
Profit after taxation		19,987,360	28,424,696
Earnings per share	22	16.66	23.69

The annexed notes from an integral part of these financial statements.

  
 Muhammad Shahid Siddiqui  
 CFO

  
 Fakhruddin Usmani  
 CEO

  
 Quamruddin Usmani  
 Director




# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
<i>Note</i>	-----( <i>Rupees</i> )-----	
Profit for the year	19,987,360	28,424,696
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be subsequently reclassified to profit or loss		
-Remeasurement of net defined benefit liability	17,228	24,569
	17,228	24,569
<b>Total comprehensive income for the year</b>	<b>20,004,588</b>	<b>28,449,265</b>

The annexed notes from an integral part of these financial statements.

  
Muhammad Shahid Siddiqui  
CFO

  
Fakhruddin Usmani  
CEO

  
Quamruddin Usmani  
Director




## CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
<i>Note</i>	-----( <i>Rupees</i> )-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	22,310,105	29,768,022
Depreciation	774,648	763,164
Provision for gratuity	28,747	34,692
Gain on change n fair value of investment property	(15,649,039)	(22,771,252)
Other income	-	(762,490)
Financial charges	17,159	70,838
	<b>(14,828,485)</b>	<b>(22,665,048)</b>
Operating profit before working capital changes	<b>7,481,620</b>	<b>7,102,974</b>
<b>Movement in Working Capital</b>		
<b>(Increase)/decrease in Current Assets</b>		
Trade debts	(213,920)	3,259,385
	<b>(213,920)</b>	<b>3,259,385</b>
<b>Increase / (decrease) in Current Liabilities</b>		
Trade and other payable	899,188	(1,566,472)
	<b>899,188</b>	<b>(1,566,472)</b>
Cash generated from operations	<b>8,166,888</b>	<b>8,795,887</b>
<b>Payments for:</b>		
Taxes	(2,729,027)	(2,778,954)
Gratuity		
Financial charges	(17,159)	(70,838)
Net cash inflow from operating activities	<b>5,420,702</b>	<b>5,946,095</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceed from sale of fixed assets	-	500,000
Fixed capital expenditure	-	(1,555,137)
Net cash (outflow) from investing activities	<b>-</b>	<b>(1,055,137)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan from directors	(2,515,000)	(3,500,000)
Dividend paid	(1,904,200)	(1,394,778)
Net cash (outflow) from financing activities	<b>(4,419,200)</b>	<b>(4,894,778)</b>
Net increase in cash and bank balances	<b>1,001,502</b>	<b>(3,820)</b>
Cash and bank balances at beginning of the year	<b>3,009,238</b>	<b>3,013,058</b>
Cash and bank balances at end of the year	<b>4,010,740</b>	<b>3,009,238</b>

The annexed notes from an integral part of these financial statements.

  
 Muhammad Shahid Siddiqui  
 CFO

  
 Fakhruddin Usmani  
 CEO

  
 Quamruddin Usmani  
 Director



## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Reserves				Total equity	
	Share Capital	Un-appropriated (loss)	Interest Free Loan from Directors - 4.18	Revaluation reserve for investment property		Total Reserves
Balance as at July 01, 2015.	12,000,000	(45,157,474)	65,000,805	371,752,394	391,595,725	403,595,725
Total comprehensive income for the year	-	28,449,265	-	-	28,449,265	28,449,265
Repayment of loan			(3,500,000)		(3,500,000)	(3,500,000)
Final dividend for the year ended June 30, 2015 -@ Rs.1.50 per share i.e. 15%.	-	(1,800,000)	-		(1,800,000)	(1,800,000)
<b>Balance as at June 30, 2016.</b>	<b>12,000,000</b>	<b>(18,508,209)</b>	<b>61,500,805</b>	<b>371,752,394</b>	<b>414,744,990</b>	<b>426,744,990</b>
Balance as at July 01, 2016.	12,000,000	(18,508,209)	61,500,805	371,752,394	414,744,990	426,744,990
Total comprehensive income for the year		20,004,588			20,004,588	20,004,588
Repayment of loan			(2,515,000)		(2,515,000)	(2,515,000)
Final dividend for the year ended June 30, 2016 -@ Rs.1.50 per share i.e. 15%.	-	(1,800,000)	-		(1,800,000)	(1,800,000)
<b>Balance as at June 30, 2017.</b>	<b>12,000,000</b>	<b>(303,621)</b>	<b>58,985,805</b>	<b>371,752,394</b>	<b>430,434,578</b>	<b>442,434,578</b>

The annexed notes from an integral part of these financial statements.

  
Muhammad Shahid Siddiqui  
CFO

  
Fakhruddin Usmani  
CEO

  
Quamruddin Usmani  
Director

# NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2017

## 1. LEGAL STATUS AND OPERATIONS

Hafiz Limited (the Company) is a public limited Company incorporated in 1951 under the Companies Ordinance, 1984. The shares of the Company are listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi. In previous years, the company had changed the name and nature of its business. Previously the principal activity of the company was to deal in spinning of textile fibers and now the principal activity of the company is to earn rentals on land and building.

## 2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

### 2.1 STATEMENT OF COMPLIANCE

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

### 2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies herein below.

### 2.3 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

#### 2.3.1 Amendments to published standards effective in current year

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments / Interpretation	"Effective date (accounting periods beginning on or after)
IAS 16 - Property, Plant and Equipment	June 30, 2016
IAS 38 - Intangible Assets	June 30, 2016
IAS 19 - Employees Benefits	June 30, 2016
IAS 34 - Interim Financial Reporting	June 30, 2016
IAS 1 - Presentation of Financial Statements	June 30, 2016

#### 2.3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

The following standards, amendments and interpretations are only effective for accounting periods,

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

Standards / Amendments / Interpretation	"Effective date (accounting periods beginning on or after)
Amendments to IFRS 9 'Financial Instruments' - Clarification on the classification and measurement of financial assets and liabilities.	January 1, 2018
Amendments to IFRS 15 'Revenue From Contracts with Customers' - Recognition and measurement of revenue from contracts.	January 1, 2018
Amendments to IFRS 16 'Lease' - Recognition of leases on balance sheet.	January 1, 2019
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.	January 1, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses.	January 1, 2017
Amendments to IFRIC 22 'Foreign Currency Transactions' - Clarification on the date of foreign currency transactions.	January 1, 2018

### 3. ACCOUNTING CONVENTION

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 4.1 Property, Plant and Equipment

##### 4.1.1 Operating Fixed Assets

Operating fixed assets are stated at cost less accumulated depreciation provided on a diminishing balance method at the rates mentioned in the relevant note except for lease hold land which is amortized on a straight line basis. Depreciation is charged from the date the asset is put into operation and discontinued from the date the asset is retired.

Gain and loss on disposal of assets are included in the profit and loss account currently.

##### 4.1.2 Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as they are incurred.

##### 4.1.3 Impairment of assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating concurrence of impairment loss or reversal of previous impairment losses. If

any such indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

#### **4.2 Investment Property**

"Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises leasehold land and buildings on leasehold land. After initial recognition an investment property is carried at fair value and gain or loss arising from a change in the fair value of investment property is recognised in profit or loss for the period in which it arises.

The investment property of the Company has been valued by independent professionally qualified valuer as at June 30, 2017. The fair value of the investment property is based on active market prices.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognized in the equity as a revaluation reserve for investment property. However, if a fair value gain reverses a previous impairment loss the gain is recognized in the profit and loss account to the extent of impairment charged previously in the profit and loss account. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through the profit and loss account.

#### **4.3 Investments**

Considering the materiality of amount and non marketability of these shares on Stock Exchange , these have been valued at a token value of Re. 1 instead of market value as required by IAS-39.

#### **4.4 Stores and Spares**

Stores, spares and loose tools are valued at average cost except for items in transit which are stated at cost incurred up to the balance sheet date. For items which are slow moving and / or identified as surplus the Company's requirements, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

#### **4.5 Stock in Trade**

Stock in trade is valued at the lower of cost and net realizable value

Cost incurred in bringing each product to its present location and condition are accounted for as follows:

Raw and packing material except in transit/bond	at purchase cost on an average basis
Finished goods and work in progress	average production cost which includes cost of:
	Direct material
	Direct wages
	Direct expenses
	Overheads

Items in transit/bond are valued at cost comprising invoice values plus other charges incurred thereon up to the balance sheet date.

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

Trading goods are accounted for on cost which is the invoice value plus other expenses incurred to bring them to the point of sale.



#### 4.6 Trade debts

These are initially stated at fair value and subsequently measured at amortized cost using effective interest rate method less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

#### 4.7 Trade and other payable

Trade and other amounts payable are recognized initially at fair value and subsequently carried at amortized cost.

#### 4.8 Taxation

##### 4.8.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and rebates available, if any.

##### 4.8.2 Deferred

Deferred tax is recognized using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### 4.9 Retirement benefits

"The company operates an unfunded gratuity scheme. Liability in respect of gratuity payable to employees has been fully provided for in these financial statements on the basis of actuarial valuation and is charged to profit and loss account. The latest actuarial valuation was carried out as at June 30, 2017. The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Projected unit credit method, using following significant assumptions, is used for determining the liability.

Discount rate	7.25%
Expected rate of salary increase	6.25%

No. of employees as at June 30, 2017 is one (2016: one)

Mortality rates assumed were based on SLIC (2001-2005) mortality table.

#### 4.10 Provisions

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

#### 4.11 Foreign Currencies

Pakistan rupee (PKR) is the functional currency of the Company. Transaction in foreign currencies are recorded in PKR at the exchange rate approximating those prevailing on the date of the transaction. Monetary assets and

liabilities in foreign currencies are reported in PKR at the exchange rate approximating those prevalent at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies, are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of such transactions and translations are taken to income currently.

#### **4.12 Revenue Recognition**

Rental income is recognized on accrual basis.

#### **4.13 Borrowing Cost**

Borrowing costs are recognized as an expense in the period they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the asset.

#### **4.14 Related Party Transactions**

Transactions with related parties are carried out on commercial terms and conditions.

#### **4.15 Cash and Cash Equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand and with banks and other short term highly liquid investments with maturities of three months or less. The fair value of cash and cash equivalents approximate their carrying amount.

#### **4.16 Financial Assets and Liabilities**

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and de-recognition of the financial assets and financial liabilities is taken to the profit and loss account currently. Financial assets and liabilities, other than specifically mentioned in these policies, are carried at amortized cost. The fair value of these approximate their carrying value.

#### **4.17 Off-setting of Financial Assets and Financial Liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously and the same is required or permitted by IAS/IFRS or interpretations thereof.

#### **4.18 Interest free loan from directors**

Last year, Technical release 32 was issued by the Institute of Chartered Accountants of Pakistan (ICAP) according to which a loan to an entity by the director which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded as equity at face value. This is not subsequently re-measured. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the director's loan would be a direct debit to equity.

**5.1 PROPERTY, PLANT AND EQUIPMENT**

Description	Plant & machinery	Workshop tools and equipment	Electric fittings	Furniture and fixture	Office equipment	Vehicle	Total
----- <i>(Rupees)</i> -----							
<b>COST</b>							
Balance as at 01 July 2015	55,327,036	466,091	2,649,199	1,006,336	1,248,787	3,709,576	64,407,025
Additions	-	-	-	75,500	79,637	1,400,000	1,555,137
Deletion	-	-	-	-	-	(558,925)	(558,925)
<b>Balance as at 30 June 2016</b>	<b>55,327,036</b>	<b>466,091</b>	<b>2,649,199</b>	<b>1,081,836</b>	<b>1,328,424</b>	<b>4,550,651</b>	<b>65,403,237</b>
Balance as at 01 July 2016	55,327,036	466,091	2,649,199	1,081,836	1,328,424	4,550,651	65,403,237
Additions	-	-	-	-	-	-	-
Deletion	-	-	-	-	-	-	-
<b>Balance as at 30 June 2017</b>	<b>55,327,036</b>	<b>466,091</b>	<b>2,649,199</b>	<b>1,081,836</b>	<b>1,328,424</b>	<b>4,550,651</b>	<b>65,403,237</b>
<b>DEPRECIATION</b>							
Balance as at 01 July 2015	53,719,095	460,063	2,567,863	902,500	914,369	1,589,280	60,153,170
Charge for the year	160,794	603	8,134	14,489	39,088	540,056	763,164
						(419,124)	(419,124)
<b>Balance as at 30 June 2016</b>	<b>53,879,889</b>	<b>460,666</b>	<b>2,575,997</b>	<b>916,989</b>	<b>953,457</b>	<b>1,710,212</b>	<b>60,497,210</b>
Balance as at 01 July 2016	53,879,889	460,666	2,575,997	916,989	953,457	1,710,212	60,497,210
Charge for the year	144,715	543	7,320	16,485	37,497	568,088	774,648
<b>Balance as at 30 June 2017</b>	<b>54,024,604</b>	<b>461,209</b>	<b>2,583,317</b>	<b>933,474</b>	<b>990,954</b>	<b>2,278,300</b>	<b>61,271,858</b>
<b>CARRYING AMOUNT - 2016</b>	<b>1,447,147</b>	<b>5,425</b>	<b>73,202</b>	<b>164,847</b>	<b>374,967</b>	<b>2,840,439</b>	<b>4,906,027</b>
<b>CARRYING AMOUNT - 2017</b>	<b>1,302,432</b>	<b>4,882</b>	<b>65,882</b>	<b>148,362</b>	<b>337,470</b>	<b>2,272,351</b>	<b>4,131,379</b>
<b>RATE OF DEPRECIATION (%)</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>20%</b>	



	<i>Note</i>	<b>2017</b> ----- <i>(Rupees)</i> -----	<b>2016</b> ----- <i>(Rupees)</i> -----
<b>5.2 Depreciation has been charged to:</b>			
Administrative expenditure		774,648	763,164

**5.3 Details of disposal of fixed assets**

Particulars	Original Cost	Accumulated Depreciation	Dep. Exp.	Written down Value	Sales Proceeds	Profit / Loss	Sold to	Mode of disposal
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		
30-Jun-17	-	-	-	-	-	-		
30-Jun-16	558,925	419,124	-	139,801	500,000	360,199	Mr. Sohailuddin	Negotiation

**6 INVESTMENT PROPERTY**

Description	Free hold land	Building on Free hold land	Total
<b>COST</b> ----- <i>(Rupees)</i> -----			
Balance as at 01 July 2015 - Fair value	360,000,000	43,092,185	403,092,184
Additions to cost during the year:			
Revaluation gain	22,000,000	771,252	22,771,252
<b>Balance as at 30 June 2016 - Fair Value</b>	<u>382,000,000</u>	<u>43,863,437</u>	<u>425,863,436</u>
Balance as at 01 July 2015 - Fair value	382,000,000	43,863,437	425,863,436
Additions to cost during the year:			
Revaluation gain	16,000,000	(350,961)	15,649,039
<b>Balance as at 30 June 2017 - Fair Value</b>	<u>398,000,000</u>	<u>43,512,476</u>	<u>441,512,475</u>

6.1 Had there been no revaluation the written down values of revalued investment property (after providing depreciation if any) would have been as follows:

	<b>2017</b> ----- <i>(Rupees)</i> -----	<b>2016</b> ----- <i>(Rupees)</i> -----
Free hold land	94,880,000	94,880,000
Building on Free hold land	2,678,352	2,911,252
	<u>97,558,352</u>	<u>97,791,252</u>

**7 LONG TERM INVESTMENT - QUOTED**

Pan Islamic Steamship Company Limited	16,137	16,137
288 (2016 : 288) Ordinary shares of Rs.100/- each		
Less : Provision for diminution in value of investments	(16,136)	(16,136)
	<u>1</u>	<u>1</u>

Considering the materiality of amount and no trading in Stock Exchange in these share, these have not been carried at market value as required by IAS-39. However full provision has been made leaving a token value of Rs. 1.

**8 STORES AND SPARES**

Stores	196,970	196,970
Spares	2,531,821	2,531,821
	2,728,791	2,728,791
Less: Provision for obsolete stock	(2,728,791)	(2,728,791)
	<u>-</u>	<u>-</u>



		2017	2016
<b>9 TRADE DEBTS</b>	<i>Note</i>	------(Rupees)-----	
Trade debts - unsecured considered good		2,557,117	2,343,197
Less: Provision against doubtful debts		(2,012,797)	(2,012,797)
		<u>544,320</u>	<u>330,400</u>
<b>10 LOANS AND ADVANCES</b>			
Advances to suppliers & other		3,807,863	3,807,863
Less: Provision against doubtful advances		(3,807,863)	(3,807,863)
		<u>-</u>	<u>-</u>
<b>11 DEPOSITS AND INCOME TAX</b>			
Deposits		121,688	121,688
Advance income tax		3,835,167	3,192,238
Tax refund due from government		774	774
		<u>3,957,629</u>	<u>3,314,700</u>
<b>12 CASH AND BANK BALANCES</b>			
At bank in current accounts		4,010,740	3,009,238
		<u>4,010,740</u>	<u>3,009,238</u>
<b>13 NET ASSETS IN BANGLADESH</b>			
Board Loan Unit		10,196,790	10,196,790
Deduct: Loan from PICIC and interest accrued thereon		(4,741,141)	(4,741,141)
Investment: 712,500 (2016: 712,500) fully paid ordinary Shares of Rs.10/- each Hafiz Jute Mills Ltd.		7,125,000	7,125,000
Chittagong branch:			
Vehicles		106,085	106,085
Office equipment		24,319	24,319
Furniture and fixtures		3,641	3,641
		<u>134,045</u>	<u>134,045</u>
		12,714,694	12,714,694
Deducted: Accumulated depreciation		(44,389)	(44,389)
		<u>12,670,305</u>	<u>12,670,305</u>
Less: Provision made during 1986-87		(12,670,304)	(12,670,304)
		<u>1</u>	<u>1</u>
<b>14 ISSUED, SUBSCRIBED AND PAID-UP</b>			
395,000 (2016: 395,000) ordinary shares of Rs. 10/- each fully paid in cash		3,950,000	3,950,000
105,000 (2016: 105,000) ordinary shares of Rs. 10/- each issued for consideration other than cash		1,050,000	1,050,000
700,000 (2016: 700,000) ordinary shares of Rs. 10/- each issued as fully paid bonus shares		7,000,000	7,000,000
		<u>12,000,000</u>	<u>12,000,000</u>

		2017	2016			
<b>15 DEFERRED LIABILITY- Gratuity</b>	<i>Note</i>	----- <i>(Rupees)</i> -----				
<b>Movement in net liability recognized</b>						
Opening net liability		285,355	275,232			
Expense charge for the year	15.1	28,747	34,692			
Remeasurement gain on obligation		(17,228)	(24,569)			
		<u>296,874</u>	<u>285,355</u>			
Benefits paid during the year		-	-			
Closing net liability		<u><u>296,874</u></u>	<u><u>285,355</u></u>			
<b>15.1 Expense charge for the year</b>						
Current service cost		8,059	9,921			
Interest cost		20,688	24,771			
Expense for the year		<u>28,747</u>	<u>34,692</u>			
<b>15.2 Historical Information</b>						
		2017	2016	2015	2014	2013
		----- <i>(Rupees)</i> -----				
Present value of defined benefit obligation		296,874	296,874	285,355	235,622	235,622
Fair value of plan assets		-	-	-	-	-
Deficit in the plan		<u>296,874</u>	<u>296,874</u>	<u>285,355</u>	<u>235,622</u>	<u>235,622</u>
Unrecognised actuarial gain / (loss)						-
Liability in balance sheet		<u>296,874</u>	<u>296,874</u>	<u>285,355</u>	<u>235,622</u>	<u>235,622</u>
Remeasurement (gain)/loss on obligation		<u>(17,228)</u>	<u>(24,569)</u>	<u>(29,199)</u>	<u>8,714</u>	<u>-</u>
<b>15.3 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:</b>						
		<b>Impact on defined benefit obligation</b>				
		Change in assumption	Increase in assumption	Decrease in assumption		
		----- <i>Rupees</i> -----				
Discount Rate	1%		286,607	307,623		
Salary growth rate	1%		307,623	286,416		
<b>15.4 The average duration of the defined benefit obligation is 3 years.</b>						
<b>16 TRADE AND OTHER PAYABLE</b>						
Creditors			-	-		
Accrued liabilities			2,659,935	2,576,635		
Unclaimed dividend			2,411,534	2,515,734		
Deposits	16.1		2,770,917	2,136,469		
Unearned rental income			181,440	-		
War risk insurance premium			494,415	494,415		
			<u>8,518,241</u>	<u>7,723,253</u>		
<b>16.1 All deposits are re-payable on demand and no interest is payable thereon.</b>						



		2017	2016
	Note	-----( <i>Rupees</i> )-----	
<b>17 CONTINGENCIES AND COMMITMENTS</b>			
<b>17.1 Contingencies</b>			
17.1.1	The company has a contingent liability of 1.12 million in respect of "War Risk Insurance Dues" for the year 1971 imposed by Federation of Pakistan through its secretary commerce. The company has filled an appeal with High Court of Sindh and the case is still in progress. As a matter of prudence the company has provided a liability of 0.4 million.		
17.1.2	During the year 1992, the company was served by a notice from High Court of Sindh in respect of termination of various employees. The notice says that company should pay 0.41 million as a compensation to them. The management is hopeful that the case will be in their favour.		
17.1.3	During the year 2010, SECP vide its order EMD/233/253/2002-1131 dated May 20, 2010 under the provisions of Section 473 of the Companies Ordinance 1984 directed the Company to reverse the director's loan of Rs. 57,790,720 and write back advances from suppliers/creditors to the profit and loss account of the Company. The Company's appeal before SECP has dismissed but the Company has filed appeal before High Court of Sindh, since the outcome of the above appeal is pending and in view of the fact that management is confident that appeal will be decided in Company's favour, no provisions has been made in these financial statements relating to above appeal.		
<b>17.2 Commitments</b>			
	There were no outstanding commitments as at June 30, 2017 (2016: Nil).		
<b>18 ADMINISTRATIVE EXPENDITURE</b>			
Directors' remuneration	24	947,850	947,850
Salaries, bonus and benefits	18.1	496,747	502,692
Electricity expenses		653,059	623,891
Postage, telegram & telephone		156,320	220,476
Printing & stationery		154,383	208,605
Vehicle maintenance		282,700	318,758
Legal & professional charges		110,400	134,473
Auditor's remuneration	18.2	261,400	261,400
Fees & subscription		273,273	432,107
Rent, rates & taxes		406,617	396,002
Repairs & maintenance		773,830	507,325
Depreciation		774,648	763,164
Entertainment		231,772	243,098
Advertisement		38,100	40,000
Other expenses		-	-
Travelling expenses		50,000	287,600
		<u>5,611,099</u>	<u>5,887,441</u>
18.1	These include retirement benefits of Rs. 28,747 (2016: 34,692).		
18.2	This includes:		
Annual audit fee		250,000	250,000
Half yearly review		11,400	11,400
		<u>261,400</u>	<u>261,400</u>
<b>19 FINANCIAL CHARGES</b>			
Bank charges		<u>17,159</u>	<u>70,838</u>

	2017	2016
	----- (Rupees) -----	
<b>20 OTHER INCOME</b>		
Reversal of Workers welfare fund	20.1 -	402,291
Gain on sale of fixed assets	-	360,199
	<u>-</u>	<u>762,490</u>
<b>21 TAXATION</b>		
Current	(2,906,852)	(2,670,205)
Prior	584,107	1,326,879
	<u>(2,322,745)</u>	<u>(1,343,326)</u>
<b>21.1 Relation between Tax Expense and Accounting Profit</b>		
Profit before taxation	22,310,105	29,768,022
Tax Rate	31%	32%
Tax on accounting profit	(6,916,133)	(9,525,767)
Tax effect of temporary diff. arising due to alternate corp. tax.	4,009,281	6,855,562
Effect of change in prior years' tax	584,107	1,326,879
Tax charge	<u>(2,322,745)</u>	<u>(1,343,326)</u>
<b>22 EARNING PER SHARE</b>		
<b>22.1 Basic earning per share</b>		
Profit for the year	19,987,360	28,424,696
Weighted average number of ordinary shares in issue during the year	1,200,000	1,200,000
Earning per share	<u>16.66</u>	<u>23.69</u>

**22.2 Diluted earning per share**

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2017 and 2016 which would have any effect on the earnings per share if the option to convert is exercised.

**23 DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVE EMOLUMENTS**

	2017		2016	
	Chief Executive	Executive	Chief Executive	Executive
Remuneration	300,000	180,000	300,000	180,000
Utilities	175,000	292,850	175,000	292,850
	<u>475,000</u>	<u>472,850</u>	<u>475,000</u>	<u>472,850</u>
Number of persons	1	1	1	1

No meeting fee is paid to any director and no remuneration is paid to any other director.

**24 TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of associated undertakings, directors and key management personnel of the Company.

Details of transactions with related parties during the year were as follows:

Relationship	Nature of transactions		
Director	Repayment of loan to director	2,515,000	3,500,000

**25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk



	2017	2016
	-----( <i>Rupees</i> )-----	
<b>26.1 Exposure to credit risk</b>		
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 other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:		
Deposits	121,688	121,688
Cash and bank balances	4,010,740	3,009,238
	<u>4,132,428</u>	<u>3,130,926</u>

**26.2 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 damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

		2017					
		Carrying Amount	Contractual Cash Flow	Six months or Less	Six to twelve months	Two to five years	More than five years
Trade and other payable	8,518,241	8,518,241	8,518,241	-	-	-	
	<u>8,518,241</u>	<u>8,518,241</u>	<u>8,518,241</u>	-	-	-	

		2016					
		Carrying Amount	Contractual Cash Flow	Six months or Less	Six to twelve months	Two to five years	More than five years
Trade and other payable	7,723,253	(7,723,253)	(7,723,253)	-	-	-	
	<u>7,723,253</u>	<u>(7,723,253)</u>	<u>(7,723,253)</u>	-	-	-	

**26.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

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

**26.4 CAPITAL RISK MANAGEMENT**

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / new shares.

**27 AUTHORIZATION OF FINANCIAL STATEMENTS**


These financial statements were authorized for issue on 2nd October, 2017 by the Board of Directors of the Company.


**28 SUBSEQUENT EVENT**

In respect of current year, the directors have proposed to pay final cash dividend of Rs. 1.8 million (2016: 1.8 millions) at Rs.1.5 (2016: Rs.1.5) per ordinary share each for approval of the shareholders at the forthcoming Annual General Meeting to be held on October 31, 2017. Financial effect of the proposed dividend has not been taken in these financial statements and will be accounted for subsequently in the year when such dividend is approved.

**29 GENERAL**

Figures have been rounded off to the nearest rupee.

  
Muhammad Shahid Siddiqui  
CFO

  
Fakhruddin Usmani  
CEO

  
Quamruddin Usmani  
Director

**FORM - "A"**

*Pattern of holding of shares held by the share holders as on 30th June, 2017.*

No. of shareholders	From	To	Share Value Rs.10/- each
723	1	100	34,488
144	101	500	33,452
22	501	1000	17,841
28	1001	5000	67,842
9	5001	10000	65,293
3	10001	15000	38,855
2	15001	20000	37,065
4	20001	25000	92,310
13	25001	30000	340,205
3	30001	35000	100,342
7	35001	40000	254,151
1	115001	120000	118,156
<u>959</u>			<u>1,200,000</u>

Categories of Share Holders	No. of Share Holders	Shares Held	%
Associated Companies	1	118,156	9.85%
Mutual Fund	1	20	0.00%
NIT and ICP	2	2,226	0.19%
Directors, CEO and their spouse and minor children	20	417,158	34.75%
Public Sector Companies and Corporations	3	2,144	0.18%
Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	6	340	0.03%
Individuals	926	659,956	55.00%
	<u>959</u>	<u>1,200,000</u>	<u>100.00%</u>

Categories of Share Holders	No. of Share Holders	Shares Held	%
<b>Associated Companies</b>			
Textile Trading Company Limited	1	118,156	9.85%
<b>Mutual Fund</b>			
H.M. Investment (Pvt) Limited	1	20	0.00%
<b>NIT and ICP</b>			
Investment Corporation of Pakistan	1	1,203	0.10%
National Bank of Pakistan	1	1,023	0.09%
	<u>2</u>	<u>2,226</u>	<u>0.19%</u>
<b>Directors, CEO and their spouse and minor children</b>			
Mr. Fakhruddin Usmani	1	36,000	3.00%
Mr. Quamruddin Usmani	1	35,000	2.92%
Mr. Muhammad Farooq Usmani	1	34,980	2.92%
Mr. Mahmood Wali Muhammad	1	36,000	3.00%
Mr. Muhammad Atiq	1	35,835	2.99%
Mr. Ali Muhammad Usmani	1	11,906	0.99%
Mr. Muhammad Shahzad Fakir	1	20,000	1.67%
Mrs. Sabra Fakhruddin (Spouse of Directors & CEO)	1	30,362	2.53%
Mrs. Zahida Quamruddin (Spouse of Directors & CEO)	1	27,455	2.29%
Mrs. Nasreen Farooq (Spouse of Directors & CEO)	1	25,831	2.15%
Mrs. Parveen Mahmood (Spouse of Directors & CEO)	1	21,598	1.80%
Mrs. Rukiya Atiq (Spouse of Directors & CEO)	1	21,612	1.80%
Mrs. Noor Fatima (Spouse of Directors & CEO)	1	24,700	2.05%
Miss. Kashf (Minor Children of Directors & CEO)	1	5,476	0.46%
Miss. Javeria (Minor Children of Directors & CEO)	1	5,021	0.42%
Miss. Resha (Minor Children of Directors & CEO)	1	8,068	0.67%
Miss. Sanabil (Minor Children of Directors & CEO)	1	9,000	0.74%
Miss. Rema (Minor Children of Directors & CEO)	1	6,600	0.55%
Miss. Zynal Al Saba (Minor Children of Directors & CEO)	1	7,100	0.58%
Mr. Shabbir Hassan (Minor Children of Directors & CEO)	1	14,614	1.22%
	<u>20</u>	<u>417,158</u>	<u>34.75%</u>
<b>Public Sector Companies and Corporations</b>			
BCGA Punjab (Pvt.) Limited	1	2,004	0.17%
Fateh Textile Mills Limited	1	100	0.01%
Zam Zam Limited	1	40	0.00%
	<u>3</u>	<u>2,144</u>	<u>0.18%</u>
<b>Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds</b>			
Habib Bank Ltd. KSE Br., Karachi	1	6	0.00%
HBL A/c A.G. Ismail	1	2	0.00%
HBL A/c A.K. Haji Moosa	1	2	0.00%
Muslim Commercial Bank Ltd	1	100	0.01%
Habib Bank Limited, HS Branch, Karachi	1	30	0.00%
Pakistan Insurance Corporation	1	200	0.02%
	<u>6</u>	<u>340</u>	<u>0.03%</u>
<b>Individuals</b>			
	<u>926</u>	<u>659,956</u>	<u>55.00%</u>
	<u>959</u>	<u>1,200,000</u>	<u>100.00%</u>

# HAFIZ LIMITED

97 Alliance Building, 2<sup>nd</sup> Floor, Mooli Street, Mereweather Tower, Karachi-74000.

## **NOTICE OF MANDATORY PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE**

Subsequent to promulgation of Companies Act, 2017, and as per section 242 of the said Act now it is mandatory for listed companies that dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

Keeping in view the same, all cash dividend, if declared by the Company in future will be directly transferred in bank account. In order to enable us to follow the directives of the regulators in regard to payment of dividend only through electronic mode, you are requested to please provide/update your bank account details in below mentioned format.

I hereby authorize **HAFIZ LIMITED** to directly credit cash dividend declared by it, if any, in the below mentioned bank account.

### **Bank Account Details of Transfer for Cash Dividend**

*\*(Mandatory to provide)*

<b>i) Shareholder's Detail</b>	
Name of Company	
Name of shareholder	
Folio No. /CDC Participants ID A/c No.	
CNIC No*	
Passport No, (in case of foreign shareholder)**	
Land Line Phone Number	
Cell Number	
<b>ii) Shareholder's Bank Detail</b>	
Title of Bank Account	
Bank Account Number (16 Digit) IBAN	
Bank's Name	
Branch Name and Address	

1. It is stated that the above-mentioned information is correct, that I will intimate the changes in the above mentioned information to the above addresses as soon as these occur.

(Signature of shareholder)

### **KINDLY NOTE: COMPANY MAY WITHHOLD THE PAYMENT OF DIVIDEND OF A MEMBER WHERE THE MEMBER HAS NOT PROVIDED THE COMPLETE INFORMATION OR DOCUMENTS AS SPECIFIED.**

The shareholder who hold shares in physical form are requested to submit the above-mentioned dividend mandate form after duly filled in to Company's Share Registrar office, M/s.F.D. Registrar Services (SMC-Pvt.) Ltd. 1705, 17<sup>th</sup> floor, Saima Trade Tower-A, I.I.Chundrigar Road, Karachi-74000. Shareholders who hold shares in Central Depository Company are requested to submit the above mentioned dividend mandate form after duly filled in to their participants/investor account services of the central depository company limited.

For any query, you may please contact us Tel # 02132440371 or email us at htm1951@hotmail.com

Thanking you.  
**S. Shafiq Hasan**  
(Company Secretary)

Note: This is a computer generated letter and does not require signature.

\*Please attach attested photocopy of CNIC

\*\*Please attach attested photocopy of the Passport



# HAFIZ LIMITED



I, \_\_\_\_\_ CNIC \_\_\_\_\_  
of \_\_\_\_\_  
being a member of **HAFIZ LIMITED**, and entitled to \_\_\_\_\_ vote (votes) hereby appoint  
Mr. \_\_\_\_\_ NIC \_\_\_\_\_ of  
\_\_\_\_\_ as my proxy \_\_\_\_\_ to vote  
for me and my behalf at **66th Annual General Meeting** of the Company to be held on  
**Monday, 31st October, 2017 at 12:30 a.m.** and at any adjournment thereof.

As witness my/our hand seal this \_\_\_\_\_ day of \_\_\_\_\_

Signed by \_\_\_\_\_

Said in presence of:-

1. Name \_\_\_\_\_ Address \_\_\_\_\_  
\_\_\_\_\_ N.I.C. No. \_\_\_\_\_.

2. Name \_\_\_\_\_ Address \_\_\_\_\_  
\_\_\_\_\_ N.I.C. No. \_\_\_\_\_.

Folio No.

CDC Account #	
Participant I.D.	Account #

Signature on Five Rupees Revenue Stamps
---

The Signature should agree with the specimen register of the company
---

## N.B.:

1. The proxy duly signed across 5/- rupees Revenue Stamp should reach the Company's Office at least 48 hours before the time of meeting. Please quote number of shares \_\_\_\_\_ Registered Folio No. \_\_\_\_\_.

A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Such proxy must be a member of the company.

2. Original CNIC of shareholder is necessary to attend the AGM alongwith a photo copy of CNIC to submit at the desk of reception.

### 3. For CDC Account Holders / Corporate Entities

In addition to the above the following requirements have to be met.

(i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(ii) The proxy shall produce his original CNIC or original passport at the time of meeting.

(iii) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the company).

# VISION AND MISSION STATEMENT

*While keeping our fundamentals correct we shall build upon our recognition as a very good company known and established for our principled and honest business practices and continue to strive for high standards of quality to regain the reputation earned duly in last sixty six years.*

*We are committed to the higher expectations of our customers and through optimum utilization of available resources, make the Company viable and profitable so as to generate adequate profit to make reasonable returns on shareholders equity.*

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## HAFIZ LIMITED

97, Alliance Building, 2nd Floor,  
Moolji Street, Mereweather Tower,  
Karachi.  
Tel # +92-21-32440371

Dear Shareholder,

### NOTICE FOR UNCLAIMED SHARES / DIVIDENDS

Pursuant to the requirement of Section 244 of the Companies Act, 2017 (the "Act"), now all companies are required to surrender physical shares/dividends which remain unclaimed or unpaid for over three years, as on May 30, 2014, to the Federal Government.

As per Company's record, there are some outstanding / physical shares/ dividends in respect of your above mentioned folio/account.

You are hereby requested to immediately lodge your claim to our share Registrar or our registered office at following address within 90 days of date of this notice, along with relevant documents in support of your claim under a duly signed letter (in accordance with specimen signature recorded with the Company):

**Share Registrar:**

**M/s F.D. Registrar Services (SMC-Pvt.) Ltd.**  
1705, 17th Floor, Saima Trade Tower 'A'  
I. I. Chundrigar Road,  
Karachi.  
Tel # +92-21-32271905

or **Registered office:**

**Hafiz Limited**  
97, Alliance Building, 2nd Floor,  
Moolji Street, Mereweather Tower,  
Karachi.  
Tel # +92-21-32440371

Please note that if the Company does not receive a claim from you within the aforesaid time period, then the Company shall proceed to deposit unclaimed physical shares / dividends in its possession, with the Federal Government pursuant to the provisions of sub section (2) of section 244 of the Act.

Sincerely,

**Company Secretary**

**HAFIZ LIMITED**

Note: This is a computer generated letter hence does not require any signature.

# **BOOK POST**

**UNDER POSTAL CERTIFICATE**

If undelivered pleased return to:

**HAFIZ LIMITED**

97, Alliance Building, 2nd Floor, Moolji Street, M.W. Tower, Karachi-74000