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## *Vision*

*To be a premier manufacturing concern engaged in the nation building through optimum utilization of resources for the benefits of its stakeholders.*

## *Mission*

*To build on our core competencies by making regular investments in the field of technology to bring about improvements in the quality of our product. We strive to develop an organization having a strong team of dedicated professionals with satisfied customers and shareholders.*

## *Core Values*

*Achieve excellence in business*

*Sustain development through technological advancements.*

*Commitment to quality*

*Continuous development of work force.*

*Compliance to the practices of ISO 9001:2000*

## *Statement Of Ethics & Business Practices*

*The business policy of the company is based on the principles of honesty, integrity and professionalism at every stage.*

### *Product Quality*

*Regularly update ourselves with technological advancements in the field of cement production to produce cement under higher standards and maintain all relevant technical and professional standards.*

### *Dealing with Employees*

*Provide congenial work atmosphere where all employees are treated with respect and dignity. Recognize and reward employees based on their performance and their ability to meet goals and objectives.*

### *Financial Reporting & Internal Controls*

*To implement an effect and transparent system of financial reporting and internal control to safeguard the interest of shareholders and fulfill the regulatory regulatory requirements.*

### *Adherence to laws of the land*

*To fulfill all statutory requirements of the government and its regulatory bodies and follow relevant and applicable laws of the country.*

### *Environmental protection*

*To protect environment and ensure health and safety of the workforce and well being of the people living in the adjoining areas of our plants.*

*We recognize the need for working with optimum efficiency to attain desired levels of performance. We endeavour to conduct our business with honesty and integrity and produce and supply cement with care and competence, so that customers receive the quality they truly deserve.*

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Ashraf Ali Jatoi	Chairman
Mr. Jehangir Akbar	Chief Executive
Mr. Mushtaq Ahmed Jatoi	Director
Mr. Muhammad Moosa	Director
Mr. Abdul Hameed Baig	Director
Engr. B. V. Seetlani	Director
Mr. Syed Ali Abbas Rizvi	Director
Mr. Sarwar Khan	Director
Mr. Nawab Ali Jatoi	Director

### AUDIT COMMITTEE

Mr. Abdul Hameed Baig	Chairman
Mr. Ashraf Ali Jatoi	Member
Mr. Sarwar Khan	Member

### COMPANY SECRETARY

Mr. M. Asghar Khan

### CHIEF FINANCIAL OFFICER

Mr. Nouman Maqbool

### STATURORY AUDITORS

Ale Imran & Co  
Chartered Accountants

### BANKERS

The Bank of Punjab  
Allied Bank of Pakistan Limited  
National Bank of Pakistan  
MCB Bank Limited  
Bank Al-Falah Ltd.

### REGISTERED OFFICE

4th Floor, Panorama Centre, Building No. 2,  
Raja Ghazanfar Ali Khan Road, Saddar - Karachi.  
E-mail: [zpcf1@yahoo.com](mailto:zpcf1@yahoo.com)  
Website: [www.zealpak.com.pk](http://www.zealpak.com.pk)

### FACTORY

Tando Mohammad Khan Road,  
S.I.T.E. Hyderabad.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 60<sup>th</sup> Annual General Meeting of Zeal Pak Cement Factory Limited will be held on Tuesday the 30<sup>th</sup> April, 2019 at 12:00 noon at Askari Stars Lawn, 220 E.I. Lines Daud Pota Road, Lucky Star Saddar, Karachi to transact the following business:

### Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on 15<sup>th</sup> July, 2017.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2016 together with reports of the directors and auditors thereon.
3. To appoint auditors for the year 2016-2017 and to fix their remuneration. M/s. REANDA HAROON ZAKARIA & COMPANY, Chartered Accountants have Offered themselves for appointment as statutory auditors for the year 2016-2017.
4. To elect Seven (7) directors as fixed by the board of Directors in accordance with the requirements of companies ordinance, 1984 for a term of three years. The name of retiring directors are given hereunder Mr. Ashraf Ali Jatoi, Mr. Nawab Ali Jatoi, Mr. Mushtaq Ahmed Jatoi, Mr. Sarwer Khan, Mr. Muhammad Moosa, Mr. Abdul Hameed Baig and Engr. B.V. Seetlani.
5. To transact any other business with the permission of the Chair.

Karachi: 8th April, 2019

By Order of the Board

**( M. ASGHAR KHAN )**  
*Company Secretary*

### NOTES:

1. No activity in the Share Transfer Books of the Company is allowed in compliance with the order dated July 9, 2009 passed by the Hon'able High Court of Sindh, Karachi therefore, the Share transfer Books will remain closed till further order.
2. A member entitled to attend and vote at the meeting will be required to present his/her original Computerized National Identity Card (CNIC) and a member may appoint another member only as his/her proxy to attend and vote on his/her behalf.
3. Proxy forms duly completed to be valid must be received at the Registered Office of the Company not less than 48 hours before the time of meeting. A member shall not be entitled to appoint more than one proxy.
4. Any member, who seeks to contest election to the office of the Director shall whether he is retiring director or otherwise shall file consent to act as director with the company not later than 14 days before the date of meeting at which elections are to be held.
5. CDC accountholders are requested to bring their original computerized CNIC alongwith their accounts numbers and participants ID numbers in CDC for Verification.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Directors of the Company take pleasure in presenting before you 60<sup>th</sup> Annual Report of the Company together with its audited accounts for the year ended June 30<sup>th</sup>, 2016 and auditors' report thereon.

### **Production:**

During the year the production of clinker stood at 84,706.65 tonnes as compared to last year's production of 30,750 tonnes. Similarly the production of cement during the year under review, at 194,324 as against 36,674.78 tonnes produced in the last year. The production of Paper bags was 3,190,000 Bags as compare to the corresponding year's 1,020,200 bags.

### **Sales:**

During the year the Company dispatched 190,297.41 tonnes cement as against 38,825.30 tonnes during the preceding year. In the same line the sales revenue for the year under review to Rs. 1,294.52 million as against Rs. 332.215 million of last year.

### **Financial Results:**

During the current financial year the gross loss of the Company to Rs. 242.44 million as against Rs. 344.765 million in the last year. Similarly operating loss for the year was Rs. 265.810 million whereas in the preceding year the operating loss was Rs. 352.921 million.

### **Loss Per Share:**

During the year the loss per share to Rs. 0.66 compare to last year Rs. 0.84 per share.

### **Dividend:**

In view of losses no dividend has been recommended for the year 2015-2016 by your Board of Directors.

### **Suspension of Trading in the Shares of the Company:**

In order to comply with the Order dated July 9, 2009 of the Hon'able High Court of Sindh at Karachi, the Pakistan Stock Exchange (Guarantee) Limited (PSX) and Central Depository Company of Pakistan Limited (CDC) have imposed restriction on the shares of the Company with effect from Monday July 13, 2009, whereby no activity as to transfers, pledging, withdrawal etc. in the said shares shall be allowed in the Central

Depository System (CDS) till further order.

The management is in process of taking the measures by defending the case which was filed in the Hon 'able High Court of Sindh at Karachi.

### **Observations in the Auditors' Report**

We are committed to provide complete and accurate financial records to the auditors for audit of the financial statements. We regret that due to our lack of resources, incomplete records we were unable to fulfill the commitment earlier made with the auditors in respect of provision of complete and accurate records for the year ended June 30, 2016.

We are trying our best to maintain all the records in the form and manner required to be maintained under applicable corporate laws and reporting standards. We hope that in the next year the situation would be much better and we would be able to resolve number of qualifications in auditors' report. However, for now explanations in respect of reported observations in auditors' report are as follows:

- (a) The management do not have any intention to close business in near future. It has also planned to revive the company through Rohri division plant which is currently under construction and as the plant meets the requirements of updated/modern method of cement productions therefore it is highly probable that company's financial position will enhance soon. These conditions mitigate the risk and preparation of the financial statements on going concern assumption is justified. The management is of the view that these conditions are temporary and expected to be reversed in future.
- (b) The Company has only received an amount against old scraped plant, machinery and heavy equipments which were laying in the factory area and the book value of such old scrap could not be ascertained.
- (c) The management is in the process of collecting all the related information, documentations and in due course of time the titles of such fixed assets will be transferred in the name of Zeal Pak Cement Factory Limited.
- (d) Major cost of capital expenditure has been incurred by Sardar Muhammad Ashraf D. Baluch (Pvt) Limited. The liability of Sardar Muhammad Ashraf D. Baluch (Pvt) Limited is now reflected in note # 8 of the financial statements furthermore due to heavy and continuous losses of Zeal Pak Cement Factory Limited in the previous year. The contractor was not willing to make agreement with Zeal Pak Cement Factory Limited. So he made contract with Sardar Muhammad Ashraf D. Baluch (Pvt) Limited and the contract was in the possession of Sardar Muhammad Ashraf D. Baluch (Pvt) Limited which is not produced to the Auditors.

- (e) The management is in process of revaluation of fixed assets which will be produce in future.
- (f) The detail working of separate fixed assess register were not available in factory from previous years and it is very difficult to maintain separate fixed asset register at this stage but however list of main machinery is available and staff is trying to prepare register of fixed assets as per record available for the audit purpose in due course of time.
- (g) Due to heavy and continuous losses of ZPCFL in the previous years, most of the staff working in stores of ZPCFL was relieved from their duties. Accordingly a detail listing of Stores and Spares which were mostly old and obsolete could not be prepared by the management which could be physically verified by the auditors. The management will try to make a detail Listing along with the valuation of Stores and Spares in the subsequent financial year.
- (h) Complete stock is valued at NRV as per our accounting policy, there is no need of cost valuation for immaterial amount of Raw Material. The qualification in report is mainly due to non availability of cost valuation only for the purpose of comparison with NRV.
- (i) The total amount of trade debts is 675.899 million out of which 352.667 million is already provisioned and leaving the balance amount of Rs. 323.232 million and the ledger account of such balances has been produced for verification.
- (j) These deposits are mainly relates to the certain civil court cases pending against the company as reflected in note 12 of these financial statements.
- (k) The Company is in process of making actuarial valuation of employees' benefits as getting the information of employees from the different divisions located in Hyderabad, Rohri and Karachi hoping that this will be completed and provided in the next accounting year.
- (l) Loans and advances to supplier and contractors has been taken in the books through the payment made to supplier and will adjusted in the books when the bill received from them.
- (m) The management is making steps to ensure that no un-reconciled balances occur at the cutoff date and all inter division balances will be recovered at the year end.
- (n) This relates to security deposits of cement stockiest which has been reflected before the merger of the company and there is no use of such stockiest available. Although the ledger accounts of these stockiest are available and produced for



verification.

- (o) The management is trying to approach the related suppliers advising them to make available the required supporting documents and send these to the auditors.
- (p) These are old balances and dormant since long and also could not easily be traceable, the Board has intention to close these accounts after due approval in their next meeting.
- (q) This mainly reflects the amount payable to Sardar M, Ashraf D, Baluch (Pvt) Limited which is holding Company of Zeal Pak Cement Factory Limited.
- (r) The management is in view that these accruals will be paid when claimed.
- (s) This is old and dormant Accounts of bank overdraft and will be written back in next Accounting Year.
- (t) The Company has issued Invoice cum delivery challan instead of separate delivery challan at the time of dispatch of goods.
- (u) The Company has completed all the procedures in this regard however even after efforts the reply is not received.
- (v) This belongs to before privatization of the Company and the record of such warrants are very difficult to trace.
- (w) We have provided the bank statement as on 30th June, 2016 along with the bank reconciliations although we approach to our books to send the direct confirmations to the Auditors.
- (x) Long term financing mainly relates to Sardar M. Ashraf D. Baluch (Pvt) Limited which is the holding Company of Zeal Pak Cement Factory Limited and the Company is continuing its operations with the continuous support of the holding Company.
- (y) Detail working of Incremental Depreciation on Property, Plant and Equipments amount to Rs. 25.205 million was available with the Ex. General Manager (Accounts) who has already left the company near to the completion of financial year. No proper handing over of Company's files were made to the new Chief Financial Officer hence due to the lack of Information, it could not be prepared by the responsible official. The management will prepare a detail working of Incremental Depreciation of Property, Plant and Equipments with the

available records in the subsequent financial year.

- (z) Rohri Cement has filed suit in the Hon' able High Court of Sindh for recovery of shares and no activity in the Share Transfer Books of the Company is allowed in compliance with the order dated July 9, 2009 of the Hon 'able High Court of Sindh at Karachi, therefore, the Share Transfer Books will remain closed till further order.

### **Statement on Corporate Governance and Financial Reporting Framework.**

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Regulations of the Pakistan Stock Exchange (Guarantee) Limited as far as auditor observation on code of Corporate Governance. The management is making efforts for such observations, which will be complied in the next financial years. All necessary steps are being taken to ensure Good Corporate Governance in the Company as required by the Code.

- a) The financial statement prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standard, as applicable in Pakistan, have been followed in preparation of financial statement and there has been no departure there from.
- e) The system of internal control is being continuously reviewed by internal auditor. The process of review will continue to monitor the effective implementation and any weaknesses in controls will be removed.
- f) There are no significant doubts upon Company's ability to continue as a going concern in future.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) The Board of Directors has adopted a mission statement and statement of overall corporate strategy.
- i) We have prepared and circulated a Statement of Ethics and Business Practices among directors and employees.

- j) Key operating and financial data for last six year in summarized form is annexed.
- k) During the year 4 meetings of the Board of Directors of the Company were held. The attendance of Directors was as under:

Name of Directors	Meeting Attended
Mr. Ashraf Ali Jatoi	4
Mr. Jehangir Akbar (Chief Executive)	4
Mr. Mushtaq Ahmed Jatoi	4
Mr. Muhammad Moosa	2
Mr. Abdul Hameed Baig	2
Engr. B. V. Seetlani	2
Mr. S. Ali Abbas Rizvi	2
Mr. Sarwar Khan	4
Mr. Nawab Ali Jatoi	2

#### **Pattern Of Shareholding:**

The pattern of shareholding is annexed.

#### **Appointment of Auditors:**

Ale Imran Co. Chartered Accountants retire and Haroon Zakaria & Co. Chartered Accountants has offer themselves for appointment for the year 2016–2017. Audit Committee of Board of Directors recommended their appointment as auditors for the above year.

#### **Acknowledgement:**

I, on my behalf and on behalf of the Board of Directors of the Company wish to place on record the appreciation for our officers and staff for their devotion to their duties. I also wish to convey appreciation to our stockists who have been extending cooperation to the Company.

For and on Behalf of the Board



**(JEHANGIR AKBAR)**  
Chief Executive

Karachi: 4th March, 2019

### KEY OPERATING AND FINANCIAL DATA YEAR WISE STATISTICAL SUMMARY

	2016	2015	2014	2013	2012	2011
Clinker Production	84,706	30,750	22,400	--	21,400	20,200
Cement Production	194,324	36,674.78	48,621	58,038	19,500	21,775
Cement Dispatched	190,297	35,825.30	48,609	77,844	72,852	75,024
Bags Production (in No.s)	3,190,000	1,020,200	1,065,900	1,331,760	1,324,600	546,730
<b>ASSETS EMPLOYED</b>						<b>(Rs. In '000)</b>
Fixed Assets	5,029,062	4,308,693	2,734,277	2,414,789	1,640,403	1,707,540
Long Term Deposits	8,009	7,575	7,575	7,575	7,575	7,270
Current Assets	1,225,160	583,195	419,271	419,661	577,792	555,418
<b>Total Assets Employed</b>	<b>6,262,231</b>	<b>4,899,463</b>	<b>3,161,123</b>	<b>2,842,026</b>	<b>2,225,770</b>	<b>2,270,228</b>
<b>FINANCED BY</b>						
Shareholders Equity	(2,876,784)	(2,620,727)	(2,292,485)	(1,981,093)	(1,619,155)	(1,339,180)
Surplus on Re-valuation of Fixed Assets	1,046,241	1,071,447	1,100,497	1,128,442	1,163,018	1,201,262
Long Term Liabilities	2,752,286	2,705,252	1,170,525	1,113,649	296,949	267,608
Deferred Liabilities	10,147	9,348	13,516	13,720	13,730	13,813
Current Liabilities	5,330,292	3,734,143	3,169,070	2,567,308	2,371,228	2,126,725
<b>Total Funds Invested</b>	<b>6,262,231</b>	<b>4,899,463</b>	<b>3,161,123</b>	<b>2,842,026</b>	<b>2,225,770</b>	<b>2,207,228</b>
<b>TURNOVER &amp; LOSS</b>						
Turnover (Net)	1,294,524	332,215	380,894	54,744	95,619	131,535
Operating Profit (Loss)	(265,810)	(352,921)	(334,394)	(372,586)	(263,762)	(421,123)
Loss Before Taxation	(268,767)	(355,192)	(338,525)	(394,017)	(311,855)	(477,250)
Loss After Taxation	(281,262)	(358,514)	(339,541)	(396,514)	(318,218)	(478,948)
Accumulated (Loss)	(7,166,073)	(6,910,016)	(6,581,774)	(6,270,382)	(5,908,444)	(5,189,230)
<b>RATIOS &amp; STATISTICS</b>						
Operating Profit/(Loss) to sales in %	(22)	(106)	(88)	(75)	(57)	(320)
Current Ratio	0.22	0.15	0.13	0.16	0.24	0.26
Paid up value per share (Rs.)	10	10	10	10	10	10
Loss per Share (Rs.)	(0.66)	(0.84)	(0.79)	(0.93)	(0.74)	(1.12)

**ZEAL PAK CEMENT FACTORY LTD.**  
**PATTERN OF SHARE HOLDING**  
Shareholders Statistics As At June 30,2016

Number of Shareholders	Shareholding		Total Shares Held	Percentage
	From	To		
2,002	1	100	35,180	0.0082
2,835	101	500	205,487	0.0480
1,711	501	1,000	416,000	0.0972
1,311	1,001	5,000	2,472,253	0.5778
320	5,001	10,000	1,942,115	0.4539
160	10,001	15,000	1,022,981	0.2391
80	15,001	30,000	2,185,793	0.5109
13	30,001	35,000	432,643	0.1011
45	35,001	75,000	2,769,485	0.6473
4	75,001	80,000	312,500	0.0730
5	80,001	85,000	413,054	0.0965
2	85,001	90,000	178,000	0.0416
2	90,001	95,000	185,900	0.0435
6	95,001	100,000	597,500	0.1397
2	100,001	105,000	203,200	0.0475
1	110,001	115,000	113,500	0.0265
3	115,001	120,000	355,150	0.0830
3	120,001	125,000	370,960	0.0867
1	125,001	130,000	129,000	0.0302
2	130,001	135,000	264,000	0.0617
1	135,001	140,000	140,000	0.0327
4	140,001	145,000	574,001	0.1342
3	145,001	150,000	446,500	0.1044
1	155,001	160,000	160,000	0.0374
1	160,001	165,000	163,720	0.0383
2	175,001	180,000	354,563	0.0829
1	180,001	185,000	181,000	0.0423
4	195,001	200,000	791,633	0.1850
1	205,001	210,000	210,000	0.0491
1	245,001	250,000	248,000	0.0580
1	295,001	300,000	299,001	0.0699
1	300,001	305,000	303,000	0.0708
1	310,001	315,000	313,000	0.0732
1	375,001	380,000	377,000	0.0881
1	385,001	390,000	387,000	0.0905
1	415,001	420,000	417,500	0.0976
1	520,001	525,000	525,000	0.1227
1	620,001	625,000	625,000	0.1461
1	800,001	805,000	800,500	0.1871
1	985,001	990,000	987,124	0.2307
1	1,120,001	1,125,000	1,122,383	0.2623
1	1,800,001	1,900,000	1,898,220	0.4437
1	4,175,001	4,180,000	4,176,000	0.9761
1,505	91,601,001	344,030,000	252,429,000	59.0010
2,685	344,030,001	349,439,526	5,409,526	1.2644
2,001	139,895,001	139,900,000	139,895,154	32.6981
<b>14,732</b>			<b>427,838,526</b>	<b>100.0000</b>

**Zeal Pak Cement Factory Limited**  
Shareholders analysis as on 30-06-2016

S. No.	Shareholders Category	Total No. of Shareholders	Holding (No. of Shares)	Total	Percentage %
I-	<u>Director</u>				
1	Mr. Ashraf Ali Jatoi		5,000		
2	Mr. Mushtaq Ahmed Jatoi		5,000		
3	Mr. Mohammad Moosa		2,500		
4	Syed Ali Abbas Rizvi		Nil		
5	Mr. Abdul Hameed Baig		Nil		
6	Mr. Sarwar Khan		Nil		
7	Mr. B.V. Seetlani		Nil		
8	Mr. Jahangir Akber (Chief Executive)	8	2,500		
9	Mr. Nawab Ali Jatoi		5,000		
	<u>EX Director</u>				
	Mr. Nawab Ahmed Khanzada		904	20,904	0.0048
II-	<u>Insurance Companies</u>				
1	Cooperative Insurance Society of Pakistan Ltd.		5,444		
2	Pakistan Insurance Corporation		17,787		
3	State Life Insurance Corp. of Pakistan	3	142,508	165,739	0.0387
III-	<u>Investment Companies</u>	5	1,163,500	1,163,500	0.2719
IV-	<u>Joint Stock Companies</u>	94		30,347,080	7.0931
V-	<u>Individuals</u>	14,608		241,619,959	56.4745
VI-	<u>Financial Institution</u>	6		2,973,22-	0.6949
VII-	<u>Leasing Companies</u>	1		135,000	0.0316
VIII-	<u>Modarba Management Companies</u>	1		10,760,000	2.5150

List of Shareholders holding more than 10% of the total issued capital.

	Name		Holding (No. of Shares)	%
IX-	M/s. Sardar M. Ashraf D. Baluch (Pvt) Ltd.		*324,466,588	15.5732

X-	Others	6	74,025,058	17,3021
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Grand Total:		14,732	427,838,526	100%
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Note\*\* \* The shares of merged companies to the extent of 257,838,526 out of 324,466,588 are under subjudice in the Hon'able High Court of sindh, Karachi. In Suit no 970 of 2009

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the 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 interest on its Board of Directors. At present the Board includes;

**Independent director**

Mr. Syed Ali Abbas Rizvi  
Mr. Sarwer Khan

**Executive directors**

Mr. Abdul Hamid Baig  
Mr. B.V. Seetlani  
Mr. Jahangir Akber (C.E.O)

**Non executive directors**

Mr. Ashraf Ali Jatoi  
Mr. Mushtaq Ahmed Jatoi  
Mr. Mohammad Moosa  
Nawab Ali Jatoi

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

2. The Directors have confirmed that none of them is serving as a Director 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 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year 1 casual vacancy has occurred in the Board of Directors.
5. The Company has prepared 'Statement of Ethics and Business Practices' which has been approved by the Board of Directors and signed by the employees of the Company.
6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company.
7. All the powers of the Board have been duly exercised and decision 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.
8. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has not arranged any training program for its directors during the year.
10. The Company Secretary, Chief Financial Officer and Head of Internal Audit department were appointed prior to the enforcement of the Code of Corporate Governance. However, such next appointment, if any, including their remuneration and terms and conditions of employment, as determined by the CEO, will be referred to the Board of Directors for approval.
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 Chief Financial Officer and Chief Executive Officer before approval of the Board.

13. The Director, 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 presently comprises of 3 Directors including Chairman.
16. The meeting 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 not yet formed an HR and Remuneration Committee.
18. The Board has setup an effective internal audit function who are suitably qualified and experienced for the purpose and conversant with the policies and procedures of the company and they are involved in the internal audit function on a full time basis.
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 of (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 related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirement of listing regulations of Pakistan Stock Exchange. All transactions with related parties were made on an arm's length basis.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. Subject to the above, we confirm that all other material principles contained in the Code have been complied with.



**Jehangir Akbar**  
Chief Executive





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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2016 prepared by the Board of Directors of **Zeal Pak Cement Factory Limited** (“the company”) to comply with the Listing Regulations of the Pakistan Stock Exchange.

The responsibility for compliance with the Code of Corporate Governance is that to 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. A review is limited primarily to inquiries of the Company 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board’s statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of Pakistan Stock Exchange require the Company to place before the Board of Directors for their consideration and approval 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. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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.

We report that the documentation prepared by the Company to comply with the code is not available to provide us sufficient appropriate evidence to enable us to form an opinion thereon.

Based on the significance of the limitation of scope as discussed above, we are unable to form an opinion, as to whether the Statement of Compliance appropriately reflect the Company’s compliance with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2016.

Lahore:  
Dated: March 4, 2019

**Ale Imran & Co.**  
Chartered Accountants



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ZEAL PAK CEMENT FACTORY LIMITED** (the Company) as of June 30, 2016 and the related profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended (here-in-after referred to as the financial statements).

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the financial 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 in accordance with International Standards on Auditing. Because of the matters described below, however, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion.

- a) The Company has accumulated loss of Rs. 7,166 million as on June 30, 2016 (2015 Rs. 6,910 million). The Company's accumulated loss exceeded its share capital by Rs. 2,876 million. The current liabilities of the company exceed its current assets by Rs. 4,105 million as at the balance sheet date. The company is also facing a declining trend of sales in the previous year and is incurring continuous gross loss. These factors raise doubts about the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.
- b) The Company has received a total amount of Rs. 107,766 million from the sale of plant & machinery and heavy equipment in the prior years. No adjustment for profit and loss has been made yet and the total amount received against the sale of the assets was credited to Advances from Customers (Note 10) and shown as a liability on June 30, 2016.
- c) The Company has not transferred the legal title of land, building and vehicles of Rohri Cement (Pvt.) Ltd. Pakistan Slag Cement Ltd and of Zeal Pak Industries (Pvt.) Ltd in the name of Zeal Pak Cement Factory Limited.
- d) The company has incurred a total amount of Rs. 3,713 million up to June 30, 2016 (2015 Rs. 2,932 million) on Capital Expenditure for installation of Plant and Machinery in Rohri Division. However due to the absence of contracts, related evidences and confirmation of work completion from contractors, we were unable to verify the total cost incurred.
- e) The Company has revalued its Buildings, Roads and Plant in the year 2007. Subsequent to that year, no revaluation as of yet has been performed, therefore, it is highly probable that fair value of assets may materially differ from their carrying value as at the balance sheet date.
- f) The company has not maintained a separate register for Fixed Assets as required to be maintained under the Companies Ordinance 1984. Consequently, the identification and physical verifications of the fixed assets could not be carried out.
- g) We were unable to check the Store, Spares and Loose Tools as on June 30, 2016 amounting to Rs. 212,657 million since a detail listing was not made available for our verification. Further we could not check the valuation of such stores, spares and loose tools.


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- h) We were unable to verify the valuation of Stock in Trade as on June 30, 2016 amounting Rs. 213.360 million and the amount of write down of inventory its net realizable value due to non availability of cost valuation sheet as per accounting policies adopted by the Company.
- i) Due to the non availability of complete aging of Trade Debtors net of provision amounting to Rs. 323.232 million together with absence of confirmation replies from them, we were unable to verify their value and existence. Further due to absence of ageing of Trade Debtors, we were unable to identify old debtors and Provision against old debts
- j) Due to the absence of direct confirmation, other related evidences and subsequent clearance, we were unable to verify the Trade Deposits Receivable amount Rs. 18.619 million.
- k) The Company has not made any Provision for Gratuity for the year ended June 30, 2016 as required under the revised IAS 19 “Employees Benefits” The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income.
- l) Loans and advances include Advance to Suppliers and Contractors amounting to Rs. 318.956 million which could not be verified in the absence of any third party confirmations.
- m) Other Receivables include Rs. 102.331 million as at June 30, 2016 (2015 Rs.82.764 million) Due from Inter Divisions representing net difference among divisions which could not be reconciled or confirmed.
- n) In the absence of complete list and confirmations from Depositors, we were unable to verify the Long Term Deposits payable amounting to Rs. 6.564 million.
- o) Due to the non-availability of complete party wise breakdown and aging of Trade Creditors amounting to Rs. 1,784 million together with absence of confirmation replies from them, we were unable to verify their value and existence.
- p) Due to the absence of direct confirmation, other related evidences and subsequent clearance, we were unable to verify Advances from Customers amounting to Rs. 1,588.515 million included in Trade and Other Payable.
- q) Trade and Other Payable includes Due to Related Parties amounting to Rs. 1,640.512 million (2015 Rs. 1,943,067 million) which could not be verified in the absence of direct confirmation, other related evidences and subsequent clearance.
- r) Accrued expenses include Rs. 54.862 million which relates to prior years and no payments against these balances were made during the year and subsequent period. However the management is of the view that these shall be paid when claimed.
- s) Bank balances to the extent of Rs. 318,335 and book overdraft balance of Rs. 388,473 recorded in books relates to dormant bank accounts as at year end and due to the non-availability of the records and direct confirmation from banks, these remain unverified.
- t) In the absence of delivery challan or any other documentary evidence, the delivery of goods and any sale register sequencing the invoices we were unable to ascertain the completeness and valuation of the total turnover.
- u) In the absence of confirmation replies from Legal Advisor, we were unable to verify the present status and probability of outcome of the pending litigations. However contingencies are reported by management without any changes from last year.
- v) We were unable to verify the old balance of Dividend Payable amounting to Rs. 1.798 million due to the absence of warrant list/ dividend register.

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- w) Confirmation letters were sent to the banks to confirm their balances as on June 30, 2016. However, no confirmation of balances amounting to Rs. 31.987 million were received by us directly from the banks.
- x) Long term financing as stated in Note 8 to the Financial Statement amounting to Rs. 2,745.772 million could not be verified in the absence of direct confirmation, other related evidence and subsequent clearance.
- y) We were unable to check the Incremental Depreciation on Property, Plant and Equipment amounting to Rs. 25.205 million together with Deferred Tax thereon since a detailed working was not provided to us for our verification.
- z) Zeal Pak Cement Factory Ltd has not transferred the shares in the name of shareholders of Rohri Cement (Pvt.) Ltd., Pakistan Slag Cement Ltd and and of Zeal Pak Industries (Pvt.) Ltd.

Because of the significance of the matter discussed in the preceding paragraphs from (a) to (z) above, we were unable to obtain sufficient and appropriate audit evidence to provide a basis for opinion. Accordingly, we do not express an opinion on these financial statements and as to whether;

- i) The proper books of accounts have been kept by the Company as required by the Companies Ordinance 1984;
- ii) The balance sheet and profit and loss accounts 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 the accounting policies consistently applied;
- iii) The expenditures incurred during the year was for the purpose of the Company's business; and
- iv) The business conducted, investment made and expenditure incurred during the year were in accordance with the objects of the Company;
- v) No Zakat was deductible at source under the Zakat and Ushr Ordinance 1980.
- vi) The balances of bank loans Rs. 92.189 million (Note : 11), remained unsubstantiated for want of confirmatory certificates from the financial institutions.

Lahore:  
Dated: March 4, 2019

**Ale Imran & Co.**  
Chartered Accountants