

**Projects Of Salva
Group Of Industries**

- Salva Oil & Gen. Industries (PVT) Ltd.
- Fazal Paper Mills (PVT) Ltd.
- Fatima Vegetable Oil Mills (PVT) Ltd.
- Salva Feed Mills (PVT) Ltd.
- Nemat Foods (PVT) Ltd.

Date: November 23, 2015
Ref.: FPM/FIN/2311

The Registrar
National Electric Power Regulatory Authority
NEPRA Tower Attaturk Avenue (East),
Sector G-5/1, Islamabad.

Subject: Application for a Generation License

I, Bilal Bashir, being Chief Executive Officer & the duly authorized representative of Fazal Paper Mills (Private) Limited by virtue of Board Resolution dated November 10, 2015, hereby apply to the National Electric Power Regulatory Authority for the grant of a Generation License to the: Fazal Paper Mills (Private) Limited under section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

Fazal Paper Mills (Private) Limited further seeks second-tier supply authorization to engage in second-tier supply business to supply electricity to its associated companies namely:

1. Salva Oil & General Industries (Pvt) Ltd.
2. Fatima Vegetable Oil Mills (Pvt) Ltd.
3. Salva Feed Mills (Pvt) Ltd.

I certify that the documents-in-support attached with this application are prepared and submitted in conformity with the provisions of the National Electric Power Regulatory Authority Licensing (Application and Modification Procedure) Regulations, 1999, and undertake to abide by the terms and provisions of the above-said regulations. I further undertake and confirm that the information provided in the attached documents-in-support is true and correct to the best of my knowledge and belief.

A Banker's Cheque # BBB-11730592 in the sum of Rupees Rs ~~140,964/-~~ , being the non-refundable license application fee calculated in accordance with Schedule II to the National Electric Power Regulatory Authority Licensing (Application and Modification Procedure) Regulations, 1999, is also attached herewith.

Date: 23rd of November 2015




Bilal Bashir
Chief Executive Officer

Projects Of Salva Group Of Industries

- Salva Oil & Gen. Industries (PVT) Ltd.
- Fazal Paper Mills (PVT) Ltd.
- Fatima Vegetable Oil Mills (PVT) Ltd.
- Salva Feed Mills (PVT) Ltd.
- Nemat Foods (PVT) Ltd.

Certified true copy of the Resolution passed by the Board of Directors of Fazal Paper Mills (PVT) Ltd. in a meeting held on November 10, 2015 at its registered office.

A meeting of Board of Directors of Fazal Paper Mills (PVT) Ltd held at its office located at 10 KM, Faisalabad Road, Okara. The agenda of the meeting was to discuss the application for electricity generation & distribution license from National Electric Power Regulatory Authority (NEPRA).

RESOLVED THAT Fazal Paper Mills (PVT) Ltd. will utilize the electricity generated from installed Power Plant (having capacity of 8MW) for its own consumption.

RESOLVED FURTHER that excess electricity, in case may be, will be distributed to associated companies namely "Salva Oil & General Industries (PVT) Ltd.", "Fatima Vegetable Oil Mills (PVT) Ltd." & "Salva Feed Mills (PVT) Ltd." and company will apply for generation & distribution license from NEPRA.

RESOLVED FURTHER that Mr. Adnan Aslam Qureshi, on behalf of Qureshi Law Associates, is hereby authorized to prepare and file the necessary documentation, appear before NEPRA as needed, provide any information required by NEPRA in respect of the Project, and do all acts and things necessary for the processing, completion and finalization of the aforementioned application for generation & distribution License.

RESOLVED FURTHER that each of Mr. Bilal Bashir (Chief Executive Officer) and Muhammad Arshad Iqbal (Company Secretary) are singly authorized to sign any document, pay the necessary filing fees, pay the necessary license fee in this regard.

RESOLVED FURTHER that (i) Chief Executive and/or the Company Secretary may sign and certify copies of this Resolution to be true copies of the original; and (ii) receive/collect the original license and related documents, from "NEPRA".

CERTIFIED TO BE THE TRUE COPY


Bilal Bashir
Chief Executive Officer



Date: 26.11.2015

VAKALATNAMA

I, Bilal Bashir, Chief Executive Officer of Fazal Paper Mills (Pvt) Ltd (the "Company"), hereby appoint and constitute Qureshi Law Associates to appear and act for us as our advocate in connection with the processing, presentation of the Company's application for the Generation License for the Company's proposed 08 MW captive power project (the "Application") with the National Electric Power Regulatory Authority ("NEPRA").

I also authorize the said Advocate to do all acts and things necessary for the processing, completion and finalization of the Application with NEPRA.

ACCEPTED
QURESHI
No. 9, Link Faridkot Road,
Lahore.
+92-42-37358479



Barrister Adnan Aslam Qureshi
Managing Partner
Qureshi Law Associates
Advocates & Legal Consultants
No. 9, Link Faridkot Road,
Lahore.
Tel. no. 042-37358479

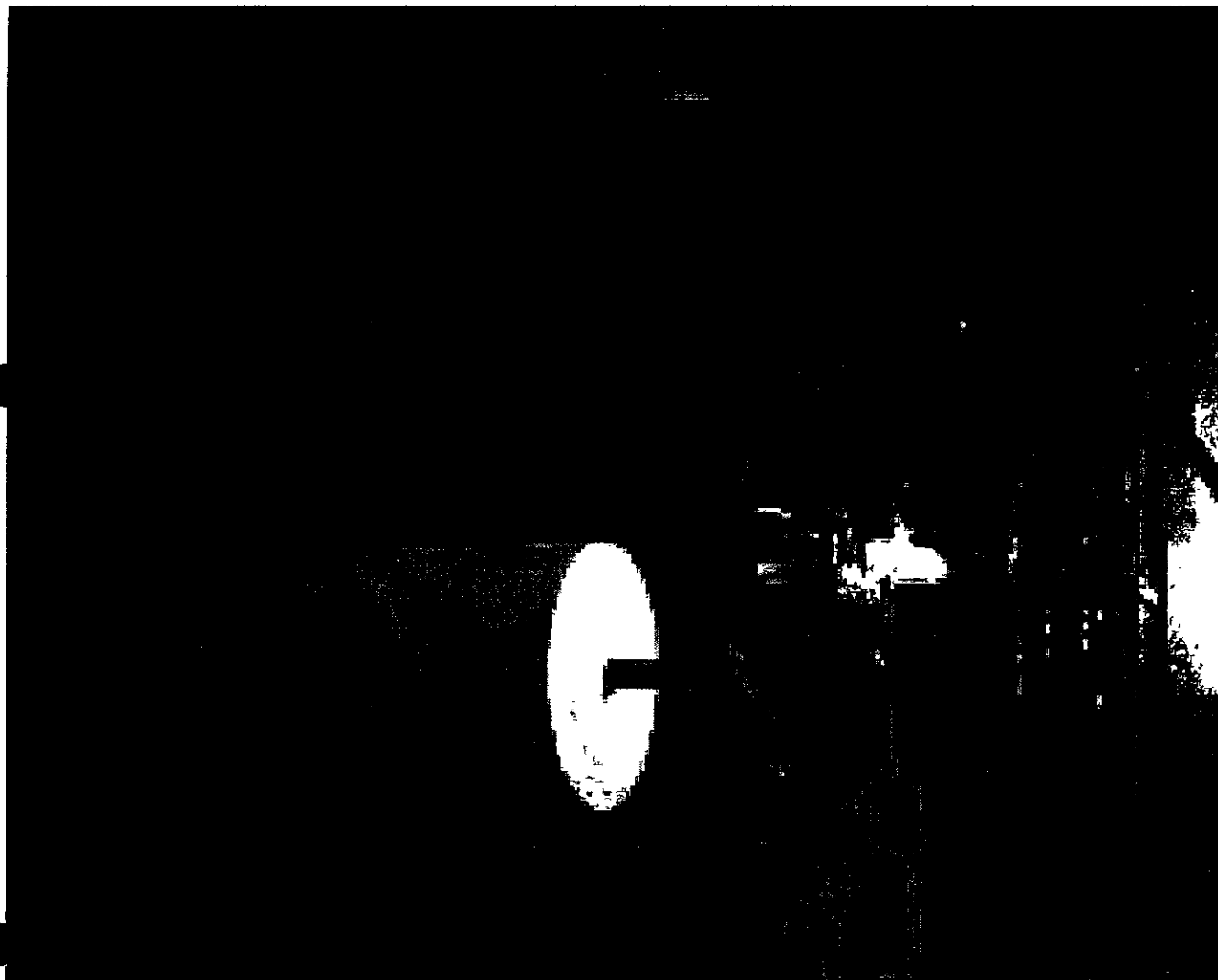
For Fazal Paper Mills (Pvt) Ltd



Mr. Bilal Bashir
Chief Executive Officer



FAZAL PAPER MILLS (PVT) LTD.



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FAZAL PAPER MILLS (PVT)LTD

Vision

To be the market leader and an enduring force in the paper and paper board manufacturing industry. Positively influencing and providing value to our customers, society and our nation.

Mission

To strive incessantly for excellence and sustain our position as a preferred supplier of quality paper and paper board material with a team work atmosphere and with a customer focused strategy.



FAZAL PAPER MILLS (PVT)LTD

CEO's Message:

The ongoing energy crisis that includes gas and electricity has started taking toll on the economic activity of the country. Our Company and the downstream customers of our Company were evenly hit by the same. High costs of energy and other inputs were putting the pressure on the volumes whereas the pressure on sale prices was pushing the profitability down. Consequently the management of our company took a strategic decision to create a balance between the volume and profitability. I am pleased to let you know that we have successfully done it. Nevertheless there is an improvement in the bottom line. I hope that the confidence and trust of the customers will be further strengthened by the continual improvement of results. Our Company has taken a first step for solving its energy crisis. A Bio Fuel power plant having capacity of 8MW has been imported & installed for self production of electricity. It should be a great source of satisfaction for the customers that the Company is meeting all its financial commitment and is striving for the best customer services. Moreover for the improvement of product efficiency, necessary capital expenditures are also being incurred continuously.



FAZAL PAPER MILLS (PVT)LTD

Core Management:

Our corporate body is very experienced as they are working in business since 30 years, and always working for betterment in product quality and services. The overall management and control of the firm is being actively & efficiently managed by its initiator(s) who are actively participating in management decisions and control the affairs of the firm.

Mr. Bilal Bashir

C.E.O

Board of Directors:

Mr. Bilal Bashir

Director / C.E.O

Mr. Fayyaz Zafar

Director

Mr. Umer Javed

Director

Ms. Aansa Maryam

Director

Mr. Naveed Ahmed

Director

Mr. Muhammad Usman Ghani

Director



FAZAL PAPER MILLS (PVT)LTD

Businesses and their Brands:

Introduction:

Fazal Paper Mills is one of the reputable paper industries in Pakistan, established in the year 1997 as an AOP to satisfy the customers' requirements by providing best quality Paper & Paper products.

The founders of paper Manufacturing Company recognized that there was a huge potential for paper & paper products in the local markets of Pakistan. The facts encouraged to pave the way for the establishment of the Company. The constant growth of company since its inception proved the apt and futuristic outlook of the founders.

The company's management is committed and dedicated to the philosophy of continuous staff development and training under professional supervisors in order to improve product quality and range to satisfy the customer requirements.

The company quickly succeeded in establishing market trust on local as well as in international markets as an importer & manufacturer of paper products. Contracts with customers were agreed on both regular and a long term basis thus the company quickly gained a reputation as the region's leading company of its kind. Company recently caters the customers' requirements of vast areas of Punjab province.

Target Market:

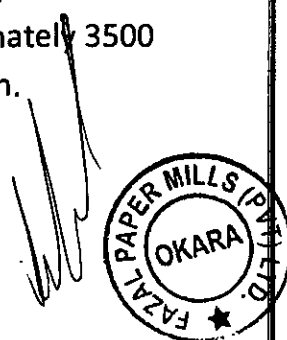
Sales market of the industry is in the provinces of Punjab & Sindh but sales team is continuously putting its efforts to broaden the market scope at country level.

Procurement:

The Raw Material is purchased from Singapore, UAE, India, China , Taiwan & Algeria. And the total volume of imports of the company is approximately 3500 MT per annum and other raw material from local markets of Pakistan.

Number of Employees:

The total numbers of employees work in our company are 250.



FAZAL PAPER MILLS (PVT)LTD

FINANCIALS:

	<u>2014</u> <u>Rupees</u> (In Millions)	<u>2013</u> <u>Rupees</u> (In Millions)	<u>2012</u> <u>Rupees</u> (In Millions)
Sales	528	428	339
Gross profit	61	49	36
Profit /(Loss) after Taxation	7	11	9

Key Financial ratios:

Gross profit %	11.59	11.02	10.77
Net Profit % (after Tax)	1.44	2.68	2.66
Current Ratio	1.52	1.59	1.58



FAZAL PAPER MILLS (PVT)LTD

Conversion of AOP to (Pvt.) Ltd Company.

Fazal Paper mill (Pvt) Ltd was incorporate in 17th September 2008, with single plant of packing material having capacity of 10tons/day. Now we are manufacturing world class paper board, wiring paper, packing paper having capacity of 90ton/day (approximately). Below are our major products;

- Recycled Box Board
- Recycled Writing Paper
- Floating Paper
- Recycled Coated Paper
- Recycled Craft Paper

Management Team:

In the supervision of our Core management the following team of technical professionals is working with their best knowledge, skills & understanding of Industrial operations;

- Mr. Muhammad Afzal
- Mr. Muhammad Shabaan
- Mr. Muhammad Saleem
- Mr. Muhammad Afzal

Director Technical
GM Operations
GM-Power Plant
Chief Boiler Engineer

Legal Advisor:

- Riaz- Ul- Haq
(Advocates)

Auditor:

- Muhammad Irfan & Co.
(Chartered Accountants)

Company Secretary

- Mr. Muhammad Arshad Iqbal

Bankers

- Allied Bank Ltd

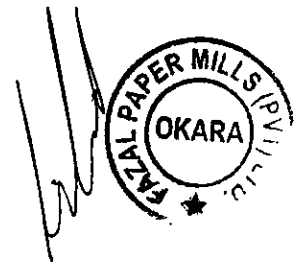


FAZAL PAPER MILLS (PVT)LTD

- Askari Bank Ltd.

Contact Us

Fazal paper mills (Pvt.) Ltd.
10-Km Faisalabad Road Okara
Tel : 044-2661107
Fax No: 044-2661104
Email: paper@salva.com.pk





SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
COMPANY REGISTRATION OFFICE
(COMPANY REGISTRATION CELL)

CERTIFICATE OF INCORPORATION

[Under section 32 of the Companies Ordinance, 1984 (XI VII of 1984)]

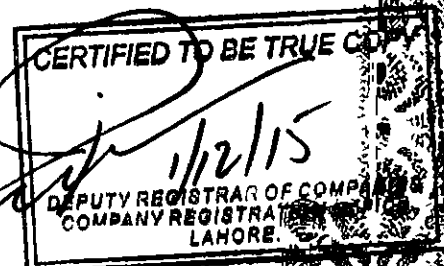
Corporate Universal Identification No. 0067629

I hereby certify that "FAZAL PAPER MILLS (PRIVATE) LIMITED" is a company incorporated under the Companies Ordinance, 1984 (XLVII of 1984) and its liability is limited by shares

Given under my hand at Islamabad this Seventeenth day of September, Two Thousand and Eight

Fee Rs. 264,500/-.

(Ejaz Alam Khan)
Deputy Registrar of Companies



The Companies Ordinance 1984

(Private Company Limited By Shares)

Memorandum of Association

Of

**FAZAL PAPER MILLS
(PRIVATE) LIMITED**

- I. The name of the company is **FAZAL PAPER MILLS (PRIVATE) LIMITED**.
- II. The Registered Office of the Company will be situated in the province of the Punjab.
- III. The objects for which the company is established are all or any of the following:-
 1. To carry on the business of manufacturers, repackers, dealers, processors, importers, exporters, purchasers, sellers, brokers, distributors, commission agents, indenters, storers, wholesalers and retailers of all kinds and classes of paper, board, corrugated board, corrugating and pulp including writing paper, printing, absorbent paper, news paper, wrapping paper, tissue paper, cover paper, blotting paper, filter paper, antique paper, ivory finish paper, coated paper, art paper, bank and book paper, badami, brown or buff paper, bible paper, cartridge paper, cloth lined paper, azure laid and wove paper, cream laid and wove paper, grease proof paper, gummed paper, handmade paper, parchment paper, drawing paper, craft paper, manila paper, envelop paper, tracing paper, vellum paper, water proof paper, carbon paper, sensitized paper, chemically treated paper, paste board, duplex and triplex board coated board, hard board, plywood board, post cards, visiting cards, soda pulp, mechanical pulp, sulphite pulp, semi chemical pulp, and all kinds of articles in the manufacture of which in form paper, board or pulp is used and also to deal in or manufacture any other articles or things of a character similar or analogous to the foregoing or any of them or connected therewith.
 2. To set-up an industrial undertaking for the manufacturing of paper and board including tissue paper, kite paper, flying paper, wrapping paper, butter paper, writing paper, floating paper, liner paper, printing paper, newspaper glazed embossed off-set paper, decorative and fancy paper, craft paper, toilet paper, wall paper, ceiling grease proof paper, laminated paper, corrugated paper, and their by-products of all kinds and descriptions.
 3. To carry on the business of manufacturers of all types of bags, woven bags, films, tapes, containers, bottles, hollow wares and other packaging materials

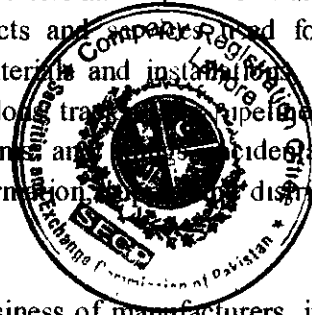
using all kinds of polyethylene, Polypropylene, plastics and other allied substances.

4. To carry on the business of manufacturers of all kinds of papers, boards and their products including paper sacks, paper cones, straw board, chip board, veneer board, duplex board, box board, toilet paper, tissue paper, printing paper, writing paper, poster paper, packing paper, craft paper, art paper, news print paper, labels, stickers, boxes, bags and cartons including corrugated cartons.
5. To carry on the business of manufacturers of all types of boxes, containers and other packaging materials of tin, metal and other allied items.
6. To act as manufacturers, importers, exporters, traders or dealers of all types of labels, stickers, or any other advertising requisites of plastic, paper, cloth, metals or any other materials for use with packaging or otherwise.
7. To manufacture, purchase, sell, import, export and deal in gums, adhesives, varnishes, resins, waxes, polishes and painting synthetic / enamel paints, plastic emulsion paints, polyvinyl acetate and other paints.
8. To carry on the business of printers of all kinds of paper, boards, bags films, tapes, labels, stickers, containers, bottles, boxes, cartons, and other packaging materials and stationery items.
9. To carry on the business of importers and exporters of all kinds of goods, articles and things either manufactured, semi manufactured or raw materials.
10. To carry on the business of wholesalers, indenting agents and manufacturers representatives.
11. To carry on and undertake trading business and to act as indenters, importers, exporters, traders, suppliers manufacturers and commission agents of lawful products and materials in any form or shape manufactured or supplied by any company, firm, association of persons, body, whether incorporated or not, individuals, Government, Semi Government or any local authority.
12. To carry on all or any of the businesses of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy and products or services associated therewith and of promoting the conservation and efficient use of electricity and to perform all other acts which are necessary or incidental to the business of electricity generation, transmission, distribution and supply.
13. To locate, establish, construct, equip, operate, use, manage and maintain all types of power plants including biomass, solar, coal, gas, oil, hydel, wind



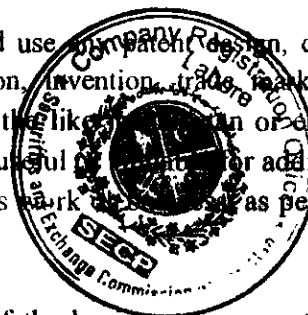
power plants, power grid station, transforming, switching, conversion, and transmission facilities, grid stations, cables, overhead lines, sub-stations, switching stations, tunnels, cable bridges, link boxes, heat pumps, plant and equipment for combined heat and power schemes, offices, computer centres, shops, dispensing machines for pre-payment cards and other devices, showrooms, depots, factories, workshops, plants, printing facilities, warehouses and other storage facilities.

14. To carry on all or any of the businesses of wholesalers, retailers, traders, importers, exporters, suppliers, distributors, designers, developers, manufacturers, installer, filters, testers, repairers, maintainers, contractors, constructors, operators, users, inspectors, reconditioners, improvers, alterers, protectors, removers, hirers, replacers, importers and exporters of and dealers in, electrical appliances, systems, products and ~~papers~~ ^{equipment} for energy conservation, equipments, machinery, materials and installations including but not limited to cables, wires, meters, pylons, tracks, pipelines and any other plant, apparatus equipment, systems and ~~accessories~~ ^{components} related to the efficient generation, procurement, transformation, ~~and~~ ^{and} distribution of electricity.
15. To carry on in or outside Pakistan the business of manufacturers, importers, exporters, indenters, transporters, dealers in all articles and commodities akin to or connected with any of the business of the company capable of being conveniently carried on or necessary for the promotion of the objects herein contained, as permissible under law.
16. To carry on business and obtain licenses for shipping agents, clearing and forwarding agents, purchasing and indenting agents, selling agents, (except managing agent) on such terms and conditions as the company may think proper, subject to any permission as required under the law.
17. To carry on agency business (except managing agency) and to acquire and hold selling agencies and to act as selling agents, commission agents, manufacturers' representatives and distributing agents of and for the distribution of all kinds of merchandise, goods, commodities, products, materials, substances, articles and things whether finished, semi-finished, raw, under process, refined, treated or otherwise pertaining to trade and commerce and for that purpose to remunerate them and to open and maintain depots and branches.
18. To purchase, take on lease or in exchange, hire, apply for or otherwise acquire and hold for any interest, any rights, privileges, lands, building, easements, trade marks, patent rights, copyrights, licenses, machinery, plants, stock-in-trade and any movable and immovable property of any kind necessary or convenient for the purposes of or in connection with the company's business or any branch or department thereof and to use, exercise, grant licenses in

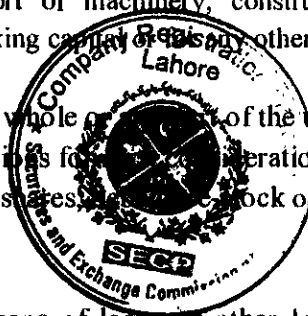


respect of or otherwise turn to account any property , rights and information so acquired, subject to any permission required under the law.

19. To acquire by concession, grant, purchase, barter, license either absolutely or conditionally and either solely or jointly with others any lands, buildings, machinery, plants, equipments, privileges, rights, licenses, trade marks, patents and other movable and immovable property of any description which the company may deem necessary or which may seem to the company capable of being turned to account, subject to any permission as required under the law.
20. To act as representatives, for any person, firm or company and to undertake and perform sub-contracts, and also act in the business of the company through or by means of agents, sub-contractors and to do all or any of the things mentioned herein any part of the world and either alone or in collaboration with others and by or through agents, sub-contractors or otherwise.
21. To go in for, buy or otherwise acquire and use any patent, design, copyright, licence, concession, convenience, innovation, invention, trade marks, rights, privileges, plants, tools or machinery and the like, in or elsewhere, which may for the time being appear to be useful or for adding to the efficiency or productivity of the company's work as permissible under the law.
22. To acquire and carry on all or any part of the business or property of any person, firm, association suitable for any of the purposes of the company or carrying on any business which this company is authorized to carry on and in consideration for the same, to pay cash or to issue shares of the company, and to undertake the liabilities of associated undertakings.
23. To enter into arrangements with the government or authority (supreme, municipal, local or otherwise) or any corporation, company or persons that may seem conducive to the company's objects or any of them and to obtain from any such government, authority, corporation, company or person any charters, contracts, rights, privileges and commission which the company may think desirable and to carry on exercise and comply with any such charters , contracts, decrees , rights, privileges and concessions.
24. To enter into partnership, to amalgamate or to buy on all interests, assets liabilities stocks or to make any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person, firm or company carrying on or proposing to carry on any business which this company is authorized to carry on or which is capable of being conducted so as directly or indirectly to benefit this company and to have foreign collaborations and to pay royalties / technical fees to collaborators subject to the provisions of the companies ordinance, 1984.



25. To establish, promote or assist in establishing or promoting and subscribe to or become a member of any other company, association or club whose objects are similar or in part similar to the objects of this company or the establishment or promotion of which may be beneficial to the company, as permissible under the law.
26. To open accounts with any bank or banks and to draw, make, accept, endorse, execute, issue, negotiate and discount cheques, promissory notes, bills of exchange, bills of lading, warrants, deposit notes, debentures, letter of credit and other negotiable instruments and securities.
27. To arrange local and foreign currency loans from scheduled banks, industrial banks and financial institutions for the purpose of purchase, manufacture, market, supply, export, and import of machinery, construction of factory, building and for the purpose of working capital or for any other purpose.
28. To sell or otherwise dispose of the whole or part of the undertaking of the company, either together or in portions for any consideration as the company may think fit and in particular, for shares, stock or securities of any company purchasing the same.
29. To borrow or raise money by means of loans or other legal arrangements from banks, or other financial institutions, or Directors in such manner as the company may think fit and in particular by issue of debentures, debenture-stock, perpetual or otherwise convertible into shares and to mortgage, or charge the whole or any part of the property or assets of the company, present or future, by special assignment or to transfer or convey the same absolutely or in trust as may seem expedient and to purchase, redeem or pay off any such securities.
30. To pay all costs, charges, and expenses preliminary or incidental incurred in formation or about the promotion and establishment of the company and to remunerate any person, firm or company for services rendered or to be rendered in or about the formation or promotion of the company or the conduct of its business.
31. To give any servant or employee of the company commission in the profits of the company's business or any branch thereof and for the purpose to enter into any agreement or scheme of arrangement as the company may deem fit and to procure any servants or employees of the company to be insured against risk of accidental in the course of their employment by the company.
32. To establish and support or aid in the establishment and support of associations, institutions, funds and conveniences calculated to benefit persons who are or have been directors of or who have been employed by or



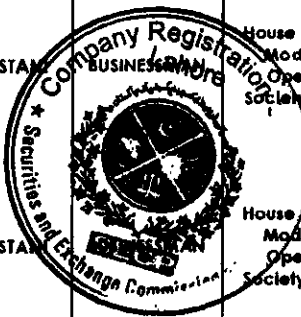
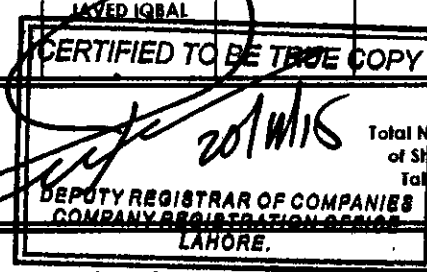
who are serving or have served the company or any other company which is a subsidiary or associate of the company or the dependents or connection of such persons and to grant pensions, gratuities, allowances, reliefs and payments in any other manner calculated to benefit the persons described herein.

33. To distribute any of the company's property and assets among the members in specie or in any manner whatsoever in case of winding up of the company.
34. To guarantee the performance of contract and obligations of the company in relation to the payment of any loan, debenture-stock, bonds, obligations or securities issued by or favour of the company and to guarantee the payment or return on such investments.
35. To carry out joint venture agreements with other companies or countries within the scope of the objects of the company.
36. To cause the company to be registered or incorporated in any foreign country.
37. To do and perform all other acts and things which are incidental or conducive to the attainment of the above objects of the company.
38. To apply for and obtain necessary consents, permissions and licenses from any government, state, local and other authorities for enabling the company to carry on any of its objects into effect as and when required by law.
39. Notwithstanding anything stated in any object clause, the company shall obtain such other approval or license from the competent authority including National Electric Power Regulatory Authority (NEPRA), as may be required under any law for the time being in force, to undertake a particular business
40. It is declared that notwithstanding anything contained in the foregoing object clauses of this memorandum of association nothing contained therein shall be construed as empowering the company to undertake or to indulge in business of banking company, banking, leasing, investment, managing agency or insurance business directly or indirectly as restricted under the law or any unlawful operation.

IV. The liability of the members is limited.

- V. The Authorized capital of the company is Rs. 450,000,000/- (Rupees Four Hundred Fifty Million Only) divided into 4,500,000 ordinary shares of Rs. 100/- (Rupees One Hundred Only) each with powers to increase and reduce the capital of the company and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the companies Ordinance, 1984.

We, the several persons whose names and addresses are subscribed below, are desirous of being formed into a company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in capital of the company as set opposite to our respective names.

Name and surname (present & former) in Full in Block Letters and C.N.I.C.#	Father's/ Husband's Name (in full)	Nationality with any former Nationality	Occupation	Residential Address in full	Number of share taken by each subscriber	Signatures
MR. FIAZ ZAFAR C.N.I.C# 35302-1981782-7	S/O MUHAMMAD ZAFAR	PAKISTANI		House No.14/C, Model Co- Operative Society, Okara	166,666 One Hundred Sixty Six Thousand Six Hundred Sixty Six	
MR. NAVEED AHMED C.N.I.C# 35302-1981787-1	S/O MUHAMMAD SHAFIQUE	PAKISTANI		House No.14/C, Model Co- Operative Society, Okara.	166,666 One Hundred Sixty Six Thousand Six Hundred Sixty Six	
MR. MUHAMMAD USMAN GHANI C.N.I.C# 35302-4889384-1	S/O MUHAMMAD JAMEEL	PAKISTANI	BUSINESSMAN	House No.14/C, Model Co- Operative Society, Okara	166,666 One Hundred Sixty Six Thousand Six Hundred Sixty Six	
MRS. AANSA MARIYAM C.N.I.C# 35302-1906423-6	WIFE OF MUNEEB RAZZAQ	PAKISTANI	BUSINESSMAN	House No. 12/107, Tufail Road, Sialkot.	166,666 One Hundred Sixty Six Thousand Six Hundred Sixty Six	
MR. BILAL BASHIR C.N.I.C# 35302-5578674-3	S/O BASHIR AHMED	PAKISTANI	BUSINESSMAN	House No.14/C.2, Model Co- Operative Society, Okara	166,666 One Hundred Sixty Six Thousand Six Hundred Sixty Six	
MR. UMAR JAVED C.N.I.C# 35302-7598590-3	S/O MUHAMMAD JAVED IQBAL	PAKISTANI	BUSINESSMAN	Ravi Road, Ghala Godam, Okara .	166,666 One Hundred Sixty Six Thousand Six Hundred Sixty Six	
						
						
DEPUTY REGISTRAR OF COMPANIES COMPANY REGISTRATION OFFICE LAHORE.					Total Number of Shares Taken	999,996 Nine Hundred Ninety Nine Thousand Nine Hundred Ninety Six

Dated this day of

Signature.....

Witness to the above signatures:

Full Name: MUHAMMAD RAFI

C.N.I.C# 35302-1978920-1

Father's Name: MUHAMMAD SHAFI

Nationality: Pakistani

Occupation: Advocate

Full Address: RAFI LAW ASSOCIATES

8-AAamer Colony, Tesil Road, OKARA.

The Companies Ordinance 1984

(Private Company Limited By Shares)

Articles of Association

OF

**FAZAL PAPER MILLS
(PRIVATE) LIMITED**

1. Subject as hereinafter provided, the Regulations contained in Table 'A' of the First Schedule to the companies Ordinance, 1984, (hereinafter referred to as Table 'A') shall apply to the company so far as those are applicable to private Companies, with the exception of the Regulations which are modified, altered or added hereunder.

2. The Company is a private company within the meaning of Clause (28) of Section 2(1) of the Companies Ordinance, 1984 and accordingly:-

- a) No invitation shall be made to the public to subscribe for any shares, debentures or debenture-stocks of the Company;
- b) The number of members of the Company (exclusive of persons in the employment of the Company) shall be limited to fifty provided that for the purpose of this provision when two or more persons hold one or more shares in the Company jointly they shall for the purposes of this clause be treated as a single member; and
- c) The right to transfer shares in the Company is restricted in the manner and to the extent hereinafter appearing.

Business

3. The Company is entitled to commence business from the date of its incorporation.
4. The business of the company shall include all or any of the objects enumerated in the Memorandum of Association.

5. The business of the company shall be carried out at such place or places in the whole of Pakistan or elsewhere as the directors may deem proper or advisable from time to time.

Capital

6. The Authorized Capital of the company is Rs.450, 000,000/- (Rupees Four Hundred Fifty Million only) divided into 4,500,000 Ordinary shares of Rs. 100/- sub-divide or otherwise re-organize the share capital of the company.
7. The shares shall be under the control of the Board of Directors who may allot or otherwise dispose of the same to such persons, firms, corporation or corporations on such terms and conditions and at any such time as may be thought fit.
8. The shares in the capital of the company may be allotted or issued in payment of any property, land, machinery or goods supplied or any services rendered to the Company or promotion or development of the Company or conduct of its business and any shares so allotted or issued as fully paid shares.

SHARES, THEIR TRANSFER AND TRANSMISSION

9. Every person, whose name is entered as a member in the Register of members shall without payment, receive a certificate under the common seal of the Company specifying the shares held by several persons. The Company shall not be bound to issue more than one certificate and delivery of a share certificate to any one of several joint holders shall be sufficient delivery to all.
10. The directors may decline to register any transfer of shares or transferee of whom they do not approve and shall not be bound to show any reasons for exercising their discretion subject to the provisions of sections 77 and 78 of the Companies Ordinance, 1984.
11. No share can be mortgaged, pledged, sold, hypothecated, transferred or disposed off by any member to a non-member without the previous sanction of the Board of Directors.
12. The legal heirs, executors or administrators of a deceased holder shall be the only persons to be recognised by the Directors as having title to the shares. In case of shares registered in the name of two or more holders the survivors and the executors of the deceased shall be the only persons to be recognised by the Company as having any title to the shares.

GENERAL MEETING

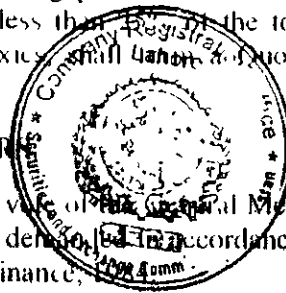
13. The First Annual General Meeting shall be held within 18 months from the date of incorporation of the Company in accordance with the provisions of section 158 and thereafter once at least in every year and within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual General Meeting as may be determined by Directors. The Directors may, whenever they think fit, call an Extraordinary General Meeting of the shareholders in terms of Section 159 of the Companies Ordinance, 1984.

PROCEEDINGS AT GENERAL MEETING

14. Twenty one day's notice at least specifying the place, day and hour of the General Meeting and in case of special business the general nature of such business, shall be given to the members in the manner provided in Table "A" but accidental omission to give such notice to or non-receipt of such notice by the member shall not invalidate the proceedings of the General Meeting.
15. The Chief Executive, with the consent of a meeting at which quorum is present and shall if so directed by the meeting may adjourn the meeting from time to time and from place to place, but all business shall be transacted at any adjourned meeting other than the business transacted at the meeting from which the adjournment took place.



16. No business shall be transacted at any General Meeting unless a Quorum of members is present at the time when the meeting proceeds to business. Two members, present in person, representing not less than one-third of the total voting power either on their own account or as proxies shall constitute a Quorum for a General Meeting.



VOTES OF MEMBER

17. At any General Meeting a resolution put to the vote of the General Meeting shall be decided on a show of hands, unless a poll is demanded in accordance with the provisions of Section 167 of the Companies Ordinance.
18. On a show of hands every member present shall have one vote and on a poll, every member present in person or by proxy shall have one vote in respect of each share held by him.
19. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or notarially certified copy of that power of attorney or authority shall be deposited at the Registered Office of the Company not less than forty eight hours before the time for holding the meeting at which the person named in the instrumental proposes to vote and in default, the instrumental of proxy will not be treated as valid.

CHAIRMAN

20. The Directors may from time to time appoint one of their members to be the Chairman of the Company for a period not exceeding three years on such terms and conditions as they deem fit. The Chairman shall preside over the meetings of the Board of Directors and members of the Company. In his absence, the Directors may elect one of them to preside over Board's / General Meetings. The questions arising at the meeting of the Directors shall be decided by a majority of votes. In the case of equality of votes, the Chairman or the Director presiding over the meeting, as the case may be, shall have a casting vote.



CHIEF EXECUTIVE

21. The first Chief Executive of the Company will be appointed by the Board of Directors within three months from the date of incorporation of the Company who shall hold office until the first Annual General Meeting.

DIRECTORS

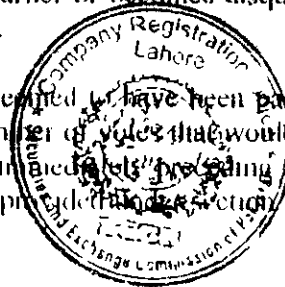
22. Unless otherwise determined, the number of Directors shall not be less than two. The following will be the first Directors of the Company.

- | | |
|-----------------------------|-----------------------|
| 1. MR. FIAZ ZAFAR | 4. MRS. AANSA MARIYAM |
| 2. MR. NAVEED AHMED | 5. MR. BILAL BASHIR |
| 3. MR. MUHAMMAD USMAN GHANI | 6. MR. UMAR JAVED |

23. The election of the Directors shall be held in accordance with the provisions of Section 178 of the Companies Ordinance, 1984.

24. The first Directors including the Chief Executive shall hold office upto the First Annual General Meeting in accordance with the provisions of the Companies Ordinance, 1984, unless any one of them resigns earlier or becomes disqualified for being Director or otherwise ceases to hold office.

25. A resolution for removing a director shall not be deemed to have been passed if the number of votes against him is less than the number of votes that would have been necessary for the election of directors at the immediately preceding Annual election of directors in the manner aforesaid but as provided in Section 181 of the companies Ordinance, 1984.



26. The remuneration of Directors except regularly paid chief Executive and full time working Directors shall, from time to time, be determined by the Board of Directors but it shall not exceed Rs.500/- per meeting at which the Directors are present.

27. The Directors may sanction the payment of such additional sums as they may think fit to any Director for any special service he may render to the Company or be thought capable of rendering either by fixed sum or in any other form as may be determined by the Directors subject to the provisions of the Companies Ordinance, 1984.
28. The Director who resides out of station shall also be entitled to be paid such traveling and other expenses for attending the meeting for the company as may be fixed by the Directors from time to time according to the provisions of the Companies Ordinance, 1984.
29. Any casual vacancy occurring on the Board of Directors shall be filled in by a resolution of the Board of Directors and the person so appointed shall hold office for the remainder of the term of the Directors in whose place he is appointed.
30. No Director shall be disqualified from his office by contracting with the Company either as vendor, purchaser or otherwise nor shall any Director be liable to account for any profit realized by any such contract or arrangement or the fiduciary relation thereby established, if the nature of his interest must be disclosed by him at the first meeting of the Directors after acquisition of his interest.

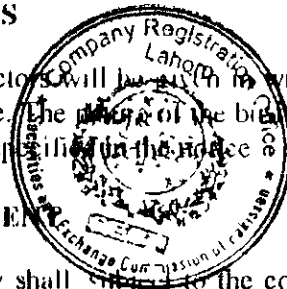


NOMINEE DIRECTOR

31. In addition to the elected Directors, the financial institutions shall be entitled, during the currency of their respective loan(s) to the Company to appoint one person on the Board of Directors of the Company to be called nominee Director and to recall and/or replace such a person from time to time. Such nominee Director on the Board of Directors of the Company may not be holders of share(s) in the capital of the Company and regulations and/or rules pertaining to the election, retirement, qualification and/or disqualification of Directors shall not apply to him.

NOTICES

32. Notices for every meeting of the Board of Directors will be given in writing and there must be given a reasonable time in advance. The nature of the business to be transacted at an intended Board meeting will be specified in the notice.



MANAGEMENT

33. The whole business and affairs of the Company shall be placed to the control and supervision of the Board of Directors, be managed and controlled by the Chief Executive.

34. Subject to the limit fixed by the Directors, the Chief Executive may from time to time raise or borrow any sums of money for and on behalf of the Company from other Companies, banks or financial institutions on such terms as may be approved by the Board of Directors from time to time.

35. Without prejudice to the powers conferred by these Articles, the Board of Directors shall have the following powers :-

(a) To take on lease, purchase, erect or otherwise acquire for the Company any assets, stocks, lands, buildings, property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit.

(b) To let, mortgage, sell, exchange or otherwise dispose of absolutely or conditionally all or any part of the assets, stocks, raw materials, properties, privileges and undertaking of the Company upon such terms and conditions and for such consideration as they think fit.

(c) To appoint any person or persons to be attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions as they think fit for such period and subject to such conditions as they think fit.

(d) To enter into, carry out, rescind or vary all financial arrangements with any bank, person, Company, firm or corporation or in connection with such arrangements to deposit, pledge or hypothecate property of the Company or the documents representing or relating to the same.

(e) To make and give receipts, release and discharge all moneys payable to the Company and for the claims and demands for the Company.

(f) To compound or allow time to the payment or satisfaction of any debt due to or by the Company and to refer claims and demands by or against the Company and to refer claims or demands by or against the Company to arbitration and observe and perform the awards.

(g) To institute, prosecute, compromise, withdraw or abandon any legal proceedings by or against the Company or its affairs or otherwise concerning the affairs of the Company.

- (h) To raise and borrow money from time to time for the purposes of the Company, on the mortgage of its property or any part thereof and/or on any bond or debenture payable to bearer otherwise repayable in such a manner and generally upon such terms as they think fit.
- (i) To open, operate and maintain bank/banks account(s) individually or jointly as the Board may authorise or to any other person on its behalf.

BORROWING POWERS

36. The Directors may from time to time raise, borrow or secure the payment of any sums for the purposes of the Company in such manner and upon such terms and conditions as they think fit and in particular by the issue of debentures, debenture-stock or other securities charged upon all or any part of the property of the Company present or future.

37. Debentures, debenture-stock, or other securities may be issued with any special privileges as to interest, transfer, allotment of shares, attending and appointment of Directors, subject to any permission required by law.

38. The Company shall have a common Seal and the Directors shall provide for the safe custody of the same. The Seal shall not be applied on any instrument except by the authority of the Board of Directors and in the presence of at least two Directors who shall sign every instrumental to which the Seal shall be affixed in their presence. Such signatures shall be conclusive evidence of the fact that the Seal has been properly affixed.

ACCOUNTS

39. The Directors shall cause to be kept proper books and accounts as required under Section 230 of the Companies Ordinance, 1984.

40. The books of account shall be kept at the registered office of the Company or at such other place as the Directors shall think fit subject to the provisions of Section 230 of the Companies Ordinance, 1984.

AUDIT

41. Once at least in every year the accounts of the Company shall be audited and correctness of the Balance Sheet shall be ascertained by one or

more auditors. The Auditors shall be appointed and their duties regulated in accordance with the provisions of Section 252 to 255 of the Companies Ordinance, 1984.

INDEMNITY

42. In connection with carrying on the business of the Company, the Chief Executive, every Director, or other officers of the Company shall be indemnified by the Company for all losses and expenses occasioned by error of judgement or oversight on his part, unless the same happens through his own dishonesty or willful act and defaults.

SECURITY

43. No member shall be entitled to visit and inspect the Books of the Company without the permission of the Chief Executive or one of the Directors or to require discovery of any information regarding any detail of the Company's business or any matter which is or may be in the nature of trade secret, or secret process which may relate to the conduct of the Company's business and which in the opinion of the Directors, shall not be in the interest of the members of the Company to communicate to the public.

ARBITRATION

44. When any difference arises between the Company on the one hand and the members, their directors, administrators or assignee on the other hand, touching the true meaning or construction or the incident or consequence of these presents or of the statutes or touching any thing thereafter done, executed, omitted or suffered in pursuance of these presents or otherwise relating to these presents or to any statutes affecting the Company, every such difference shall be referred for the decision of the arbitrator who will be qualified in Islamic law.
45. The cost incidental to any such reference and the arbitrator or umpire respectively who may determine the amount thereof and direct the same to be shared between the attorney and the Company and may award by whom and in what manner the same shall be borne and paid.

WINDING UP

46. If the Company is wound up whether voluntarily or otherwise the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie any part of the assets and liabilities of the Company, subject to Section 421 and other provisions of the Companies Ordinance, 1984 as may be applicable.



10/2/15

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With reference to the above, and in view of the fact that the Companies Act, 1947, is being amended, the Government of Punjab has decided to issue the following instructions to the Companies Registrars in the Punjab:

Muhammad Irfan & Co.

Chartered Accountants

Services:

Assurance Audit Services, Financial Consulting Services, Income Tax Consultancy, Management Advisory, Due Diligence Services, Corporate Governance Services, Internal Revenue Consulting

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FAZAL PAPER MILLS (PRIVATE) LIMITED** as at **JUNE 30, 2014** and the related profit and loss account, 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 conduct 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion-
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of 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, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **JUNE 30, 2014** and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance 1980 (XVIII of 1980).

FAISALABAD
October 08, 2014.



Muhammad Irfan & Co.
Chartered Accountants.

Head Office: 33, Naar Center, Commercial Center, Opp. Mujahid Hospital, Madina Town Faisalabad.
Tel +92-41-858 32 41-42 Coll: +92-321-944 92 52 E-mail: chirtan81@gmail.com

HAZAL PAPER MILLS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant & equipments	4	149,836,247	99,251,212
Capital Work in Process	5	115,405,789	40,522,372
		265,242,036	139,773,584
Current Assets			
Store and Spares		18,735,582	15,696,554
Stock in trade	6	83,965,803	65,846,664
Trade Debtors		82,498,769	14,832,848
Advances, deposits and prepayments	7	76,120,905	18,744,773
Cash and bank balances	8	39,547,439	18,757,373
		300,868,498	133,878,212
TOTAL ASSETS		566,110,534	273,651,796
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorised Share Capital		250,000,000	250,000,000
2,500,000 Ordinary Shares of Rs. 100/- Each			
Issued Subscribed and Paid Up Capital		179,384,400	99,999,600
1,793,844 ordinary shares of Rs.100/- each		136,433,676	29,019,514
Share deposit money		44,401,115	36,758,881
Unappropriated Profit		360,219,191	165,777,995
NON CURRENT LIABILITIES			
Deffered taxation		2,160,209	2,160,209
Due to associates	9	-	15,065,283
Due to directors	10	6,782,036	6,782,036
		-	-
		8,942,245	24,007,528
CURRENT LIABILITIES			
Trade creditors		165,171,143	54,790,146
Accrued and other liabilities	11	26,490,186	22,887,735
Provision for income tax		5,287,769	6,188,392
		196,949,098	83,866,273
		566,110,534	273,651,796


CHIEF EXECUTIVE


DIRECTOR

FAZAL PAPER MILLS (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		12,930,003	17,681,120
Adjustment of non-cash items			
Depreciation		19,467,548	14,999,468
Operating cash flows before working capital changes		32,397,551	32,680,588
Working Capital Changes			
(Increase) / decrease in current assets			
Store, spares parts and loose tools		(3,039,028)	(429,205)
Stock in trade		(18,119,139)	(21,581,740)
Trade debtors		(67,665,921)	6,295,627
Advances, deposits and prepayments		(57,376,132)	-
		(146,200,220)	(15,715,318)
Increase / (decrease) in current liabilities			
Trade creditors		110,380,997	8,935,927
Accrued and other liabilities		3,602,451	2,003,130
		113,983,448	10,939,057
Operating cash flows after working capital changes		180,779	27,904,327
Tax Paid		(6,188,392)	-
Net cash flows used in operations		(6,007,613)	27,904,327
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(29,530,211)	-
Capital Work In Process		(115,405,789)	(40,522,372)
Net cash flows used in investing activities		(144,936,000)	(40,522,372)
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money received		107,414,162	29,019,514
Increase in paid up Capital		79,384,800	-
Due to associates		(15,065,283)	-
Net cash flows from financing activities		171,733,679	29,019,514
Net cash flows for the year		20,790,066	16,401,469
Opening cash and cash equivalents		18,757,373	2,355,904
Closing cash and cash equivalents		39,547,439	18,757,373

The annexed notes form an integral part of the financial statements


CHIEF EXECUTIVE


DIRECTOR

FAZAL PAPER MILLS (PRIVATE) LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
Sales		528,776,894	428,668,518
Cost of Sales	12	(467,456,776)	(379,160,252)
Gross profit		61,320,118	49,508,266
Administrative expenses	16	(47,253,346)	(30,496,309)
Other operating expenses	17	(1,136,769)	(1,330,837)
Profit before taxation		12,930,003	17,681,120
Provision for taxation	18	(5,287,769)	(6,188,392)
Profit after taxation		7,642,234	11,492,728
Unappropriated profit brought forward		36,758,881	25,266,153
Unappropriated profit carried forward		44,401,115	36,758,881

The annexed notes form an integral part of the financial statements


 CHIEF EXECUTIVE


 DIRECTOR

FAZAL PAPER MILLS (PRIVATE) LIMITED
Statement of Comprehensive Income/(Loss)
For the year ended 30 June,2014

	Note	2014 Rupees	2013 Rupees
Net Income/(loss) after taxation		7,642,234	11,492,728
Other comprehensive income		-	-
Total Comprehensive income		<u>7,642,234</u>	<u>11,492,728</u>

The annexed notes form an integral part of the financial statements


CHIEF/EXECUTIVE


DIRECTOR

FAZAL PAPER MILLS (PRIVATE) LIMITED
Statement of Changes in Equity
For the year ended 30th June, 2014

	Share Capital	Share Deposit Money	Accumulated Profit / (Loss)	Total
	Rupees			
Opening Balance	99,999,600	9,419,514	25,266,153	134,685,267
Shares issued for other than cash	-	-	-	-
Share deposit money	-	19,600,000	-	19,600,000
Profit for the period	-	-	11,492,728	11,492,728
Balance as at 30 June 2013	99,999,600	29,019,514	36,758,881	165,777,995
Balance as at 30 June 2012	99,999,600	9,419,514	25,266,153	134,685,267

	Share Capital	Share Deposit Money	Accumulated Profit / (Loss)	Total
	Rupees			
Opening Balance	99,999,600	29,019,514	36,758,881	165,777,995
Shares issued	79,384,800	-	-	79,384,800
Share deposit money	-	107,414,162	-	107,414,162
Profit for the period	-	-	7,642,234	7,642,234
Balance as at 30 June 2014	179,384,400	136,433,676	44,401,115	360,219,191

The annexed notes form an integral part of the financial statements


 CHIEF EXECUTIVE


 DIRECTOR

FAZAL PAPER MILLS (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014.

1 STATUS AND NATURE OF BUSINESS

FAZAL PAPER MILLS is a Private Limited company registered under the Companies Ordinance 1984. The principle activity of the company is manufacturing and trading of paper and paper board. The registered office of the company is situated at Okara.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

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

2.2 Accounting Convention

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

2.3 Functional and presentation of currency

These financial statements are presented in Pak Rupees, which is also the company functional currency.

2.4 Use of Estimates and Judgments.

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3 Significant accounting policies.

3.1 Property, Plant & Equipments

3.1.1 Cost

Property, plant and equipment except land and capital work in progress are stated at cost less accumulated depreciation. Land and capital work in progress are stated at cost. Cost of certain fixed assets consists of historical cost and directly attributable cost of bringing the assets to working condition.

3.1.2 Depreciation

The depreciation charged on monthly basis to profit and loss account by applying reducing balance method at the rate as specified in note 4. Gain and loss on disposal of fixed assets are charged to profit and loss account. Normal repair and maintenance are charged to profit and loss when incur.

3.2 Capital work in progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. Cost also includes applicable borrowing cost. These are transferred to relevant category of assets when these are available for use.

3.3 Stores, Spares and loose tools.


Stores are valued at lower of cost and NRV.

3.4 Stock in Trade

These are valued at lower of cost and NRV. Cost is determined for raw material, packing, and promotional material at cost on first in first out basis and for work in progress and finished goods at cost of material and proportionate production overhead

3.5 Trade Debts

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amount at each year end. Balances considered bad and irrecoverable are written off when identified.



3.6 Taxation

3.6.1 Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any,

3.6.2 Deferred

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

Deferred tax liability is recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recognized.


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

3.7 Trade and other payables

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

3.8 Provisions

Provisions 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 regarding obligation



3.9 Borrowing Costs

Borrowing cost incurred on short term borrowings is recognized as expense in the period in which this is incurred. While as cost incurred on and relating to qualifying assets can be capitalized.

3.10 Cash and Cash Equivalents


For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand , cash with banks on current, saving and deposit accounts, short term running finance and other short term highly liquid investments that readily convertible to cash.

3.11 Related party transactions

The company account for all transactions at arm's length prices using comparable uncontrolled price method.

3.12 Revenue

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of goods have passed to the buyer which generally coincides with dispatch of goods to customers.



		2014	2013
		Rupees	Rupees
5	Capital Work in Progress		
	Opening Balance	40,522,372	
	Additions during the year		
	Plant & Machinery	93,013,000	29,108,567
	Erection & Installation	19.3 22,392,789	11,413,805
		155,928,161	40,522,372
	Less: Transferred to Plant & Machinery	(40,522,372)	-
		115,405,789	40,522,372
6	Stock in trade		
	Raw material	64,723,434	46,091,081
	Work in process	13 4,125,620	5,085,675
	Finished goods	14 15,116,749	14,669,908
		83,965,803	65,846,664
7	Advances, deposits and prepayments		
	Security deposit against Sui Gas	4,532,000	4,532,000
	Security deposit against WAPDA	1,370,800	-
	Shipping Gaurantee	4,459,462	-
	Margin on Sui gas Gaurantee	530,790	-
	Prepaid Insurance	81,203	-
	L/c's in Transit	42,908,476	-
	Collector of Custom	1,080,553	-
	Advance Tax	21,157,621	14,212,773
		76,120,905	18,744,773
8	Cash and cash equivalent		
	Cash in hand	280,180	235,690
	Cash at bank	39,267,259	18,521,683
		39,547,439	18,757,373
9	Due to associates		
	It is unsecured, interest free and payable on demand	-	15,065,283
		-	15,065,283
10	Due to directors		
	It is unsecured, interest free and payable on demand	6,782,036	6,782,036
		6,782,036	6,782,036
11	Accrued and other liabilities		
	Utilities	14,015,000	14,564,576
	Staff Salaries payable	2,072,059	2,016,830
	Director's remuneration	1,000,000	900,000
	Salaries Executive Directors	400,000	-
	Workers' profit participation fund	855,434	950,598
	Workers' welfare fund	1,619,594	1,338,259
	Sales tax payable	2,884,516	499,851
	Due to employees	3,345,649	2,395,051
	Other Payable	207,933	132,570
	Auditor's remuneration	90,000	90,000
		26,490,186	22,887,735
12	Cost of Sales		
	Raw material consumed	15 213,346,920	190,472,953
	Store and spares consumed	15.1 27,068,386	15,696,554
	Utilities	19 192,071,162	150,645,617
	Depreciation	17,520,793	13,499,522
	Freight inward	-	5,031,268
	Insurance	-	461,041
	Repairs and maintenance Machinery	894,614	1,517,063
	Salaries and wages	16,041,688	12,167,902
	Other overheads	-	-
		466,943,563	389,491,920

		2014	2013
		Rupees	Rupees
13	Work in Process		
	Opening inventory	5,085,675	2,354,860
	Closing inventory	(4,125,620)	(5,085,675)
		<u>960,055</u>	<u>(2,730,815)</u>
14	Finished Goods		
	Opening inventory	14,669,908	7,069,055
	Closing inventory	(15,116,750)	(14,669,908)
		<u>(446,842)</u>	<u>(7,600,853)</u>
		<u>467,456,776</u>	<u>379,160,252</u>
15	Raw material consumed		
	Opening inventory	46,091,081	34,841,009
	Purchases	231,979,273	201,723,025
	Closing inventory	(64,723,434)	(46,091,081)
		<u>213,346,920</u>	<u>190,472,953</u>
15.1	Store and spares consumed		
	Opening inventory	17,654,892	15,267,349
	Purchases	28,149,076	18,084,097
	Closing inventory	(18,735,582)	(17,654,892)
		<u>27,068,386</u>	<u>15,696,554</u>
16	Administrative and operating expenses		
	EOBI	994,400	864,967
	Social Security & Education Cess	868,983	854,967
	Repair & Maintenance office	201,938	193,198
	Entertainment	279,205	172,762
	News Paper and Periodicals	75,628	54,651
	Vehicles Running & Repairs	271,969	125,473
	Travelling & Conveyance	175,622	122,208
	Insurance	306,025	-
	Canteen Subsidy	420,000	360,000
	Printing & Stationery	189,419	179,613
	Miscellaneous	-	159,987
	Bank Charges	764,914	841,001
	Postage & Courier	164,371	85,399
	Utilities	11,439,365	7,454,552
	Telephone Expenses	149,002	87,882
	Legal and professional	110,770	90,000
	Fee & Subscription	34,340	-
	Staff salaries	10,968,640	8,419,702
	Advertisement Expenses	7,000	-
	Lease Rental	100,000	100,000
	Directors Remuneration	12,900,000	8,750,000
	Salaries Executive Directors	4,800,000	-
	Auditor Remuneration	85,000	80,000
	Depreciation	1,946,755	1,499,947
		<u>47,253,346</u>	<u>30,496,309</u>

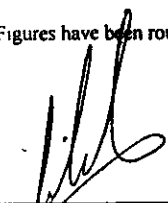
		2014 Rupees	2013 Rupees
16.1	Remuneration of Chief Executive Officer and Directors		
	Chief Executive	2,400,000	1,270,000
	Directors	10,500,000	7,480,000
	Executive Directors	4,800,000	-
		17,700,000	8,750,000
17	Other operating expenses		
	Worker's profit participation fund	855,434	950,598
	Worker's welfare fund	281,335	380,239
		1,136,769	1,330,837
18	Taxation		
	Current tax	5,287,769	6,188,392
	Deferred tax	-	-
		5,287,769	6,188,392
19	Utilities		
	Electricity	19.1	
	Production	177,886,640	119,401,800
	Admin	10,604,982	6,065,938
	WIP	19,765,182	9,330,884
		208,256,804	134,798,622
	Sui Gas	19.2	
	Production	14,184,522	31,243,818
	Admin	834,384	1,388,614
	WIP	1,668,767	2,082,921
		16,687,673	34,715,353
	Erection & Installation	19.3	
	Other Installation Expenses	958,839	-
	Utilities	21,433,950	11,413,805
		22,392,789	11,413,805

20 **DATE OF AUTHORIZATION**

These financial statements have been authorized for issue by the Board of Directors of the Company on _____

21 **GENERAL**

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



DIRECTOR

FAZAL PAPER MILLS (PRIVATE) LIMITED

Notes to the accounts

For the year ended June 30, 2014

4 Property Plant and Equipment

Particulars	Cost			Depreciation				
	As on 01-07-2013	Addition	Less: Depreciation	Rate	2013-14	For the year	2014-15	On 30-06-15
	Rs	Rs	Rs		Rs	Rs	Rs	Rs
Building	5,053,563	-	5,053,563	10%	1,218,486	383,508	1,601,994	3,451,569
Machinery	77,186,843	57,493,849	134,680,692	10%	16,287,325	11,182,379	27,469,704	107,210,988
Electric Equipment	32,350,285	2,021,266	34,371,551	20%	9,701,038	4,716,177	14,417,215	19,954,336
Furniture & Fixture	46,358	-	46,358	10%	17,488	2,887	20,375	25,983
Generator	18,364,574	1,185,000	19,549,574	15%	7,234,214	1,812,241	9,046,455	10,503,119
Vehicle	-	9,352,468	9,352,468	20%	-	1,228,728	1,228,728	8,123,740
Tractor	1,120,000	-	1,120,000	20%	411,860	141,628	553,488	566,512
As at 30th June 2014	134,121,623	70,052,583	204,174,206		34,870,411	19,467,548	54,337,959	149,836,247
As at 30th June 2013	134,121,623	-	134,121,623		19,870,943	14,999,468	34,870,411	99,251,212

ALLOCATION OF DEPRECIATION

		RUPEES 2014	RUPEES 2013
Charged to Cost Of sales	90%	17,520,793	13,499,522
Charged to Admin & General	10%	1,946,755	1,499,947
		<u>19,467,548</u>	<u>14,999,469</u>

Note:

Depreciation for the financial year ended June 2014 increased Rs. 70,052,583 addition in assets charged according to IAS -16 depreciation begins when asset is available for use and continue until the asset is derocognised.

Projects Of Salva Group Of Industries

- Salva Oil & Gen. Industries (PVT) Ltd.
- Fazal Paper Mills (PVT) Ltd.
- Fatima Vegetable Oil Mills (PVT) Ltd.
- Salva Feed Mills (PVT) Ltd.
- Nemat Foods (PVT) Ltd.

INFORMATION FOR NEPRA REGARDING CAPTIVE POWER PLANT

- | | |
|-----------------------------|------------------------------------|
| a) Type of Technology: | Steam Turbine Generator |
| b) Number of Units : | ONE |
| c) Unit Size: | 8.0 MW |
| d) Unit Make and Model : | |
| | Turbine: Triveni (Bangalore-India) |
| | Boiler: Cheema Boiler (India) |
| e) Year Make: | Year 2014 |
| f) Date of commissioning : | Year 2015 |
| g) Expected Remaining Life: | 25 Years |
| h) Installed capacity: | 8.0 MW |
| i) De-rated : | 8.0 MW |
| j) Auxiliary Consumption: | 700 KW |
| k) Net Capacity: | 7.3 KW |

FUEL USE:-

- | | |
|--------------------------------|--------------------------------|
| a) Fuel Type | Bio Mass & Coal |
| b) Fuel (Imported/indigenous): | Indigenous |
| c) Fuel Suppliers | Local Contractors / Suppliers. |
| d) Supply Arrangements: | Truck / Roads |
| e) Storage Area: | 15000 m2. |

PLANT CHARACTERISTICS:-

- | | |
|--|-----------------|
| a) Generation Voltage: | 11000 Volts |
| b) Frequency: | 50 Hz |
| c) Power Factor: | 0.8 |
| d) Automatic Generation Control ; | Provided |
| e) Ramping Rate: | 0.1% per Second |
| f) Alternative Fuel: | HFO |
| g) Time required to Synchronize with Grid: | Not Available |

PROVISION OF METERING:-

Ampere Meters have been installed for units' determination/calculation.





ENVIRONMENT PROTECTION DEPARTMENT

Government of the Punjab
National Hockey Stadium, Lahore.



NO. DD (EIA)/EPA/F-655(IEE)/2910/2015/1050
Dated: 18/11/2015

To

Mr. Bilal Bashir,
Chief Executive Officer / Proponent,
M/s Fazal Paper Mills (Pvt) Limited,
10-Km Faisalabad Road, Okara

Subject:

**DECISION OF EPA PUNJAB FOR THE INSTALLATION OF 8-MW BIOMASS
POWER PLANT, AT M/S FAZAL PAPER MILLS (PVT) LIMITED, 10-KM
FAISALABAD ROAD, DISTRICT OKARA**

(Under Section 12 of PEPA, 1997 (Amended 2012) read with IEE/EIA Regulations, 2000)

1. Description of Project: Installation of 8-MW Biomass Power Plant.
2. Location of Project: The site is located at M/s Fazal Paper Mills (Pvt) Limited, 10-Km Faisalabad Road, District Okara
3. Date of filing of EIA 26.06.2015
4. After careful review of Initial Environmental Examination (IEE) Report, Site Inspection Report of District Officer (Environment), recommendations of Committee of Experts constituted under Regulation 11(2) of IEE / EIA Regulations, 2000 read with Section 12 of the Act ibid in its meeting on 02.09.2015 and other relevant record, the Environmental Protection Agency, Punjab has decided to accord its approval for the installation of the above mentioned project to safeguard the environmental issues subject to the following conditions:
 - i. The proponent shall ensure compliance of National Environmental Quality Standards (NEQS).
 - ii. The proponent shall install latest best available technology of coal power plants in the world to minimize environmental hazards.
 - iii. Mitigation Measures reflected / suggested in the IEE report and Environmental Management and Monitoring Plan (EMMP) shall be strictly observed to minimize any negative impacts on soil, ground water, air and biological resources of the project area. The proponent shall depute staff to monitor compliance of EMMP.
 - iv. Monitoring shall be carried out during the entire period of the project activities. Monitoring reports of the whole operation shall be submitted to EPA, Punjab on monthly basis.
 - v. The proponent shall install pollution abatement equipment i.e. Fabric Filters / Wet Scrubber / Electrostatic Precipitator / Cyclone etc. in compatible with NEQS.
 - vi. The proponent shall ensure compliance of Minamata Convention ratified by Pakistan in October, 2013 and shall install Mercury Emission Control Devices.
 - vii. The proponent shall install waste water treatment plant in compatible with National Environmental Quality Standards and shall dispose of wastewater after proper treatment.
 - viii. The proponent shall construct proper sanitary landfill site for the disposal of sludge / ash.
 - ix. Arrangements shall be made for safe disposal of solid and hazardous waste. The solid waste shall be retained within the unit boundary / premises and shall be disposed off in an environmental friendly way at a suitable disposal facility.
 - x. The proponent shall not use wood as fuel and shall use low sulphur content coal.
 - xi. The proponent shall ensure that strict and efficient health and safety measures are in place for protection of workers backed by a comprehensive emergency response system while working on super structure.
 - xii. The proponent shall provide proper firefighting arrangements.
 - xiii. The proponent shall take measures for proper storage of fuel.
 - xiv. At least 90% unskilled and to the extent possible skilled jobs shall be given to locals after providing them proper training.



P.T.O.

- xv. The proponent shall obtain NOCs of all other concerned departments before the commencement of the construction work.
- xvi. Compensation shall be provided to the inhabitants in case of loss of property, shops, business etc. in accordance with the rates that are agreed upon. All conflicting issues regarding compensation etc. should be settled amicably before or during the project activities.
- xvii. The proponent shall plant at least 10000 fruit trees of minimum height 6 to 7 feet around the project area in consultation with District Officer (Environment) on available space within six months and shall take measures for the protection of these trees.
- xviii. The proponent shall appoint Environmental Manager having (at least qualification of B.S. Environmental Sciences / B.Sc. Environmental Engineering) for the project and shall convey his name along with his complete Mailing Address and Phone Numbers.
- xix. The proponent shall follow the SOPs regarding dengue larvae eradication and shall ensure removal of stagnant water on daily basis.
- xx. The proponent shall take effective measures for safe transportation of Fuel.
- xxi. The proponent shall install on line Air Pollution Monitoring Analyzers for major pollutants like particulate matter, CO, SO₂, NO_x, HC and Mercury etc.
- xxii. The proponent shall establish at least two Air Monitoring Stations (One in upstream and other in downstream of the wind direction).
- xxiii. The proponent shall install Weather Station at appropriate place.
- xxiv. The proponent shall adopt technology for minimum use of water.

5. The proponent shall be liable for correctness and validity of information supplied to this department by the environmental consultant.

6. The proponent shall be liable for compliance of Regulations 13, 14, 18 and 19 of IEE/EIA Regulations, 2000, regarding approval, confirmation of compliance, entry, inspections and monitoring.

7. This approval is accorded only for the construction phase of the project. The proponent shall apply for confirmation of compliance under Regulation 14 of IEE / EIA Regulation, 2000 by submitting Environmental Management Plan for operational phase along with compliance status report of the Environmental Approval of the construction phase of the project.

8. Any change in the approved project shall be communicated to EPA, Punjab and shall be commenced after obtaining the approval.

9. This approval shall be treated as null and void if all or any of the conditions mentioned above, is/are not complied with. This approval does not absolve the proponent of the duty to obtain any other approval or consent that may be required under any law in force and is subjudice to legal proceedings in any legal fora / court.

10. This approval shall be valid (for commencement of construction) for a period of three years from the date of issue under Regulation 17 of IEE / EIA Regulations, 2000.

11. This approval can be withdrawn at anytime without any prior notice if deem necessary in the public / national interest.

(AMEN HANIF)
ASSISTANT DIRECTOR (EIA)
 for Director General, EPA, Punjab
 Ph: # 042-99232228

NO. & DATE EVEN.

A copy is forwarded for information to:

The District Officer (Environment), Okara w.r.t his letter No. 511/D/OE/OK, dated 08.07.2015. He is requested to ensure compliance of the above mentioned conditions / measures under intimation to this office.

(AMEN HANIF)
ASSISTANT DIRECTOR (EIA)
 for Director General, EPA, Punjab



**Projects Of Salva
Group Of Industries**

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- Fatima Vegetable Oil Mills (PVT) Ltd.
- Salva Feed Mills (PVT) Ltd.
- Nemat Foods (PVT) Ltd.

FPM/FIN/1512
December 15, 2015

Deputy Registrar
National Electric Power Regulatory Authority (NEPRA)
NEPRA Tower, Attaturk Avenue (East) G-5/1,
Islamabad.

RE: APPLICATION OF FAZAL PAPER MILLS (PRIVATE)
LIMITED FOR GRANT OF GENERATION LICENSE IN
RESPECT OF 8.0MW THERMAL POWER PLANT,
DISTRICT OKARA.

Dear Sir,

Reference to your letter # NEPRA/R/LAG-30/17565 dated December 10, 2015 (received on December 14, 2015), this is to inform you that the supply voltage of our captive Power Plant would be 11KV. Further, it is stated that the total generated electricity would be utilized for internal consumption & excess electricity, if any, would only be supplied to our own associated companies through our internal wiring, rather than the local grid.

We would be grateful for early expedition to our application.

Please acknowledge receipt.

Yours Sincerely,

For Fazal Paper Mills (PVT) Ltd.

Bilal Bashir
Chief Executive Officer



Registrar	13116
By No.	16-12-15
Date	16-12-15

10-KM Faisalabad Road, Okara ☎ +92 44 2661104

✉ fpm@salva.com.pk 🌐 www.salva.com.pk ☎ +92 44-2661251, 2661107

FPM/FIN/1512
December 15, 2015

Deputy Registrar
National Electric Power Regulatory Authority (NEPRA)
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