

DADEX



Annual Report **2017**

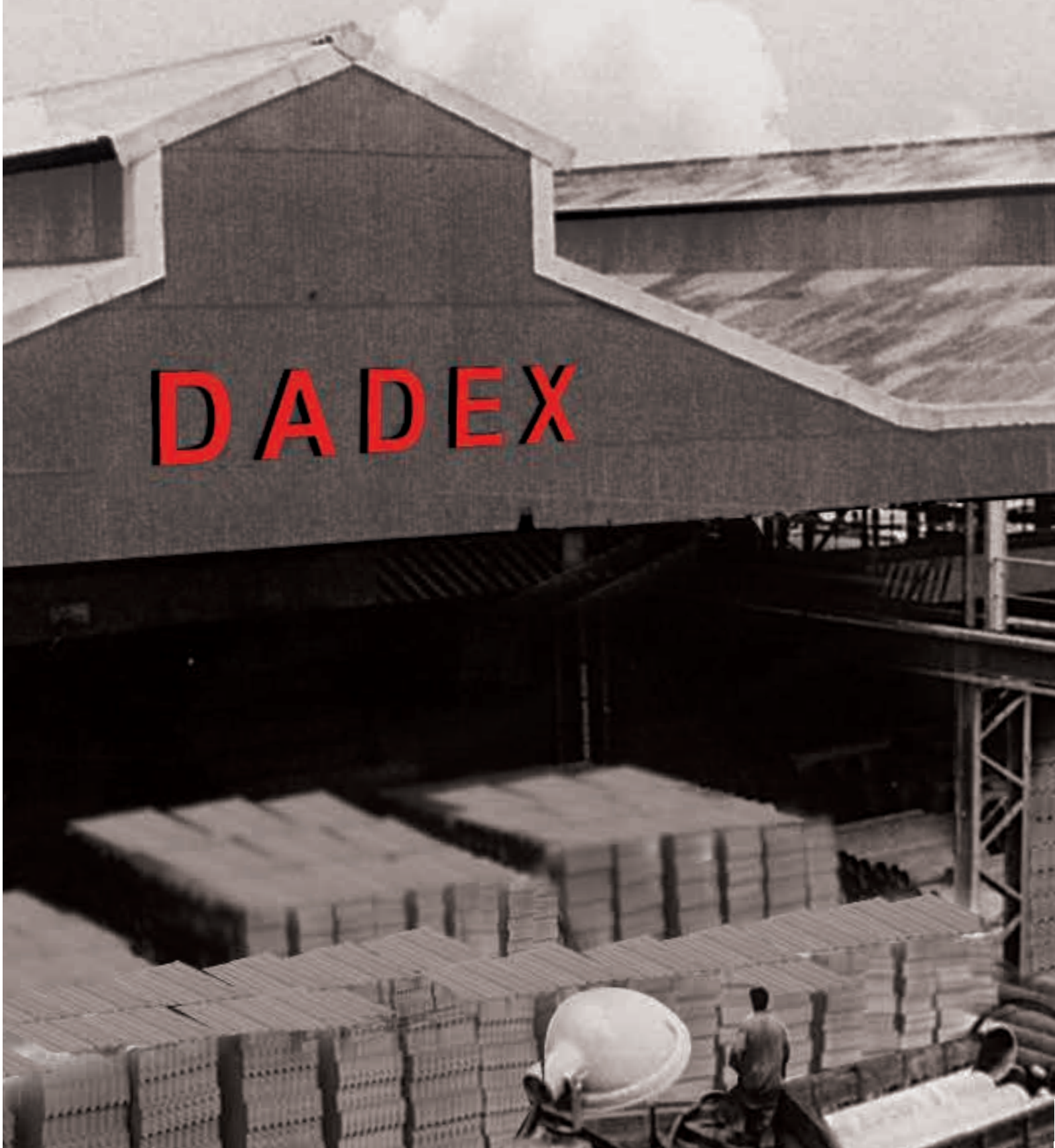


58th Annual Report

For The Year Ended June 30, 2017

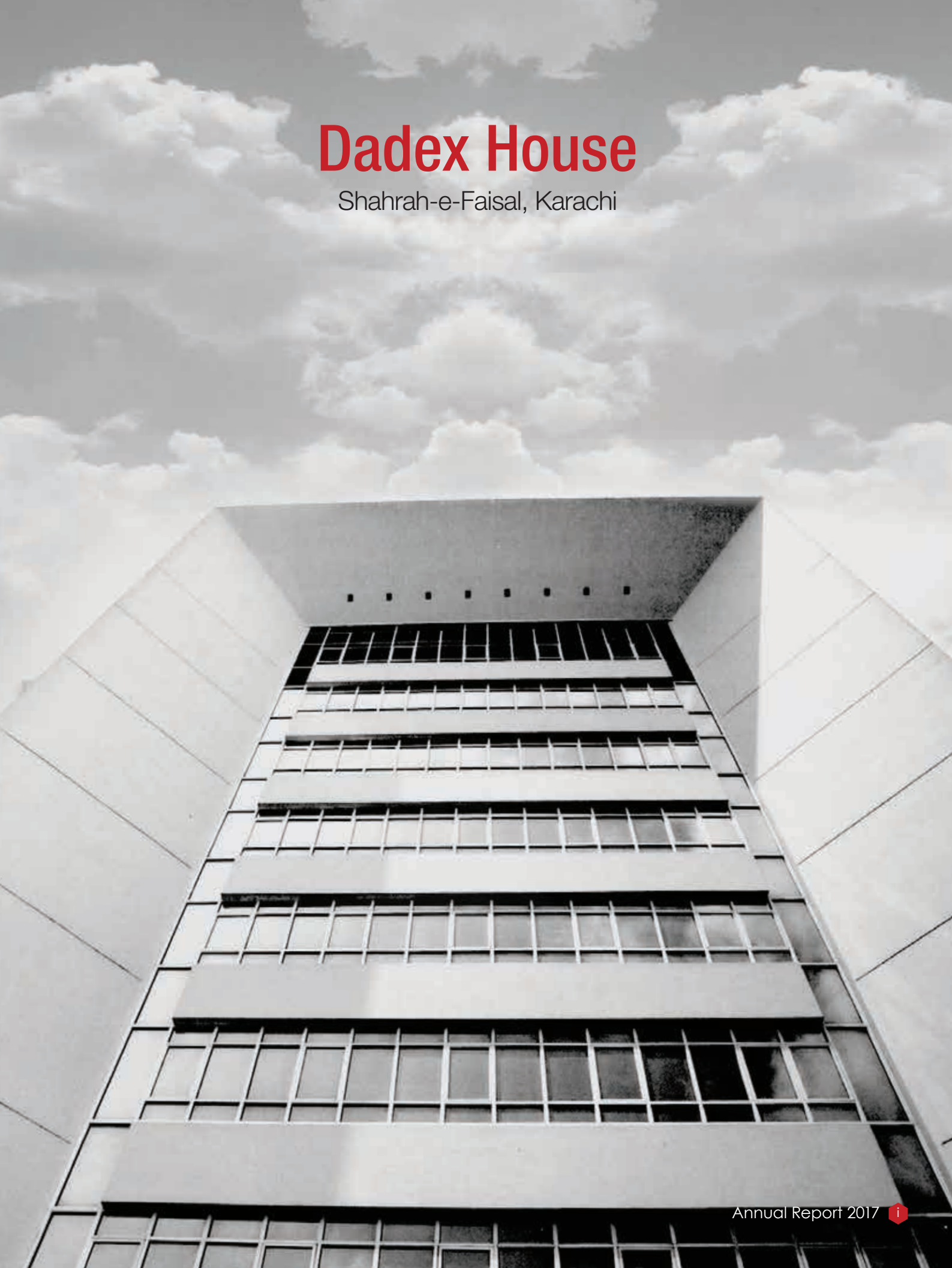


DADEX



Dadex House

Shahrah-e-Faisal, Karachi





KASSIM DADA

Founder Chairman
(1919-2001)

CHAIRMAN

Brooke Bond Pakistan Ltd.
Berger Paints Pakistan Ltd.
Dada Agencies Ltd.
Dadex Eternit Limited
Pakistan Welding Electrodes Ltd.
Sikander (Pvt) Ltd.
Smith Kline & French of Pakistan Ltd.
J&N Pakistan Ltd.

DIRECTOR

Adamjee Industries Ltd.
Adamjee Sugar Mills Ltd.
Adamjee Insurance Company Ltd.
Central Chemical's (Pvt) Ltd.
Dada (Pvt) Ltd.
First International Investment Bank Ltd.
First International Investment Fund Ltd.
Habib Insurance Company Ltd.
Mehran Jute Mills Ltd.
Metropolitan Bank Ltd.
State Bank of Pakistan

Kassim Dada was an individual of principles. An astute businessman, a philanthropist, an avid traveller and a man committed to basic values.

Kassim Dada's individuality influenced many to add meaning and significance to their lives.

Following the simple principle of fairness, clarity and sincere application to all things in life - he worked to make Dadex a company that would not only be recognized for its quality of work and products but a company with integrity. As he wrote in his book, *A Ramble Through Life*, "The conduct towards others must be based on kindness, service, fairness, charity, justice, honesty and the sanctity of promise, pledge or agreement."

The Dadex Vision signifies all those qualities that were an intrinsic part of existence for Kassim Dada. The strength and longevity of any successful company does not lie in merely the superiority of products but in fact, in how it conducts business.

Dadex has evolved into a company that upholds authenticity as a crucial factor in its business practices. Be it in serving customers, product quality, relationship with clients - the underlying aim is the collective convergence of all values under the principle rule of truthfulness.

The Dadex vision signifies Kassim Dada's legacy of fundamental righteousness in business and in personal life.

Vision

“...to be the most valued company for all stakeholders, renowned for customer focus, innovation, quality, reliability and ethical practices.”



Mission Statement

- We shall provide unparalleled service and best value to our customers through dedicated, responsive and cost effective supply chain.
- We are committed to provide quality products by strict adherence to international standards and best practices through technical collaboration with leading global companies in markets we serve.
- We are committed to follow business ethics, comply with HSE standards and enhance our contribution to society.
- We shall strive to maximize our shareholders value through sustained profitable growth.
- We shall enhance existing employee productivity, hire, retain and develop best talent and provide them a competitive environment to excel and grow.
- We will aggressively focus on increasing our market penetration by exploring new channels.
- We shall continue to set new trends through innovative marketing and manufacturing.

innovation

values & principles

58 years of excellence

Our Philosophy

Our forte has been and continues to be, to manufacture and market innovative customer-oriented products. Focusing on superiority, reliability and durability - we believe that these characteristics must embody not just our products but also our business practices. We believe in transparency; integrity, sound business practices and in presenting the best products and services to customers at all times.

At dadex, our aim is to continue to be an organization renowned for its principled approach in all spheres of work. Be it production of piping systems or roofing material or customer service - integrity is a force we believe in. And reliability is the foundation of all that we do.

58 years of existence has only strengthened our commitment. Excelling in piping systems, roofing materials, building products and customer service – today, we stand poised to offer you the fundamentals upon which to build your future.



Building Blocks of Dadex Values



Customer Focus

Superior Customer Support -Magnified Focus



Innovation

Boundless Thinking. Timeless Innovation



Quality

Quality Assured is Quality Delivered



Reliability

Reliability and Trust - A Secure Balance



Ethical Practices

Solid Link to Strong Principles



Dadex has seen several phases of challenges and developments, but the intrinsic strength of Dadex keep the boat afloat in the stormy weathers.



Now, Dadex has successfully managed through the trouble days and has emerged stronger. We have achieved financial stability, sales growth and have increased our market share.

Our Achievement

Antimicrobial Pipes

Dadex in continuation of its tradition of introducing innovative products has achieved a new milestone in the year 2017 by introducing first antimicrobial and antibacterial pipes in the country. This innovation has opened the new doors of development inside and outside Pakistan.

Dadex antimicrobial pipes are available in PPR Polydex Pipes, PVC Pressure Pipes and PE Water Pipes used for potable water supply. Dadex antimicrobial pipes have 99.99% antimicrobial efficacy and provide long lasting protection against Bacteria, Fungi and Algae; hence providing safe and healthy water.

The antimicrobial additive being used by Dadex in antimicrobial pipes has been tested against over 50 dangerous microorganisms including: MRSA, E. coli Salmonella, Klebsiella pneumoniae, Staphylococcus aureus, Pseudomonas aeruginosa, Clostridium difficile, A. niger Corynebacterium spp, Escherichia coli.

Dadex antimicrobial products have built-in anti-fungal, anti-bacterial, anti-mold, anti-mildew and anti-algal protection, providing a broad spectrum of total anti-microbial performance.



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Company information

| | | |
|--|---|--|
| Board of Directors | Sikander Dada - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Shahzad M. Husain Syed Shahid Ali Bukhari Qazi Sajid Ali Danish Dada | (Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Independent Director) (Executive Director) (Executive Director) |
| Chief Executive Officer | Qazi Sajid Ali | |
| Chief Financial Officer | Muhammad Yousuf | |
| Company Secretary | Umar Rasheed | |
| Head of Internal Audit/ Secretary Board Audit Committee | Muhammad Ahsan | |
| Board Audit Committee | Shahzad M. Husain - Chairman Maqbool H.H. Rahimtoola Syed Shahid Ali Bukhari | |
| Human Resource and Remuneration Committee | Maqbool H.H. Rahimtoola - Chairman Abu Talib H.K. Dada Qazi Sajid Ali | |
| Management Team | Qazi Sajid Ali Danish Dada Tanveer Saleem Muhammad Yousuf Munawar Abbas Syed Wasim Ahmed Lt. Cdr. (Retd.) Saeed Ahmed Khan | - Chief Executive Officer - CEO (International Division) - Chief Operating Officer (Technical & Operations) - Chief Financial Officer - Director Operations - General Manager Finance - General Manager Admin & HR |
| Auditors | EY Ford Rhodes, Chartered Accountants | |
| Bankers | National Bank of Pakistan Bank Islami Pakistan Limited Habib Metropolitan Bank Limited MCB Bank Limited Sindh Bank Limited The Bank of Punjab United Bank Limited (UBL Ameen) Standard Chartered Bank (Pakistan) Limited Faysal Bank Limited Habib Bank Limited Askari Bank Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited | |



Company information

Legal Advisor

Abrar Hasan & Co. 9 Mezzanine Floor, Beaumont Plaza,
near PIDC House, Karachi.

Registered Office

Dadex House, 34-A/1, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi- 75400
Tel: (92-21) 111000789
Fax: (92-21) 34315716, 34315725
Email: info@dadex.com.pk

Share Registrar

M/s. JWAFS Registrar Services (Private) Limited
407 - 408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar Karachi
Phone: (92-21) 35662023-24
Fax: (92-21) 35221192
Email: jwaffs@live.com
info@jwaffs.com

Website

www.dadex.com



Notice of 58th annual general meeting

Notice is hereby given that the 58th Annual General Meeting of the Dadex Eternit Limited will be held on Wednesday, October 25, 2017 at 04:30 p.m., at Dadex House, 34-A/1, Block-6, PECHS, Shahrah-e-Faisal, Karachi to transact the following:

Ordinary Business:

1. To receive, consider and adopt the following documents for the year ended June 30, 2017:
 - a) Audited Financial Statements and the Auditors' Report thereon; and
 - b) The Report of the Board of Directors.
2. To consider and approve payment of 6.30% dividend in cash for the year ended June 30, 2017 as recommended by the Board of Directors.
3. To appoint auditors of the Company for the year ending June 30, 2018, and authorize the Directors to fix their remuneration. The Board of Directors recommends, based on the recommendation of the Audit Committee, the appointment of M/s. BDO Ebrahim & Co., Chartered Accountants in place of retiring auditors M/s. EY Ford Rhodes, Chartered Accountants, who have also offered themselves for reappointment.
4. To elect seven (07) Directors of the Company for a period of three (03) years commencing from the date of 58th Annual General Meeting, in accordance with the provisions of the Companies Act, 2017. The names of the retiring Directors are as follows:

1. Mr. Sikander Dada
2. Mr. Abu Talib H.K. Dada
3. Mr. Qazi Sajid Ali
4. Mr. Maqbool H.H. Rahimtoola
5. Mr. Shahzad M. Husain
6. Mr. Danish Dada
7. Syed Shahid Ali Bukhari

The retiring Directors are eligible for re-election.

Special Business:

5. To approve the remuneration of Non-Executive and Executive Directors (Including Chief Executive Officer).

Karachi: September 21, 2017

By Order of the Board

(Umar Rasheed)
Company Secretary



Notice of 58th annual general meeting

Notes

1. The Register of Members and the Share Transfer Books of the Company shall remain closed from October 18, 2017 to October 25, 2017 (both days inclusive). Transfers received in order at the office of our Share Registrar, JWAFS Registrar Services (Pvt.) Limited, 407 - 408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar Karachi by the close of business hours on October 17, 2017 will be treated in time for incorporating the change in the Register of Members as at October 18, 2017.
2. The entitlement to dividend, attend, participate and vote at the 58th Annual General Meeting will be according to the Register of Members as at October 18, 2017.
3. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend, speak and vote for him/her. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
4. An instrument of the proxy applicable for the Meeting, in which a Member can direct the proxy how he/she wishes the proxy to vote, is being provided with the notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours or can be downloaded from our website www.dadex.com.
5. Members are requested to notify change, if any, in their registered addresses to our Share Registrar at the abovementioned address.
6. Shareholders are therefore requested to submit a copy of their valid CNIC (if not already provided) to Company's Share Registrar at the abovementioned address.
7. As per section 242 of the Companies Act, 2017, in case of listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, all shareholders of the Company are requested to provide bank mandate details to the Share Registrar of the Company at the abovementioned address so that your dividend amount may directly be deposited in your respective bank accounts.
8. In terms of SRO 787(I)/2014 dated September 8, 2014, the shareholders can also opt to obtain Annual Report 2017 through email. For this purpose, we hereby give you the opportunity to send us your written request along with your valid email ID.
9. Shareholders who have not claimed their dividend are advised to contact our Share Registrar to collect /enquire about their unclaimed dividend, if any. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government. A notice in this regard is already dispatched to shareholders.
10. As per SECP directives issued through SRO 634 (I)/2014, the Annual Report 2017 of the Company along with Notice of Annual General meeting is available for download at Company's website i.e. www.dadex.com.
11. Shareholders are hereby informed that through Finance Act, 2017, effective from July 1, 2017 the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 from dividend payment have revised as follows:

| | | |
|----|--------------------------------|---------------|
| a. | Filer of Income Tax Return | 15.00 percent |
| b. | Non-Filer of Income Tax Return | 20.00 percent |



Notice of 58th annual general meeting

12. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

- i. In the case of individuals, the account holder or sub-account holder whose securities and registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original CNIC or original passport at the time of attending the meeting.
- ii. In the case of a corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of attending the meeting.

B. For Appointing Proxies:

- i. In the case of individuals, the account holder or sub-account holder whose securities and registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In the case of a corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

C. Item 4 of the Agenda:

- i. To elect 7 Directors being the number fixed by the Board of Directors for election for a period of three years from the date of the Annual General Meeting.
- ii. Any person or retiring director who seeks to contest election of the office of the director must file with the Company, not later than fourteen days before the date of meeting, notice of his/her intention to offer himself/herself for election.

13. Transport will be available for members at 03:30 p.m., sharp outside the premises of the Pakistan Stock Exchange Building to take them to the venue of the meeting.

Statement Under Section 134 (3) of the Companies Act, 2017

Statement in respect of Special Business and related Draft Resolution

This Statement sets out the material facts concerning the Special Business to be transacted at the 58th Annual General Meeting and the proposed Resolution related thereto:



Notice of 58th annual general meeting

Item 5 of the Agenda – Remuneration of Executive and Non-Executive Director

The Chief Executive and the Executive Director (Executive) and a non-executive director are providing services to the Company under their respective contracts.

For the year 2017: Rs. 27.881 million paid to Executive and Non-Executive Director as remuneration for their services. They are also entitled to use Company maintained car.

Approval of the Members is required for remuneration for holding their respective offices of profit in respect of the CEO, Executive and Non-Executive Directors. For this purpose, it is proposed that, the following resolution be passed as an Ordinary Resolution:

“RESOLVED THAT approval be and is hereby granted for the holding of offices of profit in the Company by the Executive and a Non-Executive Director, and the payment of remuneration to them for their individual contracts under the rules of the Company; amounting in the aggregate to Rs. 27.881 million.”



Chairman Review

I am pleased to present a review on the overall performance of the Company for the year ended June 30, 2017.

Pakistan economy has shown growth during current year, growth in GDP was 5.3 percent. Manufacturing sector recorded a growth of 5.06 percent. Construction sector which is most relevant sector to our business recorded a growth of 9.05 percent. It is expected that growth trend will continue in light of on going projects related to China Pakistan Economic Corridor.

The Company achieved profit after tax of Rs. 16.844 million as compared to Rs. 0.2 million achieved last year. Overall sales have increased by 10.56 percent as compared to last year.

Dadex is committed to water conservation as well as the supply of safe water for health and well-being of our people. To this purpose, Company has once again brought a revolutionary technology for the first time in the piping industry of Pakistan, by introducing antimicrobial pipes containing state of the art antimicrobial technology.

The Board has carried out its Self-Evaluation, in line with the self-assessment mechanism set up last year, and identified areas for further improvement in line with best practices followed by the industry.

The Board of Directors will complete its term at the conclusion of 58th AGM of the Company. The retiring directors are as follows including myself: Mr. Abu Talib H.K. Dada, Mr. Maqbool H.H. Rahimtoola, Mr. Qazi Sajid Ali, Mr. Shahzad M. Husain, Mr. Danish Dada and Mr. Syed Shahid Ali Bukhari. I would like to take this opportunity to extend my gratitude to all retiring directors for their valuable services to the Company.

The Board met four (04) times during the year. The Board meets at least once in every quarter to consider operational results and the budget of the following year. The Board Committees greatly facilitated the overall working of the Board.

On behalf of the Board, I would like to acknowledge valuable contribution made by all our employees to achieve a profitable year. I would also like to thank all our shareholders, customers, suppliers, bankers and all other stakeholders for their continued patronage and confidence imposed on the Company.

Sikander Dada
Chairman



Report of the board of directors

The Board of Directors of Dadex Eternit Limited ("Company") would like to present the 58th Annual Report along with the Audited Financial Statements for the year ended June 30, 2017.

National economy

Pakistan's economy continues to perform impressively and its economic fundamentals have shown growing trend in the fiscal year 2016/17. Pakistan achieved GDP growth of 5.3 percent against 4.7 percent achieved last year, Inflation and fiscal deficit have remained at manageable levels, monetary policy has been accommodative and PKR to USD parity has remained relatively stable. Prudent macroeconomic policies, financial discipline, and a consistency and continuity in policies have yielded positive results.

Manufacturing sector recorded a growth of 5.06 percent as compared to 4.6 percent achieved last year. Construction sector, which is the most relevant to our business, recorded a growth of 9.05 percent during the year.

China Pakistan Economic Corridor (CPEC) related projects are in full swing and visible developments are now materializing. Road, rail infrastructure, energy, industrial park and port projects under the CPEC will bring huge investment and opportunities into the country. Company is well placed to reap benefits out of these opportunities.

Business

The Company makes every effort to incorporate latest innovations to modernize and grow our business to ensure continued and sustainable profits and maximum return to shareholders.

The Company's strategic initiatives which were taken in previous years have started materializing. The Company has been successful in achieving its objectives by following a consistent strategy that has emphasized on customer focus, innovation, quality, reliability and ethical practices.

The Company has launched Pakistan's first antimicrobial pipe which was widely covered in national and international newspapers. The Company is getting encouraging response for the sale of antimicrobial pipes.

Operations

Overall capacity utilization of Plastics pipes and CC products increased during the year as compared to last year. Overall production volumes of all CC and Plastic products have also increased.

During the year, investments were made in the Hyderabad Factory to improve the quality of our CC Sheets and improve their appearance.

New equipments have been added at Karachi Factory which has resulted in enhancement of production capacity.



Report of the board of directors

Sales and Profitability

During the year under review, the Company achieved sales revenue of Rs. 2.391 billion, an increase of 10.56 percent over the sales revenue of Rs. 2.163 billion achieved last year.

The Company achieved profit before tax of Rs. 64.010 million, (2015/16: profit before tax of Rs. 69.850 million). Financial charges also decreased by 6.83 percent as compared to last year mainly due to lower borrowing rate. Company achieved profit after tax of Rs. 16.844 million, (2015/16: net profit of Rs. 0.2 million). This has resulted in earning per share of Rs. 1.56 (2015/16: earning per share of Rs. 0.02).

Dividends and Appropriations

The Company declared final cash dividend of Rs. 0.63 per share i.e. 6.30 percent per share for the year under review.

Summary of profits/ (loss) available for appropriations is as follows:

| | (Rupees In '000') |
|---|-------------------|
| Accumulated Loss as at July 01, 2016 | (98,486) |
| Prior year adjustment | - |
| Transfer from Un-appropriated Profit to general reserves | - |
| Surplus on revaluation of fixed assets on account of incremental depreciation charged on related assets | |
| Depreciation Charged On Related Assets | 24,345 |
| Profit after taxation for the year ended June 30, 2017 | <u>16,844</u> |
| Accumulated Loss as at June 30, 2017 | <u>(57,297)</u> |
| Non-Adjusting Event After The Balance Sheet Date | |
| Proposed final dividend per share of Rs. 0.63 per share | (6,781) |

Break-up value per share as at June 30, 2017 is Rs. 20.81 (2015/16: Rs.16.24).

Board of Directors and its Committees

The Board re-appointed Mr. Qazi Sajid Ali as the Chief Executive Officer of the Company with effect from May 01, 2017 for a period of three years. During the year, the Board also approved appointment of Mr. Danish Dada as the CEO International Division with effect from March 01, 2017 for a period of three years, Board also approved remuneration and terms & conditions of his employment. Mr. Sikander Dada, Chairman being father of Mr. Danish Dada is a concerned party to this appointment.

The Board completed its term on July 12, 2017. However, the Company requested Securities and Exchange Commission of Pakistan to extend holding of director elections till the 58th Annual General Meeting. Accordingly, election of directors for the next term will be held on the day of 58th Annual General Meeting of the Company.

Dadex Board met four times during the year 2016/17. Dadex Board consists of good mix of experienced and skilled members. The attendance of the Directors attending Board meetings is annexed with this Report.



Report of the board of directors

The Board has developed its own performance evaluation mechanism which will further help to identify areas for improvement in line with the best practices followed by the industry.

During the year there was no change in the composition of the Board. However, due to appointment of Mr. Danish Dada as the CEO International Division, the Board appointed Mr. Maqbool H.H. Rahimtoola as the member of Board Audit Committee in place of Mr. Danish Dada. There was no change in the composition of Human Resource and Remuneration Committee.

The Board Audit Committee met four times and Human Resource and Remuneration Committee met one time during the year 2016/17. The Board Committees greatly facilitated the overall working of the Board.

Energy Conservation

The Company is conscious about its responsibility and commitment to protect the environment and efficiently use resources. Pursuing our commitment, among other measures taken, we encourage recycling/rework, which accounts for significant raw material cost savings, along with environmental benefits.

The Company also encourages its employees to conserve electricity by switching off lighting, computer systems, electronic equipments when not in use and all electrical equipments are properly maintained to save the energy.

Information Communication Technology

The Company is committed to continuously improve and upgrade its ICT infrastructure and move towards greater process automation to remain upbeat in cut throat competition prevailing in the market. ICT aims to provide uninterrupted connectivity amongst its internal and external stakeholders.

The ICT Department is committed towards delivering cutting edge and consistent IT and SAP support services to its end users. The company is working on lines to develop enhanced controls in existing SAP processes, updating applications / software / hardware / data communication to achieve business targets.

Corporate Philanthropy and Community Welfare

The Company during the year has taken part in various philanthropic and welfare activities and has made contribution of Rs. 0.119 million (2015/16: Rs. 0.018 million).

Business Ethics and Anti-Corruption Measures

The Company believes that corporate success is based on the respect for the moral values and the satisfaction of the ethical, legal and social expectations. The Company does not discriminate on the basis of race, sex, religion, disability or family status in the recruitment, training or advancement of its employees.

The Company has well established internal controls in place. The Board Audit Committee regularly reviews the internal audit reports and measures are taken to implement the recommendations of the internal auditors.



Report of the board of directors

The Company has well established internal controls in place. The Board Audit Committee regularly reviews the internal audit reports and measures are taken to implement the recommendations of the internal auditors.

The Company's philosophy and policy continues to be to follow sound corporate practices which provide consumer protection and ensure effective anti-corruption measures.

Rural Development

The Company encourages the employment of local people from adjoining rural areas at its all three manufacturing facilities.

Contribution to the National Exchequer and the Economy of the Country

The Company has contributed in excess of Rs. 666 million (2015/16: Rs. 524 million) towards the National Exchequer in the form of income tax, sales tax, duties, levies and other taxes.

Health, Safety, Environment and Quality

Dadex give highest priority to Health, Safety & Environment (HSE). The HSE program has been further consolidated at all three factories. Company is certified of OHSAS 18001 / ISO 14001 standards. Recertification of Quality Management System (ISO 9001: 2008) for three years cycle successfully achieved.

HSE initiative is pro-active in nature, compliant with local applicable laws and is fully aligned with guidelines from ILO / WHO & Chrysotile Institute – Canada.

Being a caring & responsible organization, company is offering "Periodic Medical Examinations" to its serving and retired employees, as per international standards. Our focus is on prevention, promotion of healthy lifestyles & early detection of any potential occupational health issues.

As per "Environmental Plan" Air Monitoring Tests are being conducted and analyzed for both area & personal sampling, one of the best practices in the developing countries despite difficult business environment in Pakistan.

Employment of Special Persons

The Company considers it a social and moral responsibility to accommodate special persons. The Company has put in place a mechanism to ensure the employment of special persons in all future appointments and a special quota will be kept for them as per requirement.

Industrial Relations

Company maintains cordial relations with its employees and agreements are in place with the respective Collective Bargaining Agents [CBA Union's] based on negotiated Charter of demands. Both the employees and the Unions are motivated enough to play their roles to handle the challenges in productivity improvements.



Report of the board of directors

Human Resources

Dadex believes in organization and people development. Human resource at dadex is the most valuable asset that has played a vital role for the growth of the company. We are committed to continually engage in developing and to take good care of our human resource in order to provide a safe and good working environment.

Our success depends on motivated and committed employees. To attract and retain the best talent, we recognize the need to invest in their development. We have continuously invested over the years with the aim of strengthening this important area of business performance.

Compliance with Code of Corporate Governance

A) The board of directors are pleased to confirm that:

- 1) The company has applied the principles contained in the code of corporate governance and relevant Listing regulations, as narrated in the "statement of compliance with code of corporate governance" for The year ended June 30, 2017 annexed with this report.
- 2) The company while complying with the applicable regulations has applied the principles contained in the Code of corporate governance, relating to "related party transaction".
- 3) The board of directors have adopted the "code of conduct" and measures have and are being taken to Ensure that the employees within the organisation effectively observe these rules of conduct.
- 4) The following statements which have also been certified by the external auditors in their report to the Members:
 - a. The financial statements, 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 the financial statements, and accounting estimates are based on reasonable and prudent judgment.
 - d. International accounting standards, as applicable in Pakistan, have been followed in the Preparation of the financial statements.
- 5) The board has set up an effective internal audit function by appointing qualified and experienced head of Internal audit who is well conversant with the policies and procedures of the company. The system of internal Controls and such other procedures, which are in place, are being continuously reviewed by the board's Audit committee.
- 6) There are no significant doubts upon the company's ability to continue as a going concern.
- 7) There has been no material departure from the best practices of corporate governance, as detailed in the applicable listing regulations.



Report of the board of directors

- B) The further information in accordance with the Corporate and Financial Reporting Framework laid down in the Code of Corporate Governance is as follows:
- 1) The summary of the key operating and financial data of the Company, spanning the last ten years is annexed with this Report.
 - 2) Taxes and levies are as disclosed in the Notes to the Accounts.
 - 3) The following is the value of investments, held by the Provident Fund based on the latest audited accounts as at June 30, 2017:

| (Rupees in '000') | |
|--------------------------|---------|
| 2017 | 2016 |
| 245,952 | 214,321 |

- 4) The statement, showing the pattern of shareholding of the Company as at June 30, 2017 is annexed with this Report.
- 5) The Directors, CEO, CFO, Head of Internal Audit and the Company Secretary, and their spouses and minor children did not carry out any trade in the shares of the Company during the year, except as those disclosed in the pattern of shareholding.

Holding Company

M/s. Sikander (Private) Limited is the holding company of Dadex Eternit Limited by virtue of its 63.18% shareholding in the Company.

Auditors

The present auditors M/s. EY Ford Rhodes, Chartered Accountants shall retire at the conclusion of the 58th Annual General Meeting. The Board of Directors recommends, based on the recommendation of the Audit Committee, the appointment of M/s. BDO Ibrahim & Co., Chartered Accountant in place of retiring auditors M/s. EY Ford Rhodes, Chartered Accountants, for the year ending June 30, 2018.

Auditors recommended for appointment hold a satisfactory rating under the "Quality Control Review Programme" of the Institute of Chartered Accountants of Pakistan.

The Board of Directors wishes to place on record and acknowledge the highest standard of professional independence, objectivity and effectiveness shown by the M/s. EY Ford Rhodes, Chartered Accountants, who have been the statutory auditors since 2004.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company, to which the Balance Sheet relates and the date of this Report.



Report of the board of directors

Future Prospects and Challenges

The ongoing growth in construction and infrastructure sectors is a key factor stimulating demand for piping products, and we expect to see this trend continuing in the coming years with cpec related mega projects in pipeline.

Sales outlook for 2017/18 is strong. With the addition of antimicrobial pipes in our product range, we anticipate substantial demand from health care, housing, projects and industrial sectors. The company has also established an international division to look into new international business opportunities which includes sourcing of new products and any overseas ventures to enhance business.

Acknowledgements

The directors are grateful to all our customers for their support and seek their continued patronage. Achieving customers' trust is the key to our success so far and we are determined to provide the quality of service that will continue to retain this trust.

The company would like to take this opportunity to thank all its shareholders and other stakeholders including suppliers, service providers, banks / financial institutions and insurers for reposing their trust in the company.

The directors fully recognize the relentless efforts and dedicated services, team work of all cadres of employees and would like to thank them who have stood firm with the company in this challenging phase. We remain committed to improve the way we work, to be more professional, efficient and profitable to deliver sustained return to our shareholders in a well diversified manner.

Karachi: September 21, 2017

On behalf of the Board of Directors

Qazi Sajid Ali
Chief Executive Officer

Abu Talib H.K Dada
Director



Attendance of board of directors meeting

| S.No | Name of Director | Meetings Held | Meetings Attended |
|------|-----------------------------|---------------|-------------------|
| 1 | Mr. Sikander Dada | 4 | 4 |
| 2 | Mr. Qazi Sajid Ali | 4 | 4 |
| 3 | Mr. Abu Talib H.K. Dada | 4 | 4 |
| 4 | Mr. Maqbool H.H. Rahimtoola | 4 | 4 |
| 5 | Mr. Shahzad M. Husain | 4 | 4 |
| 6 | Mr. Danish Dada | 4 | 4 |
| 7 | Mr. Syed Shahid Ali Bukhari | 4 | 4 |

Leave of absence granted to Directors who could not attend some meetings.



Statement of compliance with the code of corporate governance

Dadex Eternit Limited, year ended June 30, 2017.

This statement is being presented to comply with the Code of Corporate Governance contained in Clause No 5.19.24 of the Pakistan Stock Exchange (PSX) Rule Book for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

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

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

| Category | Name |
|-------------------------|--|
| Independent Directors | Mr. Syed Shahid Ali Bukhari |
| Executive Directors | Mr. Qazi Sajid Ali Mr. Danish Dada |
| Non-Executive Directors | Mr. Sikander Dada Mr. Abu Talib H.K. Dada Mr. Maqbool H.H. Rahimtoola Mr. Shahzad M. Husain |

The independent director meets the criteria of independence under clause 5.19.1 (b) of the PSX Rule Book.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year, no casual vacancy occurred on the Board of Directors of the Company.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.



Statement of compliance with the code of corporate governance

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive Directors, have been taken by the Board/Shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board is well aware of their duties and responsibilities under the Code. Five out of Seven Directors have confirmed that they possess requisite educational and directorship experience on the board of listed companies and hence are exempted from the requirement of attending Directors' Training Program. One Director has already attended Directors' Training Program.
10. The Board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three (03) non-executive directors, including one independent director and the Chairman of the committee is a non-executive Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource & Remuneration Committee. It comprises of three (03) members, one is an executive Director and two are non-executive Directors and the Chairman of the committee is a non-executive Director.



Statement of compliance with the code of corporate governance

18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period", prior to the announcement of interim/final results, and business decisions, which may affect the market price of Company's securities, was determined and intimated to Directors, Employees and Stock Exchange.
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 to inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi: September 21, 2017

Qazi Sajid Ali
Chief Executive Officer

Abu Talib H.K. Dada
Director



**FINANCIAL
STATEMENTS**



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Dadex Eternit Limited (the Company) for the year ended 30 June 2017 to comply with the requirements of Rule Book of the Pakistan Stock Exchange Limited, where the Company is listed.

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

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

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

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

Chartered Accountants

Date: 03 October 2017

Place: Karachi

AUDITORS' REPORT TO THE MEMBERS

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

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

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

- (a) In our opinion, proper books of account have been kept by the Company as required by the repealed 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 repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.1 to the financial statements, with which we concur;
 - (ii) The expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, its comprehensive income, 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).

Chartered Accountants

Audit Engagement Partner: Khurram Jameel

Date: 03 October 2017

Place: Karachi



Balance Sheet as at June 30, 2017

| | Note | 2017 | 2016 |
|--|------|------------------|------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| (Rupees in '000') | | | |
| Property, plant and equipment | 5 | 1,788,130 | 1,825,691 |
| Intangible assets | 6 | 431 | - |
| Investment property | 7 | 41,877 | 44,416 |
| Long-term investment | 8 | - | - |
| Long-term loans | 9 | 1,243 | 1,055 |
| Long-term security deposits | 10 | 27,471 | 21,646 |
| Deferred tax asset | 11 | 54,617 | 78,775 |
| | | 1,913,769 | 1,971,583 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | 12 | 36,541 | 35,461 |
| Stock-in-trade | 13 | 714,275 | 518,289 |
| Trade debts | 14 | 137,409 | 118,458 |
| Loans and advances | 15 | 80,549 | 80,160 |
| Trade deposits and short-term prepayments | 16 | 31,239 | 20,945 |
| Other receivables | 17 | 6,827 | 12,298 |
| Taxation – net | | 228,103 | 183,860 |
| Cash and bank balances | 18 | 36,668 | 13,339 |
| | | 1,271,611 | 982,810 |
| | | 3,185,380 | 2,954,393 |
| TOTAL ASSETS | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 19 | 107,640 | 107,640 |
| Reserves | 20 | 108,358 | 67,169 |
| | | 215,998 | 174,809 |
| SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | 21 | 1,064,230 | 1,088,575 |
| NON-CURRENT LIABILITIES | | | |
| Long-term financing | 22 | - | 102,222 |
| Deferred income | 26 | 12,154 | - |
| Liabilities against assets subject to finance lease | 23 | 81,102 | 58,098 |
| | | 93,256 | 160,320 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 24 | 538,937 | 437,320 |
| Accrued mark-up | | 21,614 | 27,898 |
| Short-term borrowings | 25 | 1,110,300 | 839,053 |
| Current portion of deferred income | 26 | 4,860 | - |
| Current portion of long-term financing | 22 | 102,222 | 175,332 |
| Current portion of liabilities against assets subject to finance lease | 23 | 30,128 | 16,361 |
| Sales tax and excise duty payable | | 3,835 | 34,725 |
| | | 1,811,896 | 1,530,689 |
| CONTINGENCIES AND COMMITMENTS | 27 | | |
| | | 3,185,380 | 2,954,393 |
| TOTAL EQUITY AND LIABILITIES | | | |

The annexed notes from 1 to 45 form an integral part of these financial statements.

ABU TALIB H.K.DADA
DIRECTOR

QAZI SAJID ALI
CHIEF EXECUTIVE OFFICER

MUHAMMAD YOUSUF
CHIEF FINANCIAL OFFICER



Profit And Loss Account for the year ended June 30, 2017

| | Note | 2017 | 2016 |
|---|------|----------------------------|-------------|
| | | ———— (Rupees in '000) ———— | |
| Turnover | 28 | 2,391,591 | 2,163,119 |
| Cost of sales | 29 | (1,964,982) | (1,782,094) |
| Gross profit | | 426,609 | 381,025 |
| Distribution costs | 30 | (134,850) | (103,827) |
| Administrative expenses | 31 | (127,969) | (117,773) |
| Other expenses | 32 | (28,432) | (22,450) |
| Other income | 33 | 46,393 | 59,257 |
| Operating profit | | 181,751 | 196,232 |
| Finance costs | 34 | (117,741) | (126,376) |
| Share of loss on investment in an associate | 8 | - | (6) |
| Profit before taxation | | 64,010 | 69,850 |
| Taxation | 35 | (47,166) | (69,651) |
| Net profit for the year | | 16,844 | 199 |
| | | (Rupees) | |
| Earnings per share - basic and diluted | 36 | 1.56 | 0.02 |

The annexed notes from 1 to 45 form an integral part of these financial statements.

ABU TALIB H.K.DADA
DIRECTOR

QAZI SAJID ALI
CHIEF EXECUTIVE OFFICER

MUHAMMAD YOUSUF
CHIEF FINANCIAL OFFICER



Statement of comprehensive income for the year ended June 30, 2017

| | 2017 | 2016 |
|---|------------------------------|------------|
| | ————— (Rupees in '000) ————— | |
| Net profit for the year | 16,844 | 199 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | <u>16,844</u> | <u>199</u> |

The annexed notes from 1 to 45 form an integral part of these financial statements.

ABU TALIB H.K.DADA
DIRECTOR

QAZI SAJID ALI
CHIEF EXECUTIVE OFFICER

MUHAMMAD YOUSUF
CHIEF FINANCIAL OFFICER



Cash flow statement for the year ended June 30, 2017

| | Note | 2017 | 2016 |
|---|------|------------------|------------------|
| ----- (Rupees in '000') ----- | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 37 | 121,894 | 120,168 |
| Income tax paid | | (67,250) | (18,490) |
| Long-term loans - net | | (188) | 872 |
| Long-term security deposits – net | | (5,825) | (15,049) |
| Net cash generated from operating activities | | 48,631 | 87,501 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (33,726) | (19,152) |
| Additions of intangible assets | | (466) | - |
| Proceeds from disposal of operating assets | | 51,541 | 24,876 |
| Net cash generated from investing activities | | 17,349 | 5,724 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long-term financing | | (175,332) | 40,298 |
| Short term borrowings | | 208,236 | 222,246 |
| Liabilities against assets subject to finance lease | | (14,519) | (9,812) |
| Finance costs paid | | (124,025) | (123,426) |
| Dividend paid | | (22) | (68) |
| Net cash (used in) / generated from financing activities | | (105,662) | 129,238 |
| Net (decrease) / increase in cash and cash equivalents | | (39,682) | 222,463 |
| Cash and cash equivalents at the beginning of the year | | (603,468) | (825,931) |
| Cash and cash equivalents at the end of the year | | (643,150) | (603,468) |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 18 | 36,668 | 13,339 |
| Short-term borrowings – Running finance | 25 | (679,818) | (616,807) |
| | | (643,150) | (603,468) |

The annexed notes from 1 to 45 form an integral part of these financial statements.

ABU TALIB H.K.DADA
DIRECTOR

QAZI SAJID ALI
CHIEF EXECUTIVE OFFICER

MUHAMMAD YOUSUF
CHIEF FINANCIAL OFFICER



Statement of changes in equity for the year ended June 30, 2017

| | Reserves | | | | | | Total Equity |
|--|--|-------------------------------|------------------|--------------------|----------------|----------------|----------------|
| | Issued, subscribed and paid-up capital | Capital reserve share premium | Revenue Reserves | | | Total | |
| | | | General | (Accumulated loss) | Sub-Total | | |
| ----- (Rupees in '000') ----- | | | | | | | |
| Balance as at June 30, 2015 | 107,640 | 5,655 | 160,000 | (121,380) | 38,620 | 44,275 | 151,915 |
| Net profit for the year | - | - | - | 199 | 199 | 199 | 199 |
| Other comprehensive income | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 199 | 199 | 199 | 199 |
| Surplus on revaluation of fixed assets realised on account of incremental depreciation | - | - | - | 22,695 | 22,695 | 22,695 | 22,695 |
| Balance as at June 30, 2016 | 107,640 | 5,655 | 160,000 | (98,486) | 61,514 | 67,169 | 174,809 |
| Net profit for the year | - | - | - | 16,844 | 16,844 | 16,844 | 16,844 |
| Other comprehensive income | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 16,844 | 16,844 | 16,844 | 16,844 |
| Surplus on revaluation of fixed assets realised on account of incremental depreciation | - | - | - | 24,345 | 24,345 | 24,345 | 24,345 |
| Balance as at June 30, 2017 | 107,640 | 5,655 | 160,000 | (57,297) | 102,703 | 108,358 | 215,998 |

The annexed notes from 1 to 45 form an integral part of these financial statements.

ABU TALIB H.K.DADA
DIRECTOR

QAZI SAJID ALI
CHIEF EXECUTIVE OFFICER

MUHAMMAD YOUSUF
CHIEF FINANCIAL OFFICER



1. Nature and status of business

Dadex Eternit Limited (the Company) was incorporated in Pakistan on April 13, 1959 as a public company and is quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at Dadex House, 34-A/1, Block 6, P.E.C.H.S, Sharah-e-Faisal, Karachi. The Company has three factories situated at Karachi, Hyderabad and Lahore. The principal business of the Company is to manufacture and sell construction material, which mainly includes piping systems and other allied products manufactured from chrysotile cement, rubber and plastics, merchandising of imported pipe fittings, accessories and other building products.

2. Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

3. Basis of preparation

These financial statements have been prepared under the historical cost convention except for land, which are stated at revalued amounts.

4. Summary of significant accounting policies

4.1 New standards and amendments

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following amendments and interpretations to accounting standards which became effective for the current year:

- IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to accounting standards issued by the IASB in September 2014

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 - Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report



IAS 19 - Employee Benefits - Discount rate: regional market issue

IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

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

4.2 Standards not yet effective

The following revised standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation:

| | Effective date (accounting period beginning on or after) |
|--|---|
| IFRS 2 - Share-based Payments – Classification and measurement of Share based Payments Transaction (Amendments) | 01 January 2018 |
| IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) | Not yet finalized |
| IAS 7 - Statement of Cash Flows - Disclosure Initiative (Amendment) | 01 January 2017 |
| IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments) | 01 January 2017 |
| IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments) | 01 January 2018 |
| IAS 40 - Investment Property: Transfers of Investment Property (Amendments) | 01 January 2018 |
| IFRIC 22 - Foreign Currency Transactions and Advance Consideration | 01 January 2018 |
| IFRIC 23 - Uncertainty over Income Tax Treatments | 01 January 2019 |

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

In addition to the above, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

During the year, the Act has been promulgated, however, SECP vide its circular no. 17 of 2017 dated 20 July 2017 communicated its decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. While the Company is currently assessing the full impact of the promulgation of the Companies Act 2017 on the financial statements, it is expected that it will result in change in accounting treatments and enhanced disclosures in the financial statements which will be incorporated in the subsequent financial statements of the Company.



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

**IASB Effective date
(accounting periods
beginning on or after)**

| | | |
|---------|---|---|
| IFRS 9 | - | Financial Instruments: Classification and Measurement |
| IFRS 14 | - | Regulatory Deferral Accounts |
| IFRS 15 | - | Revenue from Contracts with Customers |
| IFRS 16 | - | Leases |
| IFRS 17 | - | Insurance Contracts |

| |
|-----------------|
| 01 January 2018 |
| 01 January 2016 |
| 01 January 2018 |
| 01 January 2019 |
| 01 January 2021 |

4.3 Significant accounting judgments and estimates

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

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

Stock-in-trade

The Company reviews the net realisable values of stock in trade to assess any diminution in the respective carrying values. Net realisable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.



Trade debts

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. With regard to deferred taxation, the Company applies various assumptions on future projections and applicability of different tax regime, as well as recoverability of various deferred tax assets.

Contingencies

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

4.4 Property, plant and equipment

Operating assets

Owned

These are stated at cost less accumulated depreciation and impairment except for land. Freehold land are stated at revalued amounts less accumulated impairment and leasehold land is stated at revalued amount less accumulated depreciation and impairment.

Depreciation is charged to profit and loss account using the straight-line method over their estimated useful lives at the rates disclosed in note 5.1 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset are calculated as the difference between the net disposal proceeds and the carrying amount of the item.



An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset are calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Gains and losses on disposal of assets are taken to profit and loss account in the year the assets are derecognised. When revalued assets are sold, the remaining surplus is transferred directly to profit and loss account.

Assets residual values, useful lives and method of depreciation are reviewed, and adjusted, if appropriate at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalised.

Leased

Fixed assets acquired under finance lease are accounted for by recording the assets and related liabilities at the amounts determined on the basis of the lower of fair value of assets and the present value of minimum lease payments. Finance charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

Capital work-in-progress

These are stated at cost less impairment and consist of expenditure incurred and advances made in respect of operating assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating assets when they are available for use.

4.5 Intangible assets

These are stated at cost less accumulated amortisation and impairment. Amortisation is charged to the profit and loss account using the straight-line method over their estimated useful lives.

4.6 Investment property

These are assets held for capital appreciation and for rental earnings and are measured under the cost model. These are stated at cost less accumulated depreciation and impairment.



These are assets held for capital appreciation and for rental earnings and are measured under the cost model. These are stated at cost less accumulated depreciation and impairment.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposals and carrying amount of the asset is recognised in the profit and loss account in the period of derecognition.

Transfers are made to or from the investment property only when there is a change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

Depreciation is charged to profit and loss account using the straight-line method over their estimated useful lives at the rates disclosed in note 7 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalised.

4.7 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units)



4.8 Investments

Associate

Investment in associates is accounted for using equity method of accounting. Investments over which investor has "significant influence" are accounted for under this method i.e., investments to be carried in the balance sheet at cost plus post-acquisition changes in the share of net assets of the associate, less any impairment in value, if material. The profit and loss account reflects the investor's (Company's) share of the results of operations of the investee (associated company) after the date of acquisition. If an associate uses accounting policies other than those of the Company, adjustments are made to conform the associate's policies to those of the Company, if the impact is considered material.

4.9 Stores, spare parts and loose tools

These are valued at the lower of weighted average cost and net realisable value. Stock in transit is valued at cost comprising invoice values plus other charges and taxes.

4.10 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of NRV and cost determined as follows:

| | | |
|---------------------------|---|--|
| Raw and packing materials | - | Moving average basis. |
| Work-in-process | - | Cost of direct materials plus conversion cost is valued on the basis of equivalent production units. |
| Finished goods | - | Cost of direct materials plus conversion cost is valued on time proportion basis. |

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the balance sheet date.

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their NRV.



4.11 Trade debts and other receivables

These are recognised at invoice value less provision for uncollectible amounts. Provision for doubtful debts is based on management's assessment of customer's credit worthiness. Bad debts are written-off when there is no realistic prospect of recovery.

4.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances net of short term running finance.

4.13 Surplus on revaluation of fixed assets

The surplus arising on revaluation of property, plant and equipment net off deferred tax is credited to "surplus on revaluation of property, plant and equipment" shown below equity in the balance sheet.

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account.

An amount equal to incremental depreciation for the year net of deferred tax is transferred from "surplus on revaluation of property, plant and equipment account" to unappropriated profit through "statement of changes in equity" to record realization of surplus to the extent of the incremental depreciation charge for the year.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount at the balance sheet date. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

4.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost at the balance sheet date, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.15 Operating leases / Ijarah contracts

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating lease. Payments made under operating leases / Ijarah agreements are charged to the profit and loss account on a straight line basis over the lease / Ijarah term.



4.16 Provisions

Provisions are recognised when:

- a) The Company has a present obligation (legal or constructive) as a result of past events;
- b) It is probable that an outflow of resources will be required to settle the obligation; and
- c) A reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.17 Revenue recognition

Sales are recognized when the significant risk and rewards of ownership of the goods have passed to the customer which coincide with the dispatch of goods to the customers.

Service income is recognised when related services are rendered. In such case, revenue is recognised by reference to the stage of completion of a transaction as of the balance sheet date to the extent of cost incurred and, accordingly adjusting the same against other receivables / advances from customers.

Scrap sales are recorded on receipt basis.

Profit on bank accounts is recorded using effective interest rate.

Rental income is recorded on accrual basis.

Dividend income is recognised when the right to receive the dividend is established.

4.18 Retirement benefits

The Company operates an approved contributory provident fund for all permanent employees for which the employer's contribution is charged to the profit and loss account for the year. Monthly contribution are made by the Company to the fund at the rate of 11% of employees' monthly basic salary and cost of living allowance, as defined in the Rules.

4.19 Taxation

Current Provision for current tax is based on the taxable income in accordance with Income Tax Ordinance 2001.

Deferred

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



Deferred income tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

4.20 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.21 Financial instruments

Financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument and are derecognized in the case of assets, when the contractual rights under the instruments are realized, expired or surrendered and in the case of liability, when the obligation is discharged, cancelled or expired. Any gain / loss on the recognition and derecognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

4.22 Offsetting of financial assets and financial liabilities

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

4.23 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

4.24 Dividend and appropriation to reserves

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

4.25 Functional and presentation currency

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



4.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5. Property, plant and equipment

| | Note | 2017 | 2016 |
|--------------------------|------|-----------------------------|-------------------------|
| | | ———— (Rupees in '000') ———— | |
| Operating fixed assets | 5.1 | 1,778,065 | 1,820,110 |
| Capital work-in-progress | 5.2 | 10,065 | 5,581 |
| | | <u>1,788,130</u> | <u>1,825,691</u> |



Notes to the financial statements for the year ended June 30, 2017

5.1 Operating fixed assets

| | COST / REVALUATION | | | ACCUMULATED DEPRECIATION | | | BOOK VALUE | | |
|--|---------------------|--|---------------------|--------------------------|-----------------------------------|---------------------|---------------------|----------------------------------|--|
| | As at July 01, 2016 | Additions/ *Revaluation (Disposals) | As at June 30, 2017 | As at July 01, 2016 | Charge for the year (Disposal) | As at June 30, 2017 | As at June 30, 2017 | Depreciation rate per annum % | |

(Rupees in '000')

Owned

| | | | | | | | | | | |
|--|-----------|--------|--------------|-----------|-----------|--------|----------|-----------|-----------|---------|
| Freehold land (note 5.1.1) | 235,401 | - | - | 235,401 | - | - | - | - | 235,401 | - |
| Leasehold land (note 5.1.1) | 1,380,599 | - | - | 1,380,599 | 83,736 | 28,983 | - | 112,719 | 1,267,880 | 1-2.5 |
| Factory buildings on freehold and leasehold land | **200,585 | - | - | 200,585 | 170,017 | 15,151 | - | 185,168 | 15,417 | 10 |
| Buildings on freehold land other than factory | 1,616 | - | - | 1,616 | 612 | 142 | - | 754 | 862 | 5 |
| Buildings on leasehold land other than factory | 47,238 | - | - | 47,238 | 15,717 | 2,074 | - | 17,791 | 29,447 | 5 |
| Plant and machinery (note 5.1.4) | 847,844 | 24,396 | *** (65,079) | 807,161 | 701,673 | 25,461 | (33,234) | 693,900 | 113,261 | 10 |
| Furniture and fittings | 10,477 | - | - | 10,477 | 9,779 | 343 | - | 10,122 | 355 | 10 |
| Vehicles and transportation equipment. | 6,591 | 1,270 | (874) | 6,987 | 6,591 | 143 | (874) | 5,860 | 1,127 | 20 |
| Office and factory equipment | 34,425 | 1,776 | - | 36,201 | 31,216 | 1,127 | - | 32,343 | 3,858 | 10-33.3 |
| | 2,764,776 | 27,442 | (65,953) | 2,726,265 | 1,019,341 | 73,424 | (34,108) | 1,058,657 | 1,667,608 | |

Leased

| | | | | | | | | | | |
|---------------------------------------|------------------|---------------|-----------------|------------------|------------------|---------------|-----------------|------------------|------------------|---------|
| Plant and machinery | 31,800 | ***51,290 | - | 83,090 | 1,060 | 5,745 | - | 6,805 | 76,285 | 10-33.3 |
| Vehicles and transportation equipment | 48,817 | - | - | 48,817 | 4,882 | 9,763 | - | 14,645 | 34,172 | 10-33.3 |
| | 80,617 | 51,290 | - | 131,907 | 5,942 | 15,508 | - | 21,450 | 110,457 | |
| 2017 | 2,845,393 | 78,732 | (65,953) | 2,858,172 | 1,025,283 | 88,932 | (34,108) | 1,080,107 | 1,778,065 | |

** These include assets costing Rs. 100 (2016: Rs. 100) million and book value of Rs. 5.11 (2016: Rs.15.29) million under common ownership Diminishing Musharaka.

*** Represents sale and leaseback transaction.



Notes to the financial statements for the year ended June 30, 2017

| | COST / REVALUATION | | | ACCUMULATED DEPRECIATION | | | | BOOK VALUE | | Depreciation rate per annum % |
|--|---------------------|-------------------------|-------------|--------------------------|---------------------|---------------------|------------|---------------------|---------------------|-------------------------------|
| | As at July 01, 2015 | Additions/ *Revaluation | (Disposals) | As at June 30, 2016 | As at July 01, 2015 | Charge for the year | (Disposal) | As at June 30, 2016 | As at June 30, 2016 | |

----- (Rupees in '000') -----

Owned

| | | | | | | | | | | |
|--|-----------|------------|----------|-----------|---------|--------|----------|---------|-----------|---------|
| Freehold land (note 5.1.1) | 307,151 | * (71,750) | - | 235,401 | - | - | - | - | 235,401 | - |
| Leasehold land (note 5.1.1) | 963,897 | * 416,702 | - | 1,380,599 | 56,402 | 27,334 | - | 83,736 | 1,296,863 | 1-2.5 |
| Factory buildings on freehold and leasehold land | **200,585 | - | - | 200,585 | 154,767 | 15,250 | - | 170,017 | 30,568 | 10 |
| Buildings on freehold land other than factory | 1,616 | - | - | 1,616 | 470 | 142 | - | 612 | 1,004 | 5 |
| Buildings on leasehold land other than factory | 47,238 | - | - | 47,238 | 13,599 | 2,118 | - | 15,717 | 31,521 | 5 |
| Plant and machinery (note 5.1.4) | 826,011 | 21,833 | - | 847,844 | 675,804 | 25,869 | - | 701,673 | 146,171 | 10 |
| Furniture and fittings | 10,477 | - | - | 10,477 | 9,261 | 518 | - | 9,779 | 698 | 10 |
| Vehicles and transportation equipment | 32,243 | 73 | (25,725) | 6,591 | 32,103 | 65 | (25,577) | 6,591 | - | 20 |
| Office and factory equipment | 34,027 | 398 | - | 34,425 | 30,012 | 1,204 | - | 31,216 | 3,209 | 10-33.3 |

| | | | | | | | | | | |
|---------------------------------------|-----------|---------|----------|-----------|---------|--------|----------|-----------|-----------|---------|
| Leased | 2,423,245 | 367,256 | (25,725) | 2,764,776 | 972,418 | 72,500 | (25,577) | 1,019,341 | 1,745,435 | |
| Plant and machinery (note 5.1.4) | - | 31,800 | - | 31,800 | - | 1,060 | - | 1,060 | 30,740 | 10-33.3 |
| Vehicles and transportation equipment | - | 52,472 | (3,655) | 48,817 | - | 5,247 | (365) | 4,882 | 43,935 | 10-33.3 |
| | - | 84,272 | (3,655) | 80,617 | - | 6,307 | (365) | 5,942 | 74,675 | |
| 2016 | 2,423,245 | 451,528 | (29,380) | 2,845,393 | 972,418 | 78,807 | (25,942) | 1,025,283 | 1,820,110 | |

** These include assets costing Rs. 100 (2015: Rs. 100) million and book value of Rs. 15.29 (2015: Rs. 25.471) million under common ownership Diminishing Musharaka.



5.1.1 Freehold and leasehold land

The Company carries its freehold and leasehold land on revalued amounts. The latest revaluation was carried out in January 2016 by an independent valuers. Had there been no revaluations, the book value of freehold and leasehold land would have been Rs. 269.905 (2016: Rs. 269.905) million and Rs. 169.141 (2016: Rs. 173.780) million respectively and surplus on revaluation of property, plant and equipment would have been lower by Rs. 1,064 (2016: Rs. 1,088) million.

5.1.2 Allocation of depreciation charge

| | Note | 2017 | 2016 |
|---|------|---------------|---------------|
| (Rupees in '000') | | | |
| Cost of sales – manufacturing overheads | 29 | 59,596 | 54,491 |
| Distribution costs | 30 | 6,725 | 3,736 |
| Administrative expenses | 31 | 22,610 | 20,580 |
| | | 88,931 | 78,807 |

5.1.3 Operating assets disposed off

| | Cost | Accumulated depreciation | Book value | Sale proceeds | Gain / (loss) | Mode of disposal | Particulars of buyer |
|---|---------------|--------------------------|---------------|---------------|---------------|--------------------|-------------------------------|
| (Rupees in '000') | | | | | | | |
| Plant and machinery | 65,079 | 33,234 | 31,845 | 51,290 | 19,445 | Sale and leaseback | Sindh Leasing Company Limited |
| Assets having book values less than Rs.50,000 | 874 | 874 | - | 251 | 251 | Negotiation | Various |
| | 65,953 | 34,108 | 31,845 | 51,541 | 19,696 | | |

5.1.4 The cost of fully depreciated assets as at June 30, 2017 is Rs. 678.491 (2016: Rs. 687.153) million.

5.2 Capital work-in-progress

| | Opening balance | Additions | Transferred to operating fixed assets | Written off | Closing balance |
|---------------------------------------|-----------------|---------------|---------------------------------------|----------------|-----------------|
| (Rupees in '000') | | | | | |
| Buildings on leasehold land | 1,007 | - | - | - | 1,007 |
| Plant and machinery | 4,574 | 29,231 | (25,266) | (1,800) | 6,739 |
| Vehicles and transportation equipment | - | 3,589 | (1,270) | - | 2,319 |
| Total | 5,581 | 32,820 | (26,536) | (1,800) | 10,065 |

6. Intangible Assets

| | COST | | ACCUMULATED AMORTISATION | | | WRITTEN DOWN VALUE | | Amortisation rate % |
|-------------------------------|---------------------|------------|--------------------------|---------------------|--------------|---------------------|---------------------|---------------------|
| | As at July 01, 2016 | Addition | As at June 30, 2017 | As at July 01, 2016 | For the year | As at June 30, 2017 | As at June 30, 2017 | |
| (Rupees in '000') | | | | | | | | |
| SAP Software and licenses | 20,700 | - | 20,700 | 20,700 | - | 20,700 | - | 33.33 |
| Microsoft Windows 10 Pro GGWA | - | 466 | 466 | - | 35 | 35 | 431 | 33.33 |
| | 20,700 | 466 | 21,166 | 20,700 | 35 | 20,735 | 431 | |



Notes to the financial statements for the year ended June 30, 2017

| | COST | | ACCUMULATED AMORTISATION | | | WRITTEN DOWN VALUE | Amortisation rate% | |
|-------------------------------|---------------------|----------|--------------------------|---------------------|--------------|---------------------|---------------------|-------|
| | As at July 01, 2015 | Addition | As at June 30, 2016 | As at July 01, 2015 | For the year | As at June 30, 2016 | As at June 30, 2016 | |
| ----- (Rupees in '000') ----- | | | | | | | | |
| SAP Software and licenses | 20,700 | - | 20,700 | 20,700 | - | 20,700 | - | 33.33 |
| 2016 | 20,700 | - | 20,700 | 20,700 | - | 20,700 | - | 33.33 |

7. Investment property

| | COST | | | ACCUMULATED DEPRECIATION | BOOK VALUE | | Depreciation rate % |
|-------------------------------|---------------------|---------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | As at July 01, 2016 | As at June 30, 2017 | As at July 01, 2016 | For the year | As at June 30, 2017 | As at June 30, 2017 | |
| ----- (Rupees in '000') ----- | | | | | | | |
| Building on leasehold land | 50,762 | 50,762 | 6,346 | 2,539 | 8,885 | 41,877 | 5 |
| 2017 | 50,762 | 50,762 | 6,346 | 2,539 | 8,885 | 41,877 | 5 |
| 2016 | 50,762 | 50,762 | 3,807 | 2,539 | 6,346 | 44,415 | |

7.1 The fair value of investment property as of June 30, 2017 amounted to Rs. 84.456 million (2016 : 84.456), determined by an independent valuer.

8. Long-term investment

| | Note | 2017 | 2016 |
|----------------------------------|------|------|------|
| Investment in an associate | | - | 6 |
| Balance at beginning of the year | | - | (6) |
| Share of loss – (unaudited) | | - | - |
| Balance at end of the year | | - | - |

8.1 The Company has 48.04 percent (2016: 48.04 percent) shareholding i.e. 625,000 (2016: 625,000) ordinary shares of Rs.10/- each in Berdex Construction Chemicals (Private) Limited (Berdex).

9. Long-term loans – secured, considered good

| | Note | 2017 | 2016 |
|-----------------|------|--------------|--------------|
| Employees | 9.1 | 1,763 | 1,571 |
| Current portion | 15 | (520) | (516) |
| | | 1,243 | 1,055 |



Notes to the financial statements for the year ended June 30, 2017

9.1 Represent interest free loans given to employees for the purchase of vehicles. These loans are repayable over periods ranging from four months to five years and are secured by way of registration of vehicles purchased in the name of the Company.

10. Long-term security deposits

Include deposit with Sikander (Private) Limited (the Holding Company) amounting to Rs. 0.100 (2016: Rs. 0.100) million.

11. Deferred tax asset

| Note | 2017 | 2016 |
|------|------|------|
|------|------|------|

----- (Rupees in '000') -----

Represents tax effects of temporary differences relating to:

Accelerated tax depreciation

| | |
|-----------------|----------|
| (11,626) | (22,889) |
|-----------------|----------|

Finance lease

| | |
|------------|----|
| 226 | 64 |
|------------|----|

Provisions

| | |
|---------------|--------|
| 82,200 | 47,532 |
|---------------|--------|

Unabsorbed tax losses

| | |
|---------------|---------|
| 61,051 | 101,600 |
|---------------|---------|

Deferred income

| | |
|--------------|---|
| 4,966 | - |
|--------------|---|

| | |
|----------------|---------|
| 136,817 | 126,307 |
|----------------|---------|

| | |
|---------------|--------|
| 74,433 | 78,722 |
|---------------|--------|

Minimum tax

| | |
|----------------|---------|
| 211,250 | 205,029 |
|----------------|---------|

Less:

Deferred tax asset not expected to be recovered with reasonable certainty

| | |
|----------------|---------|
| 156,633 | 126,254 |
|----------------|---------|

| | |
|---------------|--------|
| 54,617 | 78,775 |
|---------------|--------|

12. Stores, spare parts and loose tools

Stores

| | |
|--------------|-------|
| 4,164 | 3,390 |
|--------------|-------|

Spare parts [including in transit Rs. 0.768 (2016 : nil)]

| | |
|---------------|--------|
| 35,839 | 32,308 |
|---------------|--------|

Loose tools

| | |
|--------------|--------|
| 9,453 | 12,789 |
|--------------|--------|

| | |
|---------------|--------|
| 49,456 | 48,487 |
|---------------|--------|

Provision for slow moving and obsolete items

12.1

| | |
|-----------------|----------|
| (12,915) | (13,026) |
|-----------------|----------|

| | |
|---------------|--------|
| 36,541 | 35,461 |
|---------------|--------|

12.1 Provision for slow moving and obsolete items

Opening balance

| | |
|---------------|--------|
| 13,026 | 13,709 |
|---------------|--------|

Reversal for the year

29

| | |
|--------------|-------|
| (111) | (683) |
|--------------|-------|

Closing balance

| | |
|---------------|--------|
| 12,915 | 13,026 |
|---------------|--------|



13. Stock-in-trade

| | Note | 2017 | 2016 |
|-----------------|------|-------------------------------|---------|
| Raw materials | | ----- (Rupees in '000') ----- | |
| - in hand | | 241,296 | 155,368 |
| - in transit | | 138,256 | 78,741 |
| | | 379,552 | 234,109 |
| Work-in-process | | 122,179 | 75,489 |
| Finished goods | | 190,736 | 185,811 |
| - Manufactured | | 21,808 | 22,880 |
| - Trading | 13.1 | 212,544 | 208,691 |
| | | 714,275 | 518,289 |

13.1 Finished goods are net off provision of Rs. 86.433 (2016: Rs. 80.588) million.

14. Trade debts – unsecured

| | Note | 2017 | | | 2016 | | |
|------------------------------|------|-------------------------------|--------------------|------------------|----------|--------------------|-----------|
| | | Turnkey | Other than Turnkey | Total | Turnkey | Other than Turnkey | Total |
| | | ----- (Rupees in '000') ----- | | | | | |
| Considered good | | - | 137,409 | 137,409 | - | 118,458 | 118,458 |
| Considered doubtful | | 17,414 | 123,316 | 140,730 | 17,414 | 135,866 | 153,280 |
| | | 17,414 | 260,725 | 278,139 | 17,414 | 254,324 | 271,738 |
| Provision for doubtful debts | 14.1 | (17,414) | (123,316) | (140,730) | (17,414) | (135,866) | (153,280) |
| | 14.2 | - | 137,409 | 137,409 | - | 118,458 | 118,458 |

14.1 Provision for doubtful debts

| | Note | 2017 | | | 2016 | | |
|---------------------|------|-------------------------------|--------------------|-----------------|---------|--------------------|---------|
| | | Turnkey | Other than Turnkey | Total | Turnkey | Other than Turnkey | Total |
| | | ----- (Rupees in '000') ----- | | | | | |
| Opening balance | | | | | | | |
| Charge for the year | | 17,414 | 135,866 | 153,280 | 17,414 | 130,678 | 148,092 |
| Written-off | | - | 3,655 | 3,655 | - | 5,188 | 5,188 |
| Closing balance | | - | (16,205) | (16,205) | - | - | - |
| | | 17,414 | 123,316 | 140,730 | 17,414 | 135,866 | 153,280 |



Notes to the financial statements for the year ended June 30, 2017

14.2 Include amount due from Siemens Pakistan Engineering Company Limited – a related party as follows :

| | Total | Neither past due nor impaired | Past due but not impaired <u>> 360 days</u> |
|-------------|-------------------------------|----------------------------------|--|
| | ----- (Rupees in '000') ----- | | |
| 2017 | 927 | 823 | 104 |
| 2016 | - | - | - |

14.3 Trade debts are generally on 30 days term. Aging analysis of trade debts is as follows

| | Total | Neither past due nor impaired | <u>Past due but not impaired</u> | | | |
|-------------|-------------------------------|-------------------------------------|----------------------------------|-------------------------------|--------------------------------|---------------|
| | | | > 30 days upto 90 days | > 90 days upto 180 days | > 180 days upto 360 days | > 360 days |
| | ----- (Rupees in '000') ----- | | | | | |
| 2017 | 137,409 | 77,826 | 40,554 | 4,576 | 9,984 | 4,469 |
| 2016 | 118,458 | 61,190 | 38,355 | 6,484 | 1,201 | 11,228 |

15. Loans and advances

Considered good

Loans – secured

Current portion of long-term loans

Advances – unsecured

Employees

Suppliers / contractors

Others

Considered doubtful

Advances

Suppliers / contractors

Provision for doubtful advances

| Note | 2017 | 2016 |
|------|------|------|
|------|------|------|

----- (Rupees in '000') -----

| | | |
|---|---------------|--------|
| 9 | 520 | 516 |
| | 3,525 | 1,308 |
| | 76,314 | 78,196 |
| | 190 | 140 |
| | 80,029 | 79,644 |
| | 80,549 | 80,160 |
| | 500 | 500 |
| | (500) | (500) |
| | - | - |
| | 80,549 | 80,160 |



16. Trade deposits and short-term prepayments

| | Note | 2017 | 2016 |
|---------------------------------------|------|---------------|---------|
| ----- (Rupees in '000') ----- | | | |
| Trade deposits | | | |
| Considered good | | | |
| Tender deposits | | 5,647 | 739 |
| Margin deposits | | 16,528 | 15,775 |
| Other deposits | | 7,597 | 3,943 |
| | | 29,772 | 20,457 |
| Considered doubtful | | | |
| Tender deposits | | 5,182 | 4,970 |
| Provision for doubtful tender deposit | 16.1 | (5,182) | (4,970) |
| | | - | - |
| | | 29,772 | 20,457 |
| Prepayments | | 1,467 | 488 |
| | | 31,239 | 20,945 |

16.1 Provision for doubtful deposits

| | | | |
|---------------------|--|--------------|-------|
| Opening balance | | 4,970 | 4,970 |
| Charge for the year | | 212 | - |
| Closing balance | | 5,182 | 4,970 |

17. Other Receivables

| | | | |
|--|------|--------------|--------|
| Considered good | | | |
| Provident fund | 17.1 | 333 | - |
| Others | | 6,494 | 12,298 |
| | | 6,827 | 12,298 |
| Considered doubtful | | | |
| K-Electric Limited (KE) | | 10,227 | - |
| Provision for doubtful other receivables | | (10,227) | - |
| | | - | - |
| | | 6,827 | 12,298 |

17.1 Provident fund

| | 2017 (Un-audited) | 2016 (Audited) |
|--------------------------------|----------------------|-------------------|
| Size of the fund | 282,279 | 243,646 |
| Cost of investments made | 127,157 | 115,160 |
| Fair value of investments | 245,952 | 214,321 |
| Percentage of investments made | 87.13% | 87.97% |



Notes to the financial statements for the year ended June 30, 2017

17.1.1 Break-up of investments

| | 2017 (Un-audited) | | 2016 (Audited) | |
|---------------------------|-------------------------------|---|-------------------------------|---|
| | Investments (Rs. in '000') | % of Investment as size of the fund | Investments (Rs. in '000') | % of Investment as size of the fund |
| Mutual Funds | 163,243 | 57.83 | 132,030 | 54.19 |
| Term Finance Certificates | 19,968 | 7.07 | - | 0.00 |
| Fixed Deposit Receipts | 42,000 | 14.88 | 42,000 | 17.24 |
| Bank Deposits | 20,741 | 7.35 | 40,291 | 16.54 |
| | <u>245,952</u> | <u>87.13</u> | <u>214,321</u> | <u>87.97</u> |

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

18. Cash and bank balances

| | Note | 2017 | 2016 |
|--------------------|------|---------------|---------------|
| (Rupees in '000') | | | |
| Bank balances | | | |
| Current accounts | | 34,311 | 11,812 |
| PLS saving account | 18.1 | 209 | 207 |
| | | <u>34,520</u> | <u>12,019</u> |
| Cash in hand | | 2,148 | 1,320 |
| | | <u>36,668</u> | <u>13,339</u> |

18.1 This carries profit rate of 3.75 percent (2016: 4.125 percent) per annum.

19. Share capital

19.1 Authorised Capital

| 2017 | 2016 | | 2017 | 2016 |
|--------------------|-------------------|---|-------------------|----------------|
| (Number of shares) | | | (Rupees in '000') | |
| 12,000,000 | 12,000,000 | Ordinary shares of Rs.10/- each | 120,000 | 120,000 |
| 8,000,000 | 8,000,000 | 'B' class ordinary shares of Rs.10/- each | 80,000 | 80,000 |
| <u>20,000,000</u> | <u>20,000,000</u> | | <u>200,000</u> | <u>200,000</u> |

19.2 Issued, subscribed and paid-up capital

| 2017 | 2016 | | 2017 | 2016 |
|--------------------|-------------------|---|-------------------|----------------|
| (Number of shares) | | | (Rupees in '000') | |
| 1,714,264 | 1,714,264 | Ordinary shares of Rs.10/- each Issued for cash | 17,143 | 17,143 |
| 476,386 | 476,386 | Issued for consideration other than cash | 4,764 | 4,764 |
| 8,573,309 | 8,573,309 | Issued as fully paid bonus shares | 85,733 | 85,733 |
| <u>10,763,959</u> | <u>10,763,959</u> | | <u>107,640</u> | <u>107,640</u> |

19.3 Ordinary shares include 4,090,536 shares of B class of Rs.10/- each converted into and deemed to be ordinary shares on disposal by a foreign shareholder, in prior years, in accordance with the Articles of Association of the Company.



Notes to the financial statements for the year ended June 30, 2017

19.4 The Holding Company holds 6,800,648 (2016: 6,800,648) ordinary shares representing 63.18 percent (2016: 63.18 percent) shareholding as of balance sheet date.

20. Reserves

| Note | 2017 | 2016 |
|----------------------------------|-----------------|----------|
| -----Rupees in '000'----- | | |
| Capital reserves – share premium | 5,655 | 5,655 |
| Revenue reserves | | |
| - General reserve | 160,000 | 160,000 |
| - Accumulated loss | (57,297) | (98,486) |
| | 102,703 | 61,514 |
| | 108,358 | 67,169 |

21. Surplus on revaluation of property, plant and equipment

| | | |
|--|------------------|-----------|
| Opening balance | 1,088,575 | 766,318 |
| Surplus for the year | - | 344,952 |
| Transfer to unappropriated profit in respect of incremental depreciation charged during the year | (24,345) | (22,695) |
| Closing balance | 1,064,230 | 1,088,575 |

22. Long-term financing – secured

| Note | 2017 | 2016 |
|---------------------------|------|------------------|
| -----Rupees in '000'----- | | |
| United Bank Limited | 22.1 | 22,222 |
| Bank of Punjab | - | 44,444 |
| National Bank of Pakistan | 22.2 | 80,000 |
| | | 102,222 |
| | | 277,554 |
| Less: Current portion | | (102,222) |
| | | (175,332) |
| | | - |
| | | 102,222 |

22.1 Represents financing obtained through creation of Shirkat-ul-Mulk (joint ownership) in the Musharaka Property situated at Plot No. 561 & 561-A, Sunder Industrial Estate, Raiwind Road, Lahore, based on Diminishing Musharaka. The Musharaka units are to be re-purchased during a period of 5 years' time with no grace period. All of the units comprising 91% of the Bank's Musharaka Share will be purchased during this period. These carry rent / profit at the rate of 6 months' KIBOR plus 2% (2016: 6 months' KIBOR plus 2%) per annum with a ceiling of 18% and a floor of 10%. These are secured by means of proportionate ownership and mortgage in respect of the Musharaka Property in favour of the bank to the extent of the Company's Musharaka Share of 9% in the property.

22.2 The loan carries markup rate of three months' KIBOR + 2% per annum, payable quarterly. The loan is repayable within 2.5 years in ten equal quarterly installments commencing from August 2015. The loan is secured against 1st Exclusive mortgage charge over factory land and building and hypothecation charge over all present and future stocks and book debts of the Company, ranking pari-passu charge.



23. Liabilities against assets subject to finance lease

| | 2017 | | 2016 | |
|---|-----------------------|-----------------|-----------------------|---------------|
| | Minimum lease payment | Present value | Minimum lease payment | Present Value |
| Within one year | 39,254 | 30,128 | 23,289 | 16,361 |
| After one year but not more than five years | 89,008 | 81,102 | 65,974 | 58,098 |
| Total minimum lease payments | 128,262 | 111,230 | 89,263 | 74,459 |
| Amount representing finance charges | (17,032) | - | (14,804) | - |
| Present value of minimum lease payments | 111,230 | 111,230 | 74,459 | 74,459 |
| Current portion | (30,128) | (30,128) | (16,361) | (16,361) |
| | 81,102 | 81,102 | 58,098 | 58,098 |

23.1 Represent finance leases entered into with a leasing company for vehicles and plant and machinery. The remaining balance of liability is payable by 2020 in monthly installments. Financing rates ranging from 10.16% to 11.65% (2016: 11.87% to 11.95%) per annum have been used as discounting factor.

24. Trade and other payables

| | Note | 2017 | 2016 |
|--|------|-------------------------------|---------|
| | | ----- (Rupees in '000') ----- | |
| Trade creditors | 24.1 | 302,796 | 221,144 |
| Accrued liabilities | | 97,353 | 85,734 |
| Advance from customers | | 62,514 | 60,570 |
| Advance from tenants | | 1,515 | 4,704 |
| Infrastructure cess payable | | 35,092 | 28,261 |
| Security deposits from distributors and others | 24.2 | 12,300 | 12,300 |
| Workers' profits participation fund | | 4,390 | 4,619 |
| Workers' welfare fund | | 5,205 | 2,150 |
| Unclaimed dividend | | 16,968 | 16,990 |
| Others | | 804 | 848 |
| | | 538,937 | 437,320 |

24.1 Include amount due to a related party amounting to Rs. 0.924 million (2016: Rs. 0.048 million).

24.2 Workers' Profits Participation Fund

| | | | |
|--|----|----------------|---------|
| Opening balance | | 4,619 | 4,419 |
| Allocation for the year | 32 | 3,543 | 3,807 |
| Interest on funds utilised in the Company's business | 34 | 217 | 324 |
| | | 8,379 | 8,550 |
| Payments made during the year | | (3,989) | (3,931) |
| Closing balance | | 4,390 | 4,619 |



25. Short-term borrowings - secured

| | Note | 2017 | 2016 |
|--------------------------------|------|-------------------------------|---------|
| | | ----- (Rupees in '000') ----- | |
| Karobar finance | 25.1 | 250,000 | 200,000 |
| Running finances | 25.2 | 679,818 | 616,807 |
| Finance against trust receipts | 25.3 | 180,482 | 22,246 |
| | | 1,110,300 | 839,053 |
| | | 1,110,300 | 839,053 |

25.1 This facility has been obtained from islamic bank aggregating to Rs. 250 (2016: Rs 200) million. The facility is secured by creation of first pari-pasu charge against hypothecation of the Company's property, plant and equipment of Rs. 333.33 (2016: Rs. 266.67) million located at Karachi and Lahore. The facility carries mark-up rates ranging from 9.15 to 9.06 percent (2016: 8.60 to 9.85 percent) per annum.

25.2 These facilities have been obtained from various commercial banks aggregating to Rs. 700 (2016: Rs 700) million out of which Rs. 20.182 (2016: Rs. 83.193) million remains unutilized as at the balance sheet date. These facilities are secured by creation of first pari-pasu charge against hypothecation of the Company's stock-in-trade, trade debts and property, plant and equipment of Rs. 1,562 (2016: Rs. 1,448) million, equitable mortgage of Rs. 153 million over property # 36 and 37 located in Gulberg, Lahore and first exclusive mortgage charge of Rs. 934 million over land and building of the Company situated at 21-22, Manghopir Road, Tapo Manghopir, Karachi. These facilities carry mark-up rates ranging from 8.30 to 9.62 percent (2016: 8.60 to 9.85 percent) per annum.

25.3 Represent working capital facilities availed from a commercial bank carrying markup of 3 month KIBOR + 1.75% (2016: 3 month KIBOR + 1.75% per annum). The facility is secured against first exclusive charge of Rs. 666.67 million by way of equitable mortgage on the Company's land, building and hypothecation over machinery and equipment.

26. Deferred income

| | Note | 2017 | 2016 |
|--|------|-------------------------------|------|
| | | ----- (Rupees in '000') ----- | |
| Gain on sale and leaseback transaction | | 19,445 | - |
| Amortised during the year | 33 | (2,431) | - |
| | | 17,014 | - |
| Current portion of deferred income | | (4,860) | - |
| | | 12,154 | - |
| | | 12,154 | - |



27. Contingencies and commitments

27.1 Contingencies

- 27.1.1** During the year ended 30 June 2015, the Government of Pakistan promulgated Gas Infrastructure Development Cess (GIDC) Act, 2015 and levied GIDC on gas bills at the rate of Rs.100 / MMBTU on all industrial consumers. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. However, the Company filed a suit before the Honourable High Court of Sindh (HHCS), challenging the vires of GIDC Act, 2015 which passed an order restraining the Sui Southern Gas Company Limited from demanding and collecting GIDC as levied by the GIDC Act, 2015. The financial exposure of the Company upto June 30, 2017 is Rs.36.68 million. During the current year, the case was decided by the HHCS in favour of the Company. Accordingly, no provision has been made in these financial statements.
- 27.1.2** During the year ended 30 June 2010, the Environmental Protection Tribunal (EPT) initiated proceedings against the Company, containing allegations of pollution, under the Pakistan Environmental Protection Act, 1997 based on a complaint filed by the brother of an ex-employee of the Company. The Company submitted a plea before the EPT raising the issue of the maintainability of the complaint and its lack of jurisdiction to hear the same which was dismissed vide an order dated June 29, 2010. The Company filed a constitutional petition before the HCS seeking reliefs that the proceedings before EPT vis-a-vis the complaint were taken coram non judice and has maintained that the EPT has no jurisdiction of the subject matter. The said constitutional petition was dismissed by HCS vide its judgment dated March 9, 2011. The Company filed petition for leave to appeal against the judgment of HCS before the Honorable Supreme Court of Pakistan (SCP) which granted leave to appeal to the Company vide its order dated June 23, 2011 and converted the petition into an appeal. Thereafter, after the partial hearing of the civil appeal, the SCP vide its order dated October 25, 2011 directed a commission constituted by the EPT to submit the report of environmental audit of the Company's factory and surrounding premises. Pursuant to the direction of SCP, a report was filed ostensibly on behalf of a commission constituted by the EPT to which objections have been filed by the Company before SCP. The hearing of civil appeal on merits is now pending. Based on the opinion of the legal counsel of the Company, the management expects a favorable outcome of the case. Accordingly, no provision for any potential demand in respect of the above has been made in these financial statements.
- 27.1.3** The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 14.90 million (2016: Rs. 10.869 million). However, in view of a legal advice, the Company's management is confident, that these suits will be decided in its favor, and accordingly, no provision has been made in this respect.

27.2 Commitments

| | 2017 | 2016 |
|------------------------------------|-------------------------------|---------------|
| | ----- (Rupees in '000') ----- | |
| Outstanding letters of credit | <u>326,049</u> | <u>24,812</u> |
| Outstanding letters of guarantee | <u>85,053</u> | <u>80,053</u> |
| Postdated cheques | <u>33,775</u> | <u>30,797</u> |
| Outstanding contracts | <u>34,109</u> | <u>31,339</u> |
| Duties payable on goods in transit | <u>105,526</u> | <u>15,351</u> |



28. Turnover – net

| Note | 2017 | 2016 |
|-----------------|-------------------------------|-------------------------|
| | ----- (Rupees in '000') ----- | |
| Manufactured | 2,795,191 | 2,466,437 |
| Trading | <u>30,570</u> | <u>89,384</u> |
| | 2,825,761 | 2,555,821 |
| Less: Sales tax | <u>434,170</u> | <u>392,702</u> |
| | <u>2,391,591</u> | <u>2,163,119</u> |

29. Cost of sales

Manufactured

Raw materials consumed

| | | |
|---------------|------------------|------------------|
| Opening stock | 234,109 | 178,931 |
| Purchases | 1,707,621 | 1,303,072 |
| Closing stock | <u>(379,552)</u> | <u>(234,109)</u> |
| | 1,562,178 | 1,247,894 |

Manufacturing overheads

| | | | |
|---|-------|----------------|---------|
| Stores, spare parts and loose tools consumed | 29.1 | 54,562 | 37,414 |
| Salaries, wages and other benefits | 29.2 | 113,600 | 106,805 |
| Procured services | | 54,607 | 72,566 |
| Fuel, water and power | | 115,961 | 87,351 |
| Insurance | | 4,307 | 5,186 |
| Travelling | | 156 | 185 |
| Communication | | 1,739 | 1,272 |
| Depreciation | 5.1.2 | 59,596 | 54,491 |
| Rent, rates and taxes | | 5,289 | 6,506 |
| Repairs and maintenance | | 20,954 | 20,577 |
| Technical assistance fee | | 6,850 | 8,159 |
| Printing and stationery | | 946 | 665 |
| Reversal for slow moving and obsolete stores, spare parts and loose tools | 12.1 | (111) | (683) |
| Other expenses | | 2,624 | 2,266 |
| | | 441,080 | 402,760 |

Work-in-process

| | | |
|----------------------------|------------------|------------------|
| Opening stock | 75,489 | 114,915 |
| Closing stock | <u>(122,179)</u> | <u>(75,489)</u> |
| Cost of goods manufactured | 1,956,568 | 1,690,080 |

Finished goods

| | | |
|---------------|------------------|------------------|
| Opening stock | 185,811 | 224,932 |
| Closing stock | <u>(190,736)</u> | <u>(185,811)</u> |
| | 1,951,643 | 1,729,201 |

Trading

| | | |
|---------------|-------------------------|-------------------------|
| Opening stock | 22,880 | 42,738 |
| Purchases | 12,267 | 33,035 |
| | 35,147 | 75,773 |
| Closing stock | <u>(21,808)</u> | <u>(22,880)</u> |
| | 13,339 | 52,893 |
| | <u>1,964,982</u> | <u>1,782,094</u> |



29.1 Stores, spare parts and loose tools consume

| Note | 2017 | 2016 |
|---------------|-------------------------------|---------------|
| | ----- (Rupees in '000') ----- | |
| Opening stock | 48,487 | 47,342 |
| Purchases | 55,531 | 38,559 |
| Closing stock | (49,456) | (48,487) |
| | <u>54,562</u> | <u>37,414</u> |

29.2 These include Rs. 3.868 million (2016: Rs. 3.785 million) and Rs. 3.33 million (2016: Rs. 3.415 million) in respect of provident fund contribution and bonus to workers respectively.

30. Distribution costs

| Note | 2017 | 2016 |
|---------------------------------|-------------------------------|----------------|
| | ----- (Rupees in '000') ----- | |
| Salaries and other benefits | 30.1 69,289 | 57,209 |
| Transportation | 37,229 | 21,667 |
| Repairs and maintenance | 2,429 | 6,231 |
| Depreciation | 5.1.2 6,725 | 3,736 |
| Advertising and sales promotion | 3,960 | 5,729 |
| Communication | 1,951 | 1,634 |
| Travelling | 2,909 | 2,647 |
| Rent, rates and taxes | 1,470 | 1,602 |
| Fuel, water and power | 5,473 | 1,092 |
| Insurance | 347 | 510 |
| Others | 3,068 | 1,770 |
| | <u>134,850</u> | <u>103,827</u> |

30.1 These include Rs. 2.855 million (2016: Rs. 2.594 million) and Rs. 0.220 million (2016: Rs. 0.193 million) in respect of provident fund contribution and bonus to workers respectively.



31. Administrative expenses

| | Note | 2017 | 2016 |
|---------------------------------------|-------|-----------------------|-----------------------|
| ----- (Rupees in '000') ----- | | | |
| Salaries and other benefits | 31.1 | 51,983 | 47,000 |
| Rent, rates and taxes | | 2,326 | 1,966 |
| Procured services | | 5,050 | 3,654 |
| Insurance | | 1,189 | 2,591 |
| Depreciation - operating assets | 5.1.2 | 22,610 | 20,580 |
| - investment property | 7 | 2,539 | 2,539 |
| Amortisation of intangible assets | | 35 | - |
| Repairs and maintenance | | 7,289 | 11,336 |
| Printing, stationery and subscription | | 1,701 | 1,642 |
| Communication | | 6,510 | 4,708 |
| Travelling | | 1,691 | 1,677 |
| Fuel, water and power | | 15,658 | 10,132 |
| Auditors' remuneration | 31.2 | 2,350 | 2,072 |
| Legal and professional | | 3,561 | 6,346 |
| Others | | 3,477 | 1,530 |
| | | <u>127,969</u> | <u>117,773</u> |

31.1 These include Rs. 1.548 million (2016: Rs. 1.582 million) and Rs. 0.184 million (2016: Rs. 0.395 million) in respect of provident fund contribution and bonus to workers respectively.

31.2 Auditors' remuneration

| | Note | 2017 | 2016 |
|-------------------------------|------|---------------------|---------------------|
| ----- (Rupees in '000') ----- | | | |
| Audit fee | | 1,200 | 1,200 |
| Fee for half yearly review | | 475 | 475 |
| Other services | | 185 | 397 |
| Out of pocket expenses | | 490 | - |
| | | <u>2,350</u> | <u>2,072</u> |

32. Other expenses

| | | | |
|---|------|----------------------|----------------------|
| Non-Executives Directors' fee | | 1,520 | 1,510 |
| Workers' Profits Participation Fund | | 3,543 | 3,807 |
| Workers' Welfare Fund | | 3,055 | 2,150 |
| Donations | 32.1 | 119 | 18 |
| Capital work in progress – written off | | 1,800 | - |
| Exchange loss - net | | 4,302 | 8,660 |
| Provision for doubtful other receivables | | 10,227 | - |
| Provision against doubtful trade debts | | 3,654 | 6,305 |
| Provision against doubtful trade deposits | | 212 | - |
| | | <u>28,432</u> | <u>22,450</u> |

32.1 Recipients of donations do not include any donee in which a director or his spouse had any interest.



33. Other income

| | Note | 2017 | 2016 |
|--------------------------------------|------|-------------------------------|---------------|
| | | ----- (Rupees in '000') ----- | |
| Rental income | | 35,688 | 30,757 |
| Gain on disposal of operating assets | | 251 | 21,438 |
| Scrap sales | | 7,101 | 4,550 |
| Net income from jointing services | | 922 | 526 |
| Amortisation of deferred income | 26 | 2,431 | - |
| Others | | - | 1,986 |
| | | 46,393 | 59,257 |

34. Finance costs

Mark-up / interest

| | | | |
|-------------------------------------|------|----------------|----------------|
| Long term financing | | 23,676 | 21,258 |
| Short term borrowings | | 79,664 | 89,781 |
| Finance lease | | 9,262 | 4,334 |
| Workers' Profits Participation Fund | 24.2 | 217 | 324 |
| | | 112,819 | 115,697 |
| Bank and other charges | | 4,922 | 10,679 |
| | | 117,741 | 126,376 |

35. Taxation

| | | | |
|------------------------|--|----------------|---------------|
| Current - for the year | | 24,010 | 22,538 |
| - prior year | | (1,002) | - |
| | | 23,008 | 22,538 |
| Deferred | | 24,158 | 47,113 |
| | | 47,166 | 69,651 |

35.1 The income tax assessment of the Company has been finalised upto the tax year 2016.

35.2 The provision for current income tax is mainly based on minimum tax under Section 113 of the Income Tax Ordinance, 2001. Therefore, relationship between income tax expense and accounting profit has not been presented.

36. Earnings per share – basic and diluted

| | Note | 2017 | 2016 |
|---|------|--------------------------------|------------|
| | | ----- (Rupees in '000') ----- | |
| Net profit for the year | | 16,844 | 199 |
| | | ----- (Number of shares) ----- | |
| Weighted average ordinary shares in issue during the year | | 10,763,959 | 10,763,959 |
| | | ----- (Rupees) ----- | |
| Earnings per share – basic and diluted | | 1.56 | 0.02 |

37. Cash generated from operations

| | | | |
|--|------|------------------|----------------|
| Profit before taxation | | 64,010 | 69,850 |
| Adjustments for non-cash and other items: | | | |
| Depreciation - property, plant and equipment | | 88,931 | 78,806 |
| - investment property | | 2,539 | 2,539 |
| Amortisation of intangible assets | | 35 | - |
| Gain on disposal of operating assets | | (251) | (21,438) |
| Share of loss on investment in an associate | | - | 6 |
| Amortisation of deferred income | | (2,431) | - |
| Finance costs | | 117,741 | 126,376 |
| Capital work in progress – written off | | 1,800 | - |
| Working capital changes | 37.1 | (150,480) | (135,971) |
| | | 121,894 | 120,168 |



Notes to the financial statements for the year ended June 30, 2017

37.1 Working capital changes

| Note | 2017 | 2016 |
|---|-------------------------------|------------------|
| | ----- (Rupees in '000') ----- | |
| (Increase) / decrease in current assets | | |
| Stores, spare parts and loose tools | (1,080) | (1,828) |
| Stock-in-trade | (195,986) | 43,225 |
| Trade debts | (18,951) | (37,532) |
| Loans and advances | (389) | (47,057) |
| Trade deposits and short-term prepayments | (10,294) | (2,271) |
| Other receivables | 5,471 | 3,744 |
| | (221,229) | (41,719) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 101,639 | (57,086) |
| Sales tax and excise duty payable | (30,890) | (37,166) |
| | 70,749 | (94,252) |
| | (150,480) | (135,971) |

38. Remuneration of chief executive, directors and executives

| | CHIEF EXECUTIVE | | DIRECTORS | | EXECUTIVES | | TOTAL | |
|-------------------------|-------------------------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | ----- (Rupees in '000') ----- | | | | | | | |
| Managerial remuneration | 13,500 | 12,000 | 7,400 | 4,200 | 40,332 | 37,986 | 61,232 | 54,186 |
| Housing | | | | | | | | |
| -Rent | - | - | - | - | 12,819 | 11,942 | 12,819 | 11,942 |
| -Utilities | 1,070 | 1,013 | 220 | 444 | 2,849 | 2,654 | 4,139 | 4,111 |
| -Other items | 1,251 | 1,359 | 2,025 | 1,956 | 27 | 358 | 3,303 | 3,673 |
| Medical | 241 | 40 | - | - | 1,756 | 1,712 | 1,997 | 1,752 |
| Retirement benefits | - | - | 142 | - | 3,118 | 2,934 | 3,260 | 2,934 |
| Bonus | - | - | - | - | 5,131 | - | 5,131 | - |
| Insurance | - | - | 2,032 | 1,899 | - | - | 2,032 | 1,899 |
| | 16,062 | 14,412 | 11,819 | 8,499 | 66,032 | 57,586 | 93,913 | 80,497 |
| Number | 1 | 1 | 2 | 2 | 34 | 31 | 37 | 34 |

39. Capacity and production

The production capacities of the plants depend on product mix. The name plate capacities are determined on a certain product mix whereas actual product mix is different and varies from year to year depending upon the orders from customers. Therefore, production is subject to annual variations and actual capacity of the plant is indeterminable.

40. Transactions with related parties

The related parties comprise of the Holding Company, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

| | 2017 | 2016 |
|--|-------------------------------|-------|
| | ----- (Rupees in '000') ----- | |
| Sikander (Private) Limited (Holding Company) | 514 | 468 |
| Berger Paints Pakistan Limited (Associate) | 2,478 | 695 |
| Siemens Pakistan Engineering Company Limited | 38,369 | - |
| Provident Fund | 8,272 | 7,961 |
| Rent paid | | |
| Purchases | | |
| Sales | | |
| Contribution | | |



41. Financial risk management objectives and policies

The Company is exposed to market risk, credit risk and liquidity risk. The Company's finance and treasury departments oversee the management of these risks and provide assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. The policies for managing each of these risks are summarised below:

41.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices mainly comprise of interest rate risk and currency risk.

41.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company enters into various types of financing arrangements for financing its capital expenditure and to meet working capital requirements at variable rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's profit before tax:

| | Increase / decrease in basis points | Effect on profit before tax (Rs. in '000') |
|------|--|---|
| 2017 | +100 | 13,238 |
| | -100 | (13,238) |
| 2016 | +100 | 11,555 |
| | -100 | (11,555) |

41.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. As at June 30, 2017, if Pakistani Rupee (Pak Rupee) had weakened / strengthened by 5% against the USD and Euro, with all other variables held constant, the effect on the Company's profit before tax is as follows:

| | Increase / decrease in US Dollar and Euro to Pak Rupee | Effect on profit before tax (Rs. in '000') |
|------|--|---|
| 2017 | +5 % | 19,249 |
| | -5 % | (19,249) |
| 2016 | +5 % | 8,912 |
| | -5 % | (8,912) |



41.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

| | 2017 | 2016 |
|--------------------|-------------------------------|-----------------------|
| | ----- (Rupees in '000') ----- | |
| Long-term loans | 1,243 | 1,055 |
| Long-term deposits | 27,471 | 21,646 |
| Trade debts | 137,409 | 118,458 |
| Loans and advances | 80,549 | 80,160 |
| Trade deposits | 29,772 | 20,457 |
| Other receivables | 6,827 | 12,298 |
| Bank balances | <u>36,668</u> | <u>13,339</u> |
| | <u>319,939</u> | <u>267,413</u> |

The credit quality of the Company's financial assets can be assessed with reference to external credit ratings as follows:

| | 2017 | 2016 |
|-------------------------------|-------------------------------|----------------|
| | ----- (Rupees in '000') ----- | |
| Trade debts | 77,826 | 61,190 |
| Neither past due nor impaired | <u>59,583</u> | <u>57,268</u> |
| Past due but not impaired | <u>137,409</u> | <u>118,458</u> |
| | | |
| Bank balances | | |
| A1+ | 20,240 | 3,230 |
| A-1+ | 10,821 | 6,796 |
| A1 | 863 | 1,964 |
| A-1 | <u>2,596</u> | <u>29</u> |
| | <u>34,520</u> | <u>12,019</u> |



41.3 Liquidity risk

Liquidity risk represents the risk that a Company will encounter difficulties in meeting obligations with the financial liabilities. The Company monitors its risk to shortage of funds by maintaining a balance between continuity of funding and flexibility through the use of financing. As of June 30, 2017, the Company's current liabilities exceed its current assets by Rs. 540.285 million, but the Company is confident that it will have sufficient cash flows to meet its financial obligations in the foreseeable future.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payment dates:

| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Total |
|--------------------------|----------------|--------------------|------------------|---------------|------------------|
| Long-term financing | - | - | 102,222 | - | 102,222 |
| Trade and other payables | 159,008 | 191,972 | 111,628 | 76,329 | 538,937 |
| Accrued mark-up | - | 21,614 | - | - | 21,614 |
| Short-term borrowings | - | - | 1,110,300 | - | 1,110,300 |
| 2017 | 159,008 | 213,586 | 1,324,150 | 76,329 | 1,773,073 |

| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Total |
|--------------------------|----------------|--------------------|------------------|----------------|------------------|
| Long-term financing | - | -- | 175,332 | 102,222 | 277,554 |
| Trade and other payables | 215,319 | 197,397 | 24,604 | - | 437,320 |
| Accrued mark-up | - | 27,898 | - | - | 27,898 |
| Short-term borrowings | - | - | 839,053 | - | 839,053 |
| 2016 | 215,319 | 225,295 | 1,038,989 | 102,222 | 1,581,825 |

41.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms-length transaction other than in a forced or liquidation sale. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.



41.5 Capital management

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company monitors capital using a debt equity ratio as follows:

| | 2017 | 2016 |
|---|------------------------------|-------------------------|
| | ----- (Rupees in '000) ----- | |
| Long-term financing | 102,222 | 277,554 |
| Accrued mark-up | 21,614 | 27,898 |
| Short-term borrowings | 1,110,300 | 839,053 |
| Total debt | <u>1,234,136</u> | <u>1,144,505</u> |
| Cash and bank balances | <u>(36,668)</u> | <u>(13,339)</u> |
| Net debt | <u><u>1,197,468</u></u> | <u><u>1,131,166</u></u> |
| Total equity excluding surplus on revaluation of fixed assets | <u>215,998</u> | <u>174,809</u> |
| Total equity and net debt excluding surplus of revaluation on fixed assets | <u><u>1,413,466</u></u> | <u><u>1,305,975</u></u> |
| Gearing ratio excluding the effect of surplus of revaluation of fixed assets | <u><u>85%</u></u> | <u><u>87%</u></u> |
| Total equity including surplus on revaluation of fixed assets | <u>1,280,228</u> | <u>1,263,384</u> |
| Total equity and net debt including surplus of revaluation on fixed assets | <u><u>2,477,696</u></u> | <u><u>2,394,550</u></u> |
| Gearing ratio including the effect of surplus of revaluation of fixed assets | <u><u>52%</u></u> | <u><u>53%</u></u> |

42. Operating segments

42.1 The activities of the Company are organised into business units based on their products and have the following operating segments:

- The 'Chrysotile Cement' segment relates to manufacturing and supply of corrugated sheets and pipes, and manufacturing and supply of rubber rings.
- 'Plastic' products segment includes PVC, Polydex and Polyethylene pipes.
- All other segments include merchandising of imported other building's products and services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on certain key performance indicators, including business volume, gross profit and reduction in operating cost.



42.2 Operating results

| | Chrysotile Cement | Plastic | Other | Total |
|---|----------------------|------------------|----------------|------------------|
| 2017 | (Rupees in '000') | | | |
| Turnover | <u>941,543</u> | <u>1,449,304</u> | <u>744</u> | <u>2,391,591</u> |
| Segment results | <u>103,325</u> | <u>60,177</u> | <u>288</u> | <u>163,790</u> |
| Unallocated expenses | | | | |
| Other expenses | | | | (28,432) |
| Other income | | | | 46,393 |
| Finance costs | | | | (117,741) |
| Share of loss on investment in an associate | | | | - |
| Taxation | | | | (47,166) |
| Net profit for the year | | | | <u>16,844</u> |
| Other information | | | | |
| Capital expenditure | <u>1,868</u> | <u>7,356</u> | <u>5,477</u> | <u>14,701</u> |
| Unallocated corporate capital expenditure | | | | <u>19,025</u> |
| Total capital expenditure | | | | <u>33,726</u> |
| Depreciation | <u>880</u> | <u>9,883</u> | <u>-</u> | <u>10,763</u> |
| Unallocated corporate depreciation | | | | <u>78,169</u> |
| Total depreciation | | | | <u>88,932</u> |
| Assets and liabilities | | | | |
| Segment assets | <u>382,724</u> | <u>719,838</u> | <u>199,665</u> | <u>1,302,227</u> |
| Unallocated corporate assets | | | | <u>1,883,153</u> |
| Total assets | | | | <u>3,185,380</u> |
| Segment liabilities | <u>227,419</u> | <u>432,047</u> | <u>12,333</u> | <u>671,826</u> |
| Unallocated corporate liabilities | | | | <u>1,233,326</u> |
| Total liabilities | | | | <u>1,905,152</u> |



Notes to the financial statements for the year ended June 30, 2017

| | Chrysolite Cement | Plastic | Other | Total |
|---|----------------------|------------------|----------------|------------------|
| 2016 | (Rupees in '000') | | | |
| Turnover | <u>807,384</u> | <u>1,355,472</u> | <u>263</u> | <u>2,163,119</u> |
| Segment results | <u>88,820</u> | <u>70,705</u> | <u>(100)</u> | 159,425 |
| Unallocated expenses | | | | |
| Other expenses | | | | (22,450) |
| Other income | | | | 59,257 |
| Finance costs | | | | (126,376) |
| Share of loss on investment in an associate | | | | (6) |
| Taxation | | | | <u>(69,651)</u> |
| Net profit for the year | | | | <u>19</u> |
| Other information | | | | |
| Capital expenditure | <u>1,868</u> | <u>7,356</u> | <u>5,477</u> | 14,701 |
| Unallocated corporate capital expenditure | | | | 4,451 |
| Total capital expenditure | | | | <u>19,152</u> |
| Depreciation | <u>912</u> | <u>10,772</u> | <u>-</u> | 11,684 |
| Unallocated corporate depreciation | | | | 67,123 |
| Total depreciation | | | | <u>78,807</u> |
| Assets and liabilities | | | | |
| Segment assets | <u>214,001</u> | <u>460,474</u> | <u>128,067</u> | 802,542 |
| Unallocated corporate assets | | | | 2,151,852 |
| Total assets | | | | <u>2,954,394</u> |
| Segment liabilities | <u>109,448</u> | <u>316,196</u> | <u>6,377</u> | 432,021 |
| Unallocated corporate liabilities | | | | 1,258,988 |
| Total liabilities | | | | <u>1,691,009</u> |

42.3 Segment assets and liabilities

Segment assets include all operating assets by a segment and consist principally of property, plant and equipment, stores and spare parts and loose tools, stock-in-trade, trade debts and loans and advances net of impairment and provisions, if any. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

42.4 Geographical information

All non-current assets of the Company are located in Pakistan.

Total sales of the Company were made to customers in Pakistan. Further, there are no inter-segment sales / purchases.



43. Date of authorisation for issue

These financial statements have been authorised for issue on September 21, 2017 by the Board of Directors of the Company.

44. Non-adjusting event after the balance sheet date

44.1 Subsequent to the year ended June 30, 2017, the Board of Directors in its meeting held on held on September 21, 2017 has proposed final cash dividend @ Rs. 0.63 per share amounting to Rs. 6.781 million (2016 : Rs nil) for approval of the members at the Annual General Meeting.

44.2 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), every public company is obliged to pay tax at the rate 7.50% on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year, through cash or bonus shares.

Based on the above fact, the Board of Directors of the Company has proposed / approved cash dividend amounting to Rs. 6.781 million for the financial and tax year 2017 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, no further tax provision has been recorded under section 5A of the Ordinance.

45. General

45.1 Number of employees as at June 30, 2017 was 404 (2016: 401) and average number of employees during the year was 403 (2016: 398).

45.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

45.3 Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications.

ABU TALIB H.K.DADA
DIRECTOR

QAZI SAJID ALI
CHIEF EXECUTIVE OFFICER

MUHAMMAD YOUSUF
CHIEF FINANCIAL OFFICER



Pattern of shareholding as at June 30, 2017

| Categories of Share Holders | Number of Shares Held | Percentage of Issued Capital |
|---|------------------------------|-------------------------------------|
| Associated Companies, Undertakings & Related Parties | 6,800,648 | 63.18% |
| Sikander (Private) Limited | 6,800,648 | 63.18% |
| NIT | 442 | 0.00% |
| National Bank of Pakistan - Trustee Department | 442 | 0.00% |
| Directors, CEO & their Spouses | 1,551,058 | 14.41% |
| Mr. Abu Talib H. K. Dada - Director | 310,469 | 2.88% |
| Mrs. Halima w/o Abu Talib H.K. Dada | 29,847 | 0.28% |
| Mr. Maqbool H.H. Rahimtoola - Director | 5,300 | 0.05% |
| Mr. Qazi Sajid Ali - Chief Executive Officer & Director | 1 | 0.00% |
| Mr. Shahzad M. Husain - Director | 4 | 0.00% |
| Mr. Danish Dada - Director | 7 | 0.00% |
| Mr. Syed Shahid Ali Bukhari - Director | 1 | 0.00% |
| Mr. Sikander Dada - Chairman | 1,205,429 | 11.20% |
| Executives | 110 | 0.00% |
| Banks, Insurance Company & Others | 21,751 | 0.20% |
| General Public | 2,389,950 | 22.20% |
| Total Shareholding | 10,763,959 | 100.00% |
| Shareholders holding 5% or more voting Interest | Number of Shares Held | Percentage of Issued Capital |
| Sikander (Private) Limited | 6,800,648 | 63.18% |
| Mr. Sikander Dada | 1,205,429 | 11.20% |

Details of trading in the shares of the company by directors, their spouses and minors

During the year ended June 30, 2017, no such transaction took place



Pattern of shareholding as at June 30, 2017

| Number of Share Holders | Share Holdings | Total Shares Held |
|-------------------------|-----------------------|-------------------|
| 2,899 | 1 - 100 | 51,305 |
| 517 | 101 - 500 | 117,829 |
| 156 | 501 - 1,000 | 111,636 |
| 100 | 1,001 - 5,000 | 201,535 |
| 10 | 5,001 - 10,000 | 64,024 |
| 6 | 10,001 - 15,000 | 74,415 |
| 1 | 25,001 - 30,000 | 29,751 |
| 1 | 50,001 - 55,000 | 53,000 |
| 1 | 80,001 - 85,000 | 81,000 |
| 2 | 90,001 - 95,000 | 184,452 |
| 1 | 275,001 - 280,000 | 279,198 |
| 1 | 290,001 - 295,000 | 293,067 |
| 1 | 295,001 - 300,000 | 298,067 |
| 2 | 300,001 - 305,000 | 608,134 |
| 1 | 310,001 - 315,000 | 310,469 |
| 1 | 1,205,001 - 1,210,000 | 1,205,429 |
| 1 | 6,800,001 - 6,805,000 | 6,800,648 |
| 3,701 | | 10,763,959 |

| Categories of Share Holder | Number of Share Holders | Shares Held | Percentage |
|----------------------------|-------------------------|-------------------|----------------|
| Individuals | 3,680 | 3,941,118 | 36.61% |
| NIT | 2 | 442 | 0.00% |
| Insurance Company | 1 | 25 | 0.00% |
| Associated Company | 1 | 6,800,648 | 63.18% |
| Banks | 3 | 791 | 0.01% |
| Others | 14 | 20,935 | 0.19% |
| Totals | 3,701 | 10,763,959 | 100.00% |



Last Ten Years at a Glance

Dividened

| Fiscal Year Ending June 30 | Turnover | Profit / (Loss) After Taxation | Assets | Amount | Percentage% |
|-----------------------------------|------------------|-----------------------------------|------------------|--------------|--------------|
| (Rupees in '000') | | | | | |
| 2017 | 2,391,591 | 16,844 | 3,185,380 | 6,781 | 6.30% |
| 2016 | 2,163,119 | 199 | 2,954,393 | - | 0.00% |
| 2015 | 2,174,731 | 26,759 | 2,588,445 | - | 0.00% |
| 2014 | 1,915,705 | (189,334) | 2,624,422 | - | 0.00% |
| 2013 | 2,374,266 | (12,310) | 2,881,060 | - | 0.00% |
| 2012 | 2,469,834 | 114,117 | 2,598,048 | 627,538 | 583.00% |
| 2011 | 2,086,451 | (18,950) | 1,246,781 | - | 0.00% |
| 2010 | 2,101,734 | 10,016 | 1,438,006 | - | 0.00% |
| 2009 <small>(Restated)</small> | 2,189,890 | 25,772 | 1,540,412 | - | 0.00% |
| 2008 | 2,017,194 | 72,430 | 1,708,276 | 43,056 | 40.00% |

تعمیرات اور انفراسٹرکچر میں جاری بہتری، پائینگ پراڈکٹس کی مانگ کو بڑھانے کا کلیدی محرک ہے اور ہمیں امید ہے کہ سی پیک سے متعلق میگا پراجیکٹوں کی وجہ سے، جو کہ زیر تکمیل ہیں، آئندہ برسوں میں یہ رجحان برقرار رہے گا۔

2017/18 میں سیلز کے اچھے امکانات ہیں۔ ہماری پراڈکٹ رینج میں antimicrobial پائپس کے اضافے سے امید ہے کہ صحت عامہ، گھریلو منصوبوں اور صنعتی شعبوں کی طرف سے خاطر خواہ مانگ ہوگی۔ کمپنی نے بین الاقوامی بزنس کے نئے مواقع کی تلاش کے لیے ایک انٹرنیشنل ڈویژن قائم کی ہے، ان مواقع میں نئی پراڈکٹس کی سوریٹنگ اور بین الاقوامی سطح پر مشترکہ منصوبوں سے بزنس بڑھانے کے لیے کوئی بھی دوسرا امکان شامل ہے۔

اظہار تشکر

ڈائریکٹرز، تمام کسٹمرز کے شکرگزار ہیں جنہوں نے ساتھ دیا اور ان کی مسلسل سرپرستی کے متمنی ہیں۔ کسٹمرز کا اعتماد حاصل کرنا، اب تک ہماری کامیابی کی کلید رہا ہے اور ہم نے سروس کی کوالٹی فراہم کرنے کا عزم کر رکھا ہے جو اس اعتماد کو برقرار رکھے گی۔

کمپنی اس موقع پر اپنے تمام شیئرز، ہولڈرز اور دیگر اسٹیک ہولڈرز بشمول سپلائرز، سروس پرووائیڈرز، بینکس / مالیاتی اداروں اور انشوررز کا بھی کمپنی پر اعتماد کرنے پر شکریہ ادا کرتی ہے۔

ڈائریکٹرز، ملازمین کے تمام کیڈرز کی انھک کوششوں، مخلصانہ خدمات اور ٹیم ورک کو پورے طور پر تسلیم کرتے ہیں اور ان کا شکریہ ادا کرتے ہیں جو اس چیلنجنگ مرحلے میں کمپنی کے ساتھ کھڑے ہیں۔ ہم اپنے کام کرنے کے طریقے کو بہتر بنانے، اسے زیادہ پروفیشنل، موثر اور منافع بخش بنانے کے لیے پرعزم ہیں تاکہ اپنے شیئرز، ہولڈرز کو ایک بہتر متنوع انداز میں پائیدار ریٹرن ڈیلیور کیا جاسکے۔

کراچی، 21 ستمبر، 2017

از طرف بورڈ آف ڈائریکٹرز

قاضی ساجد علی
چیف ایگزیکٹو آفیسر

ابوبالاجی کے دادا
ڈائریکٹر

(B) کوڈ آف کارپوریٹ گورننس میں طے کردہ کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کے مطابق مزید معلومات درج ذیل ہیں:

- (1) پچھلے دس سالوں پر محیط کمپنی کے کلیدی آپریٹنگ اینڈ فنانشل دینا کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔
- (2) ٹیکسز اور لیویز وہی ہیں جو اکاؤنٹس کے نوٹس میں منکشف کی گئی ہیں۔
- (3) ذیل میں انویسٹمنٹس کی وہ ویلیو دی جا رہی ہے جو تازہ ترین آڈٹ شدہ اکاؤنٹس، جیسا کہ 30 جون 2017 کو تھے، کی بنیاد پر پراویڈنٹ فنڈ میں ہے۔

| 2016 | 2017 |
|------------------|---------|
| (روپے "000" میں) | |
| 214,321 | 245,952 |

- (4) کمپنی کی شیئر ہولڈنگ، جیسا کہ 30 جون 2017 کو تھی، کا پیٹرن دکھانے والا اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔
- (5) ڈائریکٹرز، CEO، سی ایف او، ہیڈ آف انٹرنل آڈٹ، کمپنی کے سیکرٹری، ان کی بیگمات اور نابالغ بچوں نے سال کے دوران کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی، ماسوائے اس کے جو پیٹرن آف شیئر ہولڈنگ میں بیان کی گئی ہے۔

ہولڈنگ کمپنی

میسرز سنسکندر (پرائیویٹ) لمیٹڈ، کمپنی میں اپنی 63.18 فیصد شیئر ہولڈنگ کے باوجود ایگزیکٹو ایئرٹس لمیٹڈ کی ہولڈنگ کمپنی ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز EY Ford Rhodes، چارٹرڈ اکاؤنٹینٹس 58 ویں سالانہ اجلاس عام کے اختتام پر سبکدوش ہو جائیں گے۔ بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی کی سفارش کی بنیاد پر سفارش کرتا ہے کہ سبکدوش ہونے والے آڈیٹرز EY Ford Rhodes، چارٹرڈ اکاؤنٹینٹس کی جگہ میسرز بی ڈی ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کا تقرر کیا جائے۔

جن آڈیٹرز کے تقرر کی سفارش کی گئی ہے وہ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان کے "کوالٹی کنٹرول ریویو پروگرام" کے تحت اطمینان بخش ریٹنگ رکھتے ہیں۔

بورڈ آف ڈائریکٹرز EY Ford Rhodes، چارٹرڈ اکاؤنٹینٹس، کی طرف سے دکھائی جانے والی پیشہ ورانہ غیر جانبداری کے اعلیٰ ترین معیار، معروضیت اور موثر صلاحیت کا اعتراف اور تعریف کرتا ہے، جو 2004 سے قانونی آڈیٹرز رہے ہیں۔

مادی تبدیلیاں اور وعدے

کمپنی کے مالی سال کے اختتام، جس سے کہ اس بیلنس شیٹ کا تعلق ہے اور اس رپورٹ کی تاریخ کے درمیان کوئی ایسی مادی تبدیلیاں اور وعدے نہیں کئے گئے جن سے کہ کمپنی مالی پوزیشن متاثر ہو۔

خصوصی افراد کو ملازمت دینا کمپنی اپنی سماجی اور اخلاقی ذمہ داری سمجھتی ہے۔ مستقبل کی تمام تقریروں میں خصوصی افراد کی ملازمت کو یقینی بنانے کے لیے کمپنی نے ایک طریقہ کار وضع کیا ہے اور ضرورت کے مطابق ان کے لیے خصوصی کوٹا رکھا جائے گا۔

صنعتی تعلقات

کمپنی اپنے ملازمین کے ساتھ خوشگوار تعلقات رکھے ہوئے ہے اور مذاکرات کی بنیاد پر طے پانے والے منشور مطالبات کی بنیاد پر اجتماعی سودا کار ایجنٹوں (سی بی اے یونینوں) کے ساتھ سمجھوتوں پر عمل ہو رہا ہے۔ پیداواری کے حصول میں درپیش مسائل سے نمٹنے کے لیے ملازمین اور یونینوں، دونوں کو اپنا کردار ادا کرنے کی ترغیب دی جاتی ہے۔

انسانی وسائل

ڈاڈیکس ادارہ اور ملازمین کی ترقی پر یقین رکھتی ہے۔ ڈاڈیکس میں ملازمین سب سے قیمتی اثاثہ ہیں، جنہوں نے کمپنی کی ترقی میں ایک اہم کردار ادا کیا ہے۔ ہم اپنے ملازمین کو مسلسل ترقی دیتے رہنے اور ان کی اچھی طرح سے دیکھ بھال کرنے کا عہد کیے ہوئے ہیں تاکہ کام کرنے کا بہتر اور ایک محفوظ ماحول فراہم کیا جاسکے۔

ہماری کامیابی جذبے اور عزم سے سرشار ملازمین پر منحصر ہے۔ بہترین ذہانت کو راغب اور اور جڑا رکھنے کے لیے ہم ان کی ترقی میں سرمایہ کاری کی ضرورت کو تسلیم کرتے ہیں۔ بزنس پرفارمنس کے اس اہم شعبے کو مستحکم کرنے کے لیے ہم نے اس پر مسلسل سرمایہ کاری کی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

(A) بورڈ آف ڈائریکٹرز بخوشی اس امر کی تصدیق کرتا ہے کہ:

- 1) کمپنی نے 30 جون 2017 کو ختم ہونے والے سال میں کوڈ آف کارپوریٹ گورننس میں شامل اصولوں اور متعلقہ لسٹنگ ریگولیشنز کا اطلاق کیا، جیسا کہ اس رپورٹ کے ساتھ منسلک "اسٹیٹمنٹ آف کمپلائنس و کوڈ آف کارپوریٹ گورننس" میں بیان کیا گیا ہے۔
- 2) کمپنی نے قابل اطلاق ضابطوں کی تعمیل کرتے ہوئے "متعلقہ پارٹی کے ساتھ لین دین" سے متعلق کوڈ آف کارپوریٹ گورننس میں شامل اصولوں کا اطلاق کیا۔
- 3) بورڈ آف ڈائریکٹرز نے "کوڈ آف کنڈکٹ" کو اختیار کیا اور اس امر کو یقینی بنانے کے لئے اقدامات کیے اور کئے جا رہے ہیں کہ ادارے کے اندر ملازمین طرز عمل کے ان قواعد کی موثر طریقے سے پابندی کریں۔
- 4) درج ذیل اسٹیٹمنٹس کی بھی ایکسٹرنل آڈیٹرز کی طرف سے ممبرز کو ان کی رپورٹ میں تصدیق کی گئی ہے:
 - a. کمپنی کی انتظامیہ کی طرف سے تیار کئے گئے مالیاتی گوشوارے، اس کے حالات، آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو ایمان داری سے ظاہر کرتے ہیں۔
 - b. کمپنی کے حسابات کے مناسب کھاتے رکھے گئے ہیں۔
 - c. مالیاتی گوشواروں کی تیاری میں توازن کے ساتھ مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینوں کی بنیاد معقول اور محتاط فیصلے پر ہے۔
 - d. مالیاتی گوشواروں کی تیاری میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز پر، جیسا کہ پاکستان میں قابل اطلاق ہیں، عمل کیا گیا ہے۔
- 5) بورڈ نے انٹرنل آڈٹ کے لئے مستند اور تجربہ کار سربراہ کو مقرر کرتے ہوئے جو کمپنی کی پالیسیوں اور طریقہ کار سے بخوبی واقف ہے، ایک موثر انٹرنل آڈٹ نظام قائم کیا ہے۔ انٹرنل کنٹرولز کے نظام اور اس قسم کے دوسرے معاملات کا، بورڈ کی آڈٹ کمیٹی مسلسل جائزہ لیتی ہے۔
- 6) ایک جاری ادارے کی حیثیت سے کمپنی کی صلاحیت کے بارے میں کوئی نمایاں شبہ نہیں ہے۔
- 7) کارپوریٹ گورننس کے بہترین طور طریقوں سے، جیسا کہ قابل اطلاق لسٹنگ ریگولیشنز میں تفصیل بتائی گئی ہے، کوئی مادی انحراف نہیں کیا گیا۔

وضع کرنے اور کاروباری اہداف کے حصول کے لیے ایپلیکیشنز / سافٹ ویئر / ہارڈ ویئر / ڈیٹا کیونیکیشن کو اپ ڈیٹ کرنے کے لیے کام کر رہی ہے۔

کارپوریٹ سماجی بہبود اور کمیونٹی ویلفیئر

سال کے دوران کمپنی نے مختلف سماجی اور بہبودی سرگرمیوں میں حصہ لیا اور 0.119 ملین روپے خرچ کیے (2015/16: 0.018 ملین روپے)۔

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

کمپنی اس بات پر یقین رکھتی ہے کہ کارپوریٹ کامیابی کی بنیاد اخلاقی اقدار کے احترام اور اخلاقی، قانونی اور سماجی توقعات کی تکمیل پر ہے۔ کمپنی اپنے ملازمین کی بھرتی، تربیت یا ترقی میں نسل، صنف، مذہب، معذوری یا خاندانی مرتبے کی بنیاد پر کوئی امتیاز نہیں کرتی۔

کمپنی کے مضبوط بنیادوں پر قائم انٹرنل کنٹرولز کام کر رہے ہیں۔ بورڈ کی آڈٹ کمیٹی باقاعدگی کے ساتھ انٹرنل آڈٹ رپورٹس کا جائزہ لیتی ہے اور انٹرنل آڈیٹرز کی سفارشات پر عمل درآمد کے لیے اقدامات کیے جاتے ہیں۔

کمپنی کا فلسفہ اور پالیسی، مسلسل مستحکم کارپوریٹ طور طریقوں پر عمل کرنا ہے جو صارفین کو تحفظ فراہم کرتے ہیں اور انسداد بدعنوانی کے موثر اقدامات کو یقینی بناتے ہیں۔

دیہی ترقی

کمپنی اپنی تینوں فیکٹریوں میں گرد و نواح کے دیہی علاقوں کے مقامی لوگوں کی ملازمت کی حوصلہ افزائی کرتی ہے۔

قومی خزانے اور ملکی معیشت میں حصہ

کمپنی نے انکم ٹیکس، سیلز ٹیکس، ڈیوٹیوں، لیویز اور دیگر ٹیکسوں کی مد میں 666 ملین روپے سے زیادہ رقم ادا کیا (2015/16: 524 ملین روپے)۔

صحت، تحفظ، ماحول اور معیار

ڈاؤ کیس، صحت، تحفظ اور ماحول (ایچ ایس ای) کو سب سے زیادہ ترجیح دیتی ہے۔ تینوں فیکٹریوں میں ایچ ایس ای کے پروگرام کو مزید مربوط بنایا گیا ہے۔ کمپنی OHSAS 1800/ ISO 14001 اسٹینڈرڈ سرٹیفائیڈ ہے۔ تین سال کی مدت کے لیے کوالٹی مینجمنٹ سسٹم (ISO 9001: 2008) کی ری سرٹیفیکیشن کامیابی سے حاصل کر لی گئی ہے۔

ایچ ایس ای اقدام ایک فعال، مقامی قابل اطلاق قوانین کا پابند اور آئی ایل او / ڈبلیو ایچ او اور Chrysotile انسٹیٹیوٹ۔ کینڈا کے رہنما اصولوں سے پوری طرح مطابقت رکھتا ہے۔

ایک حساس اور ذمہ دار ادارے کی حیثیت سے کمپنی بین الاقوامی معیارات کے مطابق اپنے حاضر اور ریٹائرڈ ملازمین کو "مسلح طبی معائنوں" کی سہولت فراہم کر رہی ہے۔ ہماری توجہ بیماریوں کی روک تھام، صحت مند طرز زندگی کے فروغ اور پیشے سے وابستہ، صحت کے مسائل کا جلد سراغ لگانے پر ہے۔

"انوائزمنٹ پلان" کے مطابق، ایریا اور پرسنل سپلنگ، دونوں کے لئے انوائزمنٹ ٹیسٹ کئے جا رہے ہیں اور ان کا تجزیہ کیا جا رہا ہے، پاکستان میں مشکل کاروباری ماحول کے باوجود ترقی پذیر ملکوں میں یہ ایک بہترین پریکٹس ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

بورڈ نے جناب قاضی ساجد علی کو یکم مئی 2017 سے تین سال کی مدت کے لیے دوبارہ کمپنی کا چیف ایگزیکٹو آفیسر مقرر کیا ہے۔

سال کے دوران بورڈ نے 01 مارچ، 2017 سے موثر، تین سالہ مدت کے لیے جناب دانش دادا کی بین الاقوامی ڈویژن کے سی ای او کی حیثیت سے تقرر کی بھی منظوری دی، بورڈ نے ان کے مشاہرے اور ملازمت کی شرائط و ضوابط کی بھی منظوری دی۔ جناب دانش کے والد کی حیثیت سے چیئر مین، سکندر دادا اس تقرر سے تعلق رکھنے والے فریق ہیں۔

بورڈ نے 12 جولائی، 2017 کو اپنی میعاد پوری کر لی۔ تاہم کمپنی نے سیکورٹی اینڈ ایچ جی ایم آف پاکستان سے درخواست کی کہ ڈائریکٹرز کے انتخاب کے لئے دی گئی مدت میں 58 ویں سالانہ اجلاس عام تک توسیع کر دی جائے، چنانچہ اگلی مدت کے لیے ڈائریکٹرز کا الیکشن، کمپنی کے 58 ویں سالانہ اجلاس عام میں ہوگا۔

سال 2016/17 کے دوران ڈاؤن ٹیم بورڈ کا چارم تہہ اجلاس ہوا۔ ڈاؤن ٹیم بورڈ تجربہ کار اور اعلیٰ صلاحیتوں کے حامل ممبرز کا ایک اچھا امتزاج ہے۔ بورڈ کے اجلاسوں میں شرکت کرنے والے ڈائریکٹرز کی حاضری اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ نے کارکردگی جانچنے کا اپنا الگ طریقہ کار وضع کر رکھا ہے جو انڈسٹری میں رائج طریقوں کے مطابق بہتری کے شعبوں کی نشان دہی میں مزید مدد دے گا۔

سال کے دوران بورڈ کی تشکیل میں کوئی تبدیلی نہیں ہوئی، تاہم جناب دانش دادا کے بحیثیت سی ای او بین الاقوامی ڈویژن تقرر کی وجہ سے بورڈ نے جناب مقبول ایچ ایچ رحیم طولی کو جناب دانش دادا کی جگہ بورڈ آف ڈائریکٹرز کی تشکیل میں کوئی تبدیلی نہیں کی گئی۔

سال 2016/17 کے دوران بورڈ آف ڈائریکٹرز کا چارم تہہ اور انسانی وسائل اور مشاہرہ کمیٹی کا ایک اجلاس ہوا۔ بورڈ کمیٹیوں نے بورڈ کی مجموعی کارکردگی کی ادائیگی میں بھرپور مدد کی۔

توانائی کی بچت

کمپنی، ماحول کی حفاظت اور وسائل کے بہتر استعمال کے بارے میں اپنی ذمہ داری اور عزم سے آگاہ ہے۔ اس عہد پر عمل کرتے ہوئے دیگر اقدامات کے علاوہ، ہم ری سائیکلنگ آری ورک کی حوصلہ افزائی کرتے ہیں جس سے ماحولیاتی فوائد کے ساتھ ساتھ خام مال کی لاگت میں خاطر خواہ بچت ہوتی ہے۔

کمپنی بجلی بچانے کے لیے اپنے ملازمین کی بھی حوصلہ افزائی کرتی ہے کہ اگر استعمال میں نہ ہوں تو بتائیں، کمپیوٹر سسٹمز اور بجلی کے آلات بند کر دیئے جائیں، اس کے علاوہ توانائی بچانے کے لیے بجلی سے چلنے والے تمام آلات کی مناسب دیکھ بھال کی جاتی ہے۔

انفارمیشن کمیونیکیشن ٹیکنالوجی

کمپنی اپنے آئی سی ٹی انفراسٹرکچر کو مسلسل بہتر بنانے، اپ گریڈ کرنے اور مارکیٹ میں جاری زبردست مقابلہ میں کامیاب رہنے کے لیے بھرپور پروسیس آٹومیشن کرتے رہنے کے لئے پرعزم ہے۔ آئی سی ٹی کا مقصد اپنے داخلی اور خارجی متعلقین کے مابین بلا تعطل رابطہ فراہم کرنا ہے۔ آئی سی ٹی ڈیپارٹمنٹ اپنے صارفین کو بہترین اور مسلسل آئی سی ٹی اور SAP سپورٹ سروسز مہیا کرنے رہنے کے لئے پرعزم ہے۔ کمپنی موجودہ SAP پروسیسز میں اضافی کنٹرولز

سیلز اور منافع

زیر جائزہ سال کے دوران، کمپنی نے 2.391 ارب روپے کا سیلز ریویو حاصل کیا جو پچھلے سال حاصل کیے گئے 2.163 ارب روپے کے سیلز ریویو سے 10.56 فیصد زیادہ ہے۔

کمپنی نے 64.01 ملین روپے کا قبل از ٹیکس منافع حاصل کیا (2015/16: قبل از ٹیکس منافع 69.85 ملین روپے)۔ پچھلے سال کے مقابلے میں فنانشل چارجز میں بھی 6.83 فیصد کمی ہوئی جس کی بڑی وجہ حاصل کئے گئے کاروباری قرضے کی شرح سود میں کمی تھی۔ کمپنی نے 16.844 ملین روپے کا بعد از ٹیکس منافع حاصل کیا (2015/16: خالص منافع 0.2 ملین روپے) جس کے نتیجے میں 1.56 روپے فی حصص آمدنی حاصل ہوئی (2015/16: آمدنی فی حصص 0.02 روپے)

منافع منقسمہ اور تخصیصات

کمپنی نے زیر غور سال کے لیے 0.63 روپے فی حصص یعنی %6.3 فی حصص حتمی نقدی منافع منقسمہ کا اعلان کیا ہے۔

تخصیصات کے لیے دستیاب نفع / (نقصان) کا خلاصہ مندرجہ ذیل ہے:

(روپے "000" میں)

(98,486)

01 جولائی، 2016 کو مجموعی نقصان

-

سال گزشتہ کی ایڈجسٹمنٹ

-

غیر تخصیص شدہ منافع سے عمومی ذخائر میں منتقلی

24,345

متعلقہ اثاثوں پر لگائی گئی مختتم فرسودگی کی مد میں دیر پا اثاثوں کی از سر نو قدر کے تعین پر حاصل ہونے والا اضافہ

16,844

30 جون، 2017 کو ختم ہونے والے سال کے لیے بعد از ٹیکس منافع

(57,297)

30 جون، 2017 پر حاصل ہونے والا مجموعی نقصان

نتیجاً اثرات

(6,781)

0.63 روپے فی حصص کا مجوزہ حتمی منافع منقسمہ

30 جون، 2017 کو منقسمہ قدر فی حصص 20.81 روپے ہے (2015/16: 16.24 روپے)

بورڈ آف ڈائریکٹرز کی رپورٹ

ڈاڈیکس ایئرٹنٹ لمیٹڈ ("کمپنی") کے ڈائریکٹرز 58 ویں سالانہ رپورٹ بمعہ 30 جون، 2017 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشوارے، پیش کر رہی ہے۔

قومی معیشت

پاکستان کی معیشت متاثر کن طریقے سے مسلسل آگے بڑھ رہی ہے اور مالی سال 2016-17 میں ملک کے اقتصادی محرکات مزید مستحکم ہوئے ہیں۔ پاکستان نے گزشتہ سال کی 4.7 فیصد کے مقابلے میں 5.3 فیصد خالص مجموعی قومی پیداوار میں اضافے کی شرح سے حاصل کی، افراط زر اور مالی خسارہ قدر مستحکم سطحوں پر رہا، مالیاتی پالیسی سازگار رہی اور امریکی ڈالر کے ساتھ پاکستانی روپے کا تعلق نسبتاً مستحکم رہا۔ محتاط میکرو اکنامک پالیسیوں، مالی نظم و ضبط، پالیسیوں میں مستقل مزاجی اور تسلسل سے مثبت نتائج حاصل ہوئے۔

میانویک پٹرنگ کے شعبے نے گزشتہ سال کی 4.6 فیصد کے مقابلے میں 5.06 فیصد افزائش ریکارڈ کی۔ اس سال کے دوران تعمیراتی سرگرمیوں، جو کہ ہمارے کاروبار سے تعلق رکھنے والا شعبہ ہے، نے 9.05 فیصد افزائش دکھائی۔

چین پاکستان اقتصادی راہداری (سی پیک) سے متعلق منصوبوں پر پوری رفتار سے کام جاری ہے اور ترقیاتی منصوبے تکمیل کے مراحل تیزی سے طے کر رہے ہیں۔ سی پیک کے تحت روڈ، ریل انفراسٹرکچر، انرجی، انڈسٹریل پارک اور بندرگاہ کے منصوبے ملک میں بڑے پیمانے پر سرمایہ کاری اور مواقع لائیں گے۔ کمپنی ان موقعوں سے فائدہ اٹھانے کے لیے پوری طرح تیار ہے۔

کاروبار

کمپنی خود کو جدت سے ہمکنار کرنے اور اپنے کاروبار میں ترقی حاصل کرنے کے لیے نئی ایجادات کو سمونے کی بھرپور کوشش کرتی ہے تاکہ شیئر ہولڈرز کے لیے مسلسل، دیرپا اور زیادہ سے زیادہ منافع کو یقینی بنایا جائے۔

کمپنی کی پہلے سے طے شدہ حکمت عملی کے تحت اٹھائے گئے اقدامات جن کا آغاز پچھلے سالوں میں ہوا تھا حقیقی شکل اختیار کرنا شروع ہو گئے ہیں۔ کمپنی مستقل مزاجی کے ساتھ حکمت عملی پر عمل کرتے ہوئے، جس میں کسٹمر فوکس، تنوع، معیار، انحصار اور اخلاقی طور طریقوں پر زور دیا گیا، اپنے مقاصد حاصل کرنے میں کامیاب رہی ہے۔

کمپنی نے پاکستان کے پہلے antimicrobial پائپ کا اجرا کیا جس کو قومی اور بین الاقوامی اخبارات نے نمایاں جگہ دی۔ کمپنی کو antimicrobial پائپس کی فروخت میں حوصلہ افزائی حاصل ہو رہی ہے۔

آپریٹیشنز

پچھلے سال کے مقابلے میں اس سال پلاسٹک پائپس اور سی پی او اور پلاسٹک مصنوعات کی مجموعی پیداوار میں بھی اضافہ ہوا۔

سال کے دوران حیدرآباد فیکٹری میں مزید سرمایہ کاری کی گئی جس سے ہماری سی پی او شیش کا معیار اور صورت مزید بہتر ہوئی ہے۔ کراچی فیکٹری میں نئے آلات شامل کیے گئے ہیں جس کا نتیجہ پیداواری گنجائش میں اضافے کی صورت میں نکلا ہے۔



















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مختار نامہ

میں اہم _____ ولد/ہنٹ ازوجہ _____ سکنہ _____

(مکمل پتہ) بحیثیت رکن ڈاڈیکس ایئرٹ لمیٹڈ، اور _____

حال _____ عام حصص، مسمیٰ اسمت _____

سکنہ _____ (مکمل پتہ) _____

کو یا ان کی غیر حاضری کی صورت میں مسمیٰ اسمت _____

سکنہ _____ (مکمل پتہ) _____

جو کہ ڈاڈیکس ایئرٹ لمیٹڈ کے حصص دار ہیں کو میری/ہماری غیر حاضری کی صورت میں اپنا/ہمارا مختار مقرر کرتا/کرتی کرتے ہیں۔ انھیں ہمارے ایما پر، بروز بدھ 25 اکتوبر، 2017 بوقت شام

4:30 بجے، ڈاڈیکس ایئرٹ لمیٹڈ، ڈاڈیکس ہاؤس، 34-A/1، بلاک 6، PECHS، شارع فیصل، کراچی میں منعقد ہونے والے کمپنی کے 58 واں سالانہ اجلاس عام یا کسی بھی التواء کی صورت میں حق

رائے دہی استعمال کرنے کی اجازت دینا/دیتی ادیتے ہیں۔

یہ مختار نامہ آج بروز _____ بتاریخ _____ 2017 کو مندرجہ ذیل گواہان کی موجودگی میں دستخط کیا گیا۔

_____ ۱-

_____ ۲-

_____ ۳-

فولیو/سی ڈی سی اکاؤنٹ نمبر

۵ روپے مالیت کے ریونیوٹکٹ پر دستخط کریں

ضروری ہدایات:

۱۔ یہ مختار نامہ اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل مکمل کوائف اور دستخط کے ہمراہ کمپنی کے رجسٹرڈ آفس ڈاڈیکس ہاؤس، 34-A/1، بلاک 6، PECHS، شارع فیصل، کراچی میں جمع کرانا ضروری ہے۔

۲۔ کسی ایسے شخص کو مختار مقرر نہیں کیا جاسکتا جو کہ خود کمپنی کا رکن نہ ہو البتہ کوئی دوسری کمپنی یا ادارہ غیر رکن کو اپنا مختار مقرر کر سکتا ہے۔

۳۔ اگر کسی رکن نے ایک سے زائد مختار مقرر کیے یا مختار نامے کمپنی میں جمع کرائے تو ایسی صورت میں تمام مختار نامے منسوخ کر دیے جائینگے۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز/کارپوریٹ ادارے:

مذکورہ بالا ہدایات کے علاوہ درج ذیل ضروری شرائط بھی پوری کرنا لازمی ہیں:

۱۔ مختار نامہ پر ۳ گواہان کے دستخط بمعہ نام، پتہ اور کمپیوٹر انز دقومی شناختی کارڈ نمبر درج کرنا لازمی ہیں۔

۲۔ مختار نامہ کے ہمراہ اصل مالکان اور مختار کے کمپیوٹر انز دقومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنا ہوں گی۔

۳۔ مختار کو اجلاس کے وقت اپنا اصل کمپیوٹر انز دقومی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

۴۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت رکن، بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد/پاور آف اٹارنی بمعہ نمونہ دستخط ہمراہ مختار نامہ کمپنی میں جمع کرانا ہوگا۔

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The Company Secretary
Dadex Eternit Limited
34-A/1, Block 6, PECHS,
Shahrah-e-Faisal,
Karachi-75400

The Company Secretary
Dadex Eternit Limited
Dadex House, 34-A/1, Block 6, PECHS,
Shahrah-e-Faisal,
Karachi-75400

FORM OF PROXY

I/We _____ son / daughter /wife of _____
of _____ (full address)
being a member(s) of **Dadex Eternit Limited**, holding _____
ordinary shares hereby appoint _____
of _____ (full address)
or failing him _____ of
_____ (full address)
who is/are also member(s) of **Dadex Eternit Limited** as my/our proxy in my/our absence to attend and vote for me/us
and on my/our behalf at the 58th Annual General Meeting of the Company to be held on Wednesday October 25, 2017
at 04:30 pm at Dadex House, 34-A/1, Block-6, PECHS, Shahrah-e-Faisal, Karachi and or at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2017

Signed by the said
in the presence of _____
1 _____

2 _____

Folio/CDC Account No

Signature on
Revenue Stamp
of Rs. 5/-

Important:

- 1 This proxy duly completed and signed, must be received at the Registered Office of the Company, Dadex House, 34-A/1, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, not less than 48 hours before the time of holding the meeting.
- 2 No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
- 3 If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders/Corporate Entities:

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

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- iv) In the case of a corporate entity, the Board of Directors resolution/power of attorney with the specimen signature should be submitted (unless it has been provided earlier) along with the proxy form to the Company.

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The Company Secretary
Dadex Eternit Limited
34-A/1, Block 6, PECHS,
Shahrah-e-Faisal,
Karachi-75400

DADEX

Dadex Eternit Limited

Head Office:

Dadex House, 34-A/1, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi-75400
Tel: (92-21) 111-000-789, 34313860-79
Fax: (92-21) 34315716

Dadex Karachi Factory:

Deh-22, Manghopir
Karachi-75890
Tel: (92-21) 36770155-58, 36770160-63
Fax: (92-21)36770161

Dadex Hyderabad Factory:

P.O. Box No. 10,
Badin Road Hyderabad
Tel: (92-22) 3886534, 3886536
Fax: (92-22) 3883993

Sundar Factory Lahore:

Plot No. 561-561/A
Sundar Industrial Estate
43-KM, Sundar Raiwind Road, Lahore
Tel: (92-42) 38370386-90
Fax: (92-42) 38370367

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