

## DIRECTORS' REPORT

Your Directors are pleased to present the 29th Annual Report of the company for the year ended June 30th 2017.

### **SALES AND FINANCIAL RESULTS:**

Net local Sales value decreased by 27.24% to Rs. 939.68 m, while the value of export sales increased 66.23% to Rs. 259.95 m, resulting in overall Net sales value decrease 17.15% to Rs. 1,199.63 m in the period under review. Net sales value for the 6 month period to June, 2017 increased by 33% to Rs. 685.53m compared to the earlier 6 month to December, 2016.

The significant feature of the sales was decrease in value of sales to the Oil and Gas Exploration sector by 58%. This was because of significantly reduced seismic exploration programs, which was also effected by lower oil price in the world market. The company however saw resumption in supplies to Saindak Copper & Gold project and Duddar Lead and Zinc project (EPZ) and sales to construction and mining sector. One new major project came onstream in the last months of this financial year, which will continue to add to the revenue stream of the company for the coming years. Some of the Hydel and road tunnel projects blasting requirements have been completed.

Gross profit margin decreased only by 0.25% to 46.54% despite lower sales of higher value products as a proportion of net sales.

Operating profit of the company declined by 22.15% to Rs. 434.97 m. Net profit after taxation declined by 19.54% to Rs. 320.58 m resulting in EPS of Rs. 14.57 (2016 : EPS Rs.18.11)

Finance costs increased by Rs. 3.91m to 24.95 m due to borrowings, for cash flow timing differences.

Your company continues its efforts to seek new competitive sources, to reduce raw material costs.

### **PRODUCTION:**

Plant production team continued to perform satisfactorily in meeting the challenges of demand for various products on timely basis to our customers.

Your company is continuing to invest in resources for improvement in Production efficiency, Human Resource and safe practices to enhance the confidence of its users, workforce and stakeholders.

The company has renewed OHSAS (Occupational Health and Safety Advisory Services) 18001: 2007 and ISO 9001: 2008 quality Certifications.

### **FUTURE PROSPECTS:**

Hydel project of Dasu, Sukki Kinari, Khyal Khwar, Kohala Hydro Power and Tarbella 5th. Expansion projects are due to commence work in the coming financial period, while progress on Bhasha, Munda, Mahl, Bunji Dam etc. is awaiting technical/financial finalization.

The cement sector has plans to enhance its capacity through additional units at existing sites, which may add approximately 5-7 million tons additional capacity in the next few years.

## **DIRECTORS' REPORT**

### **DIVIDEND:**

Board has proposed final cash dividend of Rs. 6.00 per share 60% and also the 1st Interim cash dividend of Rs. 2.50 per share (25%) and bonus shares at the rate of 10% i.e. 1 bonus share for 10 shares held declared on October 27, 2016 and 2nd Interim cash dividend of Rs. 1.50 per share (15%) declared on February 21, 2017 and 3rd interim cash dividend Rs. 4.50 per share (45%) declared on April 18, 2017 for the year ended June, 2017 making a total cash dividend of declaration of Rs. 14.5 (145%) and bonus shares at the rate of 10% i.e. 1 bonus share for 10 shares held for financial year ended 30th June, 2017.

### **CODE OF CORPORATE GOVERNANCE:**

We are pleased to report that the Company has taken necessary measures to comply with the provision of the code of Corporate Governance as incorporated in listing regulations of the Stock Exchanges.

The Board regularly reviews the company's strategic direction. Business plans and targets are set by the Chief Executive & are reviewed by the Board. The Board is committed to maintain a high standard of good corporate governance. The company is in the process of implementing the provisions set out by Securities & Exchange Commission of Pakistan (SECP) and the accordingly amended listing rules by Stock Exchanges.

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- Financial statements prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow & changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable & prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt about the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2017 except for those stated in the financial statements.

**DIRECTORS' REPORT**

- Five directors of the Company are exempted from Directors Training Program on the basis of their level of education and length of experience as provided in the CCG. Further four of the directors of the Company have obtained certification under Directors training program as required under clause (xi) of the CCG. None of the Directors had attended any training program during the year.
- The values of investment of various funds, based on their respective accounts as at 30 June 2017 are as under:

DESCRIPTION	AMOUNT
Provident Fund	Rs. 63,310,148/-
Gratuity Fund	Rs. 35,368,529/-

A total of 06 meetings of the Board of Directors were held during the year (July 2016 to June 2017). The attendance by each Director is given as follows:

NAME ATTENDED	DESIGNATION	NO. OF MEETINGS
Dr. M. Humayun Khan	Chairman	6
Khawaja Amanullah Askari	MD & CEO	5
M. Afzal Khan	Director	6
M. Salim Khan	Director	3
Abdul Maajid Qureshi	Director	3
Khwaja Ahmad Hosain	Director	5
(Alternate Director: Ms Shandana Humayun Khan)		1
Maj. Gen. (Ret'd.) S. Z. M. Askree	Director	6
M. Zafar Khan	Director	6
Adnan Aurangzeb	Director	6
Ms. Shirin Safdar	Director	3
Muhammad Yaqoob	Director	6
Ms. Zishan Afzal Khan	Director	2
(Alternate Director: Ms Mehreen Hosain)		2
(Alternate Director: Ms Shahbano Abbas)		1
Ms Mehreen Hosain	Director	1
Ms Shandana Humayun Khan	Director	2
Ehsan Mani	Director	2

Leave of absence is granted in all cases to the Directors.

## DIRECTORS' REPORT

A total of 04 meetings of Audit Committee were held during the year (July 2016 to June 2017). The attendance by each member is given as follows:

NAME ATTENDED	DESIGNATION	NO. OF MEETINGS
Ehsan Mani	Chairman	2
Muhammad Yaqoob	Chairman/Member	4
Abdul Maajid Qureshi	Member	2
M. Salim Khan	Member	2
Adnan Aurangzeb	Member	4
Dr. M. Humayun Khan	Member	4
Khwaja Ahmad Hosain	Member	4
Ms Shandana Humayun Khan	Member	1

Leave of absence is granted in all cases to the Members.

A total of 03 meetings of the Human Resource & Remuneration Committee were held during the year (July 2016 to June 2017). The attendance by each member is given as follows:

NAME ATTENDED	DESIGNATION	NO. OF MEETINGS
Dr. M. Humayun Khan	Chairman	3
Khawaja Amanullah Askari	Member	3
M. Salim Khan	Member	1
Adnan Aurangzeb	Member	3
Khwaja Ahmad Hosain	Member	3
Muhammad Yaqoob	Member	3
Ms Mehreen Hosain	Member	0

Leave of absence is granted in all cases to the Members.

### KEY OPERATING AND FINANCIAL DATA:

Key operating and financial data of last six years is enclosed.

### AUDITORS:

The present auditors M/s KPMG Taseer Hadi & Company, Chartered Accountants retire and being eligible offer themselves for reappointment.

### ACKNOWLEDGEMENT:

Your Board would like to take this opportunity to express its special appreciation to all the employees of the company without whose continued commitment and hard work the challenges of new



## **DIRECTORS' REPORT**

opportunities could not be achieved. We also acknowledge the support and cooperation of our major stakeholders, customers, suppliers and our Bankers specially Allied Bank Ltd, Faysal Bank Ltd, MCB Bank Ltd, United Bank Ltd, Bank of Khyber, National Bank of Pakistan.

### **PATTERN OF SHARE HOLDING:**

Pattern of shareholding is enclosed.

**By order of the Board**

**Khawaja Amanullah Askari**  
Managing Director  
&  
Chief Executive Officer

Islamabad  
26 September, 2017