



DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Karachi Tools, Dies and Moulds Centre (the Company) are pleased to present their eighth Report on the audited financial statements for the year ended June 30, 2016.

Objectives

Management of your company has focused its attention on its core objectives, i.e., designing, development and manufacturing of tools, dies and moulds (TDM), supply of skilled Human Resource and to provide training, consultancy relating to TDM to public and private sectors.

Compliance statement: (The Public Sector Companies (Corporate Governance) Rules, 2013 (PSR))

The Board gives prime importance to conducting its business in accordance with the rules stated in PSR.

The Directors are pleased to state that:

- The Board has complied with the principles of corporate governance. However, due to resignation of two independent directors during the year, presently the Company does not have the requisite percentage of independent directors, for which the Board has sent its recommendations to the Ministry of Industries and Production, and their response is still awaited.
- The financial statements, prepared by the management of the Company fairly presents its state of affairs, result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been applied in preparation of financial statements and any changes in accounting policies (if any) have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards and any other standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented, regularly reviewed and monitored.



- There are no significant doubts upon the Company's ability to continue as a going concern.
- Key operating and financial data for the last six years has been given in the relevant section of the Directors Report.
- Information about outstanding taxes, duties, levies and charges is given in Notes to the Accounts. Future prospects, risks and uncertainties have been disclosed in relevant sections of the Directors' Report.
- The appointment of the Chairman and other Members of the Board and the terms of their appointment along with the remuneration policy (no remuneration is given to any director except for CEO) adopted are in the best interest of the Company as well as in line with best practices.
- Key performance indicators of the Company relating to its social objectives and outcomes have been disclosed in relevant sections of the Directors' Report.
- Number of Board and Committee(s)' meetings held during the year and attendance by each Director has been disclosed in relevant section of Directors' Report. Leave of absence was granted to Directors who were unable to attend meetings.
- A statement of the pattern of shareholding in the Company as at 30 June, 2016 of certain classes of shareholders whose disclosure is required under the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules is shown in the relevant section of the Directors' Report.

Corporate Social Responsibilities

KTDMC has a rich culture of Corporate Social Responsibility (CSR) since its inception, one of the primary objective of the KTDMC is to provide long term and short term trainings to the engineers, designers and particularly to the students of under-privileged class of Pakistan, under Teaching Factory concept, so they can become productive citizens of the country;

KTDMC ensured that students when completed their course are well equipped with the required knowledge of the course.

KTDMC made efforts for the employment of students in local industry, who passed out 3 years diploma in Dies & Moulds in 2015, and it is worth noting that more than 95% of the students are employed.

KTDMC also arranged Sponsorships for poor and competent students.



KTDMC is continuously striving to support Dies & Moulds and other related industries, and decreasing unemployment by producing skilled work force.

Students from schools, colleges and universities are invited regularly to visit Center in order to learn about our facilities and activities.

Overview

Your Company was incorporated as a Company limited by guarantee having share capital on March 28, 2006 as a wholly owned subsidiary of Pakistan Industrial Development Corporation (Private) Limited. During this year, the company has completed its seventh full year of operations.

The Company recorded significant increase the profitability as net profit for the year ended June 30, 2016 increased from Rs. 4,454,267/- to Rs.7,288,473 (64%).

Operational revenue of the Company has increased by 23%, as analyzed below:

Particulars	2015-16	2014-15	Variance	Variance %	2013-14	2012-13	2011-12	2010-11
	Rs. "in millions"				Rs. "in millions"			
Manufacturing	125.16	98.82	26.34	27%	75.49	57.52	42.8	26.53
Toll Manufacturing	0.89	2.15	-1.26	-59%	3.81	3.93	2.69	1.25
Heat Treatment	3.74	3.55	0.19	5%	2.27	1.45	3.51	1.83
Reverse Engineering	1.37	1.2	0.17	14%	2.62	2.29	1.55	0.69
Training	7.38	6.57	0.81	12%	7.61	6.51	3.05	1.7
Total	138.54	112.27	26.27	23%	91.81	71.70	53.61	31.99

Reasons for variance in each line of business is given below:

- Capacity of manufacturing dies & moulds were increased by inducting 2 more CNC machines, further, larger and more complicated dies & moulds were manufactured in 2016, which resulted in higher revenues;
- Decrease in Toll manufacturing orders compared to previous year is due to use of machines for manufacturing of dies & moulds instead of Toll manufacturing; In fact

Major activities conducted by the company during the year were as follows:

- 452 students were trained on various long and short term courses.
- Manufacture of 52 mainly large dies & moulds for local industry; orders were received from Automobile/Auto parts manufacturers and Plastic industry sectors.



- Successfully production 2 LPDC Moulds for the first time in the history of Pakistan.
- Heat treatment furnaces operations registered its seventh year of operations during the year.

Financial Results

The key financial figures have been tabulated below:

Comparison with last year :

Particulars	2016 Rs.	2015 Rs.
Income from operational activities	138,536,376	112,271,960
Income from non operational activities	6,479,803	8,814,797
Taxation	-	-
Surplus/ (Deficit) for the year:		
-After depreciation and amortization	7,288,473	4,545,267
-Before depreciation and amortization	20,338,904	18,477,107

Comparison with budget :

Particulars	2016 Rs.	Budgeted Rs.
Income from operational activities	138,536,376	133,676,295
Income from non operational activities	6,479,803	8,374,057
Taxation	-	-
Surplus/ (Deficit) for the year:		
-After depreciation and amortization	7,288,473	5,345,681
-Before depreciation and amortization	20,338,904	19,248,625

The key financial results are:

- Increase in revenue from manufacturing of dies and moulds by Rs. 26.3 million.
- Company earned cash profit of Rs. 20.34 million and net profit of Rs. 7.29 million.



- Decrease in other income is due to decrease in KIBOR rates.

Six years key Financial results

Description	Income & Expenditure Account (Amount in Rupees)					
	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15	30-Jun-16
Revenue from operations	31,994,267	53,606,008	71,696,481	91,808,415	112,271,960	138,536,376
Other income	15,072,710	15,231,254	12,450,056	10,001,110	8,814,797	6,479,803
Total	47,066,977	68,837,262	84,146,537	101,809,525	121,086,757	145,016,179
Direct cost	34,344,172	50,934,294	60,295,768	69,459,691	85,480,629	106,444,551
Admin & General Expenses	9,803,541	11,784,466	13,862,412	15,768,076	17,129,021	18,232,724
Total cost	44,147,713	62,718,760	74,158,180	85,227,767	102,609,650	124,677,275
Net profit / (loss) before depreciation	2,919,264	6,118,502	9,988,357	16,581,758	18,477,107	20,338,904
Depreciation	(13,801,655)	(15,736,011)	(13,027,916)	(13,813,858)	(13,661,174)	(12,931,733)
Amortization of Software	(1,444,524)	(1,944,401)	(1,993,697)	(1,674,604)	(270,666)	(118,698)
Net Profit/ (Loss)	(12,326,915)	(11,561,910)	(5,033,256)	1,093,296	4,545,267	7,288,473

Profit per share

Basic and diluted income per share is Rs. 0.148 (2015: Rs. 0.092)

Dividend

The Securities and Exchange Commission of Pakistan has granted your company license of non-profit organization under section 142 of Companies Ordinance 1984. Accordingly, any surplus, if any earned during the year, would be utilized to meet its objectives and no payment would be made to members; therefore, the company is not required to declare any dividend.



Taxation

The Company is allowed tax credit equal to 100% of the tax payable including minimum tax and final taxed, under section 100C of the Income Tax Ordinance, 2001, consequently no provision for taxation is made during the year.

Outstanding Statutory Payments

There are no outstanding payments due on account of taxes, duties, levies and charges except amounts of normal and routine nature.

Future Outlook

The company has planned to increase its Corporate and Executive courses by conducting these classes on Saturday and Sunday.

The Company has planned to induct 2 more CNC machines and some conventional machines to expand its operations and cater increase number of orders (particularly orders of LPDC Moulds) from the client.

The projected operational revenue of the Company for the year 2016-17 is Rs. 157 Million compared to current level of Rs. 138 million.

During the year, four meetings of the Board of Directors were held. Attendance by each director at the board meeting is as under:

Name	Eligibility	Attended
Shafqat Ur Rehman Ranjha	4	1
Syed Javaid Ashraf	4	4
Dr.Muzaffar Mahmood	4	4
Engr. M.A.Jabbar	4	4
Abdul Haleem Asghar	4	4
Mohammad Ishaque Mahar	4	2
Tauqeer Dawood	4	0
Basit Maqsood Abbasi	4	0
Syed Mohammad Irfan Aqueel	4	1

The directors who could not attend Board Meeting(s) were granted leave of absence in accordance with the law.



Attendance of various meeting of Board is given below:

Attendance of Procurement Committees meeting

Name	Eligibility	Attended
Shafqat Ur Rehman Ranjha	2	2
Dr.Muzaffar Mahmood	2	2
Syed Javaid Ashraf	2	2
Tauqeer Dawood	2	0

Attendance of HR Committees meeting

Name	Eligibility	Attended
Abdul Haleem Asghar	3	3
Tauqeer Dawood	3	0
Dr.Muzaffar Mahmood	3	3
Syed Javaid Ashraf	3	3

Attendance of Audit Committees meeting:

Name	Eligibility	Attended
Dr.Muzaffar Mahmood	4	3
Abdul Haleem Asghar	4	4
Syed Muhammad Irfan Aqueel	4	2

Attendance of Nomination Committees meeting:

Name	Eligibility	Attended
Basit Maqsood Abbasi	4	3
Abdul Haleem Asghar	4	4
Syed Muhammad Irfan Aqueel	4	2
Tauqeer Dawood	4	0



Karachi Tools, Dies & Moulds Centre

A subsidiary of Pakistan Industrial Development Corporation (PIDC)
Ministry of Industries & Production
Government of Pakistan



The directors who could not attend Committees Meeting(s) were granted leave of absence in accordance with the law.

Risk & Threats

The Company's business activities are subject to following risks and threats that could materially affect the Company's operations, earnings, cash flows and other financial performance.

- Tough competition of cost Dies and Moulds imported from far east countries
- Increase in cost of utilities
- Electricity shortage and supply quality causing damage to electrical equipment of Company

Pattern of Shareholding

The pattern of shareholding as at 30 June 2015 is as follow:

Name of share holder	Numbers of shares
Pakistan Industrial Development Corporation (Pvt.) Ltd. (Parent Company and Public Sector Company)	49,999,998
TUSDEC (Associate Company as well as Public Sector Company)	1
Director	1

Parent Company

Pakistan Industrial Development Corporation (Private) Limited has 100% holding of the Company as of the date of this report.

Auditors

The present auditors M/s M. Yousuf Adil Saleem & Co. , Chartered Accountants, retire and being eligible offers themselves for re-appointment.

Acknowledgement

The Board of Directors places on record its appreciation for the support of the shareholder, Government agencies and other concerned parties.



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A subsidiary of Pakistan Industrial Development Corporation (PIDC)
Ministry of Industries & Production
Government of Pakistan



The Board also expresses its appreciation for the services and efforts being rendered by the executives and staff members of your Company.

For and on behalf of the Board

Dr. Muzzaffar Mahmood
CEO

Eng. M. A. Jabbar
Chairman

Karachi
October 31, 2016