



**DRIVING GROWTH
THROUGH CHANGE**



**ANNUAL
REPORT
2016**

Bolan Castings Limited

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[Form of Proxy](#)

VISION / MISSION CORPORATE STRATEGY / QUALITY POLICY SAFETY, HEALTH & ENVIRONMENT



Vision

To be a player in the global market by providing high quality foundry based engineering products.

Mission

To be market leader in foundry technology by offering competitive high quality value added products to the satisfaction of customers and to grow through diversification in local and export markets, while serving the best interest of shareholders.

Corporate Strategy

Bolan Castings Limited will remain proactive in combating all threats and make use of all opportunities to improve the productivity, profitability and for achieving its immediate goals and ultimate mission.

Quality Policy

We will pursue and continuously improve our quality management systems so as to consistently meet the expectations of our customers and other stakeholders, operate safely and encourage our employees to develop and grow.

Safety

- > The management of Bolan Castings Limited believes that the safety and welfare of its employees is of paramount importance.
- > We believe that all industrial injuries can be prevented.
- > Each individual employee is responsible for working safely, both for his own welfare, and for the safety and welfare of his fellow employees.
- > We believe that production is not so important that time cannot be taken to find a safe way to do our work.

Health

- > Good health of employees is very important to Bolan Castings Limited.
- > All employees of Bolan Castings Limited go through an annual medical check up.
- > Bolan Castings Limited has a clinic at the plant site which provides medical facilities for its employees.
- > All employees are insured under Group Life and Health Insurance Scheme.

Environment

- > Bolan Castings Limited is making all out efforts to ensure that it takes care of the environment.
- > Continued efforts are made so that the Company's plant operational activities are environment friendly.
- > The Company is committed to improve the environment and is currently working to achieve the environmental standards.

CODE OF CONDUCT

Purpose

Bolan Castings Limited (BCL) is committed to the highest standards of business conduct in its relationships with associates, customers, suppliers, shareholders and other stakeholders. It is BCL's policy to conduct business with honesty and integrity and in compliance with all applicable legal and regulatory requirements.

The directors, senior management and all other employees of BCL are expected to conduct their business dealings honestly, openly, fairly, diligently and courteously and in a manner that enhances the image of the Company as well as Group and never compromised the Company's integrity. The purpose of this Code is to describe standards of conduct expected of directors, senior management and other employees in their dealings on behalf of the Company.

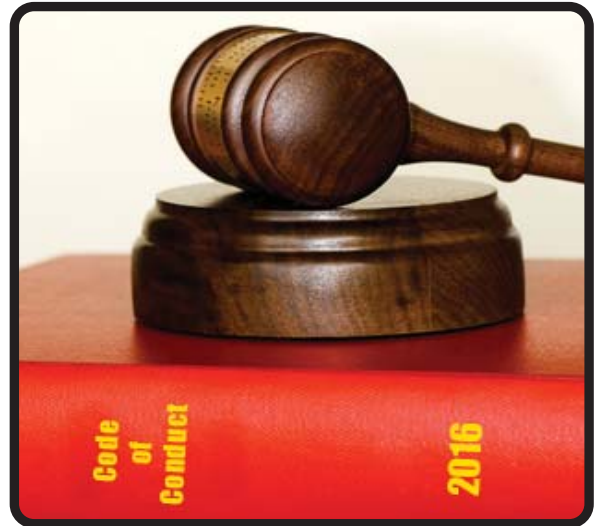
Applicability

This Code is applicable to all the directors, senior management and other employees of the Company.

Standards of Conduct

Every director, senior management and other employee of the Company shall ensure that he / she:

- > Shall not engage in business activities, either directly or indirectly, with a customer, vendor, supplier or any other third party, which are inconsistent with, or contrary to, the business activities of the Company.
- > Shall not engage in any activity that might create a conflict between personal interest and the Company's interest. Any situation that involves or may reasonably be expected to involve, a conflict of interest should be disclosed promptly in order to seek guidance from the Board.



- > Shall not use his / her respective position to force, coerce, harass, induce, intimidate or in any manner influence any person for personal gain.
- > Shall maintain the confidentiality of information entrusted to him / her by the Company, its customers, suppliers or business associates of the Company, except when disclosure is authorized or legally mandated and shall ensure that no such confidential information is used for personal advantage or benefit.
- > Shall protect the Company's property and assets and have them utilized reasonably and effectively for the Company's business purpose, and shall not use them to pursue personal opportunities and gain.
- > Shall refrain from insider trading and shall not use material information pertaining to the Company, before it is made public, for financial or other personal benefit and shall not provide such information to others.
- > Shall comply with all applicable laws, rules, regulations, agreements, guidelines, standards and internal policies, including other requirements incidental thereto.

CORE VALUES

1. Ethics & Integrity

We do care how results are achieved and will demonstrate honest and ethical behaviour in all our activities. Choosing the course of highest integrity is our intent and we will establish and maintain the highest professional and personal standards.

2. Continual Improvement

Continual improvement in all processes involved in manufacturing, engineering or business management is 'order of the day' for competitive success.

The philosophy of continual improvement is the 'change for the better'.

It refers to activities that continually improve all functions and involves all employees from the CEO to the shop floor workers.

It is an ongoing effort to constantly evaluate all processes for seeking improvements to increase productivity and profitability.

3. Excellence

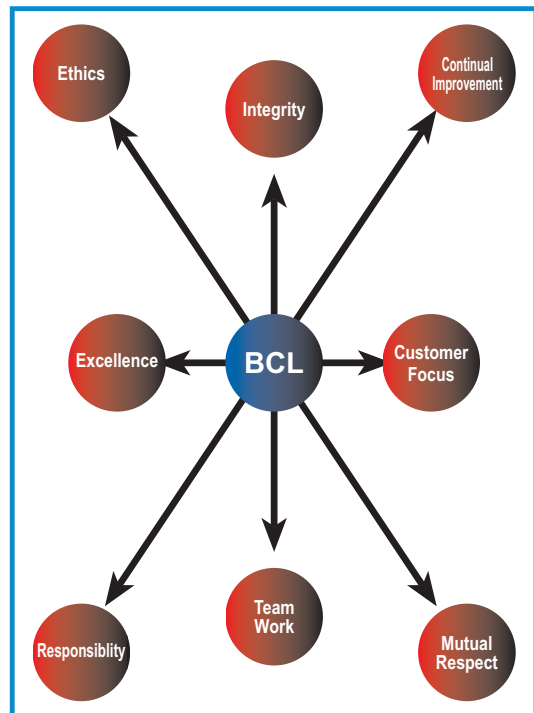
We are committed to excellence in every aspect of our activities. Each one of us must make maximum efforts to provide a quality product that responds to our customers need. Our products must meet and exceed competition. Rather than asking "is it good enough?", we must ask, "how can we do it better?". The quality of everything we do reflects on us and is essential for maintaining long-term relationships with our stakeholders.

4. Customer Focus

We are a customer-driven organization and believe that customer satisfaction is our strength and motivates us to grow.

5. Responsibility

We will manage our affairs in a highly responsible manner by ensuring that we take care of the environment, are a good corporate citizen, ensure complete satisfaction of our customers through quality and timely delivery of our products.



6. Teamwork

We put a lot of emphasis on team work by recognizing that we will achieve more through teamwork. We feel that operational excellence will be achieved by working together as a team and diligently performing tasks in an exceptional manner.

7. Mutual Respect

We have respect for all stakeholders of our business which includes our customers, suppliers, contractors, regulators, shareholders, our families and one other.

We care about the professional and personal well being of each member of Bolan Castings Limited. People are our greatest asset and we will strive to exhibit care, concern and interest in those with whom we work and with whom we do business. Our work environment respects individual talents and provides opportunities for training, leadership development, professional growth and financial reward. A secure, highly motivated, and well-trained workforce will thrive and meet the challenges set by our customers.

COMPANY INFORMATION

Board of Directors

Mr. Sikandar M. Khan
Mr. Nisar Ahmed Mirani
Mr. Latif Khalid Hashmi
Mr. Sohail Bashir Rana
Mr. Laeeq Uddin Ansari
Mian Muhammad Saleem
Syed Muhammad Irfan Aqueel
Syed Javaid Ashraf
Mr. Muhammad Imran Rafiq
Mr. Saifuddin

Chairman
Chief Executive
Director
Director
Director
Director
Director
Director
Director
Director

Company Secretary

Mr. Arafat Mushir

Chief Financial Officer

Syed Sajid Ali

Auditors

M/s. A.F. Ferguson & Co.

Chartered Accountants

Legal Advisors

M/s. MJLA, Legal

Bankers

Habib Bank Limited
MCB Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Ltd.
Meezan Bank Limited
Faysal Bank Limited
Askari Bank Limited
Bank Al-Habib Limited

Share Registrar

M/s. Central Depository Company of Pakistan Ltd.
CDC House, 99-B, Block-B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi
Tel: +92-800-23275
Fax: +92-21-34326053

Registered Office

Main RCD Highway, Hub Chowki,
District Lasbela, Balochistan, Pakistan
Tel : +92-853-364033,363296
Fax : +92-853-363292
E-mail: bclhub@bclpk.com

Web Site

www.bolancastings.com

BOARD OF DIRECTORS



Mr. Sikandar M. Khan

Chairman / Non Executive Director (MTL Nominee)

Appointment
July 03, 1982

Committee Membership

Chairman of Board's Committee for Supervision and Directors' Remuneration Committee

External Appointments

Chairman of Millat Tractors Ltd., Millat Equipment Ltd., Millat Industrial Products Ltd., TIPEG Intertrade DMCC and Director of Arabian Sea Country Club, Heavy Industries Textile Board



Mr. Nisar Ahmed Mirani

Chief Executive Officer

Appointment
April 27, 2016

Committee Membership

Chairman of System & Technology Committee and Business Strategy Committee and Member of Human Resource and Remuneration Committee

External Appointments

Currently no external appointment



Mr. Latif Khalid Hashmi

Non Executive Director

Appointment
June 13, 1993

Committee Membership

Chairman of Audit Committee and Human Resource and Remuneration Committee and Member of Board's Committee for Supervision and Directors' Remuneration Committee

External Appointments

Director of Millat Tractors Ltd., Millat Equipment Ltd., Millat Industrial Products Ltd., TIPEG Intertrade DMCC

BOARD OF DIRECTORS



Mr. Sohail Bashir Rana

Non Executive Director (MTL Nominee)

Appointment

June 13, 1993

Committee Membership

Member of Board's Committee for Supervision

External Appointments

Chairman of Pakistan Automotive Manufacturers Association (PAMA) and Director of Millat Tractors Ltd., Millat Equipment Ltd., Millat Industrial Products Ltd., TIPEG Intertrade DMCC, Arrowhead (Pvt.) Ltd.



Mr. Laeeq Uddin Ansari

Non Executive Director

Appointment

June 13, 1993

Committee Membership

Member of Board's Committee for Supervision

External Appointments

Director of Millat Tractors Ltd., Millat Equipment Ltd., Millat Industrial Products Ltd., TIPEG Intertrade DMCC, Etimaad Engineering (Pvt.) Ltd.



Mian Muhammad Saleem

Non Executive Director (MTL Nominee)

Appointment

June 13, 1993

Committee Membership

Member of Board's Committee for Supervision, Directors' Remuneration Committee and Human Resource and Remuneration Committee

External Appointments

Director of Millat Tractors Ltd., Millat Equipment Ltd., Millat Industrial Products Ltd., TIPEG Intertrade DMCC

BOARD OF DIRECTORS



Syed Muhammad Irfan Aqueel

Non Executive Director (MTL Nominee)

Appointment
October 28, 2014

Committee Membership
Member of Audit Committee

External Appointments
Chief Executive Officer of Millat Tractors Ltd. and Director of Millat Equipment Ltd., Karachi Tools, Dies & Moulds Centre (KTDMC)



Syed Javaid Ashraf

Independent Director

Appointment
October 28, 2014

Committee Membership
Member of Audit Committee

External Appointments
Director of Karachi Tools, Dies & Moulds Centre (KTDMC)



Mr. Muhammad Imran Rafiq

Non Executive Director (NIT Nominee)

Appointment
July 30, 2010

Committee Membership
Member of Audit Committee and Human Resource and Remuneration Committee

External Appointments
Head of Research of National Investment Trust Ltd. and Director of Nishat Chunian Ltd., Century Papers & Board Mills Ltd.



Mr. Saifuddin

Executive Director

Appointment
June 14, 2016

Committee Membership
Member of System and Technology Committee and Business Strategy Committee

External Appointments
Currently no external appointment

BOARD COMMITTEES

Audit Committee

Composition of Committee

Chairman

Mr. Latif Khalid Hashmi Non-Executive Director

Members

Syed Muhammad Irfan Aqueel Non-Executive Director
Syed Javaid Ashraf Independent Director
Mr. Muhammad Imran Rafiq Non-Executive Director

Terms of Reference

- > To make recommendations to the Board on the appointment of external auditors, the audit fee, any question of resignation or removal and provision of any service by the external auditors in addition to audit.
- > To determine the measures to safeguards the assets of the Company.
- > To review, before submission to the Board, quarterly, half yearly and annual financial statements and related announcements to be issued by the Company. This renders focusing on significant items like material adjustments resulting from audit, going concern assumption, major judgmental areas, changes in accounting polices and practices and compliance of accounting standard, listing regulations and statutory requirements.
- > To facilitate the external audit, ensure coordination between external and internal auditors and discuss observations raised by the external auditors and management letter issued by them alongwith response of management.
- > To review scope and extent of internal audit and shall ensure that internal audit is adequately resourced and appropriately placed within the Company.
- > To consider major findings of internal investigations and management's response.

- > To ascertain that financial and operating controls and accounting reporting systems are adequate and effective.
- > To review the statement on internal control system before endorsement by the Board.
- > To determine the compliance of applicable statutory requirements and shall also monitor compliance of Code of Corporate Governance to identify the significant violations.
- > To institute special projects, other reviews and tasks as the Board shall delegate to it, from time to time, by consulting CEO and referring external auditors and other external bodies.

Board's Committee for Supervision (BCS)

Composition of Committee

Chairman

Mr. Sikandar M. Khan Chairman /Non-Executive Director

Members

Mr. Latif Khalid Hashmi Non-Executive Director
Mr. Sohail Bashir Rana Non-Executive Director
Mr. Laeeq Uddin Ansari Non-Executive Director
Mian Muhammad Saleem Non-Executive Director

Terms of Reference

- > To provide a forum for the Company's Senior Executives to contribute to planning the strategic direction of the Company.
- > To review and monitor the periodic operating activities regarding technical, financial and administrative aspects of the Company, against budget, forecasts and previous year on monthly basis.
- > To ensure implementation of strategy, the corporate plan, policies and procedures.
- > To ensure successful achievement of objectives of the Company.
- > To ensure active co-ordination, cooperation and communication between all departments of the Company.
- > To review the organizational structure of the Company and making recommendations for change.

BOARD COMMITTEES

Directors' Remuneration Committee

Composition of Committee

Chairman

Mr. Sikandar M. Khan Chairman / Non-Executive Director

Members

Mr. Latif Khalid Hashmi Non-Executive Director

Mian Muhammad Saleem Non-Executive Director

Terms of Reference

- > To follow a formal and transparent procedure, for fixing the remuneration packages of CEO and executive directors of the Company,
- > To ensure that the levels of remuneration of executive directors are commensurate with their qualifications and that such levels of remuneration are sufficient to attract and retain the directors but not excessive,
- > To make recommendations to the Board on matters related to remuneration of CEO and executive directors;
- > To determine the specific remuneration packages of CEO and executive directors including, without limitation, base salaries, deferred compensation, stock options and any benefits in kind, pension rights and incentive payments and any compensation payable for loss or termination of their office or appointment, and to make recommendation to the Board on the remuneration of CEO and executive directors,

- > To review and recommend compensation arrangements relating to dismissal or removal of CEO and executive directors for misconduct and to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and
- > To ensure that CEO and executive directors are not involved in determining their own remuneration.

Human Resource and Remuneration (HR&R) Committee

Composition of Committee

Chairman

Mr. Latif Khalid Hashmi Non-Executive Director

Members

Mr. Nisar Ahmed Mirani Chief Executive Officer

Mian Muhammad Saleem Non-Executive Director

Mr. Muhammad Imran Rafiq Non-Executive Director

Terms of Reference

- > Recommending human resource management policies to the Board;
- > Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- > Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of Chief Operating Officer (COO), General Manager (GM), Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit; and
- > Consideration and approval on recommendations of Chief Executive Officer (CEO) on such matters for key management positions who report directly to CEO / COO / GM.

MANAGEMENT COMMITTEES

Business Strategy Committee

Composition of Committee

Chairman

Mr. Nisar Ahmed Mirani

Members

Mr. Saifuddin

Syed Sajid Ali

Responsibilities

The Business Strategy Committee assists Board of Directors in devising short term and long term business plans and suggests strategies for achievement of organizational objectives.

System and Technology Committee

Composition of Committee

Chairman

Mr. Nisar Ahmed Mirani

Members

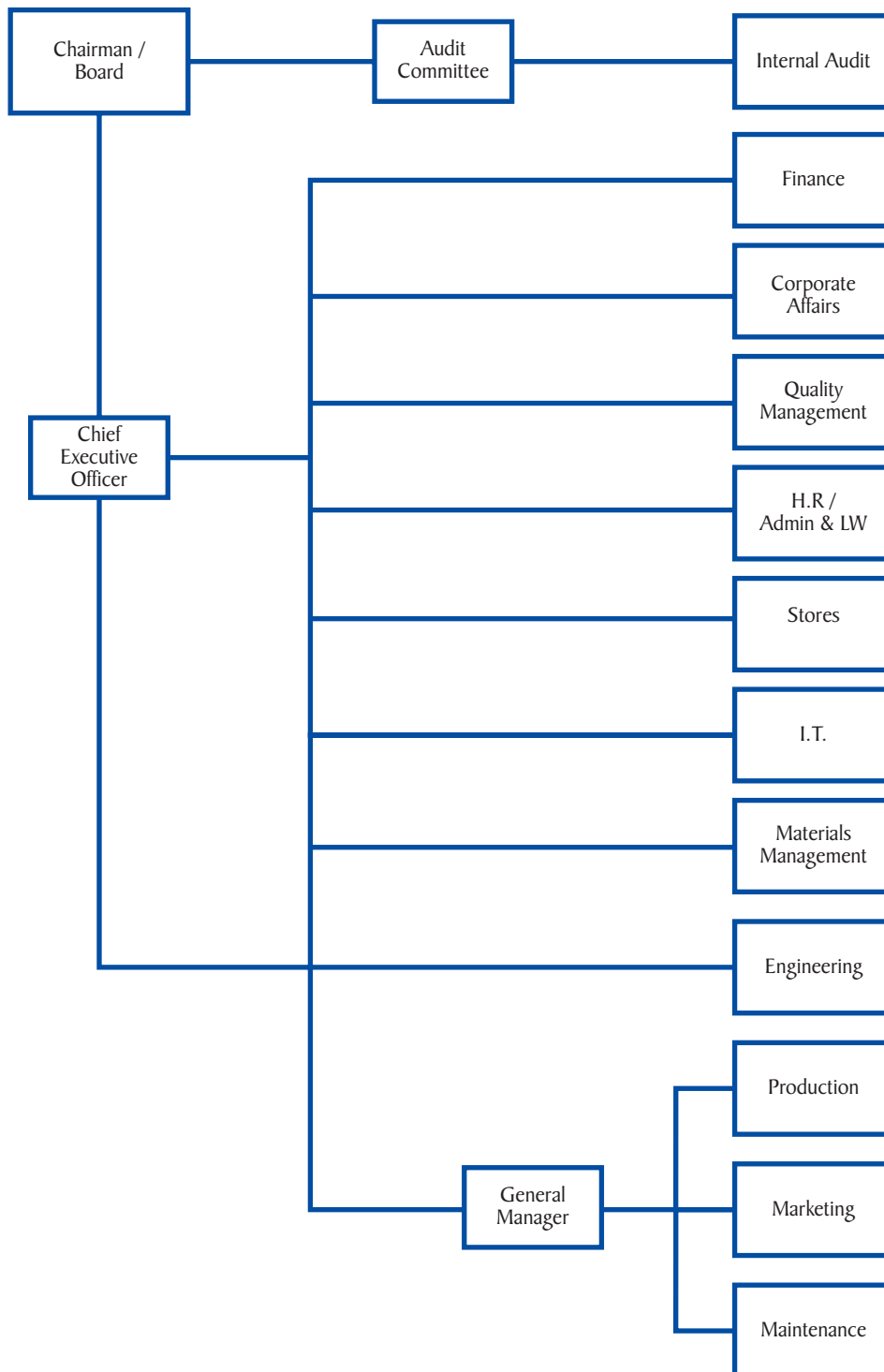
Mr. Saifuddin

Mr. Abdul Nasir

Responsibilities

Systems provide solid base for any type of success. This Committee assists Board of Directors in formulating, implementing and upgrading systems of all types in the Company.

ORGANIZATION STRUCTURE



COMPANY PROFILE

INTRODUCTION

Being a modern and well equipped foundry and holding a major market share of the tractor and automotive castings, Bolan Castings Limited can rightly claim to be the leading foundry of its kind in Pakistan.

The Company was incorporated on 15th July, 1982 as a public limited company by Pakistan Automobile Corporation Limited (PACO) under the administrative control of Ministry of Production, Government of Pakistan. The plant was commissioned in June 1986 with the assistance of Foundry Management & Design Company (FMD), United Kingdom (U.K) and commercial production was started in July, 1986. The plant is located about 40 Kms from Karachi on the main R.C.D. Highway, Hub Chowki, District Lasbella, Balochistan. The Company was privatised and handed over to a group of management under a joint collaboration of Millat Tractors Limited and the employees of Bolan Castings Limited on 13th June, 1993.

FOUNDRY

The foundry is located at Hub, Balochistan on a 100,000 square meters plot with a covered area of approximately 20,000 square meters. The foundry is manufacturing tractor castings such as Cylinder Blocks, Cylinder Heads, Centre Housings, Transmission Cases and truck / bus castings like Brake Drums and Hubs with a large number of other similar castings.



The plant produces more than 16,000 tons per year of tractor / automotive castings in grey and ductile iron. So far, more than 200 different types of castings have been successfully developed and supplied to various customers.

PRODUCTION FACILITIES

BCL has two foundry plants with following production & quality management facilities.

- > Duplex melting facilities consisting of Twin Cold Blast Cupolas and Coreless Induction Furnaces.
- > Induction melting through two 1.5 tons furnaces.



- > One high pressure line of 1150 x 800 x 300 / 300 mm box size.
- > Another high pressure moulding line of 650 x 550 x 250 / 250 mm box size.
- > Fully computerized green sand plant which on demand automatically delivers predetermined sand mixes to the moulding line
- > New Sand Preconditioning Plant.
- > Sand Washing Plants.
- > Resin coated sand Plant, Continuous Mixer, Shell Cores, silicate/CO2 Cores and Cold Box core making machines.
- > Finishing Shop for shot blasting, fettling, grinding and painting.
- > A separate Pattern Making Shop for development, repair and maintenance of patterns tooling and core boxes through CAD/CAM process.
- > An ancillary workshop for the fabrication and maintenance of Plant equipment etc.

RESEARCH & DEVELOPMENT

Experimentation and innovative studies are constantly undertaken for both process and product improvements. Bolan Castings Limited, from the very beginning, is engaged in research, quality improvement of the products, productivity enhancement, new products development and processes improvement.



QUALITY MANAGEMENT / PROCESS CONTROL

We believe that quality and a relentless commitment to continuous improvement are essential to our success. To this end, we define quality as understanding the customer's expectations, agreeing on performance and value and providing products and services that meet expectations. Quality is our responsibility and our motto is "We pour quality into castings".

The foundry has developed a "Quality Control System" that covers inspection of the complete process from raw materials supply to the dispatch of finished good. Laboratories at the plant use equipment and techniques to check all incoming material, metallic charge, Ferro alloys, sands, resins, coatings and refractoriness.



COMPANY PROFILE

BCL is the only foundry in Pakistan using high valued imported Raw Materials & consumables like Pig Iron, Coke, Bentonite, Cold Dust, Core Coating, Core Adhesive etc.

During the manufacturing process, rapid response systems are employed in a series of integrated checks. Finished products undergo an array of checks and inspection with appropriate techniques. Critical parts and those on which safety depends are 100% checked.

Checks during manufacturing are supplemented by sample checking by metallography, spectrometry and actual chemical analysis.

As a result of strict and effective quality control, high standards have been achieved.

PRODUCTIVE MAINTENANCE

An integrated Preventive Maintenance Plan is regularly & effectively monitored to keep the plant operative. Computerized data is maintained for upto-date analysis for improvements.

POLLUTION CONTROL

Maximum attention is given to reduce the air pollution through the following:

- > Wet sludge tank for cupola emissions.
- > Scrubbers for air born emission at new sand pre conditioning and core plant.
- > Reduction of dust emissions through bag filter closed cabin for shot blasting and sand plant.
- > Dust catchers in grinding area.
- > Maximum plantation at the open areas of the factory.

INDUSTRIAL & PERSONAL SAFETY

The following are in place for the safety of our employees and equipments:

- > Effective fire fighting system, which covers all areas of the plant.
- > Safety protective provided to the work force.
- > Adequate sound proofing of high noise machines.



- > Protective cover for cutting machines.
- > Controlled admittance to production site.
- > Flammable material adequately protected from sun and heat.
- > All work areas sufficiently ventilated.

NO COMPROMISE ON QUALITY IS OUR CLAIM

BCL has an effective system for dealing all customer complaints. Regular visits to customers along with daily feed back and continuous follow ups is our strength.

SUPPORT FOR FOUNDRY EDUCATION / ENGINEERING EDUCATION

To improve the level of knowledge in the field of foundry practice, BCL is providing technical support through regular internships, factory visits etc., to the students of Metallurgical Engineering and Materials Engineering of NED University of Engineering & Technology, Karachi, Mehran University of Engineering & Technology, Jamshoro and other Engineering Institutions in a planned manner.

SUGGESTION SCHEME

Continual Improvement is the prime strategy at Bolan Castings Limited for bench mark performance and competitiveness. We encourage every employee and other concerned staff of the Company to participate in the scheme and get incentive.

ISO CERTIFICATION

Bolan Castings Limited was the first foundry in Pakistan to obtain ISO-9002 QMS certificate in April 1999. The Company has now acquired certification on ISO 9001 - 2008 version of ISO Quality Management System.



At Bolan Castings Limited, the ISO- Quality Management System is being effectively implemented in letter and spirit. All SOPs & QSPs are regularly monitored through In-house and independent Auditors.

INTEGRATED REPORTING / DOCUMENTATION THROUGH COMPUTERIZATION

Fully computerized documentation & reporting system has been employed for the effective control, timely action and transparency.

CUSTOMERS & PRODUCT RANGE

CUSTOMERS

Tractors

- . Millat Tractors Limited
- . Al-Ghazi Tractors Limited
- . Hema Industries, Turkey

Automobiles

- . Hino Pak Motors Ltd.
- . Ghandhara Nissan Ltd.
- . Ghandhara Industries Ltd.
- . Master Motors Corporation Ltd.
- . Afzal Motors

Engineering/Others

- . Millat Equipment Limited
- . Alsons Industries

PRODUCT RANGE

Tractor Industry

a. MF Tractors

1. Cylinder block
2. Cylinder head
3. Transmission case
4. Centre housing
5. Timing gears
6. Bearing caps
7. Planetary carrier
8. Differential cases
9. Hydraulic lift cover
10. Box hydraulic
11. Oil sump 240
12. Link rocker
13. Sleeve
14. Fork clutch release
15. Axle housing 240
16. Axle housing 385
17. Oil sump 385
18. Fly wheel 240
19. Fly wheel 385
20. Front wheel hub 240
21. Front wheel hub 385
22. Front axle support 240

b. Fiat Tractors

1. Axle casing
2. Differential case
3. Trumpet 640
4. Front axle support
5. Bearing covers
6. Trumpet cover 640
7. Trumpet 480
8. Hubs
9. Master clutch housing
10. Oil sump 480

Automobile Industry

a. Isuzu Trucks/Buses

1. Brake drums & Hubs
2. Exhaust manifold
3. Spring pads & Brackets
4. Generator brackets
5. Fly wheel

b. Dong Feng Trucks/Buses

1. Brake drums & Hubs
2. Brackets
3. Shackles

c. Nissan Trucks/Buses

1. Brake drums & Hubs
2. Fan pulley
3. Shackles
4. Spring stoppers & Brackets
5. Pads

d. Hino Trucks/Buses

1. Brake drums
2. Spring stoppers & Brackets
3. Bracket injection pump
4. Pulleys

e. Master Trucks

1. Brake drums
2. Brackets

f. Daewoo Trucks / Buses

1. Brake drums

Engineering Industry

a. Pumps

1. Pump heads
2. Pump bases
3. Base plates
4. Adopter flanges
5. Pump housings
6. Suction chambers
7. Seal covers

b. Wheel Rims

1. Blank holder dies
2. Forming punch dies
3. Roller dies

c. Textile

1. Labyrinth seals



SHAREHOLDERS INFORMATION



Bolan Castings Limited (BCL) is committed to providing a high standard of communication to its Shareholders so that they have all information reasonably required to make informed assessments of the Company's value and prospects.

Periodic Financial Reports

BCL produces four Periodic Financial Reports for shareholders each year:

- > First Quarterly Report upto 30th September
- > Second Quarterly / Half Yearly Report upto 31st December
- > Third Quarterly Report upto 31st March
- > Annual Report upto 30th June.

Pursuant to provisions of SECP circular No 19 of 2004 dated April 14, 2004, the Company transmits its quarterly accounts to shareholders through Company's website instead of sending the same by post. However, the quarterly accounts can be provided to shareholders, on demand, at their registered addresses free of cost, within one week of such demand.

The Company dispatches the Annual Accounts to its Shareholders by post. Annual Accounts are also placed on Company's website.

Annual General Meeting

BCL holds Annual General Meeting (AGM) normally in October of each year at Company's Registered Office.

The Notice of AGM is sent to all Shareholders at least 21 days before the date of AGM and also published in one issue each of Daily English and Urdu news papers having circulation in Karachi and Lahore.

The Notice of AGM contains an explanatory memorandum providing information to Shareholders for their convenience.

Shareholders are encouraged to attend the meeting. However, if they are unable to attend, they are encouraged to Vote by Proxy on matters to be decided at the meeting.

The 34th Annual General Meeting is scheduled to be held at the Registered Office of the Company, Main RCD Highway, Hub Chowki, District Lasbela, Baluchistan, Pakistan, on Tuesday October 25, 2016 at 1130 hours.

Books Closure

The Share transfer books of BCL will remain closed from October 15, 2016 to October 25, 2016 both days inclusive. Transfers received in order at the office of Share Registrar of the Company at the address given hereunder by close of working hours on October 14, 2016 shall be treated in time.

Shareholders Enquiries

Enquiries concerning holdings of the Company's ordinary shares, dividend payments and notification of shareholders' change of address should be referred to the Company's Shares Registrar:

Central Depository Company of Pakistan Limited,
 CDC House, 99-B, Block-B,
 S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400.
 Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)
 Fax: (92-21) 34326053
 Email: info@cdcpak.com
 Website: www.cdcpakistan.com

Shareholders Complaint

Designated contacts, email address and online complaint form are provided on company's website for the shareholders to raise any complaint.

Web Presence

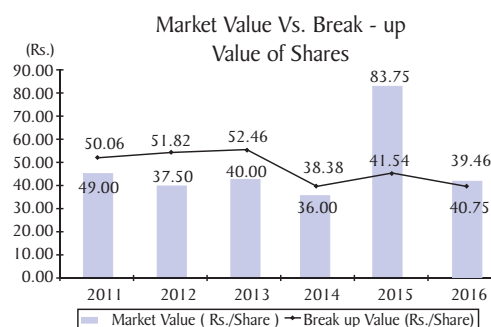
A wide range of information about BCL is available at Company's website, www.bolancastings.com.

The website has general information about the Company and details of its product range. The quarterly and annual reports of the Company are also posted on this site. Further, a dedicated 'Investor Relations' section is also available on the website.

Price Ranges

Quarterly price ranges of BCL shares on the Pakistan Stock Exchange, the principal market in which the stock is traded, were:

Quarter	2016		2015	
	High	Low	High	Low
First (July-15-Sep-15)	91.25	55.01	39.00	32.89
Second (Oct-15-Dec-15)	62.99	52.10	74.45	35.40
Third (Jan-16-Mar-16)	53.99	39.35	80.85	51.30
Fourth (Apr-16-June-16)	54.37	39.43	91.35	51.00



NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that 34th Annual General Meeting of Bolan Castings Limited will be held at Registered Office of the Company Main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan, on Tuesday October 25, 2016 at 11:30 hours to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of the 33rd Annual General Meeting.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' reports thereon.
3. To approve payment of dividend at the rate of Rs. 1.00 per share i.e. 10% for the year ended June 30, 2016, as recommended by the Board of Directors.
4. To appoint auditors for the year ending June 30, 2017 and to fix their remuneration. Present Auditors M/s. A. F. Ferguson & Co., Chartered Accountants retire and being eligible offer themselves for re-appointment.

B. SPECIAL BUSINESS

5. To ratify and approve the transactions carried out in normal course of business with Group companies for the year ended June 30, 2016 by passing the following resolution as an ordinary resolution:

RESOLVED that the transactions carried out in normal course of business with Group companies as disclosed in note 35 to the financial statements for the year ended June 30, 2016 be and are hereby ratified and approved.

6. To authorize Chief Executive of the Company to approve transactions carried out and to be carried out in normal course of business with Group companies during the year ending June 30, 2017 by passing the following resolution, with or without modification, as an ordinary resolution:

RESOLVED that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with Group companies during the year ending June 30, 2017.

FURTHER RESOLVED that the Chief Executive of the Company be and is hereby authorized to take any and all actions and sign any and all such documents as may be required in this regard.

7. To consider, and if thought fit, pass following resolution, with or without modification, as a special resolution for amendments in the Articles of Association of the Company:

RESOLVED that the Articles of Association of the Company be and is hereby amended by adding a new Article 8.19A as follows:

E-Voting 8.19A In case of e-voting, members and non members can be appointed as proxy and the Company shall comply with the provisions and requirements for e-voting as prescribed by the SECP from time to time.

8. To consider and approve the transmission of the annual audited accounts of the Company through CD/DVD/USB instead of transmitting the said accounts in hard copies, by passing the following resolution, with or without modification, as an ordinary resolution:

RESOLVED and hereby agreed that in compliance with the provisions of SRO 470(I)/2016 dated May 31, 2016 issued by Securities and Exchange Commission of Pakistan (SECP) the transmission of the annual audited accounts containing annual balance sheet, profit and loss account, auditors' report and directors' report etc. to its members through CD/DVD/USB instead of transmitting the said accounts in hard copies, be and is hereby approved.

C. OTHER BUSINESS

9. To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Hub
September 30, 2016

Arafat Mushrif
Company Secretary

Notes :

1. The Share Transfer Books of the Company shall remain closed from October 15, 2016 to October 25, 2016 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Central Depository Company of Pakistan Limited., CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 by close of working hours on October 14, 2016 shall be treated in time to determine the above mentioned entitlement and to attend and vote at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend the meeting and vote on his / her behalf. Vote may be given either personally or by proxy or in case of a company / corporation by a representative duly authorized.
3. Duly executed proxies in order to be effective must be received at the office of our Share Registrar M/s. Central Depository Company of Pakistan Limited at least 48 hours before the meeting.
4. Members are requested to promptly notify any change in their addresses to our Share Registrar M/s. Central Depository Company of Pakistan Limited.
5. 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 case of individual, the account holder or sub-account holder shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall have to be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

- i) In case of individual, the account holder or sub account holder 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 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 case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall have to be submitted along with proxy form to the Company.

6. Mandatory submission of CNIC

As per directive of Securities and Exchange Commission of Pakistan (SECP) contained in SRO No. 831(I) / 2012 dated July 05, 2012 read with SRO No. 19 (I) / 2014 dated January 10, 2014 the dividend warrants should bear the Computerized National Identity Card (CNIC) Numbers of the registered members or the authorized person except in the case of minor(s) and corporate members. CNIC numbers of the members are, therefore, mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld. Therefore, the members who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs to the Shares Registrar.

7. Payment of Cash Dividend Electronically / Dividend Mandate (Optional)

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 18 of 2012 dated June 5, 2012, a shareholder may, if so desire, direct the Company to pay dividend through his/her/its bank account under Section 250 of the Companies Ordinance, 1984.

Further transferee of shares may exercise option for dividend mandate by using the revised 'Form of Transfer Deed'. The revised form of transfer deed will enable the transferees to receive cash dividend directly in their bank accounts, if such transferee provides particular of its bank account which he/she/it desires to be used for credit of cash.

In accordance with SECP's letter No. 8(4) SM/CDC/2008 dated April 05, 2013, we would like to apprise the shareholders that SECP has devised a strategy for implementation and promotion of e-dividend mechanism whereby the cash dividend amount would be directly credited into their respective bank accounts electronically. The benefits associated with this mechanism include instant credit of cash dividends, no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address etc. The shareholders can avail benefits of the e-dividend mechanism by providing detail of their dividend mandate, specifying (i) Title of Bank account, (ii) Bank Account Number, (iii) Bank Name, (iv) Branch Name, Code & Address, (v) Cell Number, and (vi) Landline Number, if any, to their participant or our share registrar.

8. Deduction of Tax from Dividend Income

The Government of Pakistan through Finance Act, 2016 has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:

- (a) For filers of income tax returns 12.5%
- (b) For non-filers of income tax returns 20%

NOTICE OF ANNUAL GENERAL MEETING

To enable the Company to make tax deduction on the amount of cash dividend @12.5% instead of 20% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of cash dividend, otherwise tax on their dividend will be deducted @20% instead of 12.5%.

As per clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on 'Filer/Non-Filer' status of principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts. Therefore all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to the Share registrar as follows:

Company Name	Folio/CDS Account#	Total Shares	Principal shareholder		Joint shareholder	
			Name and CNIC#	Shareholding Proportion (No. of Shares)	Name and CNIC#	Shareholding Proportion (No. of Shares)

The above required information must be provided to Share Registrar, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

For any further query/problem/information, the investors may contact the Company Share Registrar: M/s. Central Depository Company of Pakistan Limited., CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400, Phone: 0092-800-23275.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Shares Registrar. The shareholders while sending NTN certificates must quote company name and their respective folio numbers.

9. Transmission of Annual Financial Statements through email

The Securities and Exchange Commission of Pakistan vide its SRO 787(1)/2014 dated September 08, 2014 has permitted companies to circulate annual balance sheet, profit & loss account, auditors' report and directors' report along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility can give their consent on the Standard Request Form available on Company's website.

Further, the annual financial statements of the Company for the year ended June 30, 2016 along with related reports have been placed at the website of the Company www.bolancastings.com.

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984.

This statement set out the material facts concerning the Special Business, given in agenda item No. 5 to 8 of the Notice.

1) Agenda Item No. 5 of the Notice

During the financial year ended June 30, 2016, the Company conducted transactions with Group companies in the normal course of business at arm's length price on commercial terms and conditions based on comparable uncontrolled price method. As per provision of clause 5.19.6 (b) of the Code of Corporate Governance, the transactions carried out in normal course of business with Group companies (Related Parties) were required to be approved by the Board as per recommendation of the Audit Committee on quarterly basis. As the majority of Company's Directors were interested in these transactions due to their common directorship and holding of shares in the Group companies, the quorum of directors could not be formed for approval of these transactions, therefore, in the last Annual General Meeting, the share holders had authorized the Chief Executive of the Company to approve these transactions in the normal course of business subject to final approval/ratification by the shareholders. Therefore, these transactions have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2016 with Group companies are being placed before the shareholders for their approval / ratification.

The Directors are interested in the resolution to the extent of their common directorships and shareholding in the Group companies.

2) Agenda Item No. 6 of the Notice

The Company shall be conducting transactions with Group companies in the normal course of business during the financial year ending June 30, 2017. As the majority of Directors are interested in these transactions due to their common directorship and shareholding in the Group companies, the quorum of directors could not be formed for approval of these transactions, therefore, these transactions could not be approved by the Board on quarterly basis, as required under clause 5.19.6 (b) of the Code of Corporate Governance. Therefore, such transactions with Group companies shall be approved by the shareholders in the next AGM.

NOTICE OF ANNUAL GENERAL MEETING

In order to ensure routine approval of these transactions throughout the year, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with Group companies during the financial year ending June 30, 2017.

The Directors are interested in the resolution to the extent of their common directorships and shareholding in the Group companies.

3) Agenda Item No. 7 of the Notice

The Securities and Exchange Commission of Pakistan has issued the Companies (E-Voting) Regulations 2016 on January 22, 2016 vide S.R.O 43(1)/2016. These regulations are providing voting right to members through electronic means managed by the authorized intermediaries. In order to comply with the mandatory requirements of the said regulations, the Articles of Association of the Company have to be amended by adding a new Article 8.19A.

The nature and extent of interest of every Director of the Company, directly or indirectly, is only to the extent that compliance of provisions of Companies (E-Voting) Regulations 2016 is done, by amending existing Articles of Association of the Company.

The document highlighting the proposed amendments is available at Registered office of the Company for inspection during office hours excluding Saturdays and Sundays (being closed holidays) and Gazetted holidays.

4) Agenda Item No. 8 of the Notice

Securities & Exchange Commission of Pakistan (SECP) through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and directors' report etc to its members through CD/DVD/USB instead of transmitting the said accounts in hard copies. The Board of Directors of the Company vide its meeting dated September 05, 2016 have recommended to shareholders to accord approval for transmission of Company's annual audited accounts through CD/DVD/USB.

The nature and extent of interest of every Director of the Company, directly or indirectly, is only to the extent that compliance of provisions of SECP's SRO 470(I)/2016 dated May 31, 2016 is done.



Pouring of Molten Metal from an Induction Furnace

CHAIRMAN'S REVIEW



Dear Shareholders

I am pleased to present the Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended June 30, 2016.

National Economic Review

Pakistan's economy continues to maintain its growth momentum with real GDP growing at 4.71 percent in FY 2016 which is the highest in eight years. GDP posted a reasonable growth over last year despite a major setback in agricultural growth on account of massive decline in cotton production. However, the loss to some extent is compensated by remarkable growth in industrial and services sector as both these sectors crossed their targets growth, while other key macroeconomic indicators like inflation, fiscal and current account balanced recorded improvement.

The agriculture sector recorded a negative growth of -0.19 percent against the growth of 2.53 percent last year. The industrial sector recorded a remarkable growth of 6.80 percent as compared to 4.81 percent last year. Growth of manufacturing is registered at 5.00 percent compared to 3.90 percent last year. The services sector has witnessed a growth of 5.71 percent as compared to 4.31 percent last year.

Business Review

In the fiscal year 2016, the deteriorating financial position of farm produces, reduction in loans by banks and delays in implementation of the subsidy schemes led to reduction in purchasing power of the farmers due to which tractors demand faced recession as compared to corresponding period. The decline in sales of tractors have severely hampered the sales of your Company which plummeted by 21% during the year.

Despite all these odds, your Company produced 8,437 M.T of castings against 11,368 M.T of last year. The tonnage net sales were 8,602 M.T against 10,966 M.T of last year.

CHAIRMAN'S REVIEW

Company's Performance

The sales revenues of the Company for the year under review amounted to Rs. 1,333.476 million against Rs. 1,695.718 million of last year. The gross profit was Rs. 140.876 million against Rs. 189.450 million of last year.

The selling, distribution and administrative expenses were Rs. 75.619 million against Rs. 79.569 million of last year. The financial cost was Rs. 33.138 million against Rs. 46.319 million of last year.

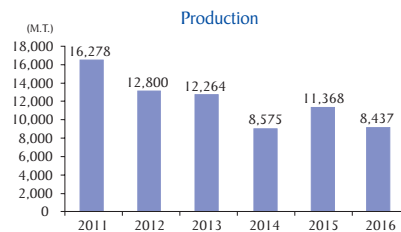
The profit before tax was Rs. 39.420 million against Rs. 71.640 million of last year. The profit after tax was Rs. 25.870 million against Rs. 46.915 million of last year.

Future Prospects

It is envisaged that the Government's policies for development of agrarian economy, as announced in the Federal Budget 2016-17, will extend good support to the agricultural sector. Hence it is believed that the tractor and its vending industry will also experience a boost in terms of economic performance. The spillover effects will thus improve your Company's financial health as such.

Among these measures, the most promising is the reduction in sales tax on tractors from 10 percent to 5 percent. Furthermore, a reduction in mark-up rates on bank lending to farmers by ZTBL and other commercial banks, is likely to come into effect during the financial year 2016 -17 along with the Government's scheme to share as much as 50% of the risk of default should the farmers fail to pay. All these factors will eventually act in your Company's favor.

Our main customer Millat Tractor Limited (MTL) is spreading its wings in international market. During the year MTL has signed an agreement with AGCO Corporation in respect



of trademark licensing and exports of whole tractor and sub-assemblies. Moreover, MTL has been appointed as distributor in Afghanistan. A rise in the demand for MTL's products will hopefully increase your Company's sales as well.

Further, the management of your Company is adopting cost-cutting measures at all levels of the Company operations. This will be done through the production, quality and weight reduction of casted components which will also positively contribute to the profitability of the Company.

The above mentioned positive political, economic and legal factors provide a very optimistic outlook of your Company for years to come.

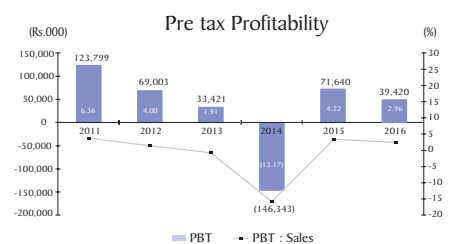
Contribution towards Economic Development and Self Reliance

The Company has contributed in development of parts for agricultural tractors and automotive industry. It has made huge investments for the development of tooling and has acquired the expertise to design and manufacture the pattern equipment required for casting of components. The ongoing process of research and development within the Company has been a source of strength for the production lines. It has also been a source of employment to the people of the region at all levels.

Human Resource Development

Human resource is the most valuable asset of your Company. We recognize that skilled and motivated people are essential for success.

Your Company emphasizes on training programmes which assist in enhancement of employee skills. Apart from it, Company also imparts on job training to unskilled workers, fresh diploma holders, engineers and finance graduates which becomes a rich source for their career building.



Acknowledgement

I would like to place my sincere gratitude to all shareholders, customers, suppliers, contractors, bankers and other stakeholders for their enduring relationship and their continued support towards the prosperity of the Company. Thanks are also due to the management and employees for their loyalty, dedication and hard work.

In the end, I would like to thank my fellow Board members for their untiring efforts in directing the Company's course through favorable and unfavorable business conditions and look forward to continued commitment of all stakeholders for future progress of the Company.

Sikandar M. Khan
Chairman

چیئر مین کی جائزہ رپورٹ

ان اقدامات میں، سب سے امید افزاء پہلو ٹریڈر پریکٹس، ۱۰ فیصد سے کم کر کے ۵ فیصد کیا گیا ہے۔ مزید برآں، زرعی ترقیاتی بینک اور دیگر کمرشل بینکوں نے کسانوں کو دیے جانے والے قرضوں میں شرح سود میں کمی کی ہے اور سرکاری اسکیم جس کے مطابق کسانوں کے نادہندہ ہونے کی صورت میں ۵۰ فیصد نقصان کا ازالہ حکومت کرے گی اس کے اثرات مالی سال 2016-17 میں مرتب ہو گئے۔ ان تمام عوامل کے مثبت اثرات آخر کار ادارے پر مرتب ہو گئے۔

ہمارے بنیادی خریدار ملت ٹریڈر لمیٹڈ ہیں جن کی تجارتی سرگرمیاں اب بین الاقوامی سطح پر وسعت پذیر ہیں۔ اس سال ملت ٹریڈر نے ٹریڈ لائسنس اور کھل ٹریڈر اور اسکی ذیلی اسمبلی کی برآمدات کیلئے AGCO کارپوریشن کے ساتھ ایک معاہدے پر دستخط کیئے ہیں۔ اس کے علاوہ ملت ٹریڈر نے افغانستان میں ایک تقسیم کار کا بھی تقرر کیا ہے۔ MTL کی مصنوعات کی طلب میں اضافے سے ادارے کی فروخت میں بھی یقیناً اضافہ ہوگا۔ مزید، ادارے کی انتظامیہ نے کمپنی کے تمام امور میں اخراجات کی کمی کے اقدامات کیئے ہیں۔ یہ پیداوار، معیار کو برقرار رکھتے ہوئے کاسٹنگ مصنوعات کے وزن میں کمی سے حاصل کیئے جائیں گے، جس سے ادارے کے منافع میں مثبت اثرات مرتب ہو گئے۔

مذکورہ بالا سیاسی، معاشی اور قانونی عوامل کے باعث اس بات کی توقع ہے کہ آئندہ سالوں میں کمپنی کی کارکردگی بہتر ہوگی۔

اقتصادی ترقی اور خود انحصاری کی جانب شراکت

کمپنی نے زرعی ٹریڈر کے آلات اور گاڑیوں کی صنعت کی ترقی میں اہم کردار ادا کیا۔ اس نے کاسٹنگ کے اجزاء سے متعلق آلات کے فروغ، انکے ڈیزائن اور پینن کے ساز و سامان کی تیاری میں بھاری سرمایہ کاری کی۔ کمپنی کی پیداواری صلاحیتوں کی جانب مسلسل تحقیق و ترقی ایک حوصلہ افزاء پہلو ہے۔ یہ تمام سطحوں پر علاقے کے عوام کیلئے روزگار کے حصول کا بھی ایک ذریعہ ہے۔

افراد و وسائل کی ترقی

افراد و وسائل آپکے ادارے کا قیمتی اثاثہ ہیں۔ ہم تسلیم کرتے ہیں کہ یہ ہنرمند اور پر جوش افراد کامیابی کیلئے ضروری ہیں۔ آپکی کمپنی ترقی پر زور دیتی ہے جو ملازمین کی پیشہ ورانہ مہارت میں اضافہ کا باعث ہوتی ہے۔ اس کے علاوہ کمپنی غیر ہنرمند کارکنان کیلئے دوران ملازمت تربیت اور نئے ڈپلومہ ہولڈرز، انجینئرز اور فائنس گر بیجوش کے کیریئر کی ترقی کا ایک ذریعہ ہے۔

اعتراف

میں تمام حصص یافتگان، صارفین، سپلائرز، ٹھیکیدار، بینکار اور تمام شراکت داروں اسٹیک ہولڈرز کا مشکور ہوں جن کا مسلسل تعاون و حمایت کمپنی کی بہتری میں معاون ثابت ہوئی۔ میں انتظامیہ اور ملازمین کی محنت، وفاداری اور لگن کا بھی تہ دل سے مشکور ہوں

آخر میں بورڈ کے ساتھی ارکان کا مشکور ہوں کہ مساعدا اور نامساعد کاروباری حالات میں ان کی انتھک کاوش اور ہدایات شامل حال رہی اور تمام شراکت داروں سے کمپنی کی ترقی کیلئے انکے عزم کا مظہر ہوں۔



سکندر ایم خان
چیئر مین

چیئر مین کی جائزہ رپورٹ

معزز حصص یافتگان

یہ بات میرے لیے باعث مسرت ہے کہ میں آپ کے سامنے کمپنی کی سالانہ رپورٹ مع محاسبتی گوشوارے برائے مالی سال اختتام شدہ 30 جون 2016ء پیش کر رہا ہوں۔

قومی اقتصادی جائزہ

پاکستان کی معیشت اپنی شرح نمو کو برقرار رکھے ہوئے ہے جس کی موجودہ جی ڈی پی سال 2016ء میں 4.71 فیصد رہی ہے اور جو گذشتہ 8 سالوں کی بلند ترین سطح ہے۔ گذشتہ سال کپاس کی پیداوار میں نمایاں کمی کے باوجود جی ڈی پی میں مناسب نمو دیکھی گئی۔ تاہم یہ نقصان کچھ حد تک صنعتی اور خدمات کے شعبہ جات میں اگلے متعین حدف سے بہتر کارکردگی کی وجہ سے کم ہوا ہے، جبکہ دوسرے کلاں اقتصادی (میکرو اکانومک) کے اشارے جیسے کہ افراط زر کی شرح، مالیاتی اور کرنٹ اکاؤنٹ بیلینس میں بہتری بھی دیکھی گئی۔ زرعی شعبے میں منفی شرح نمو 0.19- فیصد دیکھی گئی یہ نمو گذشتہ سال 2.53 فیصد کارڈ ہوئی تھی۔ صنعتی شعبہ میں 6.80 فیصد کی نمایاں نمو کارڈ ہوئی جبکہ گذشتہ سال یہ نمو 4.81 فیصد تھی۔ مینوفیکچرنگ کی شرح نمو گذشتہ سال 3.90 فیصد کے مقابلے میں 5.00 فیصد رجسٹرڈ ہوئی۔ خدمات کے شعبہ میں گذشتہ سال 4.31 فیصد کے مقابلے میں 5.71 فیصد کا اضافہ دیکھنے میں آیا۔

کاروباری جائزہ

مالی سال 2016ء میں زرعی مصنوعات کی خراب مالی صورتحال جس میں بیٹکوں کے قرضوں کے اجراء میں کمی، زرتحالی کی اسکیموں کے اطلاق میں تعطل جس کی وجہ سے گزشتہ سال اسی مدت کے مقابلے میں کسانوں کی قوت خرید متاثر ہوئی جو بلاخر ٹریڈنگ کی طلب میں کمی کا باعث ہوئی۔ ٹریڈروں کی فروخت میں کمی سے آپ کے ادارے کی سیلز بھی شدید متاثر ہوئی جو کہ سال کے دوران ۲۱ فیصد تک کم ہو گئی۔ ان تمام مشکلات کے باوجود آپ کے ادارے کی پیداوار گذشتہ سال 11,368 میٹرک ٹن کے مقابلے میں 8,437 میٹرک ٹن رہی۔ ٹیج کی خالص فروخت گذشتہ سال 10,966 میٹرک ٹن کے مقابلے میں 8,602 میٹرک ٹن رہی۔

ادارے کی کارکردگی

ادارے کی فروخت کی آمدنی، کیئے جانے والے جائزے کے مطابق گذشتہ سال 1,695.718 ملین روپے کے مقابلے میں 1,333.476 ملین روپے رہی۔ مجموعی منافع گذشتہ سال 189.450 ملین روپے کے مقابلے میں 140.876 ملین روپے رہا۔

فروخت، تقسیم اور انتظامی اخراجات گذشتہ سال 79.569 ملین روپے کے مقابلے میں 75.619 ملین روپے رہی۔ مالیاتی اخراجات گذشتہ سال 46.319 ملین روپے کے مقابلے میں 33.138 ملین روپے رہے۔ قبل از ٹیکس منافع گذشتہ سال 71.640 ملین روپے کے مقابلے میں 39.420 ملین روپے رہا۔ بعد از ٹیکس منافع گذشتہ سال 46.915 ملین روپے کے مقابلے میں 25.870 ملین روپے رہا۔

مستقبل کے امکانات

اس بات کا امکان ہے کہ زرعی معیشت کی فروغ کی سرکاری پالیسی، جس کا وفاقی بجٹ برائے سال 17-2016 میں اعلان کیا گیا، زرعی شعبے کی ترقی میں معاون ثابت ہوگی۔ لہذا یہ یقین سے کہا جاسکتا ہے کہ ٹریڈروں اور اس سے منسلک صنعت کی اقتصادی کارکردگی کو بھی فروغ حاصل ہوگا۔ پھیلاؤ کے اثرات کے باعث ادارے کی مالی صحت پر بھی بہتر اثرات مرتب ہونگے۔

DIRECTORS' REPORT



Dear Shareholders

Directors of your Company have pleasure in presenting Annual Report and the Audited Financial Statements of the Company for financial year ended June 30, 2016.

General

Your Company is incorporated in Pakistan as a public limited company and is listed on the Pakistan Stock Exchange. Its main business activity is to produce castings of tractors and automotive parts.

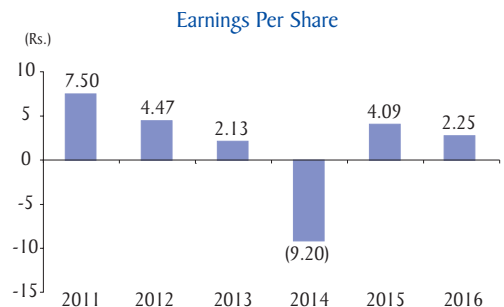
Financial Results

Financial Results for the year are as follows:

	(Rs. 000)
Accumulated loss brought forward	(85,994)
Final dividend for the year ended June 30, 2015	(22,945)
Profit after taxation for the year ended June 30, 2016	25,870
Other comprehensive loss	(33,438)
Accumulated loss carried forward	(116,507)

Dividends

The directors have recommended cash dividend at the rate of Rs. 1.00 per share i.e. 10%. If approved by the shareholders in the Annual General Meeting, the cash dividend will be paid within thirty days of AGM to the shareholders whose names appear on the register of shareholders of the Company at close of business on October 14, 2016.



DIRECTORS' REPORT

Subsequent Effects

The cash dividend amounting to Rs. 11.473 million for the financial year 2016 shall be reflected in the financial statements for the year ending June 30, 2017. However, this will have no bearing on payment of dividends to shareholders.

Earnings Per Share

The earnings per share for the year ended June 30, 2016 were Rs. 2.25 as against Rs. 4.09 per share of preceding year.

Risk Management

Overall risks arising from the Company's financial instruments are limited as there is no significant exposure to market risk in respect of such instruments.

Interest / Mark-up Rate Risk

The Company manages to mitigate the interest / mark-up rate risk, arising from mismatches of financial assets and liabilities that mature or reprice in a given period, through risk management strategies where significant changes in gap position can be adjusted.

Credit Risk

The credit risk on company's liquid fund is limited because the counter parties are banks with high credit ratings. However, the company managed the credit risk on trade debts by monitoring credit exposures, limiting transactions with specific customers and containing assessment of credit-worthiness of customers.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company manages this risk through effective cash management and by keeping committed credit lines available.

Corporate Social Responsibility

Your Company recognizes the importance of conducting its business in a socially responsible manner. This is demonstrated in the way we deal with our employees, customers and the wider community where we operate.

BCL considers that corporate social responsibility is an integral element of good business management. Various activities conducted in this area are enumerated below:

Energy Conservation

BCL is well aware of the Country's need for energy as well as its responsibility towards energy conservation. For this purpose, the Company continues its effort to minimize energy consumption in daily operations of the Company. Our employees are encouraged to avoid unnecessary consumption of electricity, gas and water. Furthermore, the management has also issued directives to minimize fuel consumption in Company-owned vehicles and also to use energy-saving lighting device at all locations of the Company.

Environmental Protection Measures

We attach great importance to the maintenance of a healthy living environment and consistently integrate the ideas and measures of environment protection. We encourage initiatives which benefit the environment. Our operations are conducted with the emphasis on compliance of regulatory requirements relating to the environment. Continued efforts are made so that the Company's plant operational activities are environment friendly. In this regard, following are ensured in particular:

- Wet sludge tank for cupola emissions,
- Scrubbers for air born emission at core plant,
- Reduction of dust emissions through filter bag,
- Closed cabin for shot blasting and sand plant, and
- Maximum plantation in factory through the use of waste water.

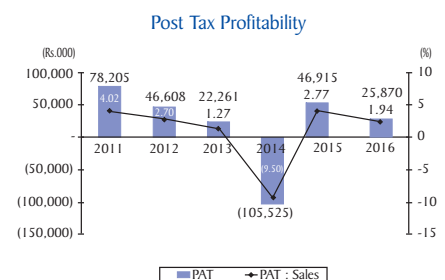
Occupational Safety and Health

BCL believes that the safety and welfare of its employees is of paramount importance. We believe that all industrial injuries can be prevented. Each individual employee is responsible for working safely, both for his own welfare, and for the safety and welfare of his fellow employees.

We believe that production is not so important that time cannot be taken to find a safe way to do our work. We have a proper Safety Policy, duly regulated and certified by ISO 9001 - 2008 Quality Management System. BCL ensures availability at Plant of effective fire fighting system, Ventilation and Protection against direct heat from Sun in storage area of flammable material. Regular and real time fire fighting demonstration are taken as per Safety Policy. All necessary first aid facilities are available with qualified staff round the clock.

Consumer Protection Measures

BCL ensures customers' satisfaction by providing quality product at competitive prices. The Company believes that quality and relentless commitment to continuous improvement are essential to our success. To this end, we define quality as understanding the customers' expectations, agreeing on performance and value and providing products and services that meet expectations. Our motto is 'We pour quality into castings'. BCL has developed a Quality Control System that covers



DIRECTORS' REPORT

inspection of the complete process from raw materials supply to the dispatch of finished goods to its customers.

BCL was the first foundry in Pakistan to obtain ISO 9002 certificate in April 1999. The Company has also acquired ISO 9001 - 2008 version of ISO Quality Management System which is a proof of our commitment of providing quality services to our customers as well as to increase their satisfaction level.

Industrial Relations

BCL believes in maintaining cordial industrial relationship with its employees and their Collective Bargaining Agent (CBA).

The Company is always taking measures towards the employees' welfare. The Company provides subsidized food at its canteen. Further, the Company also provides medical facilities to its employees. The Company has a balanced programme of employee in-service and post employment benefits and policies. The Company has provident fund as well as gratuity and pension fund schemes for a majority of its employees.

The Company has a Hajj Scheme for its employees under which three employees are sent to perform Hajj at Company's expense every year.

Employment of Special Persons

BCL continues to be supportive of the employment and advancement of disabled person in accordance with their abilities and aptitudes, provided that they can be employed in a safe working environment.

If employees become disabled every effort is made to ensure the continuity of their employment and where the disability of the employees is such that they can not continue to work then in such cases, the Company provides employment to their child.

Business Ethics and Anti-Corruption Measures

BCL is committed to high standard business conduct. We believe that it is vital to the reputation and financial success of the

Company that we conduct our business with honesty, integrity and in compliance with all applicable legal and regulatory requirements. It is a fundamental policy of the Company that all employees observe and comply with the laws and regulations applicable to the Company's business and that they act with high standards of business integrity. Our Code of Conduct is the key document addressing these high values, which has been disseminated throughout the Company.

In addition to above, all employees are required to give a monthly certification on compliance of internal controls which is formally reported by the CEO to the Board on quarterly basis.

Contribution to National Exchequer

BCL has contributed Rs. 258.992 million to the national exchequer during the period by way of taxes and duties. This includes Rs. 8.787 million as income tax, Rs. 237.549 million as sales tax and Rs. 12.585 million as custom & regulatory duties.

Furthermore, the Company also contributed a hefty amount to the national exchequer as withholding tax agent.

Corporate Governance

Compliance with the Code of Corporate Governance

BCL is deeply aware of the significance of corporate governance in achieving effective checks and balance and protecting the interest of all shareholders and is dedicated to pursuing sustained optimization of corporate governance. The Company regards the building of sound corporate governance as an important means to maintain shareholder relationship and enhance corporate value. The Company is convinced that sound corporate governance is of great importance to the sustainable long term growth of the Company and that the efforts to improve and optimize our corporate governance and the progress that have been made to this end will help in enhancing our core competitiveness and increasing corporate value.

In accordance with the Code of Corporate Governance, the Board has established sound corporate governance policies and procedures, which are monitored and reviewed on a continuous basis. Our Corporate governance framework is directed towards achieving our business objectives in a manner which is responsible and in accordance with high standards of honesty, transparency and accountability.

For achievement of these principles, our vision / mission statements, overall corporate strategy and significant policy guidelines, have been in place for many years. Further, the Board has developed a code of conduct, setting the standards by which the directors, senior management and all other employees of the Company are expected to conduct themselves.

Statements of compliance with the code of corporate governance duly reviewed and certified by the external auditors are annexed to this report.

Board of Directors

Board Structure and Changes

Effective management and good stewardship are led by the Board of Directors, which currently consists of nine elected directors and a Chief Executive Officer who by virtue of being CEO deemed to be a director of the Company. Out of nine elected directors one is executive director and eight are non-executive directors including an independent director.

The position of Chairman and the Chief Executive Officer are held by Mr. Sikandar M. Khan and Mr. Nisar A. Mirani respectively. The separation of functions ensures greater independence between the Board and the management. There is a clear division of responsibilities between the roles of the Chairman and CEO.

After resignation from office of Chief Executive Officer, Mr. Sirajuddin Khan was succeeded by Mr. Nisar A. Mirani, who was appointed as Chief Executive Officer of the Company w.e.f. April 27, 2016, by the Board of Directors, on the following terms:

DIRECTORS' REPORT

- To perform duties as Chief Executive Officer of the company as per law and laid down procedures.
- Salary and allowances exceeding Rs.6.0 million per annum inclusive of prerequisite and benefits but exclusive of retirement benefits and medical for self and dependents which he is entitled under the terms of his appointments with the company. The above remuneration shall be subject to such increments and adjustments, including bonus/profit sharing as may be granted at any time to time by the company in accordance with the company's policy and service rules for the time being in force. Further, he is also authorized for free use of Company maintained transport for official and private purposes.

In June 2016, Mr. Saifuddin was co-opted as Director on the following terms:

- To perform duties as whole time working director of the company as per law and laid down procedures.
- Salary and allowances exceeding Rs.5.0 million per annum inclusive of prerequisite and benefits but exclusive of retirement benefits and medical for self and dependents which he is entitled under the terms of his appointments with the company. The above remuneration shall be subject to such increments and adjustments, including bonus/profit sharing as may be granted at any time to time by the company in accordance with the company's policy and service rules for the time being in force. Further, he is also authorized for free use of Company maintained transport for official and private purposes.

The nature of concern or interest of any director in the appointment of Mr. Nisar Ahmed Mirani as Chief Executive Officer and co-option of Mr. Saifuddin as Director is none other than as required for appointment and co-option.

The Board of Directors wishes to place on record its appreciations on the most commendable services rendered by Mr. Sirajuddin Khan during his tenure as Chief Executive Officer and Director. The Board of Directors also welcomed Mr. Nisar A. Mirani as CEO and Mr. Saifuddin as Director and expected a positive contribution towards the success of the company from them.

Role of the Chairman and Chief Executive Officer

The Chairman is responsible to provide overall leadership and vision in developing the strategic direction of the Company.

The Chairman's primary role includes ensuring that the board functions properly, it meets its obligations and responsibilities and that its organization and mechanisms are in place and are working effectively.

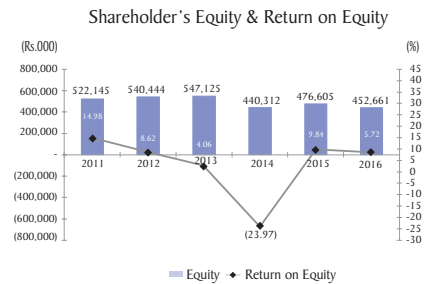
The CEO is responsible for managing the Company and to ensure delivery of the strategic and financial objectives which have been agreed by the Board. He is also responsible for stewardship of the Company's assets and jointly with the Chairman, represents the Company externally.

Board Effectiveness / Board Process

The Board is collectively responsible for the success of the Company. Its role is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance. It also sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

Specific responsibilities reserved to the Board include:

- Approving annual budget and projections;
- Approving annual and quarterly accounts;



- Reviewing the Company's systems of financial control and risk management;
- Approving major acquisitions and capital expenditure;
- Issuing shares of the Company;
- Ensuring that appropriate management development and succession plans are in place;
- Reviewing matters relating to corporate social responsibility including the environmental, health and safety performance of the Company;
- Reviewing the activities of the Board's Committees; and
- Approving appointments to the Board, to the Board Committees and to the positions of CEO, CFO, Company Secretary and the Head of Internal Audit.

Performance Evaluation of the Board

During the year, the Board carried out a formal and structured process of evaluation of the performance of the Board. The process involved a self-assessment of Board's performance through each Director by completing a confidential questionnaire, duly approved by the Board.

The Board reviewed the result of questionnaire and observed that no major issues arose from the evaluation process. Hence, the Directors concluded that the Board and its committees operate effectively.

DIRECTORS' REPORT

Board Meetings

The Board is accountable to shareholders for ensuring that the Company is appropriately managed and achieves the strategic objectives it sets. The Board discharges those responsibilities through annual program of meetings.

The Board met five times during the financial year 2015-16. All the meetings were presided over by the Chairman. These meetings were also attended by the Chief Financial Officer and the Company Secretary.

Attendance of Directors at Board meetings is set out below:

Name of Directors Meetings Attended

Mr. Sikandar M. Khan	3
Mr. Latif Khalid Hashmi	5
Mr. Sohail Bashir Rana	2
Mr. Laeeq Uddin Ansari	1
Mian Muhammad Saleem	0
Syed Muhammad Irfan Aqueel	5
Syed Javaid Ashraf	5
Mr. Muhammad Imran Rafiq (NIT Nominee)	5
Mr. Nisar A. Mirani *	0
Mr. Saifuddin **	0
Mr. Sirajuddin Khan ***	5

* Became CEO w.e.f. 27-04-2016

** Co-opted as Director w.e.f. 14-06-2016

*** Resigned as CEO w.e.f. 27-04-2016 and as director w.e.f. 29-04-2016

Notice of meetings along with the agenda items and comprehensive working papers dealing with aspects of the business are distributed to Directors by the Company Secretary in advance of each Board Meeting so that the meeting can benefit from an informed board.

All the directors are fully aware of their responsibilities. At least once in a year, the

Company conducts an orientation course for its directors to acquaint them with their duties and responsibilities regarding managing the affairs of the Company on behalf of shareholders. At present, six directors of the Company meet the exemption criteria of the Directors' Training Program and two directors have acquired certification under the said program.

The Board of Directors takes into account the interests of the Company as well as the interests of BCL's shareholders and other stakeholders when making decision.

The Company Secretary is responsible for advising the Board on all governance matters and for ensuring that Board procedures are followed and applicable rules and regulations complied with. Additionally the Company Secretary is also responsible for compiling the minutes of Board Meeting and circulating amongst the directors within fourteen days of the date of meeting.

The Chief Financial Officer is responsible for advising the Board on all financial and accounting matters and also responsible, along with the Chief Executive Officer, for presenting the annual and quarterly financial statements. He takes care of assets and financing thereof.

Additionally, the CFO is also responsible for finalizing Annual Corporate Budgets and periodic review of Budget vs Actual analysis for smooth running of the Company affairs.

Board Committees

In order to provide effective oversight and leadership the Board has established four committees with particular responsibilities. The terms of reference of these committees are clearly defined by the Board.

The proceedings of Board Committees are reported to the Board of Directors in their meetings.

The Board Committees contain directors with a variety of relevant skills and experience so that no undue reliance is placed on any individual.

Audit Committee

To guarantee the objectiveness, fairness and independence of the Audit Committee, the Audit committee comprises four non-executive directors including an independent director and is chaired by Mr. Latif Khalid Hashmi. The other members of the Committee are Syed Muhammad Irfan Aqueel, Syed Javaid Ashraf and Mr. Muhammad Imran Rafiq.

The primary role of the Audit Committee, which reports its findings to the Board, is to ensure the integrity of the financial reporting and audit process and the maintenance of a sound internal control and risk management system. In pursuing these objectives, the Committee ensures that an appropriate relationship is maintained between the internal and the external auditors of the Company. The Committee also considers the effectiveness of the external audit process and makes recommendations to the Board on appointment, resignation or dismissal of the auditors and their level of audit fee.

The Committee performs its responsibilities in supervising internal audit function and also plays an important role in optimizing the Company's internal control systems. The Audit Committee reviews the implementation on the internal control systems regularly and supervises the rectification of identified internal control problems.

The Committee also ensures the compliance with the best practices of corporate governance and other relevant regulatory requirements.

The Committee formally meets at least once in a quarter prior to approval of interim results of the Company and as required by the Code of Corporate Governance. The Chief Executive Officer, the Chief Financial Officer and the Head of Internal Audit attend the meetings. The External Auditors attend the meetings at which annual and half yearly financial statements are reviewed for subsequent approval by the Board of Directors.

DIRECTORS' REPORT

In addition, the Committee holds separate meetings with External Auditors to facilitate the discussion on any issue arising from the audit and with the Internal Auditors to discuss the matters related to Internal Controls.

During the financial year 2016, the Committee met four times to coincide with the financial and reporting cycles of the Company.

Attendance of Directors at meetings of the Audit Committee is set out below:

Name of Directors Meetings Attended

Mr. Latif Khalid Hashmi	4
Syed Muhammad Irfan Aqueel	4
Syed Javaid Ashraf	4
Mr. Muhammad Imran Rafiq	4

The proceedings of meetings are properly recorded by Secretary Audit Committee and minutes of meetings are circulated to all members, directors and CFO.

Board's Committee for Supervision (BCS)

The Board's Committee for Supervision (BCS) is chaired by Mr. Sikandar M. Khan. The other Members of the committee are Mr. Latif Khalid Hashimi, Mr. Sohail Bashir Rana, Mr. Laeeq Uddin Ansari and Mian Muhammad Saleem.

The BCS is responsible for monitoring the activities and strategy regarding technical, financial and administrative aspects of the Company. The Committee also reviews the operating and financial performance on a monthly or bi-monthly basis. The CEO and all departmental heads also attend the meetings. The minutes of meetings are properly recorded and circulated to all concerned. During the year, the Committee met six times.

Attendance of Directors at meetings of BCS is set out below:

Name of Directors Meetings Attended

Mr. Sikandar M. Khan	6
Mr. Latif Khalid Hashmi	6
Mr. Sohail Bashir Rana	3
Mr. Laeeq Uddin Ansari	4
Mian Muhammad Saleem	2

Human Resource and Remuneration (HR&R) Committee

The Human Resource and Remuneration (HR&R) Committee comprises four directors amongst whom three are non-executive directors. The committee is chaired by Mr. Latif Khalid Hashmi, while the other members of the committee are Mian Muhammad Saleem, Mr. Nisar Ahmed Mirani and Mr. Muhammad Imran Rafiq.

The HR & R Committee is responsible to assist the Board in formulating human resource management policies and selection, evaluation and compensation of CEO, General Managers and other key management positions who report directly to CEO or General Managers.

Attendance of Directors at meetings of HR & R Committee is set out below:

Name of Directors Meetings Attended

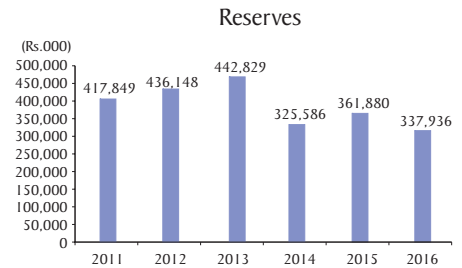
Mr. Latif Khalid Hashmi	3
Mian Muhammad Saleem	3
Mr. Nisar Mirani *	0
Muhammad Imran Rafiq *	0
Mr. Sirajuddin Khan **	1

* Became member w.e.f. 11-08-2016

** Member till 27-04-2016

Directors' Remuneration Committee

The Directors' Remuneration Committee comprises three directors all of whom are non-executive directors. The committee is chaired by Mr. Sikandar Mustafa Khan, while the other members of the committee are Mr. Latif Khalid Hashmi and Mian Muhammad Saleem.



The primary role of the Committee is to follow a formal and transparent procedure, for fixing the remuneration packages of CEO and executive directors of the Company and also to ensure that the levels of remuneration of executive directors are commensurate with their qualifications. The Committee is also responsible to review and recommend compensation arrangements relating to dismissal or removal of CEO and executive directors for misconduct. During the year a meeting of the Committee was held which was attended by all members of the Committee.

Management Committees

The Board of Directors has also formulated committees as follows to assist the Board in performance of relevant activities:

Business Strategy Committee

The Business Strategy Committee assists Board of Directors in devising short term and long term business plans and suggests strategies for achievement of organizational objectives.

System & Technology Committee

Systems provide solid base for any type of success. This Committee assists Board of Directors in formulating, implementing and upgrading systems of all types in the Company.

Aggregate Directors' Remuneration

Details of the directors' remuneration are as follows:

DIRECTORS' REPORT

	Chief Executive	Independent & Non-Executive Director
----- (Rupees in thousand) -----		
Managerial remuneration	2,262	-
Bonus	615	-
Retirement benefits	166	-
House Rent	830	-
Utilities	738	-
Medical expenses	134	-
Fees	-	180
Others	748	-
	5,493	180
Number of person	2	2

Accountability and Audit

Financial Reporting

The Board satisfies that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects through Chairman's review, Directors' report and Accounts which includes the operational and business review. Directors' statement on corporate and financial reporting is included in this Directors' report.

Internal Controls

The directors are responsible for the Company's system of internal controls which aims to: safeguard the Company's assets; ensure that proper accounting records are maintained; ensure compliance with statutory and regulatory requirements; and ensure the effectiveness and efficiency of operations.

The Company maintains a sound system of internal controls, which is designed to identify, evaluate and manage risks that may impede the achievement of the Company's business objectives rather than to eliminate these risks and can, therefore, provide only reasonable assurance against material misstatement or loss. The Audit Committee has been formally delegated the responsibility for reviewing the effectiveness of the system of internal controls.

The Company and its operations are subject to a detailed annual budget process. Actual performance during the year is monitored periodically against budget, forecasts and previous year. These forecasts and results are presented to the Board's Committee regularly.

Internal Audit

Internal Audit's mission is to provide objective assurance and to increase the effectiveness of the BCL's operations. It helps to achieve BCL's objectives by using a systematic and methodical approach to assess the processes and systems used for risk management, control and corporate governance. It also helps improve them by making proposals to increase their effectiveness.

The scope of the work done by the Internal Audit make it possible to determine whether the processes, systems and controls, as they have been developed and implemented, are sufficient and are applied in such a way as to ensure that:

- Risks are defined, evaluated and managed adequately;
- Financial and operational information is authorized, reliable and available in a timely fashion;
- Directives, policies, laws, regulations and statutory requirements are respected; and
- Human, informational, material and financial resources are acquired economically, used efficiently and protected adequately.

Internal Audit reports directly to the Audit Committee of the Board of Directors. The organizational structure is designed to ensure Internal Audit has the independence required to play its role effectively.

External Audit

The present auditors, M/s. A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

The directors endorse recommendations of the audit committee for the re-appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as the auditors for the financial year 2016-2017.

M/s. A.F. Ferguson & Co., Chartered Accountants have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan. Further, they have confirmed 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 Institute of Chartered Accountants of Pakistan.

The external 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.

Relations with Shareholders

Constructive use of the Annual General Meeting

The Board considers the Annual General Meeting an opportunity to communicate with shareholders, and encourages their participation. At least 21 days before the date of AGM, the Notice of meeting including the agenda and necessary information are dispatched to shareholders and published in leading Urdu and English newspapers also.

Other

The Company maintains a website (www.bolancastings.com), which offers any interested person information on the Company. Apart from this, its principal communication with shareholders and others is Annual Report and Quarterly Financial Statements, which are placed on the website soon after publication.

DIRECTORS' REPORT

The Company dispatches the printed copies of Annual Reports to its shareholders. However, the quarterly financial statements can also be dispatched to shareholders, on demand.

Chairman's Review

The Directors of the Company endorse contents of the Chairman's Review, which is included in the Annual Report dealing with the Company activities and forms an integral part of the Directors' Report.

Statement on Corporate and Financial Reporting Framework

The Board is fully aware of its responsibility in respect of corporate and financial reporting framework as recognized by the Code of Corporate Governance. The Directors of your Company are of the view that:

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except for those as stated in the notes to the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.

- There are no significant doubts upon 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 Rule Book of Stock Exchange.

Operating and Financial Summary

A summary of key operating and financial data along with key ratios of the Company for the last decade is annexed.

Taxation

Please refer to Note 31 to the Financial Statements for details regarding taxation of the Company.

Investment of Retirement Benefits Funds

The values of investments of Provident Funds, Gratuity Fund and Pension Fund based on their un-audited accounts as on June 30, 2016 (audit in progress) were as follows:

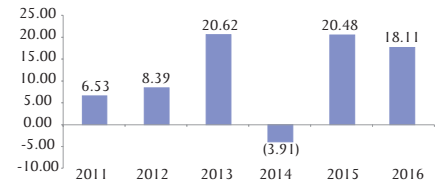
Provident Funds	Rs. 82.889 million
Gratuity Fund	Rs. 40.665 million
Pension Fund	Rs. 109.899 million

Trading in the Company Shares

The Directors, executives and their spouses and minor children did not carry out any trade in the shares of the Company during the period under review except as stated below:

Name & Designation	No. of Shares	Nature of Transaction
Mr. Latif Khalid Hashmi Director	100,000	Sale
Mr. Saifuddin Director	2,000	Purchase

Price Earning Ratio



Pattern of Shareholdings

The pattern of shareholdings along with their categorized detail is annexed to the report.

Approval and Authorization

The Board of Directors of the Company in its meeting held on September 05, 2016 approved the Directors' Report and authorized Mr. Nisar A. Mirani, Chief Executive Officer of the Company to sign the report on its behalf.

On Behalf of the Board

Nisar A. Mirani
Chief Executive

ڈائریکٹرز رپورٹ

عمل کاری اور مالی خلاصہ (آپریٹنگ اور فنانشل سمری)
اہم فنانشل اور آپریٹنگ تفصیلات اور تناسب کا گذشتہ دس سالوں کا خلاصہ منسلک ہے۔

ٹیکسیشن

تفصیلات کے لئے فنانشل اسٹیٹمنٹ میں دیئے گئے نوٹ نمبر 31 کا جائزہ لیں۔

ریٹائرمنٹ بینیفٹ فنڈ کی سرمایہ کاری

پراویڈنٹ فنڈ، گریجویٹ اور پنشن فنڈ کے غیر آڈٹ شدہ اکاؤنٹ کی بنیاد پر (جبکہ آڈٹ کا عمل جاری ہے) سرمایہ کاری کا تخمینہ درج ذیل ہے۔

پراویڈنٹ فنڈ	82.889 ملین روپے
گریجویٹ	40.665 ملین روپے
پنشن فنڈ	109.899 ملین روپے

کمپنی کے حصص کی لین دین

ڈائریکٹرز، ایگزیکٹوز، ان کے شرکائے حیات اور نابالغ بچوں میں سے کسی نے اس دوران کمپنی کے حصص کی لین دین کی۔ ایک استثناء درج ذیل ہے۔

نام عہدہ	حصص کی تعداد	لین دین کی نوعیت
لطیف خالد ہاشمی (ڈائریکٹر)	1000,00	فروخت
سیف الدین (ڈائریکٹر)	2000	خرید

شیئر ہولڈنگ کی تفصیلات

شیئر ہولڈنگ کی نوعیت دار تفصیلات اس رپورٹ کے ساتھ منسلک ہیں۔

منظوری اور مختار نامہ

اپنے اجلاس منعقدہ 5 ستمبر 2016ء کو کمپنی نے بورڈ آف ڈائریکٹرز نے ڈائریکٹرز رپورٹ کی منظوری دی اور جناب ثار احمد میرانی چیف ایگزیکٹو آفیسر کو بورڈ کی جانب سے دستخط و ثبت کرنے کا اختیار تفویض کیا۔

منجانب بورڈ



ثار احمد میرانی

چیف ایگزیکٹو

بیرونی آڈیٹرز اور ان میں منسلک افراد کو فہرست کے مطابق دیئے کام کے علاوہ کسی اور کام کے لئے مقرر نہیں کیا گیا اور آڈیٹرز اس بات کی تصدیق کرتے ہیں کہ انہوں نے انٹرنیشنل فیڈریشن کے رہنما اصولوں کے مطابق اپنے فرائض انجام دیئے ہیں۔

شیر ہولڈرز کے ساتھ تعلقات:

سالانہ عام اجلاس کی مقصدیت:

بورڈ کے نزدیک سالانہ جنرل میٹنگ شیر ہولڈرز کے ساتھ براہ راست رابطے کا ذریعہ ہے اور اسی لئے شراکت کے حوصلہ افزائی کرتا ہے۔ سالانہ جنرل میٹنگ سے کم از کم 21 دن پہلے ایجنڈہ اور دیگر تفصیلات شیر ہولڈرز کو روانہ کی جاتی ہیں اور اردو اور انگریزی کے سرکردہ اخبارات میں شائع بھی کی جاتی ہیں۔

دیگر

ویب سائٹ کے ذریعے بھی دلچسپی رکھنے والے افراد کو معلومات بہم پہنچائی جاتی ہیں۔ اس کے علاوہ شیر ہولڈرز کے ساتھ رابطے کا بڑا ذریعہ سالانہ رپورٹ اور سہ ماہی فنانشل اسٹیٹمنٹ ہیں جو اشاعت کے فوراً بعد ویب سائٹ پر بھی جاری کئے جاتے ہیں۔

کمپنی سالانہ رپورٹ کی طبع شدہ کاپیاں شیر ہولڈرز کو روانہ کرتی ہے۔ تاہم سہ ماہی مالیاتی گوشوارے بھی عند الطلب بھیجے جاسکتے ہیں۔

چیئر مین کا جائزہ

ڈائریکٹرز چیئر مین کے پیش کردہ جائزے کی تصدیق کرتے ہیں جو کمپنی کی سرگرمیوں کی سالانہ رپورٹ ہے اور ڈائریکٹرز رپورٹ کا لازمی جزو ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کا بیان

بورڈ، ہوڈ آف کارپوریٹ گورننس کے منظور کردہ کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کے حوالے سے اپنی ذمہ داریوں سے آگاہ ہے۔ آپ کے ادارے کے ڈائریکٹریہ خیال کرتے ہیں کہ:

(الف) کمپنی کی انتظامیہ کی جانب سے تیار کردہ فنانشل اسٹیٹمنٹ کمپنی کی صورت حال سرگرمیوں کے نتائج، آمدن اور مالیاتی صورتحال کی تبدیلی کی مناسب تصویر پیش کرتے ہیں۔

(ب) کمپنی کے حساب مناسب طریقے سے رکھے جاتے ہیں

(ج) فنانشل اسٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں نافذ العمل رہتی ہیں سوائے ان کے جنہیں فنانشل اسٹیٹمنٹ کے نوٹس میں درج کیا جاتا ہے۔ حساباتی تخمینے مناسب اور ماہرانہ رائے کی بنیاد پر تیار کئے جاتے ہیں۔

(د) فنانشل اسٹیٹمنٹ کی تیاری میں پاکستان میں نافذ العمل بین الاقوامی معیارات مد نظر رکھے جاتے ہیں۔

(ر) انٹرنل کنٹرول کا نظام مضبوط بنیادوں پر تیار کردہ اور موثر انداز میں نافذ العمل ہے اور زیر نگرانی ہے۔

(س) ادارے کے کارآمد ہونے پر کوئی شک و شبہ نہیں پایا جاتا۔

(ط) اسٹاک ایکسچینج کے ضوابط کے مطابق کارپوریٹ گورننس کے رہنما اصولوں سے کوئی انحراف نہیں کیا گیا۔

ذمہ داری نبھائی ہے۔ اس جائزے کے ساتھ ڈائریکٹروں کی رپورٹس اور آپریشنل اور کاروباری جائزے کے ساتھ حسابات بھی شامل ہیں۔

اندرونی کنٹرول

کمپنی کے اثاثہ جات کی حفاظت، حسابات کے نظام کا قیام آئینی و قانونی تقاضوں کی پاسداری اور نظام کا موثر اور کارآمد ہونا یہ تمام اندرونی کنٹرول نظام کے لوازمات ہیں اور کمپنی ایسا موثر اندرونی کنٹرول کا نظام وضع کر کے جاری کرتی ہے جس سے یہ مقاصد حاصل ہوں۔

کمپنی اندرونی کنٹرول کا ایسا نظام جاری رکھتی ہے جس کے ذریعے ایسے کسی رسک کی شناخت اور تدارک کیا جاسکے جو کمپنی کے کاروباری مقاصد کے حصول میں رکاوٹ ثابت ہو یہ نظام ایسے رسک کو مکمل طور پر ختم نہیں کرتا اور اسی لئے کسی غلط بیانی یا نقصان کے تدارک کی محدود یقین دہانی کرتی ہے۔ آڈٹ کمیٹی کو باقاعدہ طور پر اس نظام کی اثر انگیزی کا جائزہ لینے کی ہدایت کی گئی ہے۔

کمپنی اور اس کے طریقہ پائے عمل سالانہ بجٹ سے منسوب ہیں۔ سال گذشتہ کے مقابل بجٹ اور پیش گوئی کا وقتاً فوقتاً جائزہ اور کارکردگی سے تقابل کر کے یہ نتائج بورڈ کی کمیٹی کے سامنے پیش کئے جاتے ہیں۔

اندرونی محاسب (انٹرنل آڈٹ)

انٹرنل آڈٹ کا مشن بی بی سی ایل کے آپریشن کو موثر بنانے کی یقین دہانی ہے۔ یہ کمیٹی کو اس مقصد کے حصول کے لئے رسک مینجمنٹ کنٹرول اور کارپوریٹ گورننس کا ایک موثر اور کارآمد طریقہ کار کے ذریعے جائزہ لے کر معاونت کرتا ہے۔ یہ اس طریقہ کار کو بہتر بنانے اور اس کی اثر پذیری بڑھانے کے لئے اقدامات بھی تجویز کرتا ہے۔

انٹرنل آڈٹ کے ذریعے یہ معلوم کرنے میں آسانی ہوتی ہے کہ جو نظام اور کنٹرول سسٹم وضع اور عملی بنائے گئے ہیں آیا وہ کافی ہیں اور اس انداز سے کام کر رہے ہیں کہ یہ یقین دہانی ہو سکے گی:

☆ رسک کا جائزہ لیکر اس کا مناسب تدارک کیا جاتا ہے۔

☆ مالی اور انتظامی معلومات حسب ضرورت وقت پر دستیاب ہیں

☆ ہدایات، پالیسیاں، قوانین، ضوابط اور دیگر تقاضے پورے کئے گئے ہیں۔

☆ تمام انسانی، اطلاعاتی، مادی اور مالی وسائل نہ صرف کفایت سے حاصل ہوتے ہیں بلکہ استعمال مناسب طریقے سے ہوتے ہیں اور محفوظ رکھے جاتے ہیں۔

انٹرنل آڈٹ براہ راست بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ ادارتی ڈھانچہ اس طرح وضع کیا گیا ہے کہ انٹرنل آڈٹ مطلوبہ آزادی کے ساتھ موثر طریقے سے اپنا کام کر سکے۔

بیرونی محاسب (ایکسٹرنل آڈٹ)

موجودہ آڈیٹرز اے ایف فرگن اینڈ کمپنی ریٹائر ہوتے ہوئے اپنے آپ کو دوبارہ تقرر کے لئے پیش کرتے ہیں۔ ڈائریکٹرز اس تقرر کی توثیق کرتے ہوئے اے ایف فرگن اینڈ کمپنی کو مالی سال 2016-17ء کے لئے آڈیٹر مقرر کرتے ہیں۔

میسرز اے ایف فرگن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اس کی تصدیق کرتے ہیں کہ انہیں انشٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس نے کوالٹی کنٹرول جائزے کے تحت تسلی بخش ریٹنگ دی ہے اور یہ کہ ان کے کسی پارٹنرشپک حیات یا تابع بچوں کے کمپنی میں کوئی حصص نہیں ہیں۔ اور یہ کہ ادارہ اور اس کے تمام پارٹنر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے رہنما اصول جو کہ انشٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنانے ہیں کی پاسداری کرتے ہیں۔

لے کر سفارش مرتب کرنا ہے۔ اس سال کے دوران کمیٹی کا ایک اجلاس ہوا جس میں تمام ارکان نے شرکت کی۔

انتظامی کمیٹیاں

بورڈ آف ڈائریکٹرز نے متعلقہ سرگرمیوں کی انجام دہی میں بورڈ کی معاونت کے لئے درج ذیل کمیٹیاں تشکیل دیں:

کمیٹی برائے کاروباری حکمت عملی

اس کمیٹی کے ذمہ مختصر اور طویل مدتی بزنس پلان وضع کرنے اور ادارے کے مقاصد کے حصول کے لئے حکمت عملی تجویز کرنا ہے۔

سٹم اینڈ میکانیسم کمیٹی

سٹم کی ادارے کی کامیابی کی بنیاد فراہم کرتے ہیں۔ یہ کمیٹی میں ہر طرح کے سٹم وضع کرنے نافذ کرنے اور کی بہتری کے طریقہ کار میں بورڈ آف ڈائریکٹرز کی معاونت کرتی ہے۔

ڈائریکٹرز کا مجموعی معاوضہ

ڈائریکٹروں کا مجموعی معاوضہ درج ذیل ہے:

خود مختار/ نان ایگزیکٹو ڈائریکٹر	چیف ایگزیکٹو	ہزار روپے	
-	2,262		تنخواہ
-	615		بونس
-	166		ریٹائرمنٹ بینیفٹس
-	830		ہاؤس رینٹ
-	738		افادیت (یونٹی لینیر)
-	134		میڈیکل
180	-		فیس
-	748		دیگر
180	5,493		
2	2		افراد کی تعداد

احساب اور آڈٹ

چیز مین کے جائزے کے ذریعے بورڈ اس بات کی تصحیح کرتا ہے کہ اس نے کمپنی کی موجودہ پوزیشن اور آئندہ امکانات کے بارے میں ایک متوازن اور قابل فہم جائزہ پیش کیا ہے۔ اور اپنی

ڈائریکٹرز رپورٹ

نی سی ایس کے اجلاسوں میں ڈائریکٹر صاحبان کی حاضری درج ذیل ہیں:

نام	اجلاسوں کی تعداد
سکندر ایم خان	6
لطیف خالد ہاشمی	6
سہیل بشیر رانا	3
لئیق الدین انصاری	4
میاں محمد سلیم	2

کمٹی برائے افرادی وسائل اور مشاہرہ (HR & R)

یہ کمیٹی چار ڈائریکٹروں پر مشتمل ہے جن میں تین نان ایگزیکٹو ڈائریکٹر ہیں۔ اس کمیٹی کی صدارت لطیف خالد ہاشمی کرتے ہیں، جبکہ دیگر ارکان میں میاں محمد سلیم، ثار احمد میرانی اور محمد عمران رفیق شامل ہیں۔

ایچ آراینڈ آر کمیٹی کے ذمہ افرادی وسائل سے متعلق پالیسیاں وضع کرنے کے علاوہ سی ای او، جنرل منیجر اور دیگر اہم اسامیوں پر جویراہ راست سی ای او کو رپورٹ کرتے ہیں کے انتخاب، جائزے اور معاوضہ طے کرنے کے امور میں بورڈ کی مدد کرنا ہے۔

ایچ آراینڈ آر کمیٹی کے اجلاسوں میں ڈائریکٹر صاحبان کی حاضری درج ذیل ہیں:

نام	اجلاسوں کی تعداد
لطیف خالد ہاشمی	3
میاں محمد سلیم	3
ثار احمد میرانی*	0
محمد عمران رفیق*	0
سراج الدین خان**	1

* 11 اگست 2016ء کو ممبر بنے

** 27 اپریل 2016ء تک ممبر رہے

ڈائریکٹرز مشاہرہ کمیٹی

یہ کمیٹی تین نان ایگزیکٹو ڈائریکٹروں پر مشتمل ہے۔ اس کی صدارت سکندر مصطفیٰ خان کرتے ہیں جبکہ دیگر ممبران میں لطیف خالد ہاشمی اور میاں محمد سلیم شامل ہیں۔

اس کمیٹی کا بنیادی کام سی ای او اور ایگزیکٹو ڈائریکٹرز کے معاوضے کا ایسا رسی اور شفاف طریقہ کار نافذ کرنا ہے جس میں ایگزیکٹو ڈائریکٹرز کا معاوضہ ان کی لیاقت اور اہلیت سے مطابقت رکھتا ہو۔ کمیٹی کے ذمہ سی ای او کو درخواست کرنے یا ہٹانے جانے کی صورت میں معاوضہ کی ادائیگی اور ایگزیکٹو ڈائریکٹر کو خلاف ورزی کی صورت میں ہٹائے جانے کے بارے میں جائزہ

میں سید محمد عرفان خان عقیل، سید جاوید اشرف اور محمد رضوان رفیق شامل ہیں۔

آڈٹ کمیٹی کا بنیادی کام آڈٹ کے عمل اور فنانشل رپورٹنگ صحیح ہونا اور انٹرنل کنٹرول اور رسک مینجمنٹ کا تسلی بخش طور پر جاری رہنا ہے۔ اور یہ اپنی معلومات اور گزارشات بورڈ کو پیش کرتی ہے۔ اس مقصد کے حصول کے لئے کمیٹی انٹرنل اور ایکسٹرنل آڈیٹرز کے درمیان اچھے تعلقات کی یقین دہانی حاصل کرتی ہے۔ کمیٹی بیرونی آڈیٹرز کے موثر ہونے یا نہ ہونے کا جائزہ لیکر، ان کے تقرر، استعفیٰ یا اخراج اور ان کی فیس کے حوالے سے بورڈ کو سفارشات پیش کرتی ہے۔

کمیٹی اندرونی آڈٹ کی نگرانی کا فریضہ انجام دینے کے علاوہ اندرونی آڈٹ نظام میں بہتری لانے میں اہم کردار ادا کرتی ہے۔ کمیٹی اندرونی آڈٹ کے نظام کے نفاذ کا باقاعدگی سے جائزہ لیتی ہے اور انٹرنل کنٹرول میں پائے گئے مسائل کے تدارک کی نگرانی بھی کرتی ہے۔

کمیٹی کا رپورٹ گورننس اور دیگر قانونی شرائط کی تکمیل کو یقینی بناتی ہے۔

سہ ماہی نتائج کے حصول اور کارکردگی کی منظوری سے قبل کمیٹی کا کم از کم ایک اجلاس منعقد ہوتا ہے۔ چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر اور ہیڈ آف انٹرنل آڈٹ شرکت کرتے ہیں۔

بیرونی آڈیٹرز ان اجلاسوں میں شریک ہوتے ہیں جن میں سالانہ اور شش ماہی مالی گوشواروں کا جائزہ لیکر بورڈ آف ڈائریکٹرز کی منظوری کے لئے بھیجا جاتا ہے۔

علاوہ ازیں، کمیٹی بیرونی آڈیٹرز کے ساتھ طبعہ میٹنگ میں آڈٹ سے متعلق معاملات کا جائزہ لیتی ہے اور اندرونی آڈیٹرز کے ساتھ انٹرنل کنٹرول کے متعلق معاملات زیر بحث آتے ہیں۔ مالی سال 2016ء کے دوران کمیٹی کے مالی اور رپورٹنگ کے پیریڈ کے مطابقت کے ساتھ چار اجلاس منعقد ہوئے۔

آڈٹ کمیٹی کے اجلاسوں میں ڈائریکٹرز صاحبان کی حاضری درج ذیل رہی:

اجلاسوں کی تعداد

4

لطیف خالد ہاشمی

4

سید محمد عرفان عقیل

4

سید جاوید اشرف

4

محمد عمران رفیق

اجلاس کی کارروائی نیکریٹری آڈٹ کمیٹی نے ریکارڈ کی اور روادا اجلاس تمام ممبران، ڈائریکٹرز اور چیف فنانسٹھل آفیسر میں تقسیم کی۔

کمیٹی برائے نگرانی (BCS)

کمیٹی برائے نگرانی کی صدارت سکندر رام خان کرتے ہیں۔ دیگر ممبران میں لطیف خالد ہاشمی، سہیل بشیر رانا، لیتھق الدین انصاری اور میاں محمد سلیم شامل ہیں۔

بی سی ایس تمام سرگرمیوں کی نگرانی اور ٹیکنیکل، فنانشل اور انتظامی معاملات کی حکمت عملی کی ذمہ دار ہے۔ کمیٹی ماہانہ یا دو ماہی بنیاد پر آپریٹنگ اور مالی کارکردگی کا جائزہ لیتی ہے۔ سی ای او اور

مختلف شعبوں کے سربراہ اجلاسوں میں شرکت کرتے ہیں۔ اجلاسوں کی تفصیلات نوٹ کی جاتی ہیں اور بعد میں متعلقہ لوگوں کو بھیجوائی جاتی ہیں۔

ڈائریکٹرز رپورٹ

5	میاں محمد عرفان عقیل
5	سید جاوید اشرف
5	محمد عرفان رفیق (NIT کے نامزد)
0	ٹارے میرانی *
0	سیف الدین **
5	سراج الدین خان ***

* 27 اپریل 2016ء میں چیف ایگزیکٹو آفیسر بنے

** 14 جون 2016ء میں ڈائریکٹر مقرر کیا گیا

*** 27 اپریل 2016ء کو ای ادا کے عہدے سے استعفیٰ دیا اور 29 اپریل 2016ء میں ڈائریکٹر کے عہدے سے استعفیٰ دیا

ہر اجلاس کے انعقاد کی پیشگی نوٹس تمام ایجنڈا اور کاروبار سے متعلق تفصیلات کے ساتھ کمپنی سیکریٹری تمام ڈائریکٹروں کو جاری کرتا ہے تاکہ اجلاس سے زیادہ سے زیادہ استفادہ حاصل ہو۔ تمام ڈائریکٹر صاحبان اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہیں سال میں کم از کم ایک بار کمپنی ایک کورس کا اہتمام کرتی ہے جس میں ڈائریکٹرز کو شیئر ہولڈر کی جانب سے تفویض کردہ فرائض سے آگاہ کیا جائے چھ ڈائریکٹرز استسنا کی شرائط پوری کرنے کے باعث ٹریڈنگ پروگرام سے مستثنیٰ ہیں جبکہ دو ڈائریکٹرز نے اس کی اسناد حاصل کر رکھی ہیں۔ بورڈ آف ڈائریکٹرز کسی بھی فیصلہ سازی کے وقت کمپنی، شیئر ہولڈرز اور دیگر اسٹیک ہولڈرز کے مفادات پیش نظر رکھتی ہے۔ کمپنی سیکریٹری بورڈ کو انتظامی معاملات میں مشورہ دینے اور تمام تر قواعد و ضوابط کی پاسداری یقینی بنانے کا ذمہ دار ہے۔ اس کے علاوہ کمپنی سیکریٹری کے ذمے اجلاسوں کی کارروائی نوٹ کرنے اور مرتب کرنے کے بعد اجلاس کے چودہ دن کے اندر تمام ڈائریکٹرز کو بھجوانا بھی ہے۔

چیف فنانشل آفیسر کی ذمہ داری ہے کہ بورڈ کو مالی اور اکاؤنٹس کے معاملات میں مشورہ دے اور چیف ایگزیکٹو آفیسر کے ساتھ مل کر سالانہ اور سہ ماہی مالی گوشوارے پیش کرے۔ وہ اثاثہ جات اور مالیات کا ذمہ دار ہے۔

اس کے علاوہ سی ایف اوسالانہ بجٹ کی تیاری اور بعد ازاں بجٹ اور اہداف کے حصول کا موازنہ اور تجزیہ کرتے رہنے کا ذمہ دار بھی ہے تاکہ کمپنی کے معاملات ہموار انداز میں چلائے جاسکیں۔

بورڈ کمیٹیاں

موثر رہنمائی اور نگرانی کے لئے بورڈ نے چار کمیٹیاں بنائی ہیں جنہیں مختلف ذمہ داریاں تفویض کی گئی ہیں۔ ان کی حدود و قیود واضح طور پر بیان کر دی گئی ہیں۔

ان کمیٹیوں کی کارروائی کی رپورٹ بورڈ کے اجلاس میں ظاہر کی جاتی ہے۔

بورڈ کمیٹیوں میں متعلقہ مہارت اور تجربہ دیکھنے والے ڈائریکٹرز شامل کئے گئے ہیں تاکہ کسی بھی فرد پر غیر ضروری بوجھ اور انحصار نہ ہو۔

آڈٹ کمیٹی

آڈٹ کمیٹی کی آزادی، مقصدیت اور شفافیت کے حصول کی خاطر چار نان ایگزیکٹو بہ شمول ایک خود مختار ڈائریکٹر شامل کئے ہیں اور اس کی صدارت خالد لطیف ہاشمی کرتے ہیں۔ دیگر ممبران

ڈائریکٹرز رپورٹ

بورڈ کی خصوصی ذمہ داریاں یہ ہیں

- سالانہ بجٹ اور تخمینہ جات کی منظوری
- سالانہ اور سہ ماہی اکاؤنٹس کی منظوری
- کمپنی کے مالیاتی کنٹرول اور رسک مینجمنٹ کا جائزہ
- بڑے اثاثہ جات کا حصول اور اخراجات کی منظوری
- کمپنی کے شیئرز جاری کرنا
- مناسب مینجمنٹ ڈیولپمنٹ اور معاملات میں تسلسل کی یقین دہانی حاصل کرنا
- کارپوریٹ سماجی ذمہ داری بہ شمول ماحولیات، صحت اور تحفظ کے معاملات میں کمپنی کی کارکردگی کا جائزہ
- بورڈ کی مختلف کمپنیوں کی سرگرمیوں کا جائزہ
- بورڈ، کمپنی اور چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور انٹرنل آڈٹ ہیڈ کی اسامیوں پر تقرری کی منظوری

بورڈ کی کارکردگی کا جائزہ

سال رواں کے دوران، بورڈ نے دستور کے مطابق کارکردگی کا جائزہ لیا۔ اس عمل میں بورڈ کے منظور کردہ ایک خانگی سوالنامہ کے ذریعے ہر ڈائریکٹر کا خود اختسابی جائزہ شامل تھا۔ بورڈ نے ان سوالناموں سے حاصل شدہ نتائج کا جائزہ لیا اور دیکھا کہ کوئی غیر معمولی بات سامنے نہیں آئی۔ یوں یہ نتیجہ اخذ کیا گیا کہ بورڈ اور ذیلی کمیٹیوں نے موثر انداز میں اپنی خدمات انجام دیں۔

بورڈ کے اجلاس

بورڈ کمپنی کو مناسب خطوط پر چلانے اور مقررہ اہداف حاصل کرنے میں شیئر ہولڈرز کو جوابدہ ہے۔ بورڈ اس سلسلے میں سال بھر میں کئی اجلاس منعقد کرتا ہے۔ مالی سال 2015-16ء کے دوران پانچ اجلاس ہوئے۔ تمام اجلاسوں کی صدارت چیئرمین نے کی۔ ان اجلاسوں میں چیف فنانشل آفیسر اور کمپنی سیکریٹری نے بھی شرکت کی۔

ڈائریکٹروں کی شرکت حسب ذیل رہی۔

نام	اجلاسوں کی تعداد
سکندر ایم خان	3
لطیف خالد ہاشمی	5
سہیل بشیر رانا	2
لیتیق الدین انصاری	1
میاں محمد سلیم	0

درمیان خود مختار تعلقات میں اضافہ ہوا ہے۔ اسی طرح چیئرمین اور سی او او کی ذمہ داریاں واضح تر ہو گئی ہیں۔

چیف ایگزیکٹو آفیسر کے عہدے سے سراج الدین خان کے استعفی کے بعد ثارے میرانی نے ان کی جگہ سنبھالی جنہیں بورڈ آف ڈائریکٹرز نے 27 اپریل 2016ء کو چیف ایگزیکٹو آفیسر مقرر کیا۔ ان کی شرائط ملازمت درج ذیل ہیں:

- چیف ایگزیکٹو آفیسر کے تمام فرائض کمپنی کے قواعد و ضوابط کے مطابق ادا کرنا
- تنخواہ اور الائنس 6 ملین روپے سالانہ بشمول تمام الائنسز اور دیگر فوائد (جن میں ریٹائرمنٹ کے بعد کے فوائد شامل نہیں ہیں) اور طبی سہولیات خود اور فیملی کے لئے یہ تمام موجودہ قواعد و ضوابط کی روشنی میں اور وقتاً فوقتاً لاگو کئے جانے والے پالیسی اور سرورس رولز کے تحت قابل عمل ہیں۔ اس کے علاوہ انہیں کمپنی کی جانب سے دفتری اور ذاتی استعمال کے لئے ٹرانسپورٹ کی سہولت بھی میسر ہوگی۔

چیف ایگزیکٹو آفیسر کے تقرر میں کہیں بھی ڈائریکٹرز کا کردار اس تقرر میں قواعد و ضوابط سے منسلک ہونے کے علاوہ کچھ بھی نہیں۔
بورڈ آف ڈائریکٹرز جناب سراج الدین خان کی قابل ستائش خدمات کا اعتراف کرتے ہوئے جو انہوں نے بطور چیف ایگزیکٹو آفیسر انجام دیں۔ اس کے ساتھ ہی جناب ثارے میرانی کو خوش آمدید کہا جاتا ہے۔ اور ان اس توقع ہے کہ کمپنی کی ترقی میں ان کا کردار مثبت ہوگا۔

ماہ جون 2016ء میں جناب سیف الدین کو مندرجہ ذیل شرائط پر ڈائریکٹر مقرر کیا گیا۔

- کمپنی کے قواعد و ضوابط کی روشنی میں ہر وقتی ڈائریکٹر کے فرائض انجام دینا۔
- تنخواہ اور الائنس 5 ملین روپے سالانہ بشمول تمام الائنسز اور دیگر فوائد (جن میں ریٹائرمنٹ کے بعد کے فوائد شامل نہیں ہیں) اور ذاتی اور فیملی کے لئے طبی سہولیات۔ یہ تمام موجودہ قواعد و ضوابط اور وقتاً فوقتاً لاگو کئے جانے والے پالیسی اور سرورس رولز کے تحت قابل عمل ہیں۔ اس کے علاوہ انہیں کمپنی کی جانب سے دفتری اور ذاتی استعمال کے لئے ٹرانسپورٹ کی سہولت بھی میسر ہوگی۔

چیئرمین اور چیف ایگزیکٹو آفیسر کا کردار

چیئرمین رہنمائی کے مہیا کرنے کے علاوہ کمپنی کے رخ اور حکمت عملی کے تعین کا ذمہ دار ہے۔ چیئرمین کی بنیادی ذمہ داری ہے کہ بورڈ کی کارکردگی اس طرح یقینی بنائے کہ وہ اپنی تمام تر ذمہ داریاں پوری طرح نبھائے اور ادارے کا نظم قائم رکھتے ہوئے موثر انداز سے کام کرے۔
چیف ایگزیکٹو آفیسر کمپنی کے انتظام کا ذمہ دار ہے۔ اور اس کا کام حکمت عملی پر عمل درآمد اور بورڈ کے مقرر کردہ مالی اہداف کا حصول یقینی بنانا ہے۔ وہ کمپنی کے اثاثہ جات کا نگران ہے اور چیئرمین کے ساتھ کمپنی کی بیرونی نمائندگی بھی کرتا ہے۔

بورڈ کی موثر کارکردگی اور طریقہ کار

بورڈ مجموعی طور پر کمپنی کی کامیابی کا ذمہ دار ہے۔ اس کا کردار ایک محتاط اور موثر فریم ورک کے تحت جس کے ذریعے رسک کا عنصر کم کیا جاسکے کاروباری رہنمائی مہیا کرنا ہے۔ بورڈ کمپنی کی حکمت عملی اور مقاصد طے کرتا ہے اور ان مقاصد کے حصول اور انتظامی کارکردگی کا جائزہ لینے کے لئے مطلوبہ مالی اور انفرادی ذرائع مہیا کرنے کا ذمہ دار ہے۔ یہ بورڈ کمپنی کے معیارات اور اقدار کا تعین اور اس پر عمل درآمد کرتا ہے۔ اور شیئر ہولڈرز اور دیگر لوگوں کی جانب اپنے فرائض کے حصول کو یقینی بناتا ہے۔

ملازمین کی معذوری کی صورت میں ہر ممکن کوشش کی جاتی ہے کہ ان کی ملازمت جاری رہے بہ صورت دیگر ان کے بچوں کو ملازمت کا موقع فراہم کیا جاتا ہے۔

کاروباری اخلاقیات اور کرپشن کے خلاف اقدامات

BCL کاروباری معاملات میں اعلیٰ معیار پر پختہ یقین رکھتی ہے اور ہمارا یقین ہے کہ کمپنی کی شہرت اور مالی کامیابی کے لئے انتہائی ضروری ہے کہ تمام متعلقہ قوانین و ضوابط کے پیش نظر رکھتے ہوئے کاروباری معاملات پوری ایمانداری سے چلائے جائیں۔ کمپنی کی بنیادی پالیسی ہے کہ تمام ملازمین قوانین و ضوابط کی پابندی کرتے ہوئے اعلیٰ کاروباری اخلاق کا مظاہرہ کریں۔ ہمارا ضابطہ اخلاق ان اعلیٰ کاروباری اقدار کا آئینہ دار ہے جو تمام کاروباری معاملات پر محیط ہیں۔

قومی خزانے میں ادائیگی

BCL نے قومی خزانے کو 258.992 ملین روپے ٹیکس اور ڈیوٹی کی مد میں اس عرصے میں ادا کئے جس میں 8.787 ملین روپے انکم ٹیکس 237.549 ملین روپے سٹیک ٹیکس اور 12.585 ملین روپے کسٹم اور ریگولیٹری ڈیوٹی کی مد میں ادا کئے گئے۔ اس کے علاوہ کمپنی نے خاص بڑی رقم دو ہولڈنگ ٹیکس ایجنٹ کے طور پر بھی قومی خزانے میں جمع کرائی۔

ضابطہ برائے کاروباری نظم و نسق (کارپوریٹ گورننس)

کوڈ آف کارپوریٹ گورننس کی پابندی

BCL کاروباری نظم و ضبط کے ذریعے موثر کنٹرول اور شیئرز ہولڈرز کے مفادات کی پاسداری اور حفاظت کی اہمیت سے بخوبی واقف ہے۔ اور اس کے حصول کے لئے ہمہ وقت کوشاں ہے۔ کمپنی کارپوریٹ گورننس کو شیئرز ہولڈرز کے ساتھ تعلقات میں اضافے اور تسلسل کے حصول کا ذریعہ سمجھتی ہے۔ کمپنی کارپوریٹ گورننس کو طویل مدتی ترقی کا ذریعہ سمجھتے ہوئے نہ صرف اس کی اہمیت سے واقف ہے بلکہ اس بات کی بھی قائل ہے کہ اس کے حصول میں کی گئی کوششیں ہماری مسابقت کی صلاحیت اور کاروباری اقدار میں اضافہ کا بھی باعث ہیں۔ کوڈ آف کارپوریٹ گورننس کی روشنی میں بورڈ نے پالیسیاں اور طریقہ ہائے کار وضع کئے جن کی نگرانی اور جائزہ مسلسل جاری رہتا ہے۔ ہمارا کارپوریٹ گورننس فریم ورک، ذمہ داری، ایمانداری، شفافیت اور جوابدہی کے اعلیٰ معیار کے حصول کا ذریعہ ہے۔

ان اصولوں کو عملی شکل دینے کے لئے ہمارا بنیادی حکمت عملی اور کاروباری ہدایات کئی سالوں سے موجود ہیں۔ اس کے علاوہ طرز عمل میں اعلیٰ معیار کے حصول کے لئے بورڈ نے ضابطہ اخلاق وضع کیا ہے جس کے تحت ڈائریکٹرز ہولڈرز اور دیگر ملازمین اپنا کام کرتے ہیں۔

اس حوالے سے ضابطہ برائے کاروباری نظم و نسق کی پاسداری کا جائزہ اور بیرونی آڈیٹرز کا جاری کردہ سرٹیفیکیٹ اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ آف ڈائریکٹرز

بورڈ کی ساخت اور تبدیلیاں

نو (9) منتخب ڈائریکٹرز اور ایک چیف ایگزیکٹو آفیسر جو کہ بہ لحاظ عہدہ ڈائریکٹر بھی ہے پر مشتمل بورڈ موثر انتظام اور نگرانی کا ذمہ دار ہے۔ ان نو ڈائریکٹرز میں سے ایک ایگزیکٹو ڈائریکٹر اور بقیہ نان ایگزیکٹو ڈائریکٹر ہیں جن میں ایک خود مختار ڈائریکٹر شامل ہے۔

چیرمین اور چیف ایگزیکٹو آفیسر کی اسامیاں بالترتیب جناب سکندر ایم خان اور جناب ثارے میرانی کے پاس ہیں۔ ان عہدہ پائے منصبی میں علیحدگی کے باعث بورڈ اور انتظامیہ کے

- ☆ گرد کے اخراج میں کمی کے لئے فلٹر بیک
- ☆ شاٹ بلاسٹنگ اور سیٹ پلانٹ کے لئے کلوزڈ کمین
- ☆ استعمال شدہ پانی کے ذریعے فیکٹری میں پودوں کی زیادہ سے زیادہ آبیاری

پیشہ ورانہ تحفظ اور صحت

BCL میں ملازمین کی فلاح و بہبود اور تحفظ کو بڑی اہمیت دی جاتی ہے۔ ہمیں یقین ہے کہ صنعتی حادثات کی روک تھام ممکن ہے۔ ہر ملازم اپنی اور ساتھی ملازمین کی فلاح و بہبود اور تحفظ کا ذمہ دار ہے۔

پیداواری صلاحیت کے ساتھ تحفظ کا انتظام بھی اہم ہے۔ ہماری مخصوص سیٹھی پالیسی کی مناسب پاسداری کے ساتھ کوالٹی مینجمنٹ سسٹم کے تحت ISO9001:2008 کے تحت سند کا حصول بھی ہماری اس کوشش کی آئینہ دار ہے۔ BCL کے پلانٹ میں آگ بجھانے کے موثر نظام، ہوا کی مناسب آمدورفت اور آتش گیر میٹریل کے سورج کی براہ راست روشنی سے پیدا ہونے والی حرارت سے تحفظ کا موثر انتظام موجود ہے۔ حفاظتی پالیسی کے تحت آگ بجھانے کی مشینیں مناسب وقفے سے باقاعدگی کے ساتھ کی جاتی ہیں۔ ابتدائی طبی امداد اور دیگر سہولیات کے علاوہ تربیت یافتہ عملہ چوبیس گھنٹے موجود رہتا ہے۔

صارفین کے تحفظ کے اقدامات

BCL معیاری پراڈکٹ کی مناسب قیمت پر فراہمی کے ذریعے صارفین کی تسلی کی یقین دہانی کرتی ہے۔ کمپنی بہترین معیار کے علاوہ انٹھک کوششوں کو کامیابی کے لئے ضروری تصور کرتی ہے۔ اس حوالے سے ہمارے نزدیک معیار صارفین کی توقعات کو سمجھنا اور ان کے مطابق کارکردگی کے معیار کو پراڈکٹ اور سروسز پیش کرتا ہے۔ ہمارا شعار ہے کہ ہم معیار کو کاسٹنگ میں کوڈھالتے ہیں، ہم نے کوالٹی کنٹرول کا ایسا نظام وضع کیا ہے جس میں ابتدا سے آخر تک یعنی خام مال سے لے کر تیار شدہ اشیاء کے کسٹمر کو بھجوائے جانے تک ہر مرحلے پر مکمل معائنہ کیا جاتا رہے۔

BCL پاکستان میں ISO 9002 حاصل کرنے والی پہلی فائڈری ٹیجی جس نے یہ سرٹیفکیٹ اپریل 1999ء میں حاصل کیا۔ کمپنی نے ISO 9001-2008 بھی حاصل کیا جو معیاری اشیاء اور سروسز مہیا کرنے کے حوالے سے ہمارے عزم کا ثبوت ہے۔ جس سے ہمارے کسٹمرز کو نہ صرف معیاری خدمات حاصل ہوتی ہیں بلکہ ان کے اطمینان میں اضافہ کا باعث بھی ہے۔

صنعتی تعلقات

BCL اپنے ملازمین اور ان تمام شراکت داروں سے بہتر صنعتی تعلقات پر یقین رکھتی ہے۔ کمپنی اپنے ملازمین کی فلاح و بہبود کے لئے اقدامات کرتی رہتی ہے۔ کمپنی کینٹین میں کھانا کم قیمت پر مہیا کیا جاتا ہے۔ اسی طرح ملازمین کو طبی سہولت بھی حاصل ہوتی ہے۔ کمپنی کا دوران ملازمت اور اس کے بعد کے فوائد کے حوالے سے متوازن پروگرام اور پالیسی موجود ہے۔ کمپنی کے ملازمین کی اکثریت کے لئے پرائیڈنٹ فنڈ، گریجویٹی اور پینشن فنڈ جیسی اسکیم موجود ہیں۔ کمپنی کی جی اسکیم کے تحت ہر سال تین ملازمین کو جج کے لئے بھیجا جاتا ہے جس کے تمام اخراجات کمپنی ادا کرتی ہے۔

خصوصی افراد کیلئے ملازمت

معذور افراد کی بحالی اور بہتری کے لئے BCL ان کی قابلیت اور رجحان کو پیش نظر رکھتے ہوئے انہیں اچھے اور محفوظ ماحول میں ملازمت کے مواقع فراہم کرتی ہے۔

شرح سودا شرح منافع پر خطرات

”کمپنی ایسے تمام خطرات کو کم کرنے کی کوشش کرتی ہے جو مالیاتی اٹاٹھ جات اور ادائیگی کے کسی مخصوص مدت میں ہم آہنگ نہ ہونے سے کے سبب پیدا ہوتے ہوتے ہوں اور یہ ایسی موثر حکمت عملی کے ذریعے کیا جاتا ہے جس سے یہ ہم آہنگی حاصل کی جاسکے۔“

کریڈٹ رسک

چونکہ کمپنی کے حاضر فنڈ کے لئے سامنے ایسے بینک ہوتے ہیں جو جن کی کریڈٹ ریٹنگ اچھی ہوتی ہے اس لئے کریڈٹ رسک محدود ہوتا ہے۔ اس کے باوجود کاروباری قرضہ جات کے استعمال کی مناسب نگرانی، مخصوص اداروں کے ساتھ لین دین محدود کرنے اور کسٹمرز کی قرضہ کے حصول کے لئے اہلیت کے سخت تجزیے کے ذریعے کریڈٹ رسک کا مناسب اہتمام کیا گیا۔

سیالیاتی خطرات (لیکویڈیٹی رسک)

مخاطب سیالیاتی خطرات کی مناظمت کا مطلب ہے کہ مناسب مقدار میں کیش کی فراہمی کی یقین دہانی کی جائے۔ کمپنی موثر کیش منجمنٹ اور تقویض شدہ کریڈٹ لائن کی فراہمی کے ذریعے اس خطرہ کا مناسب اہتمام کرتی ہے۔

ادارے کی سماجی ذمہ داری

آپ کی کمپنی کو سماجی طور پر ذمہ دارانہ انداز میں کاروبار کی اہمیت کا احساس ہے اور اس کا اظہار ہمارے ملازمین، کسٹمرز اور سب سے بڑھ کر اس برادری کے ساتھ ہمارے تعلقات سے ہوتا ہے جہاں ہم کاروبار کرتے ہیں۔

BCL سماجی ذمہ داری کو اچھے کاروباری اصولوں کا لازمی جزو تصور کرتی ہے۔ اس سلسلے میں ہماری مختلف سرگرمیاں درج ذیل ہیں۔

توانائی کا بچاؤ

BCL جہاں ملک کی توانائی کی ضروریات سے بخوبی آگاہ ہے وہیں توانائی کے بچاؤ میں اپنی ذمہ داری کا احساس بھی رکھتی ہے۔ اس مقصد کے حصول کے لئے کمپنی روزمرہ سرگرمیوں میں انرجی کے استعمال کو کم سے کم تر کرنے کے لئے کوشاں رہتی ہے۔ ملازمین کو بجلی، گیس اور پانی کے غیر ضروری استعمال سے احتیاط کی تلقین کی جاتی ہے۔ اسی طرح انتظامیہ کی ہدایت پر کمپنی کی گاڑیوں میں فیول کے کم سے کم استعمال کے علاوہ تمام مقامات پر بجلی بچانے والے روشنی کے بلب استعمال پر توجہ دی جاتی ہے۔

ماحولیاتی تحفظ کے اقدامات

ہم سمجھتے ہیں کہ طرز زندگی کو بڑی اہمیت دیتے ہیں اور اس کے لئے تصورات کو عملی شکل دینے کے لئے کوشاں رہتے ہیں۔ ہم ماحول کے تحفظ کے لئے اقدامات کی حوصلہ افزائی کرتے ہیں۔ ہمارے آپریٹنگ ماحولیات سے متعلق قواعد و ضوابط کی پابندی کے ساتھ کئے جاتے ہیں اور مسلسل کوشش کی جاتی ہے کہ کمپنی کی پلانٹ پر سرگرمیاں ماحول دوست ہوں۔ اس سلسلے میں درج ذیل اقدامات پر خصوصی توجہ دی جاتی ہے۔

☆ کپولا سے پکناٹھ کے اخراج کے لئے نئی دارنیک

☆ مرکزی پلانٹ کے اخراج کے لئے صفائی کا انتظام

ڈائریکٹرز رپورٹ

معزز حصص یافتگان

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2016 کے اختتامی سال پر کمپنی کی سالانہ رپورٹ اور معامتی مالیاتی گوشوارے پیش کرنے میں خوشی محسوس کرتے ہیں۔

عام نکات

آپ کی کمپنی پاکستان سٹاک ایکسچینج میں پاکستان کی ایک پبلک لیمنٹڈ کمپنی کی حیثیت سے شامل ہے۔ کمپنی کی بنیادی تجارتی سرگرمی ٹریڈنگ اور دیگر گاڑیوں کے پرزہ جات کی پیداوار ہے۔

مالیاتی نتائج

رواں سال کے مالیاتی نتائج درج ذیل ہیں:

ہزار روپے	
(85,994)	جمع شدہ نقصانات جو آگے لائے گئے
(22,945)	30 جون 2015 کے اختتام پر حتمی ڈویڈنڈ
25,870	30 جون 2016 کے اختتام پر بعد از ٹیکس منافع
(33,438)	دیگر جامع نقصانات
(116,507)	جمع شدہ نقصانات جو آگے گئے

ڈویڈنڈ

آپ کی کمپنی کے ڈائریکٹرز نے ایک روپیہ فی شیئر یعنی 10 فیصد منافع کی سفارش کی ہے۔ اگر حصص یافتگان سالانہ عام اجلاس میں منظوری دے دیتے ہیں تو یہ ڈویڈنڈ اس اجلاس کے تیس یوم کے اندر حصص یافتگان کو، جن کے نام کا اندراج حصص یافتگان کے رجسٹر میں موجود ہے، 14 اکتوبر 2016ء تک ادائیگی کر دی جائیگی۔

بعد کے اثرات

مالی سال 2016 میں نقد ڈویڈنڈ، 11.473 ملین روپے ہے جو کہ 30 جون 2016 کے اختتام پذیر ہونے والے سال کے مالیاتی گوشوارے میں ظاہر کیا جائے گا۔ تاہم اس سے حصص یافتگان کو ڈویڈنڈ کی ادائیگی پر کوئی اثر نہیں پڑے گا۔

نی شیئر آمدنی

30 جون 2016 کو اختتام پذیر ہونے والے سال پر نی شیئر آمدنی 2.25 روپے تھی جبکہ گذشتہ سال یہ آمدنی 4.09 روپے نی شیئر تھی۔

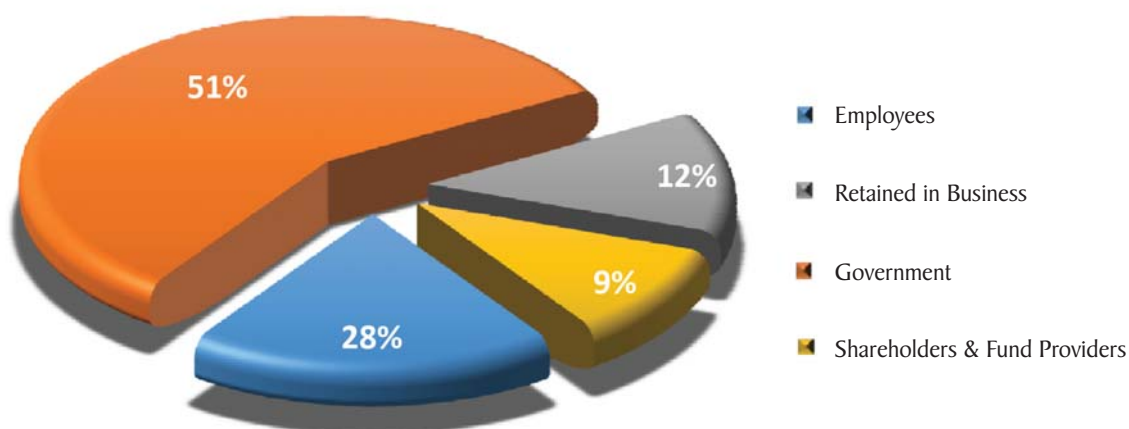
خطرات کی مناظمت (رئسک مینجمنٹ)

مجموعی خطرات جو کمپنی کے مالیاتی تعینات سے ظاہر ہو رہے ہیں وہ بہت محدود ہیں اور ان تعینات میں مارکیٹ کے خطرات کا کوئی ایسا قابل ذکر پہلو نہیں ہے۔

STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION

PARTICULARS	2016		2015	
	Rs. 000	%	Rs. 000	%
VALUE ADDITION				
Revenue Generated	1,571,025		1,996,637	
Bought-In Material and Services	(1,084,401)		(1,446,954)	
Other Income	10,360		13,164	
	<u>496,984</u>		<u>562,847</u>	
DISTRIBUTION TO:				
Employees				
Salaries, Wages and benefits	139,517	28.07	117,200	20.82
Workers Participation Fund	2,122	0.43	3,582	0.64
	<u>141,639</u>	<u>28.50</u>	<u>120,782</u>	<u>21.46</u>
Government				
Income Tax	13,550	2.73	24,726	4.39
Sales Tax	237,549	47.80	300,919	53.45
Workers Welfare Fund	899	0.18	1,504	0.27
	<u>251,998</u>	<u>50.71</u>	<u>327,149</u>	<u>58.11</u>
Shareholders & Fund Providers				
Cash Dividend	11,473	2.31	22,945	4.08
Financial Charges	33,138	6.67	46,319	8.23
	<u>44,611</u>	<u>8.98</u>	<u>69,264</u>	<u>12.31</u>
Retained in Business / (Utilized in Operations)	58,736	11.82	45,653	8.12
	<u>496,984</u>	<u>100</u>	<u>562,847</u>	<u>100</u>

2016



VERTICAL ANALYSIS

	2016		2015	
	(Rs. 000)	%	(Rs. 000)	%
Operating Results				
Net Sales	1,333,476	100.0	1,695,718	100.0
Cost of sales	1,192,600	89.4	1,506,268	88.8
Admin, selling & distribution expenses	75,619	5.7	79,569	4.7
Other operating expenses	3,060	0.2	5,086	0.3
Investment Income	1,204	0.1	811	0.0
Other income	9,156	0.7	12,354	0.7
Finance cost	33,138	2.5	46,319	2.7
Taxation	13,550	1.0	24,726	1.5
Profit / (Loss) after taxation	25,870	1.9	46,915	2.8
Balance Sheet				
Property, plant and equipment	184,429	19.9	187,058	15.5
Long-term investments	23,288	2.5	16,718	1.4
Other non-current assets	59,030	6.4	51,098	4.2
Current assets	658,260	71.2	948,799	78.8
Total assets	925,007	100.0	1,203,672	100.0
Total Share holder's equity	452,661	48.9	476,605	39.6
Long-term deposits	4,999	0.5	5,126	0.4
Staff retirement benefit - obligations	79,954	8.6	34,724	2.9
Deferred taxation	-	-	-	-
Short-term debts	274,202	29.6	592,917	49.3
Trade creditors	107,523	11.6	83,091	6.9
Other current liabilities	5,668	0.6	11,208	0.9
Total liabilities	472,346	51.1	727,067	60.4
Total equity and liabilities	925,007	100.0	1,203,672	100.0
Cash Flow				
Cash generated from operations	414,988	128.6	(55,650)	37.3
Cash flow from/(used in) operating activities	364,002	112.8	(135,539)	90.9
Cash flow from/(used in) investing activities	(18,453)	(5.7)	(13,565)	9.1
Cash flow from/(used in) financing activities	(22,771)	(7.1)	-	-
Net increase/(decrease) in cash and cash equivalents	322,778	100.0	(149,104)	100.0

VERTICAL ANALYSIS

2014		2013		2012		2011	
(Rs. 000)	%	(Rs. 000)	%	(Rs. 000)	%	(Rs. 000)	%
1,111,227	100.0	1,745,974	100.0	1,724,539	100.0	1,946,677	100.0
1,133,183	102.0	1,585,275	90.8	1,533,750	88.9	1,711,481	87.9
75,402	6.8	84,404	4.8	77,337	4.5	81,439	4.2
-	-	3,231	0.2	5,039	0.3	9,556	0.5
743	0.1	856	0.0	1,076	0.1	1,075	0.1
12,625	1.1	9,711	0.6	9,845	0.6	12,344	0.6
62,353	5.6	49,354	2.8	50,330	2.9	33,822	1.7
40,819	3.7	11,160	0.6	22,395	1.3	45,593	2.3
(105,525)	(9.5)	22,261	1.3	46,608	2.7	78,205	4.0
193,926	18.8	219,561	16.6	240,645	22.1	235,330	23.8
12,219	1.2	14,088	1.1	8,338	0.8	9,171	0.9
61,897	6.0	18,343	1.4	19,261	1.8	5,106	0.5
761,620	74.0	1,072,818	81.0	819,929	75.3	739,686	74.8
1,029,662	100.0	1,324,810	100.0	1,088,173	100.0	989,293	100.0
440,311	42.8	547,125	41.3	540,444	49.7	522,145	52.8
3,852	0.4	4,895	0.4	5,178	0.5	4,442	0.4
21,846	2.1	18,834	1.4	12,162	1.1	35,681	3.6
-	-	19,557	1.5	25,477	2.3	25,001	2.5
444,518	43.2	496,237	37.5	287,733	26.4	147,361	14.9
106,267	10.3	209,770	15.8	207,838	19.1	247,873	25.1
12,867	1.2	28,392	2.1	9,341	0.9	6,791	0.7
589,350	57.2	777,685	58.7	547,729	50.3	467,148	47.2
1,029,662	100.0	1,324,810	100.0	1,088,173	100.0	989,293	100.0
138,713	282.6	(90,108)	43.7	7,127	(4.6)	278,139	319.1
46,340	94.4	(179,105)	86.9	(107,379)	69.1	186,039	213.4
2,742	5.6	(6,026)	2.9	(32,439)	20.9	(24,950)	(28.6)
-	-	(20,869)	10.1	(15,557)	10.0	(73,927)	(84.8)
49,081	100.0	(206,001)	100.0	(155,376)	100.0	87,162	100.0

HORIZONTAL ANALYSIS

	2016 (Rs. 000)	Inc./ (dec.) vs last year figure %	2015 (Rs. 000)	Inc./ (dec.) vs last year figure %
Operating results				
Net Sales	1,333,476	(21.4)	1,695,718	52.6
Cost of sales	1,192,600	(20.8)	1,506,268	32.9
Gross profit / (Loss)	140,876	(25.6)	189,450	(962.9)
Admin, selling & distribution expenses	75,619	(5.0)	79,569	5.5
Other operating expenses	3,060	(39.8)	5,086	(100.0)
Investment Income	1,204	48.6	811	9.1
Other income	9,156	(25.9)	12,354	(2.1)
Profit / (Loss) before finance cost	72,557	(38.5)	117,959	(240.4)
Finance cost	33,138	(28.5)	46,319	(25.7)
Profit / (Loss) before Taxation	39,420	(45.0)	71,640	(149.0)
Taxation	13,550	(45.2)	24,726	(39.4)
Profit after taxation	25,870	(44.9)	46,915	(144.5)
Balance Sheet				
Property, plant and equipment	184,429	(1.4)	187,058	(3.5)
Long-term investments	23,288	39.3	16,718	36.8
Other non-current assets	59,030	15.5	51,098	(17.4)
Current assets	658,260	(30.6)	948,799	24.6
Total assets	925,007	(23.2)	1,203,672	16.9
Share capital	114,725	0.0	114,725	-
Reserves	337,936	(6.6)	361,880	11.1
Total Share holder's equity	452,661	(5.0)	476,605	8.2
Long term Deposits	4,999	(2.5)	5,126	33.1
Staff retirement benefit - obligations	79,954	130.3	34,724	59.0
Deferred taxation	-	-	-	-
Short-term debts	274,202	(53.8)	592,917	33.4
Trade creditors	107,523	29.4	83,091	(21.8)
Other current liabilities	5,668	(49.4)	11,208	(12.9)
Total liabilities	472,346	(35.0)	727,067	23.4
Total equity and liabilities	925,007	(23.2)	1,203,672	16.9
Cash Flow				
Cash generated from operations	414,988	845.7	(55,650)	(140.1)
Cash flow from/(used in) operating activities	364,002	368.6	(135,539)	(392.5)
Cash flow from/(used in) investing activities	(18,453)	36.0	(13,565)	(594.1)
Cash flow from/(used in) financing activities	(22,771)	100.0	-	-
Net increase/(decrease) in cash and cash equivalents	322,778	316.5	(149,104)	(403.8)

HORIZONTAL ANALYSIS

2014 (Rs. 000)	Inc./ (dec.) vs last year figure %	2013 (Rs. 000)	Inc./ (dec.) vs last year figure %	2012 (Rs. 000)	Inc./ (dec.) vs last year figure %	2011 (Rs. 000)	Inc./ (dec.) vs last year figure %
1,111,227	(36.4)	1,745,974	1.2	1,724,539	(11.4)	1,946,677	14.0
1,133,183	(28.5)	1,585,275	3.3	1,533,750	(10.4)	1,711,481	16.6
(21,956)	(113.7)	160,699	(15.6)	190,789	(18.9)	235,196	(1.8)
75,402	(10.7)	84,404	9.1	77,337	(5.0)	81,439	4.5
-	(100.0)	3,231	(35.9)	5,039	(47.3)	9,556	1.4
743	(13.2)	856	(20.4)	1,076	0.1	1,075	0.2
12,625	42.6	8,855	(10.0)	9,845	(20.2)	12,344	(25.9)
(83,990)	(201.5)	82,775	(30.6)	119,334	(24.3)	157,621	(7.2)
62,353	26.3	49,354	(1.9)	50,330	48.8	33,822	(23.4)
(146,343)	(537.9)	33,421	(51.6)	69,003	(44.3)	123,799	(1.6)
40,819	265.8	11,160	(50.2)	22,395	(50.9)	45,593	4.6
(105,525)	(574.0)	22,261	(52.2)	46,608	(40.4)	78,205	(4.8)
193,926	(11.7)	219,561	(8.8)	240,645	2.3	235,330	(0.4)
12,219	(13.3)	14,088	69.0	8,338	(9.1)	9,171	10.0
61,897	237.4	18,343	(4.8)	19,261	277.3	5,106	2.9
761,620	(29.0)	1,072,818	30.8	819,929	10.8	739,686	(6.8)
1,029,662	(22.3)	1,324,810	21.7	1,088,173	10.0	989,293	(5.1)
114,725	10.0	104,296	-	104,296	-	104,296	10.0
325,586	(26.5)	442,829	1.5	436,148	4.4	417,849	12.3
440,311	(19.5)	547,125	1.2	540,444	3.5	522,145	11.9
3,852	(21.3)	4,895	(5.5)	5,178	16.6	4,442	15.6
21,846	16.0	18,834	54.9	12,162	(65.9)	35,681	17.8
-	(100.0)	19,557	(23.2)	25,477	1.9	25,001	11.7
444,518	(10.4)	496,237	72.5	287,733	95.3	147,361	(33.6)
106,267	(49.3)	209,770	0.9	207,838	(16.2)	247,873	3.6
12,867	(54.7)	28,392	204.0	9,341	37.6	6,791	7.5
589,350	(24.2)	777,685	42.0	547,729	17.2	467,148	(18.9)
1,029,662	(22.3)	1,324,810	21.7	1,088,173	10.0	989,293	(5.1)
138,714	(253.5)	(90,373)	(1,368.1)	7,127	(97.4)	278,139	71.4
46,336	(125.9)	(179,106)	66.8	(107,379)	(157.7)	186,039	123.2
2,746	145.5	(6,026)	(81.4)	(32,439)	30.0	(24,950)	25.3
-	100.0	(20,869)	(34.1)	(15,557)	(79.0)	(73,927)	100.0
49,081	123.8	(206,001)	(32.6)	(155,376)	(278.3)	87,162	37.4

DECADE AT A GLANCE

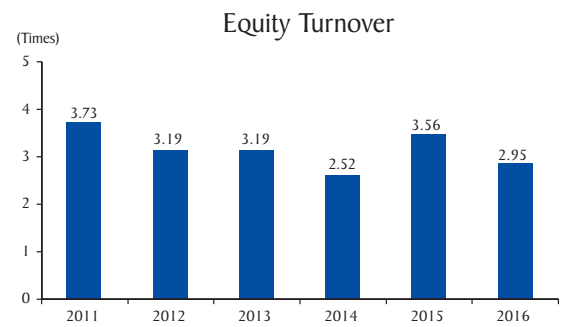
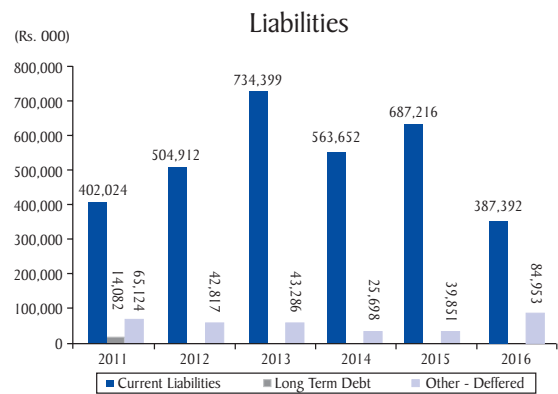
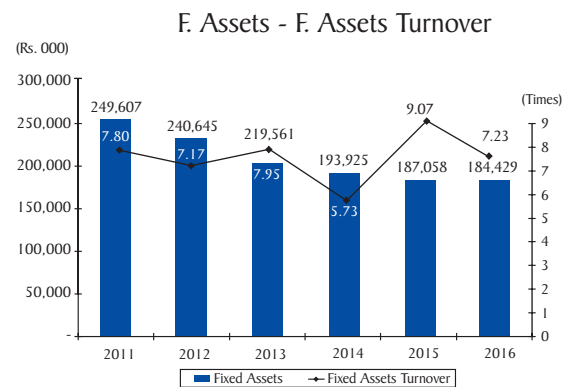
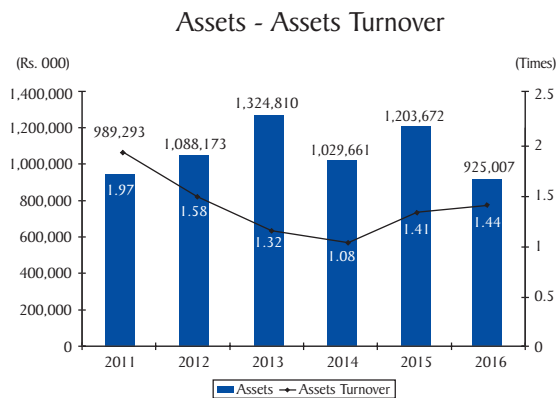
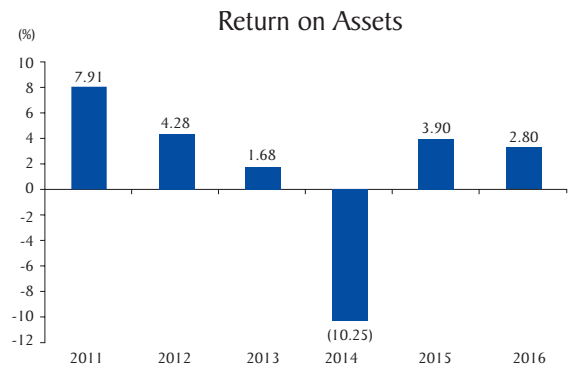
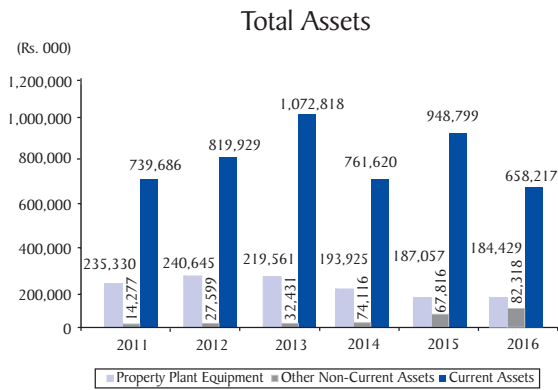
(Rupees in thousand)

Year ended 30th June	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
INCOME										
Net Sales	1,333,476	1,695,718	1,111,227	1,745,974	1,724,539	1,946,677	1,707,846	1,604,626	1,130,538	869,672
Gross Profit / (Loss)	140,876	189,450	(21,956)	160,699	190,789	235,196	239,562	164,253	113,943	109,174
Operating profit / (Loss)	72,557	117,959	(83,989)	82,775	124,372	167,176	179,341	115,454	67,403	64,300
Profit / (Loss) before Tax	39,420	71,640	(146,343)	33,421	69,003	123,799	125,749	53,150	34,500	39,870
Profit / (Loss) after Tax	25,870	46,914	(105,525)	22,261	46,608	78,205	82,157	34,026	22,648	26,038
FINANCIAL POSITION										
Current Assets	658,260	948,799	761,620	1,072,818	819,929	739,686	793,499	639,502	533,411	433,427
Less: Current Liabilities	387,392	687,216	563,652	734,399	504,912	402,024	505,603	444,777	390,722	279,276
Net Working Capital	270,868	261,583	197,968	338,419	315,017	337,662	287,896	194,725	142,689	154,151
Property, Plant and Equipment	184,429	187,057	193,925	219,561	240,645	235,330	236,205	242,245	252,155	255,249
Others-Non Current Assets	82,318	67,816	74,116	32,431	27,599	14,277	13,301	12,926	21,379	23,111
	537,615	516,456	466,009	590,411	583,261	587,268	537,401	449,896	416,223	432,510
Less: Long Term Debts	-	-	-	-	-	-	14,082	50,332	84,128	121,190
Other Liabilities	84,953	39,851	25,698	43,286	42,817	65,124	56,510	51,450	30,952	23,028
Shareholders' Equity	452,661	476,605	440,311	547,125	540,444	522,145	466,809	384,364	334,940	325,355
REPRESENTED BY:										
Share Capital	114,725	114,725	114,725	104,296	104,296	104,296	94,814	79,012	60,778	55,253
General Reserves	424,500	424,500	424,500	411,500	385,500	323,500	274,500	256,500	240,000	230,000
Unrealized Gain on Long Term Investment	17,788	11,218	6,719	8,588	2,838	3,671	2,838	2,550	11,463	13,475
Premium on issuance of Right Share	12,156	12,156	12,156	12,156	12,156	12,156	12,156	12,156	-	-
Unappropriated Profit / (Loss)	(116,507)	(85,994)	(117,789)	10,585	35,654	78,522	82,502	34,147	22,699	26,627
Net Capital Employed	452,661	476,605	440,311	547,125	540,444	522,145	466,809	384,364	334,940	325,355
Summary of Cash Flows										
Cash flows from operating activities	364,002	(135,539)	46,336	(179,106)	(107,379)	186,039	84,150	23,627	(45,964)	(51,536)
Cash used in investing activities	(18,453)	(13,565)	2,746	(6,026)	(32,439)	(24,950)	(20,710)	(17,776)	(23,737)	(67,612)
cash used in financing activities	(22,771)	-	-	(20,869)	(15,557)	(73,927)	-	(11,955)	(44,559)	(45,632)
Net change in cash and cash equivalents	322,778	(149,104)	49,081	(206,001)	(155,375)	87,161	63,440	(6,104)	(114,260)	(164,781)

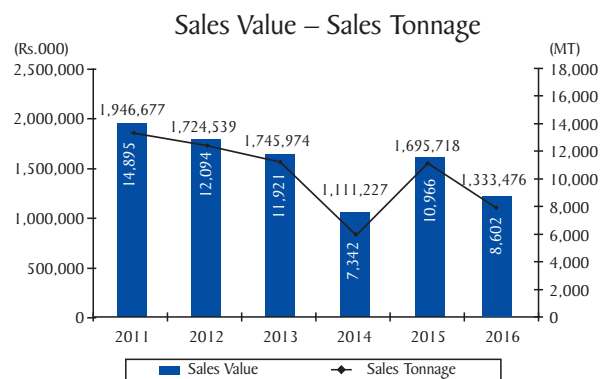
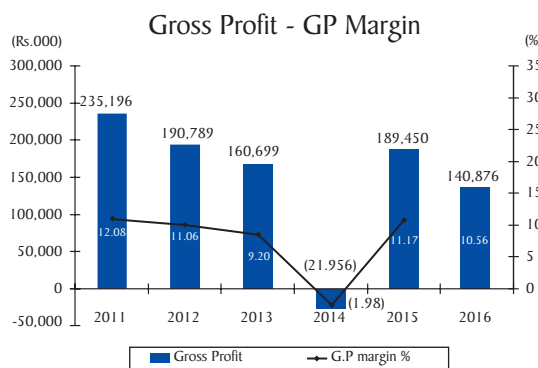
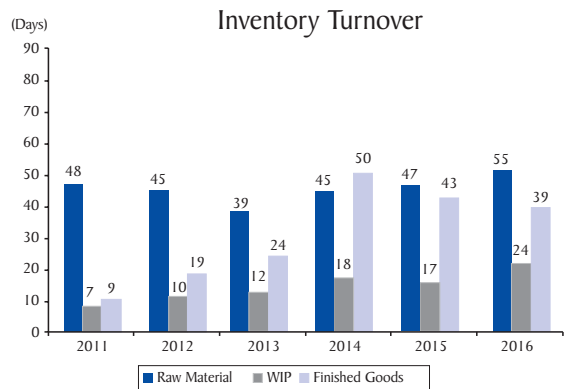
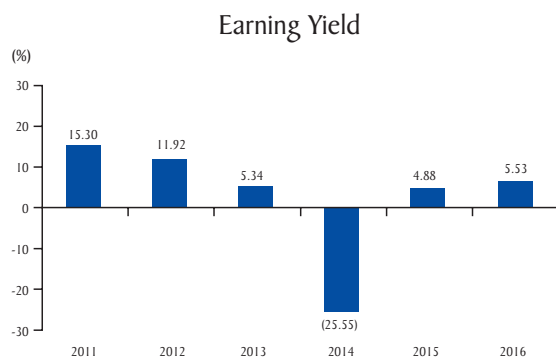
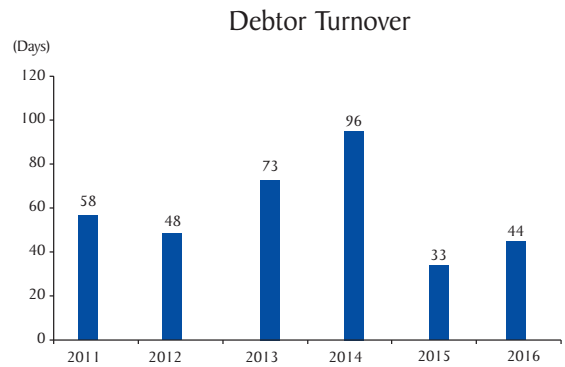
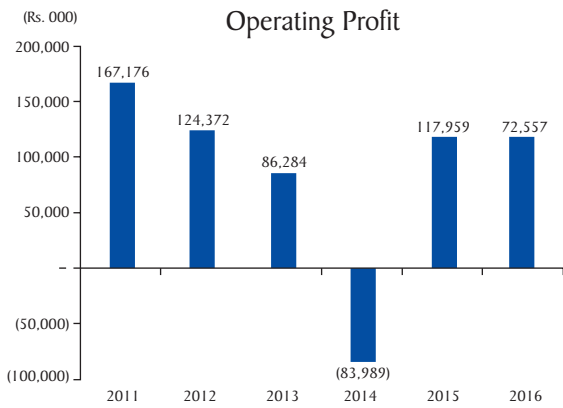
DECADE AT A GLANCE

Year ended 30th June	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
PRODUCTION / SALES										
Production Capacity Installed (MT)	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	10,367	10,367
Production Capacity Attained (MT)	8,437	11,368	8,575	12,264	12,800	16,278	16,069	14,335	13,801	13,543
Capacity Ratio (%)	64	86	65	93	97	123	122	109	133	131
Net Sales (MT)	8,602	10,966	7,342	11,921	12,094	14,895	15,343	13,272	12,907	12,384
MARKET VALUE RATIOS										
Break up value of a Share of Rs. 10/-each	39.46	41.54	38.38	52.46	51.82	50.06	49.23	48.65	55.11	58.88
Dividend (Rupees per share)	1.00	2.00	-	-	2.00	1.50	2.50	-	-	2.00
Dividend (%)	10	20	-	-	20	15	25	-	-	20
Bonus Shares (%)	-	-	-	10	-	-	10	20	10	10
PROFITABILITY RATIOS										
Gross Profit / (Loss) Ratios (%)	10.56	11.17	(1.98)	9.20	11.06	12.08	14.03	10.24	10.08	12.55
Profit / (Loss) before Tax to Sales (%)	2.96	4.22	(13.17)	1.91	4.00	6.36	7.36	3.31	3.05	4.58
Profit / (Loss) after Tax to Sales (%)	1.94	2.77	(9.50)	1.27	2.70	4.02	4.81	2.12	2.00	2.99
Basic Earnings per share - EPS (Rs.)	2.25	4.09	(9.20)	2.13	4.47	7.50	7.88	3.46	2.95	4.28
Earning Yield - year end price (%)	5.53	4.88	(25.55)	5.34	11.92	15.30	22.14	15.73	5.49	6.12
Price Earning Ratio - year end price	18.11	20.48	(3.91)	20.62	8.39	6.53	4.52	6.36	18.22	16.34
EBITDA%(Earning before interest,tax, depreciation & Amortization).	3.84	5.66	(5.37)	6.31	8.60	10.00	12.09	8.93	8.39	9.42
Dividend Payout (%)	44.44	48.90	-	-	44.74	20.00	28.85	-	-	42.44
Dividend Yield Ratio (%)	2.45	2.39	-	-	5.33	3.06	7.03	-	-	2.60
Return on Equity (%)	5.72	9.84	(23.97)	4.07	8.62	14.98	17.60	8.85	6.76	8.00
Return on assets (%)	2.80	3.90	(10.25)	1.68	4.28	7.91	7.88	3.80	2.81	3.64
Operating Cycle	78.74	103.14	120.91	66.99	74.84	70.00	89.00	78.00	114.00	109.00
Dividend Cover	2.25	2.05	-	-	2.24	5.00	3.47	-	-	2.36
LIQUIDITY RATIOS										
Current Ratio	1.7:1	1.38:1	1.35:1	1.46:1	1.62:1	1.84:1	1.57:1	1.44:1	1.37:1	1.54:1
Quick Ratio	0.77:1	0.55:1	0.50:1	0.91:1	0.71:1	1.12:1	1.19:1	1.10:1	0.96:1	0.62:1
ACTIVITY RATIOS										
Raw material Inventory Turnover - (days)	55	47	45	39	45	48	48	38	68	76
WIP Inventory Turnover - (days)	24	17	18	12	10	7	7	7	10	13
Finished Goods Inventory Turnover - (days)	39	43	50	24	19	9	5	4	4	6
Debtors Turnover Ratio (days)	44	33	96	73	48	58	74	54	48	36
Assets Turnover ratio (%)	0.69	0.71	0.93	0.76	0.63	1.97	1.64	1.79	1.40	1.22
Creditors Turnover Ratio (days)	84	36	88	81	47	63	44	24	25	29
Assets Turnover - (times)	1.44	1.41	1.08	1.32	1.58	1.97	1.64	1.79	1.40	1.22
Fixed Assets Turnover - (times)	7.23	9.07	5.73	7.95	7.17	7.80	6.84	6.29	4.13	3.12
LEVERAGE RATIOS										
Equity Turnover - (times)	2.95	3.56	2.52	3.19	3.19	3.73	3.66	4.17	3.38	2.67
Debt-Equity Ratio	-	-	-	-	-	-	3:97	4:96	13:87	21:79
SHARE PRICE- (RS.)										
Highest	91.25	91.35	50.02	44.00	50.90	52.25	63.06	64.60	84.00	114.65
Lowest	39.35	32.89	29.45	33.25	26.60	35.25	22.00	22.00	61.00	68.00
Average	65.30	62.12	39.74	38.63	38.75	43.75	42.53	43.30	73.06	91.33
At the year end	40.75	83.75	36.00	40.00	37.50	49.00	35.58	22.00	67.95	77.00

GRAPHICAL ILLUSTRATION



GRAPHICAL ILLUSTRATION



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the Pakistan Stock Exchange Limited Regulations 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 independent non-executive directors and directors representing minority interest on its Board of Directors (the Board). At present the Board includes:

Category	Names
Non-Executive Directors	Mr. Sikandar M. Khan Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Mian Muhammad Saleem Syed Muhammad Irfan Aqueel Mr. Muhammad Imran Rafiq (NIT Nominee)
Executive Directors	Mr. Nisar Ahmed Mirani - CEO Mr. Saifuddin
Independent Director	Syed Javaid Ashraf

The independent director meets the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies).
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. Casual vacancies occurring in the Board on April 27, 2016 and April 29, 2016 were filled up by the directors within 90 days.
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 a 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.
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.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

9. The Company has arranged an orientation course for its directors during the year to acquaint them with the necessary skills and knowledge to carry out duties and responsibilities as director of the Company. Six directors of the Company meet the exemption criteria of the Directors' Training Program and two directors have acquired certification under the said program.
10. The Board has approved the appointment, remuneration and terms and conditions of employment of the Head of Internal Audit, CFO and Company Secretary.
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 four members, of whom one is independent director and three are non-executive directors including the Chairman of the Committee.
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 (HR) and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the Chairman of the Committee is also a non-executive director.
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 a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP). Further, they have confirmed 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 materially 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. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi
September 05, 2016

NISAR AHMED MIRANI
Chief Executive



REVIEW REPORT TO THE MEMBERS ON THE 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 Bolan Castings Limited for the year ended June 30, 2016 to comply with the requirements of Regulation No. 5.19 of the Pakistan Stock Exchange Limited Regulations 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 to 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 a part of our audit of the 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 June 30, 2016.

Chartered Accountants
Karachi

Dated: September 23, 2016

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Bolan Castings Limited as at 30 June 2016 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 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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 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 2016 and of the profit, total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants
Karachi

Dated: September 23, 2016

Name of the engagement partner: Farrukh Rehman

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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BALANCE SHEET

AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	4	184,429,083	187,057,730
Intangible assets	5	-	201,563
Long-term investment	6	23,287,500	16,718,125
Long term loans	7	780,745	777,745
Deferred taxation	8	54,356,279	40,179,459
Long-term deposits	9	3,893,041	3,612,000
Staff retirement benefits - prepayment	10	-	6,326,953
		<u>266,746,648</u>	<u>254,873,575</u>
Current assets			
Stores, spare parts and loose tools	11	84,624,858	84,345,162
Stock-in-trade	12	280,698,434	489,320,254
Trade debts	13	141,878,725	183,250,126
Loans and advances	14	4,612,090	9,614,849
Trade deposits and short term prepayments	15	340,640	21,722,339
Other receivables	16	2,628,083	2,868,829
Refunds due from the government - sales tax		5,693,846	19,347,640
Taxation - payments less provision		124,831,054	129,439,128
Cash and bank balances	17	12,952,661	8,890,582
		<u>658,260,391</u>	<u>948,798,909</u>
Total assets		<u><u>925,007,039</u></u>	<u><u>1,203,672,484</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18	114,725,290	114,725,290
Reserves	19	337,936,125	361,879,819
		<u>452,661,415</u>	<u>476,605,109</u>
LIABILITIES			
Non-current liabilities			
Long term deposits	20	4,999,301	5,126,432
Staff retirement benefits - obligations	10	79,953,882	34,724,304
		<u>84,953,183</u>	<u>39,850,736</u>
Current liabilities			
Trade and other payables	21	107,523,406	83,091,092
Current portion of long term deposits	20	898,636	845,500
Accrued mark-up		4,768,886	10,362,800
Short term borrowings - from banks	22	274,201,513	592,917,247
		<u>387,392,441</u>	<u>687,216,639</u>
Total liabilities		<u>472,345,624</u>	<u>727,067,375</u>
Contingencies and commitments	23		
Total equity and liabilities		<u><u>925,007,039</u></u>	<u><u>1,203,672,484</u></u>

The annexed notes 1 to 43 form an integral part of these financial statements



Chief Executive



Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales	24	1,333,475,781	1,695,718,102
Cost of sales	25	(1,192,599,912)	(1,506,267,955)
Gross profit		<u>140,875,869</u>	<u>189,450,147</u>
Distribution cost	26	(34,256,017)	(45,197,537)
Administrative expenses	27	(41,363,311)	(34,371,600)
Other expenses	28	(3,059,715)	(5,086,026)
Other income	29	10,360,426	13,164,427
Profit from operations		<u>72,557,252</u>	<u>117,959,411</u>
Finance cost	30	(33,137,723)	(46,319,028)
Profit before taxation		<u>39,419,529</u>	<u>71,640,383</u>
Taxation	31	(13,549,726)	(24,725,847)
Profit after taxation		<u><u>25,869,803</u></u>	<u><u>46,914,536</u></u>
Earnings per share - Basic and diluted	32	<u><u>2.25</u></u>	<u><u>4.09</u></u>

The annexed notes 1 to 43 form an integral part of these financial statements


Chief Executive


Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
Profit after taxation	25,869,803	46,914,536
Other comprehensive loss:		
Items that will not be reclassified to profit or loss		
Remeasurements of staff retirement benefits - note 10	(47,768,306)	(21,600,313)
Impact of deferred tax	14,330,492	6,480,296
	(33,437,814)	(15,120,017)
Items that may be subsequently reclassified to profit or loss		
Unrealised gain on revaluation of available-for-sale investment - note 6	6,569,375	4,499,375
Total comprehensive (loss) / income for the year	<u>(998,636)</u>	<u>36,293,894</u>

The annexed notes 1 to 43 form an integral part of these financial statements



Chief Executive



Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	33	414,988,085	(55,650,130)
(Decrease) / Increase in long term loans		(3,000)	69,255
Decrease in long term deposits - net		812,464	1,174,917
Income tax paid - net		(8,787,980)	(29,340,127)
Staff retirement benefits paid		(4,749,833)	(4,659,761)
Mark-up paid		(38,257,910)	(47,133,106)
Net cash generated from / (used in) operating activities		364,001,826	(135,538,952)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(24,470,641)	(18,297,401)
Proceeds from disposal of property, plant and equipment		4,813,049	4,817,687
Return received on savings and deposit accounts		341,959	163,901
Investment in term deposits receipts		-	(896,000)
Dividend income		862,500	646,875
Net cash used in investing activities		(18,453,133)	(13,564,938)
CASH USED IN FINANCING ACTIVITIES			
Dividend paid		(22,770,880)	-
Net increase / (decrease) in cash and cash equivalents		322,777,813	(149,103,890)
Cash and cash equivalents at the beginning of the year		(586,487,865)	(437,383,975)
Cash and cash equivalents at the end of the year	34	(263,710,052)	(586,487,865)

The annexed notes 1 to 43 form an integral part of these financial statements



Chief Executive



Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

	Reserves					Sub Total	Total
	Capital		Revenue				
	Share Capital	Share premium	General	Unappropriated Profit / (Accumulated loss)	Gain on revaluation of available for sale investment		
	------(Rupees)-----						
Balance as at July 1, 2014	114,725,290	12,155,680	424,500,000	(117,788,505)	6,718,750	325,585,925	440,311,215
Total comprehensive income for the year ended June 30, 2015							
- Profit for the year ended June 30, 2015	-	-	-	46,914,536	-	46,914,536	46,914,536
- Other comprehensive loss for the year ended June 30, 2015	-	-	-	(15,120,017)	4,499,375	(10,620,642)	(10,620,642)
	-	-	-	31,794,519	4,499,375	36,293,894	36,293,894
Balance as at June 30, 2015	114,725,290	12,155,680	424,500,000	(85,993,986)	11,218,125	361,879,819	476,605,109
Final cash dividend @ 20% for the year ended June 30, 2015	-	-	-	(22,945,058)	-	(22,945,058)	(22,945,058)
Total comprehensive loss for the year ended June 30, 2016							
- Profit for the year ended June 30, 2016	-	-	-	25,869,803	-	25,869,803	25,869,803
- Other comprehensive loss for the year ended June 30, 2016	-	-	-	(33,437,814)	6,569,375	(26,868,439)	(26,868,439)
	-	-	-	(7,568,011)	6,569,375	(98,636)	(98,636)
Balance as at June 30, 2016	114,725,290	12,155,680	424,500,000	(116,507,055)	17,787,500	337,936,125	452,661,415

The annexed notes 1 to 43 form an integral part of these financial statements


Chief Executive


Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

1. THE COMPANY AND ITS OPERATIONS

Bolan Castings Limited (the Company) is a public limited company incorporated and domiciled in Pakistan and listed on the Pakistan Stock Exchange (PSX). The registered office and manufacturing plant of the Company is situated at main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan. The Company manufactures and sells castings for tractors and automotive parts.

Consequent to the application of IFRS 10 - Consolidated Financial Statements, the Millat Tractors Limited holding 46.26% shares of the Company have decided to consolidate its accounts due to which the Company has now become a subsidiary of the Millat Tractors Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

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 (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

During the year Securities and Exchange Commission of Pakistan (SECP) has issued a circular No. 14 of 2016 dated April 21, 2016, in relation to mandatory disclosure requirements for listed companies for All Shares Islamic Index Screening. The disclosures required by the circular have been disclosed in the respective notes to the financial statements, where applicable. The Company has provided the above disclosures according to the underlying terms of the arrangements.

2.1.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 1, 2015 and are considered to be relevant to the Company's operations.

IFRS 10, 'Consolidated financial statements' replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and separate financial statements', and SIC-12, 'Consolidation - special purpose entities'. IAS 27 is renamed 'Separate financial statements', it continues to be a standard dealing solely with separate financial statements. IFRS 10 has the potential to affect all reporting entities (investors) that control one or more investees under the revised definition of control. The standard has only affected the disclosures in the financial statements of the Company.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangement, associates, structured entities and other off balance sheet vehicles. There are no changes to disclosures on application of the standard on the Company's financial statements.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard has only affected the disclosures in the financial statements of the Company.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

Except as stated above, the new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

NOTES TO THE FINANCIAL STATEMENTS

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendments provides clarification on number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

The change will impact the disclosures of the Company's financial statements.

2.2 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost less depreciation except capital work-in-progress which is stated at cost. Depreciation is calculated using the reducing balance method at the rates given in note 4 to the financial statements. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month immediately preceding the disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The carrying value of operating assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of property, plant and equipment are recognised in the profit and loss account.

2.4 Intangible assets and amortisation

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Costs that are directly associated with identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognised as intangible assets. Direct costs include the purchase cost of the intangible asset, implementation cost and related overhead cost.

Intangible assets are amortised using the straight-line method over a period of three years or license period, whichever is shorter.

The carrying value of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

2.5 Investments

The Company determines the appropriate classification of its investment at the time of purchase.

Investment in securities which are intended to be held for an undefined period of time are classified as available for sale. These are initially measured at fair value including the transaction costs. Subsequent measurement of investments whose fair value can be reliably measured is stated at fair value with gains or losses taken to other comprehensive income.

2.6 Taxation

2.6.1 Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any.

2.6.2 Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is charged or credited in the profit and loss account. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

2.7 Stores, spare parts and loose tools

Stores, spare parts and loose tools, except items in transit, are stated at moving average cost. Cost comprises invoice value and other direct costs. Provision is made for slow moving and obsolete items wherever necessary.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.8 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Cost of raw material and work in process is determined using the weighted average basis and cost of finished goods is determined using the First In First Out (FIFO) method. Cost for stock-in-transit represents invoice value and other charges paid thereon. Cost of work in process and finished goods include cost of raw materials and appropriate portion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make sale.

2.9 Trade and other receivables

Trade debts and other receivables are carried at invoice value less a provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written-off.

2.10 Staff retirement and other benefits

2.10.1 Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

The Company operates an approved contributory provident fund for all eligible employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% per annum of the basic salary.

NOTES TO THE FINANCIAL STATEMENTS

2.10.2 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors, such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds or the market rates on Government bonds. These are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

The Company operates the following schemes:

- i) Funded pension scheme for all of the Company's eligible employees including all non-executive employees and executive employees appointed under the old salary grade scale upto 2006. Contributions are made to the fund by both the employer and employees on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at June 30, 2016, using the 'Projected Unit Credit Method'.
- ii) Funded gratuity scheme for all of the Company's eligible executive employees appointed under the old salary grade scale upto 2006. Provisions are made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2016, using the 'Projected Unit Credit Method'.
- iii) Unfunded gratuity scheme for all of the Company's eligible non-executive employees. Provisions are made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2016, using the 'Projected Unit Credit Method'.

The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Past service costs are recognised immediately in income.

2.10.3 Compensated absences

The Company accounts for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks on current, savings and deposit accounts, short-term investments with original maturities of three months or less, running finance under mark-up arrangements and short-term finance.

2.12 Impairment

2.12.1 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.

The Company considers evidence of impairment for receivable and other financial assets at specific asset levels. Losses are recognised as an expense in the profit and loss account. When a subsequent event causes the amount of impairment loss to decrease, this reduction is reversed through the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

2.12.2 Non-financial assets

The carrying amounts of non-financial assets, 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 recognised 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 assessment of the time value of money and the risk specific to the assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.13 Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

2.14 Provisions

Provisions are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.15 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Sales are recorded upon transfer of title to the customers, which generally coincides with physical delivery.
- Dividend income is recognised when the Company's right to receive the dividend is established.
- Return / Interest on bank deposits are recognised on accrual basis.

2.16 Dividends and appropriation to general reserve

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

2.17 Foreign currency transactions and translation

Foreign currency transactions are converted into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are taken to income.

2.18 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

Financial assets and liabilities are off set and the net amount is reported in the balance sheet if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

2.19 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

i. Taxation

The Company recognises provision for income tax based on best current estimates. However, where the final tax outcome is different from the amounts that were initially recorded, such differences impact the income tax provision in the period in which such determination is made.

ii. Defined benefit plans

Significant estimates relating to post employment benefits are disclosed in note 10.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the financial statements.

No critical judgment has been used in applying accounting policies.

4. PROPERTY, PLANT AND EQUIPMENT

	2016 Rupees	2015 Rupees
Operating assets - note 4.1	180,313,083	183,817,230
Capital work-in-progress - note 4.2	4,116,000	3,240,500
	<u>184,429,083</u>	<u>187,057,730</u>

NOTES TO THE FINANCIAL STATEMENTS

4.1 Operating assets

	Freehold land	Building on freehold land	Plant and machinery (note 4.1.1)	Furniture and fittings	Office equipments (note 4.1.2)	Computers	Vehicles	Total
----- Rupees -----								
Year ended June 30, 2016								
Opening net book value	2,678,754	22,487,707	134,643,329	522,310	3,196,880	567,470	19,720,780	183,817,230
Additions (at cost)	-	235,053	9,631,081	25,100	694,150	122,257	11,720,000	22,427,641
Disposals (at NBV)	-	-	-	-	-	(19,123)	(4,518,758)	(4,537,881)
Depreciation charge	-	(2,250,729)	(13,980,689)	(50,051)	(350,460)	(179,180)	(4,582,798)	(21,393,907)
Closing net book value	<u>2,678,754</u>	<u>20,472,031</u>	<u>130,293,721</u>	<u>497,359</u>	<u>3,540,570</u>	<u>491,424</u>	<u>22,339,224</u>	<u>180,313,083</u>
At June 30, 2016								
Cost	2,678,754	82,416,738	519,105,923	1,406,654	8,512,645	3,822,529	39,356,847	657,300,090
Accumulated depreciation	-	(61,944,707)	(388,812,202)	(909,295)	(4,972,075)	(3,331,105)	(17,017,623)	(476,987,007)
Net book value	<u>2,678,754</u>	<u>20,472,031</u>	<u>130,293,721</u>	<u>497,359</u>	<u>3,540,570</u>	<u>491,424</u>	<u>22,339,224</u>	<u>180,313,083</u>
Year ended June 30, 2015								
Opening net book value	2,678,754	24,588,259	144,861,703	551,367	3,076,760	654,356	17,514,358	193,925,557
Additions (at cost)	-	368,431	4,760,291	26,000	442,779	157,400	9,302,000	15,056,901
Disposals (at NBV)	-	-	(351,380)	-	-	(26,982)	(3,345,442)	(3,723,804)
Depreciation charge	-	(2,468,983)	(14,627,285)	(55,057)	(322,659)	(217,304)	(3,750,136)	(21,441,424)
Closing net book value	<u>2,678,754</u>	<u>22,487,707</u>	<u>134,643,329</u>	<u>522,310</u>	<u>3,196,880</u>	<u>567,470</u>	<u>19,720,780</u>	<u>183,817,230</u>
At June 30, 2015								
Cost	2,678,754	82,181,685	509,474,842	1,381,554	7,818,495	3,753,640	38,330,177	645,619,147
Accumulated depreciation	-	(59,693,978)	(374,831,513)	(859,244)	(4,621,615)	(3,186,170)	(18,609,397)	(461,801,917)
Net book value	<u>2,678,754</u>	<u>22,487,707</u>	<u>134,643,329</u>	<u>522,310</u>	<u>3,196,880</u>	<u>567,470</u>	<u>19,720,780</u>	<u>183,817,230</u>
Depreciation rate per annum %	-	10	10	10	10	30	20	

4.1.1 Plant and machinery includes electrical and gas installations, which was disclosed separately as at June 30, 2015.

4.1.2 Office equipment includes electrical appliances, which was disclosed separately as at June 30, 2015.

4.2 Capital work-in-progress represent advance to suppliers for purchases of vehicles for employees. It does not carry any interest or mark-up.

4.3 The details of operating assets sold are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Purchaser
----- Rupees -----						
Vehicle	2,055,000	1,353,560	701,440	701,440	Company Policy	Mr. Sirajuddin Khan - Ex Employee
"	1,695,000	1,155,010	539,990	539,989	"	Mr. Sirajuddin Khan - Ex Employee
"	1,672,000	371,556	1,300,444	1,300,444	"	Mr. Saleem Siddiqui - Ex Employee
"	1,447,000	803,477	643,523	643,522	"	Mr. Abdul Qadir Lasi - Ex Employee
"	862,000	641,681	220,319	220,319	"	Mr. Fahim Azhar - Employee
"	650,000	438,782	211,218	211,217	"	Mr. Jalil Ahmed - Employee
"	604,000	449,623	154,377	154,377	"	Mr. Nazrul Hassan - Employee
"	69,900	13,591	56,309	62,910	Insurance Claim	Adamjee Insurance Company Limited
"	69,900	7,922	61,978	62,910	"	Adamjee Insurance Company Limited
"	69,900	10,097	59,803	62,910	"	Adamjee Insurance Company Limited
"	63,500	6,350	57,150	57,150	"	Adamjee Insurance Company Limited
"	63,500	10,583	52,917	57,150	"	Adamjee Insurance Company Limited
	<u>9,321,700</u>	<u>5,262,232</u>	<u>4,059,468</u>	<u>4,074,338</u>		
Aggregate of assets having book value of less than Rs. 50,000 each						
Vehicles	1,371,630	912,340	459,290	719,588		
Computers	53,368	34,245	19,123	19,123		
	<u>1,424,998</u>	<u>946,585</u>	<u>478,413</u>	<u>738,711</u>		
2016	<u>10,746,698</u>	<u>6,208,817</u>	<u>4,537,881</u>	<u>4,813,049</u>		
2015	<u>14,900,103</u>	<u>11,176,299</u>	<u>3,723,804</u>	<u>4,817,687</u>		

NOTES TO THE FINANCIAL STATEMENTS

	2016 Rupees	2015 Rupees
5. INTANGIBLE ASSETS – Computer softwares		
Net carrying value		
Balance at beginning of the year	201,563	443,435
Amortisation for the year	<u>(201,563)</u>	<u>(241,872)</u>
Balance at end of the year	<u><u>-</u></u>	<u><u>201,563</u></u>
Gross carrying value		
Cost	1,713,649	1,713,649
Accumulated amortisation	<u>(1,713,649)</u>	<u>(1,512,086)</u>
Net book value	<u><u>-</u></u>	<u><u>201,563</u></u>

Amortisation is charged at the rate of 33.33% per annum.

6. LONG-TERM INVESTMENT

Available for sale

Balance at the beginning of the year	16,718,125	12,218,750
Unrealised gain on revaluation - transferred to equity	6,569,375	4,499,375
Balance at the end of the year	<u><u>23,287,500</u></u>	<u><u>16,718,125</u></u>

Represents investment in 287,500 (2015: 287,500) quoted ordinary shares of Rs. 10/- each of Baluchistan Wheels Limited. Equity held 2.16% (2015: 2.16%).

	2016 Rupees	2015 Rupees
7. LONG TERM LOANS - considered good and secured		
Employees - note 7.1 and 7.2	1,398,745	1,463,745
Current portion of loans to employees	<u>(618,000)</u>	<u>(686,000)</u>
	<u><u>780,745</u></u>	<u><u>777,745</u></u>
7.1 Reconciliation of carrying amount of loans to employees:		
- opening balances	1,463,745	1,510,000
- disbursements	900,000	850,000
- repayments	<u>(965,000)</u>	<u>(896,255)</u>
	<u><u>1,398,745</u></u>	<u><u>1,463,745</u></u>

7.2 Represents interest free loans given to employees for the purchase of motorcycles. These are secured against retirement benefits and are recoverable in monthly installments over a period of fifty months.

NOTES TO THE FINANCIAL STATEMENTS

	2016 Rupees	2015 Rupees
8. DEFERRED TAXATION		
Credit balance arising in respect of:		
- accelerated tax depreciation allowance	(28,137,589)	(29,145,887)
Debit balance arising in respect of:		
- provision for slow moving stores, spare parts and loose tools	309,884	309,672
- provision for slow moving stock in trade	102,510	102,440
- provision for doubtful debts	1,048,750	1,048,033
- provision for retirement benefit obligations	33,251,006	18,370,544
- provision for compensated absences	2,804,452	3,036,485
- carried forward losses	3,514,608	18,330,271
- minimum tax	41,462,658	28,127,901
	82,493,868	69,325,346
	54,356,279	40,179,459

8.1 The management believes, based on future projections, that the Company would earn sufficient taxable profits in future years to set off its carried forward losses and minimum tax paid. The determination of such future taxable profits is most sensitive to certain key assumptions such as revenue growth, gross margin percentages and inflation. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

9. LONG TERM DEPOSITS

These security deposits do not carry any mark up.

10. STAFF RETIREMENT BENEFITS

10.1 As stated in note 2.10, the Company operates three defined benefit plans (The Plans) namely approved funded defined benefit executives' gratuity scheme for all eligible executive employees, approved funded defined benefit pension scheme for all eligible employees and unfunded defined benefit non-executives' gratuity scheme for all eligible non-executive employees. Actuarial valuation of the these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2016.

10.2 Plan assets held in trusts are governed by local regulations which mainly includes Trust Act, 1882, Companies Ordinance, 1984, Income Tax Rules, 2002 and Rules under the Trust deeds of the Plans. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

10.3 The latest actuarial valuation of the plans as at June 30, 2016 was carried out using the Projected Unit Credit Method. Details of the plans as per the actuarial valuation are as follows:

2016			2015		
Funded		Un-Funded	Funded		Un-Funded
Pension	Executives' Gratuity	Non- Executives' Gratuity	Pension	Executives' Gratuity	Non- Executives' Gratuity
----- Rupees -----			----- Rupees -----		

10.4 Balance sheet reconciliation

Present value of defined benefit obligation at June 30 - note 10.5	(159,537,041)	(53,571,304)	(23,155,700)	(118,150,976)	(55,105,412)	(22,253,809)
Fair value of plan assets at June 30 - note 10.6	112,475,832	43,834,331	-	105,680,481	61,432,365	-
(Deficit) / surplus	(47,061,209)	(9,736,973)	(23,155,700)	(12,470,495)	6,326,953	(22,253,809)

NOTES TO THE FINANCIAL STATEMENTS

	2016			2015		
	Funded		Un-Funded	Funded		Un-Funded
	Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity
	----- Rupees -----			----- Rupees -----		
10.5	Movement in the Present value of defined benefit obligation					
Balances as at July 1	118,150,976	55,105,412	22,253,809	75,020,822	48,771,484	19,177,112
Benefits paid by the plan	(4,759,189)	(10,054,416)	(1,483,792)	(4,087,087)	(4,475,216)	(2,350,564)
Current service costs	2,428,393	2,150,953	1,209,958	1,282,872	1,925,418	1,020,996
Interest cost	11,287,709	4,870,505	2,065,212	9,851,932	6,265,292	2,359,271
Remeasurement	31,405,711	1,498,850	(889,487)	35,055,399	2,618,434	2,046,994
Employee Contributions	1,023,441	-	-	1,027,038	-	-
Balance as at June 30	<u>159,537,041</u>	<u>53,571,304</u>	<u>23,155,700</u>	<u>118,150,976</u>	<u>55,105,412</u>	<u>22,253,809</u>
10.6	Movement in the Fair value of plan assets					
Balance as at July 1	105,680,481	61,432,365	-	90,083,175	46,102,869	-
Contributions paid into the plan	2,306,559	959,482	-	2,309,197	-	-
Benefits paid by the plan	(4,759,189)	(10,054,416)	-	(4,087,087)	(4,475,216)	-
Interest income	10,021,944	5,452,728	-	12,110,546	5,921,810	-
Remeasurement	(1,797,404)	(13,955,828)	-	4,237,612	13,882,902	-
Employee Contributions	1,023,441	-	-	1,027,038	-	-
Balance as at June 30	<u>112,475,832</u>	<u>43,834,331</u>	<u>-</u>	<u>105,680,481</u>	<u>61,432,365</u>	<u>-</u>
10.7	Expense recognised in profit and loss account					
Current service costs	2,428,393	2,150,953	1,209,958	1,282,872	1,925,418	1,020,996
Net Interest cost / (income)	1,265,765	(582,223)	2,065,212	(2,258,614)	343,482	2,359,271
Expense / (income) recognised in profit and loss account	<u>3,694,158</u>	<u>1,568,730</u>	<u>3,275,170</u>	<u>(975,742)</u>	<u>2,268,900</u>	<u>3,380,267</u>
10.8	Remeasurement recognised in Other Comprehensive Income					
Experience losses / (gains)	31,405,711	1,498,850	(889,487)	35,055,399	2,618,434	2,046,994
Remeasurement of fair value of plan assets	1,797,404	13,955,828	-	(4,237,612)	(13,882,902)	-
Remeasurements	<u>33,203,115</u>	<u>15,454,678</u>	<u>(889,487)</u>	<u>30,817,787</u>	<u>(11,264,468)</u>	<u>2,046,994</u>

NOTES TO THE FINANCIAL STATEMENTS

	2016			2015		
	Funded		Un-Funded	Funded		Un-Funded
	Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity
	----- Rupees -----			----- Rupees -----		
10.9 Net recognised liability / (asset)						
Net recognised liability / (asset) as at July 1	12,470,495	(6,326,953)	22,253,809	(15,062,353)	2,668,615	19,177,112
Expense / (income) recognised in profit and loss account	3,694,158	1,568,730	3,275,170	(975,742)	2,268,900	3,380,267
Contribution made during the year to the Fund	(2,306,559)	(959,482)	(1,483,792)	(2,309,197)	-	(2,350,564)
Remeasurements recognised in Other Comprehensive Income	33,203,115	15,454,678	(889,487)	30,817,787	(11,264,468)	2,046,994
Recognised liability / (asset) as at June 30	<u>47,061,209</u>	<u>9,736,973</u>	<u>23,155,700</u>	<u>12,470,495</u>	<u>(6,326,953)</u>	<u>22,253,809</u>
10.10 Plan assets comprises of following:						
Debt instruments	96,437,420	28,712,591	-	88,490,543	35,756,311	-
Equity and mutual funds	13,461,948	11,952,627	-	15,381,765	24,571,245	-
Cash at Bank	2,576,464	3,169,113	-	1,808,173	1,104,809	-
Total as at June 30	<u>112,475,832</u>	<u>43,834,331</u>	<u>-</u>	<u>105,680,481</u>	<u>61,432,365</u>	<u>-</u>
10.11 Actuarial assumptions						
Discount rate at June 30	7.25%	7.25%	7.25%	9.75%	9.75%	9.75%
Future salary increases	7.25%	7.25%	7.25%	9.75%	9.75%	8.75%
Future pension increases	0.00%	-	-	0.00%	-	-

10.12 Mortality was assumed to be SLIC (2001-2005) table.

10.13 In case of the funded plans, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the Retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2016 and 2015 consists of government bonds and term deposits. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk.

10.14 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The Company's contribution to the pension fund and executives' gratuity fund for the year ending June 30, 2017 is expected to be Rs 4.54 million and Rs 0.97 million, respectively.

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the pension and gratuity funds according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

NOTES TO THE FINANCIAL STATEMENTS

10.15 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate at June 30	1.00%	(12,294,833)	13,736,949
Future salary increases	1.00%	13,621,096	(12,665,474)

There is no significant change in the obligation if life expectancy increases by 1 year.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liabilities recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

10.16 Historical information for the five years is as follows:

	2016	2015	2014	2013	2012
	Rupees				
Pension fund					
Fair value of plan assets	112,475,832	105,680,481	90,083,175	82,228,289	73,901,474
Present value of the defined benefit obligation	(159,537,041)	(118,150,976)	(75,020,822)	(73,484,739)	(64,756,378)
(Deficit) / Surplus	<u>(47,061,209)</u>	<u>(12,470,495)</u>	<u>15,062,353</u>	<u>8,743,550</u>	<u>9,145,096</u>
Experience adjustments on plan obligations - loss / (gain)	<u>31,405,711</u>	<u>35,055,399</u>	<u>(6,018,632)</u>	<u>1,335,308</u>	<u>729,476</u>
Experience adjustments on plan assets - (loss) / gain	<u>(1,797,404)</u>	<u>4,237,612</u>	<u>(1,763,513)</u>	<u>(1,383,721)</u>	<u>(8,380,077)</u>
Executives' gratuity fund					
Fair value of plan assets	43,834,331	61,432,365	46,102,869	50,857,697	50,214,880
Present value of the defined benefit obligation	(53,571,304)	(55,105,412)	(48,771,484)	(46,758,247)	(45,302,221)
(Deficit) / Surplus	<u>(9,736,973)</u>	<u>6,326,953</u>	<u>(2,668,615)</u>	<u>4,099,450</u>	<u>4,912,659</u>
Experience adjustments on plan obligations - loss / (gain)	<u>1,498,850</u>	<u>2,618,434</u>	<u>4,617,020</u>	<u>(1,696,085)</u>	<u>5,636,829</u>
Experience adjustments on plan assets - (loss) / gain	<u>(13,955,828)</u>	<u>13,882,902</u>	<u>(1,007,062)</u>	<u>(1,653,280)</u>	<u>(5,266,296)</u>
Non-Executives' gratuity fund					
Present value of the defined benefit obligation	<u>(23,155,700)</u>	<u>(22,253,809)</u>	<u>(19,177,112)</u>	<u>(18,834,220)</u>	<u>(12,162,263)</u>
Experience adjustments on plan obligations - (gain) / loss	<u>(889,487)</u>	<u>2,046,994</u>	<u>(1,485,155)</u>	<u>(1,293,182)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

10.17 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the fund, at the beginning of the period, for returns over the entire life of related obligation.

10.18 The weighted average duration of the plans are as follows:

	No. of years
Pension fund	5.97
Executives' gratuity fund	4.21
Non-executives' gratuity	5.36

10.19 Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2016.

	2016 Rupees	2015 Rupees
11. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores (including in transit Rs. 0.41 million; 2015: 0.17 million)	17,689,421	20,906,335
Spare parts (including in transit Rs. 1.69 million; 2015: 0.49 million)	55,865,601	56,527,535
Loose tools (including in transit Rs. 0.07 million; 2015: 1.34)	2,199,827	3,421,323
	<u>75,754,849</u>	<u>80,855,193</u>
Hard coke, diesel and kerosene oil (including in transit Rs. 4.24 million; 2015: Rs. 3.28 million)	9,902,956	4,522,916
Provision for obsolescence	(1,032,947)	(1,032,947)
	<u>84,624,858</u>	<u>84,345,162</u>
12. STOCK-IN-TRADE		
Raw materials (including in transit Rs. 70.32 million; 2015: Rs. 59.11 million)	113,017,650	247,403,409
Work in process	70,791,146	86,121,297
Finished goods (including in transit of Rs. 5.81 million; 2015: Rs. Nil) - note 12.2	97,231,338	156,137,248
	<u>281,040,134</u>	<u>489,661,954</u>
Provision for slow moving stock	(341,700)	(341,700)
	<u>280,698,434</u>	<u>489,320,254</u>

12.1 Stock-in-trade includes Rs. 5.63 million (2015: Rs. 16.89 million) held with third parties, out of which, stock of Rs. Nil (2015: Rs. 1.57 million) is held with Millat Tractors Limited (a related party).

12.2 Stock-in-trade - finished goods includes stock which has been written-down to net realisable value by Rs 8.89 million (2015: Rs 14.36 million).

NOTES TO THE FINANCIAL STATEMENTS

	2016 Rupees	2015 Rupees
13. TRADE DEBTS		
Considered good		
- Related parties - note 13.1	125,636,061	164,409,017
- Others - note 13.2	<u>16,242,664</u>	<u>18,841,109</u>
	<u>141,878,725</u>	<u>183,250,126</u>
13.1 Represents amounts due from following related parties:		
- Millat Tractors Limited	124,833,019	161,724,770
- Millat Equipments Limited	<u>803,042</u>	<u>2,684,247</u>
	<u>125,636,061</u>	<u>164,409,017</u>
As at June 30, 2016, the age analysis of these trade debts is as follows:		
Not yet due	122,228,025	161,678,618
Past due		
- Up to 3 months	2,496,118	2,392,954
- 3 to 6 months	-	325,109
- More than 6 months	<u>911,918</u>	<u>12,336</u>
	<u>3,408,036</u>	<u>2,730,399</u>
	<u>125,636,061</u>	<u>164,409,017</u>
13.2 As at June 30, 2016, the age analysis of these trade debts is as follows:		
Not yet due	10,193,373	10,034,510
Past due		
- Up to 3 months	5,879,063	4,631,385
- 3 to 6 months	16,832	23,000
- More than 6 months	<u>153,396</u>	<u>4,152,214</u>
	<u>6,049,291</u>	<u>8,806,599</u>
	<u>16,242,664</u>	<u>18,841,109</u>
14. LOANS AND ADVANCES - considered good		
Current portion of loans to employees - note 7	618,000	686,000
Advances to:		
- employees - note 14.1	1,165,984	6,427,822
- suppliers	<u>2,828,106</u>	<u>2,501,027</u>
	<u>3,994,090</u>	<u>8,928,849</u>
	<u>4,612,090</u>	<u>9,614,849</u>
14.1 The advances to employees are given to meet business expenses and are settled as and when the expenses are incurred. Further, the Company also provides advance for personal medical expenses to its employees.		
14.2 These advances do not carry any markup arrangement.		

NOTES TO THE FINANCIAL STATEMENTS

	2016 Rupees	2015 Rupees
15. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Security deposits	263,500	20,703,500
Margin Deposit	-	974,352
Prepayments	77,140	44,487
	340,640	21,722,339
15.1	These trade deposits and prepayment are mainly against insurance, repair and maintenance and security deposit. They do not carry any mark-up arrangement.	
16. OTHER RECEIVABLES		
Considered good		
Special excise duty receivable	-	2,055,837
Insurance receivable	2,079,155	-
Others	548,928	812,992
	2,628,083	2,868,829
Considered doubtful		
Claim receivable from supplier	3,495,832	3,495,832
Less: Provision for impairment	(3,495,832)	(3,495,832)
	-	-
	2,628,083	2,868,829
17. CASH AND BANK BALANCES		
With banks on:		
current accounts - note 17.1	8,253,209	3,936,727
savings accounts - note 17.2	1,756,769	2,366,886
term deposit receipts - note 17.2 and 17.3	2,461,200	2,461,200
	12,471,178	8,764,813
Cash in hand	481,483	125,769
	12,952,661	8,890,582
17.1	This includes current account having balance of Rs. 0.04 million (June 30, 2015: Rs 0.02 million) maintained with Islamic Bank.	
17.2	These accounts are maintained under markup arrangement and carry mark up at the rates ranging from 3.75% to 4.5% (2015: 4.5% to 7%) per annum.	
17.3	These are under lien with respect to bank guarantee issued by a commercial bank in favour of Sui Southern Gas Company Limited.	

NOTES TO THE FINANCIAL STATEMENTS

18. SHARE CAPITAL

Authorised share capital

2016	2015		2016	2015
-----Number of shares-----			Rupees	Rupees
<u>12,000,000</u>	<u>12,000,000</u>	Ordinary shares of Rs. 10 each	<u>120,000,000</u>	<u>120,000,000</u>

Issued, subscribed and paid up capital

Ordinary shares of Rs. 10 each

2016	2015		2016	2015
-----Number of shares-----			Rupees	Rupees
6,740,875	6,740,875	Shares allotted for consideration paid in cash	67,408,750	67,408,750
4,731,654	4,731,654	Shares allotted as bonus shares	47,316,540	47,316,540
<u>11,472,529</u>	<u>11,472,529</u>		<u>114,725,290</u>	<u>114,725,290</u>

- 18.1 As at June 30, 2016, 5.31 million (2015: 5.31 million) ordinary shares of Rs. 10 each were held by Millat Tractors Limited (a related party), representing 46.26% of total issued, subscribed and paid up capital (2015: 46.26%).

19. RESERVES

Capital reserves

Share premium

Revenue reserves

General

Accumulated loss

Gain on revaluation of available-for-sale investment - note 19.1

2016
Rupees

2015
Rupees

12,155,680

12,155,680

424,500,000
(116,507,055)
307,992,945

424,500,000
(85,993,986)
338,506,014

17,787,500

11,218,125

337,936,125

361,879,819

- 19.1 This represents unrealized gain on investment in shares of Baluchistan Wheels Limited.

20. LONG TERM DEPOSITS

Deposits from employees

Less: Current portion

2016
Rupees

2015
Rupees

5,897,937
(898,636)

5,971,932
(845,500)

4,999,301

5,126,432

This represents interest free deposits received from employees. The amount is adjustable with in a period of six years against book value of vehicles and five years against book value of motor cycles provided to them as per Company policy.

NOTES TO THE FINANCIAL STATEMENTS

	2016 Rupees	2015 Rupees
21. TRADE AND OTHER PAYABLES		
Creditors - note 21.1	83,750,809	57,067,316
Advances from customers - note 21.2	2,884,470	3,152,661
Compensated absences - note 21.3	9,348,173	10,128,536
Security deposits	1,438,537	2,073,537
Provision for bonus	-	1,040,412
Workers' Profit Participation Fund - note 21.4	1,867,391	3,581,708
Workers' Welfare Fund	898,529	1,504,318
Accrued liabilities	5,488,761	2,653,774
Unclaimed dividend	1,572,733	1,398,555
Others	274,003	490,275
	<u>107,523,406</u>	<u>83,091,092</u>

21.1 This includes Rs. 0.05 million (2015: Rs. 0.53 million) due to Millat Tractors Limited (a related party).

21.2 This includes Rs. 0.62 million (2015: Rs. 1.37 million) due to Millat Equipment Limited (a related party).

	2016 Rupees	2015 Rupees
21.3 Compensated absences		
Opening balance	10,128,536	9,753,316
Charge for the year	1,361,727	2,002,418
Payments made during the year	(2,142,090)	(1,627,198)
Closing balance	<u>9,348,173</u>	<u>10,128,536</u>
21.4 Workers' Profits Participation Fund		
Balance at the beginning of the year	3,581,708	-
Allocation for the year	2,122,003	3,581,708
	5,703,711	3,581,708
Interest charged during the year	108,783	-
Amount paid to the Trustees of the fund	(3,945,103)	-
Balance at the end of the year	<u>1,867,391</u>	<u>3,581,708</u>

22. SHORT TERM BORROWINGS - FROM BANKS

Secured

Short term running finance

Under mark-up arrangement - note 22.1	187,749,515	428,505,216
Under musharika facility - note 22.2	11,451,998	89,412,032
Under Istisna Cum Wakala arrangement - note 22.3	75,000,000	75,000,000
	<u>274,201,513</u>	<u>592,917,248</u>

22.1 This represents running finance facilities obtained from commercial banks aggregating to Rs. 480 million (2015: Rs. 480 million). These carry mark-up rates ranging from 1 month KIBOR plus 0.5% to 0.6% (2015: 1 month KIBOR plus 0.4% to 0.6%) per annum. The arrangements are secured by way of hypothecation over plant and machinery and current assets of the Company.

22.2 This represents Musharika Finance Facility obtained from Meezan Bank Limited amounting to Rs. 100 million (2015: Rs. 100 million). The profit rate on this facility is 1 year KIBOR plus 0.4% (2015: 1 year KIBOR plus 0.4%)

NOTES TO THE FINANCIAL STATEMENTS

22.3 This represents Istisna Cum Wakala arrangement from Dubai Islamic Bank Pakistan Limited amounting to Rs. 75 million (2015: Rs. 75 million). The profit rate on this facility is 6 months KIBOR plus 0.6% (2015: 6 months KIBOR plus 0.6%).

22.4 The facilities for opening letters of credit and guarantees as at June 30, 2016 amounted to Rs. 850 million and Rs. 2.74 million respectively (2015: Rs. 850 million and Rs. 4.96 million respectively) out of which the amount remaining unutilised at the year end was Rs. 772 million and Rs. 0.28 million respectively (2015: Rs. 763.81 million and Rs. Nil respectively).

23. CONTINGENCIES AND COMMITMENTS

23.1 CONTINGENCIES

23.1.1 The Company had filed returns declaring tax losses during the tax holiday period amounting to Rs. 82.72 million and Rs. 17.23 million for the assessment years 1987-88 and 1988-89 respectively. These losses were disallowed by the Assessing Officer and upheld by the Commissioner of Income Tax (Appeals). The Company filed an appeal with Income Tax Appellate Tribunal (ITAT), which decided the matter in the Company's favour.

The Income Tax Department filed a reference application before the Honourable High Court of Sindh, which upheld the ITAT's order in favour of the Company. The Income Tax Department filed a reference with the Honourable Supreme Court of Pakistan which is still pending. In the event that the decision is not in the favour of the Company, a tax liability of Rs. 23.9 million would arise representing the tax effect of losses relating to the tax holiday period utilised by the Company. The management of the Company, based on the views of its tax consultant, is confident that the decision will be given in favour of the Company and therefore, no provision has been made in these financial statements for this amount.

23.1.2 In 2014, the Company received a reassessment order, from the Income Tax Department, in respect of return filed for the tax year 2008. The Department had revised the return filed by the Company and reduced the income tax refund claimed by the Company by Rs. 6.02 million. The said order was challenged before the Commissioner (Appeals) who declared the order in original as time barred and annulled it. Subsequently, the Income Tax Department filed appeal against the order before the Appellate Tribunal Inland Revenue which has not been heard yet. The management of the Company, based on the views of its tax consultant, is confident that the final decision will be given in favour of the Company and therefore, no provision has been made in these financial statements for this amount.

23.1.3 In a suit filed against the Company, before the Senior Civil Judge at Hub Balochistan, a plaintiff claimed that in the year 2004 the Company allegedly encroached upon the land measuring 5-2-34 belonging to him that he purchased in year 2003. The plaintiff had also sought mesne profits from the Company for such alleged encroachment. The Company claims ownership to the disputed piece of land and disputes any encroachment what so ever. The suit was decreed against the Company. However, the Company filed an appeal before Honourable High Court of Balochistan. There is no threat to the interest of Company as impugned judgement is suspended by the Honourable High Court Vide Order dated 07 October 2015 which is pending for hearing. The management of the Company based on the views of its legal advisor is confident that decision will be given in favour of the Company and therefore, no provision has been made in these financial statements.

23.2 COMMITMENTS

23.2.1 There are no commitments in respect of capital expenditure as at June 30, 2016 (June 30, 2015: Nil).

	2016 Rupees	2015 Rupees
24. SALES		
Gross Sales	1,634,071,267	2,070,918,140
Less:		
- Sales returns	(63,046,335)	(74,281,372)
- Sales tax	(237,549,151)	(300,918,666)
	(300,595,486)	(375,200,038)
	<u>1,333,475,781</u>	<u>1,695,718,102</u>

24.1 Sales to Millat Tractors Limited (a related party) of Rs. 1,222.25 million (2015: Rs. 1,576.45 million) account for over 91.7% (2015: 92.97%) of the net sales.

NOTES TO THE FINANCIAL STATEMENTS

	2016 Rupees	2015 Rupees
25. COST OF SALES		
Raw materials consumed		
Opening stock	247,403,409	137,671,978
Purchases	415,499,460	949,086,623
Closing stock - note 12	<u>(113,017,650)</u>	<u>(247,403,409)</u>
	549,885,219	839,355,192
Manufacturing expenses		
Salaries, wages and benefits - note 25.1 and 25.2	109,517,956	95,507,045
Stores, spare parts and loose tools consumed	101,746,999	118,181,511
Fuel and power	117,617,883	161,443,073
Hard coke, diesel and kerosene oil consumed	60,612,981	96,862,419
Machining expenses	5,945,602	8,575,520
Outsourced job contractors	111,523,576	110,502,980
Travelling and conveyance	24,391,343	25,939,587
Depreciation - note 4	19,911,263	20,078,803
Amortisation - note 5	120,939	145,123
Repairs and maintenance	4,714,194	4,658,312
Insurance	5,015,373	5,526,330
Vehicle expenses	3,575,571	4,429,267
Training	1,648,996	1,205,862
Entertainment	351,128	215,936
Others	1,784,828	2,055,030
	568,478,632	655,326,798
Opening work in process	86,121,297	51,697,535
Closing work in process - note 12	<u>(70,791,146)</u>	<u>(86,121,297)</u>
Cost of goods manufactured	1,133,694,002	1,460,258,228
Opening stock of finished goods	156,137,248	202,146,975
Closing stock of finished goods - note 12	<u>(97,231,338)</u>	<u>(156,137,248)</u>
	<u>1,192,599,912</u>	<u>1,506,267,955</u>

25.1 This includes Rs. 7.75 million (2015: Rs. 4.63 million) and Rs. 2.67 million (2015: Rs. 2.75 million) in respect of defined benefit and defined contribution plans respectively.

25.2 This includes Rs. 14.18 million (2015: Rs. 14.04 million) in respect of staff welfare expenses.

	2016 Rupees	2015 Rupees
26. DISTRIBUTION COST		
Salaries, wages and benefits - note 26.1 and 26.2	4,034,523	2,966,452
Freight charges	28,529,154	39,734,008
Depreciation	370,661	340,655
Amortisation	20,156	24,187
Sales Promotion	819,052	1,023,540
Insurance	337,220	509,142
Travelling and conveyance	52,220	352,160
Others	93,031	247,393
	<u>34,256,017</u>	<u>45,197,537</u>

26.1 This includes Rs. 0.22 million (2015: Rs. 0.05 million) and Rs. 0.11 million (2015: Rs. 0.12 million) in respect of defined benefit and defined contribution plans respectively.

26.2 This includes Rs. 0.17 million (2015: Rs. 0.24 million) in respect of staff welfare expenses.

NOTES TO THE FINANCIAL STATEMENTS

	2016 Rupees	2015 Rupees
27. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits - note 27.1 and 27.2	25,964,987	18,726,138
Legal and professional charges	4,250,908	4,553,281
Outsourced job contractors	1,580,928	1,882,424
Travelling and conveyance	646,268	449,353
Utilities	2,259,064	2,561,792
Repairs and maintenance	197,570	243,081
Depreciation - note 4	1,111,983	1,021,966
Amortisation - note 5	60,468	72,562
Vehicle expenses	834,235	939,185
Insurance	505,952	594,387
Subscription	964,950	414,954
Auditors' remuneration - note 27.3	911,918	949,032
Entertainment	211,539	244,056
Training	202,375	435,355
Others	1,660,166	1,284,034
	<u>41,363,311</u>	<u>34,371,600</u>

27.1 This includes Rs. 0.57 million (2015: Nil) and Rs. 0.88 million (2015: Rs. 0.66 million) in respect of defined benefit and defined contribution plans respectively.

27.2 This includes Rs. 1.30 million (2015: Rs. 1.23 million) in respect of staff welfare expenses.

	2016 Rupees	2015 Rupees
27.3 Auditors' remuneration		
Audit fee	577,500	550,000
Fee for review of half yearly financial information and other certifications	210,000	250,000
Out of pocket expenses	124,418	149,032
	<u>911,918</u>	<u>949,032</u>

28. OTHER EXPENSES

Workers' Profits Participation Fund - note 21.4	2,122,003	3,581,708
Workers' Welfare Fund	898,529	1,504,318
Professional tax	20,250	-
Bad debts written off	18,933	-
	<u>3,059,715</u>	<u>5,086,026</u>

29. OTHER INCOME

Income from financial assets		
Return on savings and deposit accounts - note 29.1	341,959	163,901
Dividend income - note 29.2	862,500	646,875
	<u>1,204,459</u>	<u>810,776</u>
Income from non-financial assets		
Scrap sales	3,536,721	6,807,680
Insurance claim	2,079,155	-
Liabilities no longer required written back	2,269,835	3,072,101
Gain on disposal of property, plant and equipment	275,168	1,093,883
Exchange gain - note 29.3	105,700	-
Agricultural Income	145,680	-
Miscellaneous Income - note 29.4	743,708	1,379,987
	<u>9,155,967</u>	<u>12,353,651</u>
	<u>10,360,426</u>	<u>13,164,427</u>

29.1 This represents profit earned on bank balances maintained under mark-up arrangement.

29.2 This represents final dividend for the year ended June 30, 2015 received from Baluchistan Wheels Limited.

29.3 The exchange gain has arisen from actual currency difference.

29.4 This includes forfeiture of security deposit, lab testing fees and late payment surcharge.

NOTES TO THE FINANCIAL STATEMENTS

	2016 Rupees	2015 Rupees
30. FINANCE COST		
Mark up on short term borrowings	32,663,996	45,750,728
Interest on workers' profits participation fund	108,783	-
Interest on advance from customer (related party)	-	222,786
Bank charges	364,944	345,514
	33,137,723	46,319,028
31. TAXATION		
Current		
- for the year	13,442,570	17,021,869
- for prior year	(46,516)	(128,822)
	13,396,054	16,893,047
Deferred	153,672	7,832,800
	13,549,726	24,725,847
31.1 Reconciliation between tax expense and accounting profit.		
Accounting profit before tax	39,419,529	71,640,383
Tax at the applicable tax rate of 32% (2015: 33%)	12,614,249	23,641,326
Effect of final tax regime	(168,188)	(148,781)
Effect of change in tax rate	1,138,187	839,068
Exempt Income	(46,618)	-
Effect of prior years tax	(46,516)	(128,822)
Others	58,612	523,056
Tax expense for the year	13,549,726	24,725,847
32. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to ordinary shareholders	25,869,803	46,914,536
Weighted average number of shares in issue during the year	11,472,529	11,472,529
Earnings per share (Rupees) - Basic and diluted	2.25	4.09
32.1 There is no dilutive effect on the basic profit per share of the Company.		

NOTES TO THE FINANCIAL STATEMENTS

	2016 Rupees	2015 Rupees
33. CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before taxation	39,419,529	71,640,383
Adjustment for non-cash charges and other items		
Depreciation and amortisation	21,595,470	21,683,296
Provision for staff retirement benefits	8,538,058	4,673,425
Gain on disposal of property, plant and equipment	(275,168)	(1,093,883)
Return on savings and deposit accounts	(341,959)	(163,901)
Dividend income	(862,500)	(646,875)
Mark up on short term borrowings and advance from customer	32,663,996	45,973,514
	61,317,897	70,425,576
	<u>100,737,426</u>	<u>142,065,959</u>
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (Increase) in current assets		
Stores, spare parts and loose tools	(279,696)	1,504,643
Stock-in-trade	208,621,820	(98,145,866)
Trade debts	41,371,401	(61,862,831)
Loans and advances	5,002,759	(5,730,217)
Trade deposits and short term prepayments	21,381,699	(10,833,040)
Other receivables	240,746	(257,647)
Refunds due from the government - sales tax	13,653,794	784,607
	289,992,523	(174,540,351)
Increase / (decrease) in current liabilities		
Trade and other payables	24,258,136	(23,175,738)
	<u>414,988,085</u>	<u>(55,650,130)</u>
34. CASH AND CASH EQUIVALENTS		
Cash and bank balances	10,491,461	6,429,382
Short term borrowings	(274,201,513)	(592,917,247)
	<u>(263,710,052)</u>	<u>(586,487,865)</u>

NOTES TO THE FINANCIAL STATEMENTS

35. RELATED PARTY DISCLOSURES

The following transactions were carried out with related parties during the year:

Relationship with the Company	Nature of transactions	2016 Rupees	2015 Rupees
Parent Company:			
- Millat Tractors Limited (MTL)	Sale of goods	1,222,254,740	1,576,450,895
	Purchase of goods	8,606,947	7,754,141
	Purchase of fixed assets	-	3,649,744
	Dividend paid	10,613,958	-
	Interest on advance	-	222,786
	Expenses incurred by MTL on behalf of Company	2,674,839	-
	Receipt / (repayment) of advance against sale of goods - net	165,488	16,226,015
	Adjustment of advance against purchase of goods	165,488	-
Associated Company:			
- Millat Equipments Limited	Sale of goods	3,311,003	16,243,698
	Purchase of fixed assets	85,757	-
Staff retirement benefit funds:			
- Pension fund	Contributions	2,306,559	2,309,197
- Provident fund	Contributions	3,652,568	3,529,394
- Executives' Gratuity fund	Contributions	959,480	-
- Executives' Gratuity fund	Benefits paid on behalf of the fund	10,083,416	4,475,216
	Key management personnel:		
	Salaries and other short term employee benefits paid	24,993,719	17,379,529
	Post retirement benefits	1,647,656	1,086,978
	Proceeds from sale of assets	2,598,520	3,234,483

The related party status of outstanding balances as at June 30, 2016 and 2015 is included in stock-in-trade, trade debts, loans and advances and trade and other payables respectively. These are settled in ordinary course of business.

36. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in the financial statements of the year for remuneration including all benefits to director, chief executive and executives of the Company are as follows:

	Chief Executives		Director		Executives	
	2016	2015	2016	2015	2016	2015
	----- Rupees -----					
Managerial remuneration and allowances	2,261,443	1,723,616	963,152	-	8,895,274	7,094,616
Bonus	615,120	-	348,805	-	2,699,925	-
Retirement benefits	166,468	159,546	250,310	-	1,230,878	927,432
House rent	830,050	717,963	467,046	-	3,390,232	2,515,454
Utilities	737,704	768,268	763,759	-	2,750,569	2,717,892
Medical expenses	134,171	7,605	81,704	-	707,663	542,367
Others	748,155	557,025	291,052	-	982,734	734,723
	<u>5,493,111</u>	<u>3,934,023</u>	<u>3,165,828</u>	<u>-</u>	<u>20,657,275</u>	<u>14,532,484</u>
Number of persons	<u>2</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>11</u>	<u>9</u>

NOTES TO THE FINANCIAL STATEMENTS

36.1 In addition to above; fee to 2 non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 180,000 (2015: Rs. 130,000).

36.2 The Chief Executives, Executive Director and certain executives of the Company are also provided with free use of Company maintained cars in accordance with their terms of employment.

	2016 ----- (Metric tons) -----	2015 -----
37. PLANT CAPACITY AND PRODUCTION		
Installed capacity	<u>13,200</u>	<u>13,200</u>
Actual production	<u>8,437</u>	<u>11,368</u>
Capacity utilisation	<u>63.92%</u>	<u>86.12%</u>

Production during the year was as per the market demand.

38. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on un-audited financial statements of the Fund:

	2016 Rupees	2015 Rupees
Size of the Fund - Total Assets	104,755,617	88,984,796
Fair value of investments	82,888,797	80,601,473
Percentage of investments made	79%	91%

38.1 The cost of above investments amounted to Rs. 81.07 million (2015: Rs. 78.5 million).

38.2 The break-up of fair value of investments is as follows:

	2016 Percentage	2015 Percentage	2016 Rupees	2015 Rupees
Special Savings Certificates	72.58%	89.98%	60,162,643	72,525,725
Government Securities	17.67%	0.00%	14,648,653	-
Bank deposits	9.75%	10.02%	8,077,501	8,075,748
	<u>100%</u>	<u>100%</u>	<u>82,888,797</u>	<u>80,601,473</u>

38.3 The investments out of provident fund have been made in accordance with the provision of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2016	2015
39. NUMBER OF EMPLOYEES		
Number of employees at June 30:		
- Permanent	167	175
- Contractual	<u>8</u>	<u>8</u>
	<u>175</u>	<u>183</u>
Average number of employees during the year:		
- Permanent	168	180
- Contractual	<u>8</u>	<u>7</u>
	<u>176</u>	<u>187</u>

NOTES TO THE FINANCIAL STATEMENTS

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

40.1 Financial risk factors

The Company's activities expose it to variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as managing financial risk to minimize earnings volatility and provide maximum return to shareholders.

40.2 Financial assets and liabilities by category and their respective maturities

	Interest / Mark up bearing			Non-interest / Non-mark up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	----- Rupees -----						
FINANCIAL ASSETS							
Available for sale							
Long term investments	-	-	-	-	23,287,500	23,287,500	23,287,500
Loans and receivables							
Loans and advances	-	-	-	1,783,984	780,745	2,564,729	2,564,729
Trade deposits	-	-	-	263,500	3,893,041	4,156,541	4,156,541
Trade debts	-	-	-	141,878,725	-	141,878,725	141,878,725
Other receivables	-	-	-	2,628,083	-	2,628,083	2,628,083
Cash and bank balances	4,217,969	-	4,217,969	8,734,692	-	8,734,692	12,952,661
June 30, 2016	<u>4,217,969</u>	<u>-</u>	<u>4,217,969</u>	<u>155,288,984</u>	<u>27,961,286</u>	<u>183,250,270</u>	<u>187,468,239</u>
June 30, 2015	<u>4,828,086</u>	<u>-</u>	<u>4,828,086</u>	<u>217,998,773</u>	<u>21,107,870</u>	<u>239,106,643</u>	<u>243,934,729</u>
FINANCIAL LIABILITIES							
Trade deposits	-	-	-	898,636	4,999,301	5,897,937	5,897,937
Trade and other payables	-	-	-	90,952,110	-	90,952,110	90,952,110
Short term borrowings	274,201,513	-	274,201,513	-	-	-	274,201,513
Accrued mark up	-	-	-	4,768,886	-	4,768,886	4,768,886
June 30, 2016	<u>274,201,513</u>	<u>-</u>	<u>274,201,513</u>	<u>96,619,632</u>	<u>4,999,301</u>	<u>101,618,933</u>	<u>375,820,446</u>
June 30, 2015	<u>592,917,247</u>	<u>-</u>	<u>592,917,247</u>	<u>79,977,783</u>	<u>5,126,432</u>	<u>85,104,215</u>	<u>678,021,462</u>
ON BALANCE SHEET GAP							
June 30, 2016	<u>(269,983,544)</u>	<u>-</u>	<u>(269,983,544)</u>	<u>58,669,352</u>	<u>22,961,985</u>	<u>81,631,337</u>	<u>(188,352,207)</u>
June 30, 2015	<u>(588,089,161)</u>	<u>-</u>	<u>(588,089,161)</u>	<u>138,020,990</u>	<u>15,981,438</u>	<u>154,002,428</u>	<u>(434,086,733)</u>
OFF BALANCE SHEET ITEMS							
Letters of credit / guarantee:							
June 30, 2016							<u>80,423,658</u>
June 30, 2015							<u>91,148,046</u>

NOTES TO THE FINANCIAL STATEMENTS

(i) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of total financial assets of Rs. 187.47 million (2015: Rs. 243.93 million), the financial assets which are subject to credit risk amounted to Rs. 163.70 million (2015: Rs. 225.04 million).

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. As of June 30, 2016 trade debts of Rs. 9.46 million (2015: Rs. 11.54 million) were past due but not impaired. Trade debts majorly pertains to related parties for whom there is no significant risk of default.

Deposits have been placed mainly with utility companies, hence exposed to no significant credit risk.

Loans and advances to employees are not exposed to any material credit risk, since these are secured against their retirement benefits.

Other receivables constitute mainly refunds from the Government, therefore, are not exposed to any significant credit risk.

The bank balances represent low credit risk as they are placed with banks having good credit ratings assigned by credit rating agencies.

The management does not expect any losses from non-performance by these counterparties.

(ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements.

(iii) Market risk

a) Price Risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

b) Currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist in foreign currency. The Company primarily has foreign currency exposure in Great Britain Pound in respect of foreign creditors. As at June 30, 2016, if the Pak Rupee had weakened / strengthened by 5% against Great Britain Pound with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 0.06 million (2015: Rs. Nil), mainly as a result of foreign exchange losses / gains on translation of Great Britain Pound denominated financial assets and liabilities.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk arises from borrowings which includes short term borrowings (note 22) and cash at bank in saving account and term deposit receipt (note 17). Borrowings availed at variable rates expose the Company to cash flow interest rate risk.

At June 30, 2016, the Company had variable interest bearing financial assets of Rs. 4.22 million (2015: Rs. 4.83 million) and liabilities of Rs 274.20 million (2015: Rs. 592.92 million), and had the interest rate varied by 100 basis points with all the other variables held constant, profit before tax for the year would have been lower / higher by approximately Rs. 2.70 million (2015: Rs. 5.89 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

NOTES TO THE FINANCIAL STATEMENTS

(iv) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2016, all financial assets and financial liabilities are carried at amortized cost except for investment in quoted shares of Baluchistan Wheels Limited which are carried at their fair value.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The Company recognises transfer between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfers has occurred.

- changes in market and trading activity (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation technique (e.g. inputs becoming / ceasing to be observable in the market).

There are no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The valuation technique used is as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of the financial instruments traded in the active market is based on the quoted market price at the balance sheet date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2016:

Financial Assets	2016			
	Level 1	Level 2	Level 3	Total
	Rupees			
Recurring fair value measurement of available-for-sale investments	23,287,500	-	-	23,287,500
	2015			
Financial Assets	Level 1	Level 2	Level 3	Total
	Rupees			
Recurring fair value measurement of available-for-sale investments	16,718,125	-	-	16,718,125

NOTES TO THE FINANCIAL STATEMENTS

41. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratios as at June 30, 2016, 2015 and 2014 were as follows:

	2016	2015	2014
	----- Rupees -----		
Trade and other payables	107,523,406	83,091,092	106,266,830
Accrued mark up	<u>4,768,886</u>	<u>10,362,800</u>	<u>11,522,392</u>
Total debt	112,292,292	93,453,892	117,789,222
Cash and cash equivalents	<u>263,710,052</u>	<u>586,487,865</u>	<u>437,383,975</u>
Net debt	376,002,344	679,941,757	555,173,197
Total equity	452,661,415	476,605,109	440,311,215
Total capital	828,663,759	1,156,546,866	995,484,412
Gearing ratio	45.37%	58.79%	55.77%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance. The decrease in debt to equity ratio is mainly due to decrease in the short term borrowings.

42. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on September 05, 2016 proposed a cash dividend of Rs. 1 per share (2015: Rs. 2 per share) amounting to Rs. 11.47 million (2015: 22.95 million).

Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

43. DATE OF AUTHORISATION

These financial statements were authorised for issue on September 05, 2016 by the Board of Directors of the Company.



Chief Executive



Director

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2016

No. of Shareholders	*Size of Holding		Total Shares Held	Amount Rupees
	From	To		
141	1	100	4,067	40,670
412	101	500	96,674	966,740
118	501	1000	106,031	1,060,310
204	1001	5000	484,714	4,847,140
36	5001	10000	271,304	2,713,040
11	10001	15000	131,676	1,316,760
2	15001	20000	36,936	369,360
4	20001	25000	88,763	887,630
3	25001	30000	81,491	814,910
2	30001	35000	63,770	637,700
1	35001	40000	36,000	360,000
1	40001	45000	44,794	447,940
1	45001	50000	46,278	462,780
3	55001	60000	178,000	1,780,000
1	70001	75000	70,011	700,110
1	140001	145000	144,359	1,443,590
2	165001	170000	332,983	3,329,830
1	255001	260000	258,266	2,582,660
1	290001	295000	293,388	2,933,880
1	360001	365000	363,524	3,635,240
1	365001	370000	369,596	3,695,960
1	485001	490000	488,276	4,882,760
1	500001	505000	502,000	5,020,000
1	525001	530000	528,000	5,280,000
1	1140001	1145000	1,144,649	11,446,490
1	5305001	5310000	5,306,979	53,069,790
952			11,472,529	114,725,290

* There is no shareholding in the slabs not mentioned

Categories of Shareholders

S. No.	Categories	No. of Shareholders	No. of Shares Held	%
1	Associated Companies	1	5,306,979	46.26
2	Investment Companies	2	488,716	4.26
3	Bank / Financial Institutions	2	1,144,922	9.98
4	Insurance Company	1	528,000	4.60
5	Joint Stock Companies	10	105,267	0.92
6	Individuals	929	3,240,956	28.25
7	Others	7	657,689	5.73
	Total	952	11,472,529	100.00

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2016

S.No.	Particulars	Shareholders	Shares Held	Percentage %
1	Directors and their spouse(s) and minor children			
	Sikandar Mustafa Khan	1	166,369	1.45
	Latif Khalid Hashmi	1	32,270	0.28
	Sohail Bashir Rana	1	144,359	1.26
	Laeq Uddin Ansari	2	733,120	6.39
	Mian Mohammad Saleem	1	2,993	0.03
	Syed Javaid Ashraf	1	17,936	0.16
	Saifuddin	1	2,500	0.02
2	Executives	57	108,189	0.94
3	Associated companies, undertakings and related parties			
	Millat Tractors Limited	1	5,306,979	46.26
4	NIT & ICP			
	CDC - Trustee National Investment (Unit) Trust	1	488,276	4.26
	National Bank of Pakistan Trustee Department	1	440	0.00
5	Public Sector Companies and Corporations	2	1,144,922	9.98
6	Banks, development finance institutions, non-banking finance companies,	0	-	-
7	Insurance Companies	1	528,000	4.60
8	Modarabas	-	-	-
9	Mutual Funds	-	-	-
10	General Public			
	a. Local	864	2,033,220	17.72
	b. Foreign	-	-	-
11	Others			
	a. Joint Stock Companies	10	105,267	0.92
	b. Miscellaneous	5	318,023	2.77
	c. BCL Officer's Gratuity Fund	1	293,388	2.56
	d. BCL Emp.Pension Fund Trust	1	46,278	0.40
	Totals	952	11,472,529	100.00

Share holders holding 5% or more

Millat Tractors Limited	5,306,979	46.26
National Bank of Pakistan	1,144,922	9.98
Laeq Uddin Ansari	733,120	6.39

Proxy Form

Please quote your Folio No. as is in the Register of Members Folio No.

I/We _____ (NAME)
of _____ (FULL ADDRESS)
in the district of _____
being a member / members of BOLAN CASTINGS LIMITED and a holder of _____
_____ Shares No. _____ hereby appoint
Mr. / Mrs. / Miss _____ (NAME)
of _____ (FULL ADDRESS)
in the district of _____

_____ as my / our proxy to attend and vote for me / us and on my / our behalf at the 34th Annual General Meeting of the Company to be held at Registered Office, Main RCD Highway, Hub Chowki, Distt. Lasbela, Balochistan on Tuesday October 25, 2016 at 1130 Hrs. and / or at any adjournment thereof.

Signed this _____ day of _____ 2016

Signature
on
Five Rupees
Revenue
Stamp

(Signature should agree with specimen signature registered with the Company)

Important:

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him / her.
2. The instrument appointing a proxy should be signed by the member (s) or by his / her attorney duly authorised in writing, or if the member is a corporation / company either under the common seal, or under the hand of any officer or attorney so authorised.
3. This Proxy Form, duly completed, must be deposited at the Office of our Share Register M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi not less than 48 hours before the time of holding of the meeting.

پراکسی فارم

برائے مہربانی اپنا فولیو نمبر میران
کے رجسٹر کے مطابق لکھئے۔
فولیو نمبر -----

میں مسٹی / مسٹاہ ----- ساکن -----
ضلع ----- بحیثیت ممبر بولان کاسٹنگ لمیٹڈ اور حامل ----- شیئرز، مسٹی / مسٹاہ ----- ساکن -----
----- کو بطور مختار (پراکسی) مقرر کرتا/کرتی ہوں تاکہ ہومیری جگہ اور میری طرف سے کمپنی کے ۳۴ ویں سالانہ اجلاس عام
جو بتاریخ ۲۵ اکتوبر ۲۰۱۶ بروز منگل کمپنی کے رجسٹرڈ آفس، مین آر سی ڈی ہائی وے، جب چوکی، ڈسٹرکٹ لسبیلہ، بلوچستان میں منعقد ہو رہا ہے میں
اور/یا اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

پانچ روپے کے محصول ٹکٹ پر
دستخط کرے

(دستخط کمپنی کے پاس موجود دستخط کے نمونے کے مطابق ہوں)

ضروری ہدایات

- ۱) ایک ممبر جو سالانہ عام اجلاس میں شرکت کرنے اور حق رائے دہی کا اہل ہے اپنے بجائے شرکت کرنے اور حق رائے دہی کے لیے ایک پراکسی مقرر کر سکتا ہے۔
- ۲) پراکسی منتخب کرتے ہوئے رکن یا اس کے اٹارنی کا پراکسی فارم پر دستخط کرنا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں پراکسی فارم پر کمپنی کی سیل (Seal) لگی ہو یا مقرر کردہ آفسریا اٹارنی کے دستخط ہوں۔
- ۳) پراکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم ۴۸ گھنٹے قبل کمپنی کے شیئرز رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس 99-B، بلاک B، SMCHS، مین شاہراہ فیصل، کراچی میں جمع کرا دیا جائے۔

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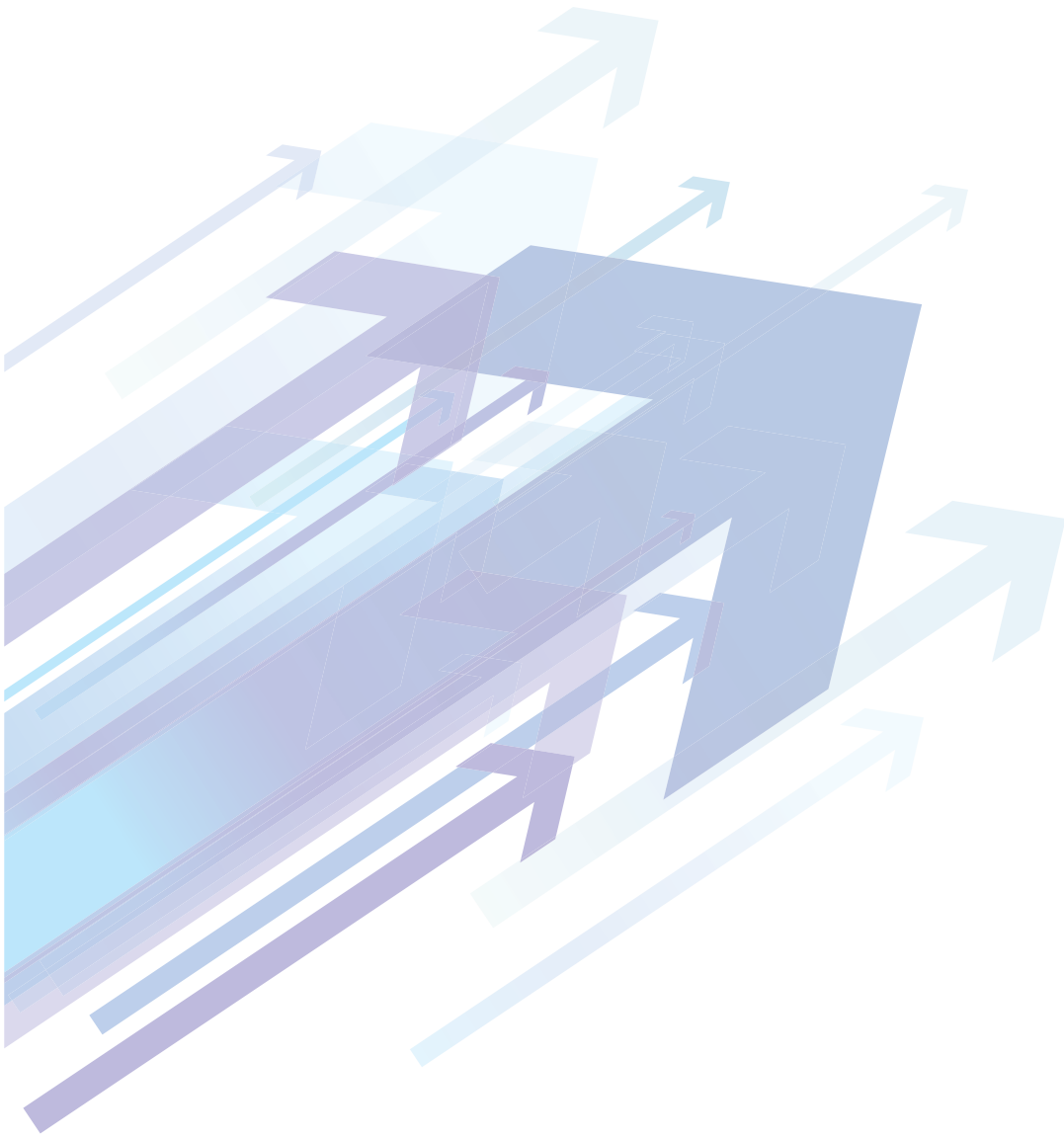


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