

BOLAN CASTING LIMITED.

Annual Reports 2002

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Company Profile

INTRODUCTION:

Being a modern and well equipped foundry and holding a major market share of the tractor and automotive castings, BCL can rightly claim to be the No. 1 foundry of its kind in Pakistan,

The company was incorporated on 15th July, 1982 as a public limited company by Pakistan Automobile Corporation Ltd (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), U.K. and the commercial production was started in July 1986. The plant is located at about 40 Kms from Karachi on the Main R.C.D. Highway Sub Tehsil Hub District Lasbella Balochistan. The company was privatized and handed over to a group of management under a joint collaboration of Millat Tractors Ltd. and the Employees of Bolan Castings Ltd. on 13th June, 1993. The plant has an approximate covered area of 18645 square meters, on surface area of 99274 square meters.

PRODUCTION CAPACITY:

The plant is designed to produce 6000 tons of tractor and automotive castings in grey and ductile iron like Engine block, Cylinder head, Gearboxes, Axle housings, Hubs and Brake drums etc. So far, more than 180 different types of castings have been successfully developed and supplied to various customers.

PRODUCTION FACILITIES:

The foundry has, a) Duplex melting facilities consisting of Twin Cold Blast Cupolas and Coreless Induction Furnaces, b)

High Pressure Moulding line, c) New Sand Preconditioning Plants, d) Resin Coating Plant Continuous Mixer, Shell Core Machines, Silicate / Co2 Core Machines, e) Shot blasting, fettling, grinding, heat treatment and painting and f) Complete Inspection, testing and quality control laboratory equipments. FORWARD INTEGRATION:

In the year 1998-99, setting up of in-house machining lines for various castings of tractor and trucks was under taken. This has resulted in a considerable boost to BCL sales and profitability

BACKWARD INTEGRATION:

In the year 2000-2001, a CNC machining set up was added in the Pattern shop to manufacture new pattern tooling equipments. This has reduced considerably the development time for new products.

ISO 9002 CERTIFICATION:

BCL foundry was first of its kind to obtain ISO 9002 certification in April, 1999. The company is now planning to go for the revised ISO 9001-2000 version of Quality Management System on expiry of our present 3 years certification period.

EXPORT MARKET:

After having some success in the Turkish market, orders from other European countries have also been received and initial consignments dispatched to them. The company has planned to boost its export to 25% of its sales by the year 2005

Board Of Directors:

Mr. Sikandar M. Khan	Chairman
Mr. Latif Khalid Hashmi	Chief Executive
Mr. Sohail Bashir Rana	Director
Mr. Laeeq Uddin Ansari	Director
Mr. Javaid Ashraf	Director
Mr. Mian Muhammad Saleem	Director
Mr. Bashir Ahmed Chaudhry	Director
Mr. A. Rauf Chandio	Director
Mr. Manzoor Ahmed Sheikh	Director (NIT Nominee)

Audit Committee:

Mr. Laeeq Uddin Ansari	Director	Chairman Audit Committee
Mr. Mian Muhammad Saleem	Director	Member Audit Committee
Mr. Bashir Ahmed Choudhry	Director	Member & Secretary Audit Committee

Company Secretary:

Mr. M. Mushtaq Akhtar

Chief Financial Officer

Auditors: M/s Avais Hyder Zaman Rizwani Chartered Accountants

Legal Advisors:

M/s Mohsin Tayeb All & Co Advocates & Legal Consultants

Bankers:

M/s Habib Bank Limited

M/s Muslim Commercial Bank Limit
M/s United Bank Limited
M/s Standard Chartered Bank
M/s ABN Amro Bank
M/s Bank Al-Falah Limited

Factory &

Registered Office:

Main RCD Highway, Sub-Tehsil Hub,
District Lasbella, Balochistan, Pakistan
Ph# 0202-32381-2 Fax:0202-32524
E-mail: bclhub@cyber.net.pk
Web: www.bolancastings.com

Liaison Office:

F-1, S.I.T.E, Hub River Road, Shershah,
Karachi - 75730
Ph# 2566712-4, 2579681 Fax: 2573558
E-mail: bclho@cyber.net.pk
Web: www.bolancastings.com

Notice of Annual General Meeting

Notice is hereby given that 20th Annual General Meeting of Bolan Castings Limited will be held at the registered office of the company Main RCD Highway, Sub-Tehsil Hub, District Lasbella, Balochistan Pakistan on Monday 28th October, 2002 at 10:00 hours to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of the 19th Annual General Meeting.
2. To receive, consider and adopt the audited accounts of the company for the year ended 30 th June 2002 together with the Directors' and Auditors' reports thereon.
3. To approve payment of dividend as recommended by the Directors.
4. To appoint auditors for the year ending 30th June 2003 and to fix their remuneration. Present auditors M/s. Avasi Hyder Zaman Rizwani, Chartered Accountants retire and being eligible offer themselves for re-appointment.
5. To elect eight Directors as fixed by the Board of Directors for term of three years. The retiring Directors are: Mr. Sikandar M. Khan, Mr. Sohail Bashir Rana, Mr. Laeeq Uddin Ansari, Mr. Javaid Ashraf, Mr. Mian Muhammad Saleem, Mr. Bashir Ahmed Chaudhry Mr. A. Rauf Chandio, Mr. Manzoor Ahmed Sheikh and Chief Executive Mr. Latif Khalid Hashmi.

B. SPECIAL BUSINESS

To approve investment of Rs. 6,000,000/- in Baluchistan Wheels Limited by passing following special resolution:

"RESLOVED that an investment of Rs. 6,000,000/- in Baluchistan Wheels Limited (BWL) by way of acquisition of 250,000 ordinary shares of Rs. 10/- each of BWL at an average price of Rs. 24/- per share be and is

hereby approved."

C. ANY OTHER BUSINESS To transact any other business with the permission of the Chair.

By Order of the Board

Karachi:

September 16, 2002

M. Mushtaq Akhtar
Company Secretary

Notes:

1.1.1 The Share Transfer Books of the company shall remain closed from October 15 to 28, 2002 both days inclusive. Transfers received in order at the shares Department of the company at the address given here under by close of working hours (17:30 Hrs.) on 14-10-2002 shall be treated in time for the purpose of entitlement of cash dividend regarding the year ended June 30, 2002.

1.2. 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.

1.3 Duly executed proxies in order to be effective must be received by the company at its Liaison office atleast 48 hours before the meeting. 1.4 Any person who seeks to contest election to the office of Director shall, whether he is retiring Director or otherwise, file with the Company, not later than fourteen days before the date of meeting a notice of his intention to offer himself for election as a director.

1.5 Additionally pursuant to provisions of Code of Corporate Governance the declarations required as follows shall also have to be submitted:

1.5.1 U/R 37 (ii) The director of listed Company shall at the time of filing (his) their consent to act as such give a declaration in such consent that (he) they (is) are aware of (his) their duties and powrs under the relevant laws and listed Company's Memorandum and Articles of Association and the listing regulations of Stock Exchange in Pakistan. 1.5.2 U/R 37 (iii) No listed Company shall have a person as a director who is serving as director of ten other listed listed Companies.

1.5.3 U/R 37 (iv) No person shall be elected or nominated as a director of a listed Company, if:

a) His name is not borne on the register of national tax

Notice of Annual General Meeting

payers except where such person is a non-resident, and

b) He has been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a banking Company, a Development Financial Institution or non Banking Financial Institution or he, being a member of a Stock Exchange has been declared as a defaulter as such by the Stock Exchange.

1.6 U/R 37 (v) A listed Company shall endeavour that no person is elected or nominated as a director if he or his spouse is engaged in the business of Stock brokerage (unless specifically exempted by the Securities and Exchange Commission of Pakistan).

1.7 Representation of independent non-executive directors including those representing minority interests on the Board of Directors of the Company is encouraged.

1.8 Shareholders are requested to promptly notify the company of any change in their addresses at its Liaison office, F-1, National Containers Building Hub River Road, S.I.T.E. Karachi.

2. STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 The Board of Directors of Bolan Castings Limited in its meeting held on September 16, 2002 had approved Rs. 6.00 Million generated from its own sources, to be invested in Baluchistan Wheels Limited for acquiring its 250,000 ordinary shares at average market price of upto Rs. 24.00 each. In the opinion of Directors the investment is secured and shall derive benefits for Bolan Castings Limited and its shareholders in shape of Dividend from BWL, who declares dividend regularly. Market value of BWL shares is Rs. 22.22 (June 30, 2001) and earning per share of last three years are Rs. 4.28, Rs. 4.31 and Rs. 3.62 as per its published accounts. The investment being made shall periodically be reviewed by the Directors. The directors of the Company and their relatives have no interest in the business/transaction except to the extent of shares held by them in the Company.

3. 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 and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) 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 individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

iii) Attested copies of NIC 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 NIC 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 (unless it has been provided earlier) along with proxy form to the Company.

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 CUSTOMER'S SATISFACTION AND TO GROW THROUGH DIVERSIFICATION IN LOCAL AND EXPORTS MARKET, WHILE SERVING BEST INTEREST OF SHAREHOLDERS.

Statement of Ethics and Business Practices

Every Director and employee of Bolan Castings Limited believes and is committed to adopt fair means to perform all business activities, based on good moral values, which are generally acceptable on social, business and economic grounds.

Their conduct shall be based on and committed to integrity, objectivity, professional competence, due care, confidentiality, professional behaviour and technical standards.

Purpose and Value of Business

Manufacturer of Castings of Tractors Parts, Automotive Parts, engineering and other that conform to the specified standards.

Employees

Recruitment of personnel on merit, offering training, career development, equal opportunities of growth, no discrimination or harassment and reward for achievement. Improved working conditions, ensuring safety, security and health.

Customer Relation

Ensure customer satisfaction by providing quality product at competitive prices.

Shareholders, Financial Institutions & Creditors

Protection of investment made in the Company and appropriate return on money lent/invested. Achievement and prospects to be timely and accurately communicated.

Supplies

Prompt settling of bills, coordination and cooperation to achieve quality and efficiency. No bribery or excess hospitality to be accepted or given.

Society/Community

Compliance with the spirit of laws, timely payment of Government taxes and dues.

General

The Company neither support any political party nor contribute funds to groups or

associations whose activities promote political interests.

ENVIRONMENT POLICY

The Company follows environment friendly policies and adheres to its safety rules and regulations.

Chairman's Review

DEAR SHAREHOLDERS

It is indeed a pleasure for me to welcome you at the 20th Annual General Meeting of Bolan Castings Limited and present the Annual Audited Accounts and Reports of the Company for the financial year ended 30th June, 2002.

OPERATING RESULTS:

With the blessings of All Mighty Allah your Company succeeded in the Sale of 7260 MT of castings as against 9051 MT of same period last year. The Sales Revenue declined by 19.5% to Rs. 378.139 million as compared to Rs. 469.752 million of corresponding period last year due to decrease in orders from OEM's.

The Gross Profit for the period was Rs. 104.52 million as against Rs. 117.476 million for the preceding year. The administrative and selling expenses were Rs. 11.650 million as compared to Rs. 14.504 million of last year. The financial charges were Rs. 2.0 million while prior year adjustment amounted to Rs. 5.0 million. The profit before tax, however improved to Rs. 97.9 million as against Rs. 97.1 million of last year. After accounting for taxation amounting to Rs. 22.6 million as against Rs. 35.5 million of last year, the profit after tax was recorded at Rs. 75.3 million as compared to Rs. 61.6 million of last year.

In line with the past record, your Directors were pleased to recommend a cash dividend of 60% (Rs. 6.00 per share of Rs. 10 each), as against 50% (Rs. 5.00 per share) in the last year.

CODE OF CORPORATE GOVERNANCE

Your Company has adopted the Code of Corporate Governance introduced by the Securities and Exchange Commission of Pakistan (SECP) through Stock Exchanges and the Board of Directors shall ensure compliance of requisite provisions.

MARKETING

The export activities of your Company are bringing positive results. During year under review the exports increased to Rs. 8.703 million as against Rs. 5.245 million last year. The increasing trend is expected to continue and export figures during coming year are likely to be better than the past.

EMPLOYEES' RELATIONS

The cordial relations between the management and employees continue to remain a source of strength for the Company.

FUTURE OUTLOOK

The expected change in national political scene due to October, 2002 elections shall have their impact on economic, industrial and trade policies of Pakistan. Given the continuity in major economic policies there are reasons to believe that volumes of tractor industry are likely to be close to or better than existing. Hence supply of our castings to local tractor and automotive industry would continue as per plans.

ACKNOWLEDGEMENT

I would like to thank all the officers and workers of the Company for their dedication and commitment and the contributions of all concerned that helped Company in achievement of better operating results.

SIKANDAR M. KHAN
CHAIRMAN

Karachi:

September 16, 2002.

Directors of your Company have pleasure in presenting Annual Report and the Audited Financial Statements of the Company for financial year ended June 30, 2002.

Financial Results

	2002	2001
	Rupees	Rupees
Profit after taxation	75,293	61,638
Add: Accumulated profit brought forward	712	701
Profit available for appropriation	76,005	62,339
Appropriation:		
Proposed cash dividend 60% (2001:50%)	33,152	27,627
Transfer to general reserves	42,000	34,000
Accumulated profit carried forward	<u>853</u>	<u>712</u>

Earnings per Share

The earnings per share for the year ended June 30, 2002 was Rs, 13.63 as against Rs.11,16 of preceding year.

Directors

During the year Mr. Hammad Mehmood Director NIT nominee had resigned and in his place Mr, Manzoor Ahmed Sheikh Director NIT nominee was appointed. The present term of three years of the Board of Directors

of the Company is ending this year and Directors are to be elected for the next term in the forthcoming AGM.

Auditors

The present Auditors M/s. Avais Hyder Zaman Rizwani, Chartered Accountants, retired and being eligible have offered themselves for reappointment as auditors of the Company for the year ending June 30, 2003.

The Audit Committee of Board of Directors of the Company

recommended to the Board regarding the reappointment of M/s. Avais Hyder Zaman Rizwani Chartered Accountants as auditors for financial year 2002-2003.

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

- a) 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.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations of Stock Exchange.
- h) For taxes please refer to note nos. 21 & 22 annexed to the accounts of the period.
- i) The future prospects within given local geopolitical conditions can be termed uncertain. In case of adverse changes the effects as such can be any body's guess. The risk involving international economic, political and trade activities can not be termed as total threats. There are hopes of global natural moves towards human and economic development as well. The local tractors and auto industry expects continuity in exiting trends, during the next year.
- j) Statement concerning value of investments of Provident Fund, Gratuity Fund:

Provident Fund Rs. 18,328,000

Gratuity Fund Rs. 22,078,309

- k) Four Board Meetings were held during the year and attendance by each Director was as follows:

Directors' Report

Name of Directors		No. of Meetings Attended	Leave of absence granted
1. Mr. Sikandar M. Khan	Chairman/Director	4-of 4	-

2. Mr. Latif Khalid Hashmi	Chief Executive	3 of 4	1
3. Mr. Sohail Bashir Rana	Director	4 of 4	-
4. Mr. Laeeq Uddin Ansari	Director	4 of 4	-
5. Mr. Javaid Ashraf	Director	4 of 4	-
6. Mr. Mian M. Saleem	Director	4 of 4	-
7. Mr. Bashir Ahmed Ch.	Director	4 of 4	-
8. Mr. A. Rauf Chandio	Director	0 of 4	4
9a. Mr. Hammad Mehmood	Director (NIT Nominee)	0 of 1	1
replace by			
9b. Mr. Manzoor Ahmed Sh.	(NIT Nominee)	1 of 3	2

Namewise detail is as follows:

Associated Companies

No. of Shares held

M/s. Millat Tractors Limited	2,555,907
M/s. Baluchistan Wheels Limited	10,000
	<u>2,565,907</u>

Directors

Mr. Sikandar M. Khan	50,600
Mr. Latif Khalid Hashmi	123,600
Mr. Sohail Bashir Rana	40,000
Mr. Laeeq Uddin Ansari	207,300
Mr. Javaid Ashraf	8,210
.Mr. Mian Muhammad Saleem	3,300
Mr. Bashir Ahmed Choudhry	2,500
Mr. Manzoor Ahmed Sheikh	Nil
Mr. A. Rauf Chandio	Nil
	<u>435,510</u>

Executives (Whose basic exceeds
500,000 in a financial year)

Nil

Public Sector Companies & Corporation
M/s. Sind Engineering (Pvt.) Limited

250,000

Banks, Development Finance Institution;

National Bank of Pakistan (Ex-NOFC)	714,500
ICP	<u>1,400</u>
NIT	<u>482,900</u>
	<u>1,198,800</u>
Insurance Companies/Joint Stock Companies	63,400
Investment Companies	1,100
Modarabas	28,500
Others	982,090
Total	<u>5,525,307</u>

Shareholders holding ten percent or more voting interest in the Company.

M/s Millat Tractors Limited	2,555,907	0
BCL employees	432,490	0
Total of the Group	<u>2,988,397</u>	<u>54.09%</u>

All trades in the shares of the Company carried out by Directors, CEO, CFO during year ending 30-06-2002.

Name & Designation	Shares Bought	Shares Sold
1. Mr. Sikandar M. Khan Chairman/Director	35,000	-
2. Mr. Latif Khalid Hashmi Chief Executive	50,000	-
3. Mr. Sohail Bashir Rana Director	20,000	-
4. Mr. Laeeq Uddin Ansari Director	45,000	—
5. Mr. Mian M. Saleem Director	10,000	** 20,000

* Dated 11-07-2001

"Dated 15-01-2002

Orientation Course

An orientation course for the Board of Directors of the Company was carried out on July 4, 2002 to let the Directors get acquainted with their duties and responsibilities and to enable them to manage the affairs of the Company on behalf of the shareholders. The course was conducted by Mr. Mohammad Ilyas of M/s. Ilyas Saeed & Co. Chartered Accounts.

ON BEHALF OF THE BOARD

LATIF KHALID HASHMI
CHIEF EXECUTIVE

Karachi:

September 16, 2002.

No. of Share Holders	Size of From	Holding To	No. of Shares Held	Amount Rupees
503	1	100	56,200	562,000
89	101	500	32,700	327,000
169	501	1,000	142,600	1,426,000
112	1,001	5,000	281,600	2,816,000
13	5,001	10,000	96,510	965,100
5	10,001	15,000	60,100	601,000
3	15,001	20,000	52,090	520,900
1	20,001	25,000	25,000	250,000
1	25,001	30,000	27,000	270,000
1	30,001	35,000	35,000	350,000
2	35,001	40,000	80,000	800,000
1	40,001	45,000	43,000	430,000
1	45,001	50,000	50,000	500,000
0	50,001	70,000	-	-
1	70,001	75,000	73,600	736,000
0	75,001	140,000	-	-
2	140,001	145,000	282,300	2,823,000
1	145,001	150,000	147,000	1,470,000
0	150,001	205,000	-	-
1	205,001	210,000	207,300	2,073,000
0	210,001	245,000	-	-
1	245,001	250,000	250,000	2,500,000
0	250,001	265,000	-	-
1	265,001	270,000	265,500	2,655,000
0	270,001	475,000	-	-
1	475,001	480,000	478,900	4,789,000
0	480,001	570,000	-	-
1	570,001	575,000	573,500	5,735,000
0	575,001	2,265,000	-	-
1	2,265,001	2,270,000	2,265,407	22,654,070
911			5,525,307	55,253,070

CATEGORY OF SHARE HOLDERS

Category	Holdings	No. of Shares	%
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Individuals	881	838,110	15.17
Investment Companies	2	1,100	0.02
Joint Stock Companies	17	313,400	5.67
Banks / Financial Institutions	3	1,198,800	21.7
Modarba Companies	3	28,500	0.51
Associated Companies	2	2,565,907	46.44
Others	3	579,490	10.49
Total	911	5,525,307	100

Year ending 30th June:

	1993	1994	1995	1996	1997	1998	1999
INCOME							
Net Sales	225,037	168,662	183,297	226,668	194,040	206,046	
Gross Profit	49,589	32,582	32,849	41,865	35,188	43,808	
Profit/(loss) before tax	17,086	1,909	1,720	5,616	2,108	32,713	
Profit/(loss) after tax	15,960	1,065	803	4,483	1,138	8,063	
FINANCIAL POSITION							
Current assets	109,792	100,271	127,475	139,307	141,444	128,276	
Less: Current Liabilities	132,195	114,280	157,585	183,370	187,102	78,227	
Net working Capital	(22,403)	(14,009)	(30,110)	(44,063)	(45,658)	50,049	
Fixed assets - Net	158,733	146,120	132,954	119,321	106,096	96,428	
Others	5,490	5,399	5,016	4,654	4,176	3,127	
	141,820	137,510	107,860	79,912	64,614	149,604	
Less: Long term debts	85,427	80,001	49,100	16,754	-	83,374	
Other liabilities	348	399	848	763	1,080	2,921	
Shareholders' equity	56,045	57,110	57,912	62,395	63,534	63,309	
REPRESENTED BY;							
Share Capital	55,253	55,253	55,253	55,253	55,253	55,253	
Reserves		-	-	7,000	7,000	8,000	
Accumulated Profit / (Loss)	792	1,857	3	142	1,281	56	
NET CAPITAL EMPLOYED							
	56,045	57,110	57,912	62,395	63,534	63,309	
Capacity ratio (%)	110	77	79	87	68	70	
Production capacity attained (in MT)	6,274	4,393	4,497	4,975	3,853	3,977	
MARKET VALUE RATIOS							
Break up value of a share of							
Rs.10/-each	10.14	10.34	10.48	11.29	11.50	11.46	
Dividend (Rupees per share)	-	-	-	-	-	1.50	2.50
Dividend (%)	-	-	-	-	-	15.00	
PROFITABILITY RATIOS							
Gross Profit Ratios (%)	22.04	19.32	17.92	18.47	18.13	21.26	
Profit/(Loss) before tax to sale (%)	7.59	1.13	0.94	2.48	1.09	15.88	

Profit/(Loss) after tax to sales (%)	7.09	0.63	0.44	1.98	0.59	3.91
Earnings Per Share-EPS Rs.	2.89	0.19	0.15	0.81	0.21	1.46
Return on equity (%)	28.48	1.86	1.39	7.18	1.79	12.74

LIQUIDTY RATIOS

Current ratio (%)	0,8:1	0.8:1	0.8:1	0.8:1	0.8:1	1.64:1
Quick Ratio (%)	0.49:1	0,41:1	0.39:1	0.41:1	0.40:1	0.83:1

ACTIVITY RATIOS

Raw material inventory turnover - days	72	79	57	50	54	61
WIP inventory turnover - days	15	17	12	14	14	13
Finished goods inventory turnover - days	26	34	40	34	47	51

CUSTOMERS

TRACTORS

Millat Tractors Limited
AI-Ghazi Tractors Limited

AUTOMOBILE

Sind Engineering (Pvt.) Ltd.
Pak Suzuki Motor Company Ltd.
Hino Pak Motors Ltd.
Gandhara Industries Ltd.
Gandhara Nissan Diesel Ltd.

ENGINEERING/OTHERS

Pakistan Machine Tool Factory
Transmission Engineering
Pakistan Synthetic
HMA Stainless Steel Pumps
AI-Sons Industries
Die Caster Limited

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
- b. Fiat Tractors
1. Axle casing

AUTOMOBILE INDUSTRY

- a. Suzuki Car/Pickup/Van
1. Brake drums
- b. Issuzu Trucks/Buses
1. Brake drums & Hubs
 2. Exhaust manifold
 3. Spring pads & Brackets
 4. Generator Brackets
- c. Mazda Trucks
1. Brake drums & Hubs
 2. Case thermostat
 3. Bracket alternator
 4. Hinges
 5. Pulleys
- d. Nissan Trucks/Buses
1. Brake drums & Hubs
 2. Fan pulley
 3. Shackles
 4. Spring stoppers & Brackets

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. Defence
1. Bomb shell
- d. Textile
1. Labyrinth seals

- | | |
|-------------------------|-------------------------------|
| 2. Differential case | |
| 3. Trumpet 640 | e. Hino Trucks/Buses |
| 4. Front axle support | 1. Brake drums |
| 5. Bearing covers | 2. Spring stoppers & Brackets |
| 6. Trumpet cover 640 | |
| 7. Trumpet 480 | f. Bedford Trucks |
| 8. Hubs | 1. Brake drums |
| 9. Master catch housing | 2. Differential carrier |
| 10. Oil sump-480 | |
| | g. Honda/Coure |
| | 1. Pulleys |

Statement of value added and its distribution

PARTICULARS	2002	2001
VALUE ADDED		
Net sales	378,139	469,752
Material and services	(240,147)	(299,487)
	137,992	170,265
Prior year adjustment	5,006	-
Other income	5,932	4,525
	148,930	174,790

DISTRIBUTION TO EMPLOYEES

	%		%
Salaries, wages and Benifits	35,023	23	54,697
Workers' Profit Participation Fund	4,989	3	5,214
Interest on WPPF	734	1	501
	40,746	27	60,412

GOVERNMENT

Tax	22,604	16	35,457	20
Workers' Welfare Fund	(1,095)	-1	3,565	2
	21,509	15	39,022	22

SHAREHOLDERS

Dividend	33,152	22	27,627	16
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RETAINED IN BUSINESS

Depreciation	11,382	8	13,718	8
Retained profit	42,141	28	34,011	19
	53,523	36	47,729	27
	148,930	100	174,790	100

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

The Company is in process of implementing all facets of the Code of Corporate Governance issued

by the Karachi Stock Exchange (KSE). The Board feel pleasure in stating that provisions of code, relevant for the period ending 30-06-2002, have been duly complied with.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Bolan Castings Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange where the Company is listed.

The responsibility of compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 of Corporate Governance.

Avais Hyder Zaman Rizwani
Chartered Accountant

Karachi:

September 16, 2002

Auditors' Report to the Members

We have audited the annexed balance sheet of BOLAN CASTINGS LIMITED as at June 30, 2002 and the related profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We 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 the Profit & loss account together with the notes thereon have been drawn up conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, cash flow statement, 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 Ordinances, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2002 and of the profit, cash flow 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.

AVAIS HYDER ZAMAN RIZWANI
CHARTERED ACCOUNTANTS

Karachi:
September 16,2002.

Balance Sheet as at June 30, 2002

SHARE CAPITAL AND RESERVES	Note	2002	2001
		Rs.	Rs.
Authorised Capital:			
7,500,000/- ordinary shares of Rs 10/- each		75,000,000	75,000,000
Issued, subscribed and paid up capital			
5,525,307 ordinary shares of Rs. 10/each	3	55,253,070	55,253,070
General reserves		134,000,000	92,000,000
Accumulated profits		852,955	712,048
		190,106,025	147,965,118
DEFERRED LIABILITY			
Provision for gratuity		3,064,994	2,809,054
CURRENT LIABILITIES			
Running finance under mark-up arrangement	4 -	-	-
Creditors, accrued and other liabilities	5	81,723,091	99,193,385
Taxes payable	-	-	51,770,655
Proposed dividend		33,151,842	27,626,535
Unclaimed dividend		973,900	902,282
		115,848,833	179,492,857
CONTINGENCIES AND COMMITMENTS	6		
		309,019,852	330,267,029
FIXED ASSETS - TANGIBLE			
Operating assets - at book value	7	91,567,393	85,291,781
LONG TERM LOANS AND ADVANCES	8	334,400	319,548
LONG TERM DEPOSITS			

Trade deposits		1,154,660	1,159,660
CURRENT ASSETS			
Stores, spares and loose tools	9	22,920,809	19,964,632
Stock-in-trade	10	38,917,985	42,653,280
Trade debts	11	69,018,905	83,273,901
Advances, deposits and prepayments	12	13,442,193	15,513,402
Other receivables	13	763,785	1,572,074
Taxes refundable		21,434,394	23,900,613
Cash and bank balances	14	49,465,328	56,618,138
		215,963,399	243,496,040
		309,019,852	330,267,029

The annexed notes form an integral part of these accounts.

LATIF KHALID HASHMI
Chief Executive

SIKANDAR M. KHAN
Chairman

	Note	2002 Rs.	2001 Rs.
Sales - net	15	378,139,414	469,751,621
Cost of sales	16	(273,618,622)	(352,276,317)
Gross profit		104,520,792	117,475,304
Administration expenses	17	(9,635,606)	(11,740,349)
Selling and distribution expenses	18	(2,014,386)	(2,764,461)
		(11,649,992)	(14,504,810)
		92,870,800	102,970,494
Financial charges	19	(2,017,614)	(1,621,176)
Other income / (charges)	20	2,037,072	(4,254,548)
		19,458	(5,875,724)
Prior year adjustment	21	5,006,880	
Profit before taxation		97,897,138	97,094,770
Taxation	22	(22,604,389)	(35,456,755)
Profit after taxation		75,292,749	61,638,015
Accumulated profit brought forward		712,048	700,568
Profit available for appropriations		76,004,797	62,338,583
APPROPRIATIONS			
Transfer to general reserves		(42,000,000)	(34,000,000)
Final dividend @60% (2001: 50%)		(33,151,842)	(27,626,535)
		(75,151,842)	(61,626,535)
Accumulated profit carried forward		852,955	712,048
EARNINGS PER SHARE	23	14	11

The annexed notes form an integral part of these accounts.

Cash Flow Statement for the year ended June 30, 2002

	2002	2001
	Rs.	Rs.
Cash flow from operating activities		
Profit before taxation	97,897,138	97,094,770
Adjustment for:		
Depreciation	11,381,618	13,717,722
Provision for gratuity	282,226	1,184,210
Financial charges on leased assets	-	11,816
(Gain) / Loss on sale of fixed assets	(91,646)	(186,442)
Financial charges	1,006,615	882,068
Provision for accumulating compensated absences	840,474	
Return on deposits	(5,810,280)	(4,336,515)
	7,609,007	11,272,859
Operating profit before working capital changes	105,506,145	108,367,629
(Increase) / decrease in current assets	17,913,612	(53,609,146)
Increase / (decrease) in current liabilities	(20,792,131)	25,479,897
	(2,878,519)	(28,129,249)
Cash generated from operations	102,627,626	80,238,380
Income taxes paid	(70,268,169)	(24,699,910)
Gratuity paid Financial charges paid	(26,326)	(46,230)
	(688,058)	(930,640)
	(70,982,553)	(25,676,780)
Net cash generated from operating activities	31,645,073	54,561,600
Cash flow from investing activities		
Capital expenditure	(18,137,181)	(16,334,545)
Sale proceeds of fixed assets	564,208	2,167,285
Long term loans and advances	(14,852)	277,734
Long term deposits	5,000	139,250
Return on deposits received	6,339,859	3,678,495
Net cash flow from Investing activities	(11,242,966)	(10,071,781)
Cash flow from financing activities		
Dividend paid	(27,554,917)	(21,430,442)
Liabilities against assets subject to finance lease	-	(275,800)
Net cash flow from financing activities	(27,554,917)	(21,706,242)
Net increase / (decrease) in cash & cash equivalents	(7,152,810)	22,783,577
Cash & cash equivalents at the beginning of the year	56,618,138	33,834,561
Cash & cash equivalents at the end of the year	49,465,328	56,618,138

The annexed notes form an integral part of these accounts.

	Share Capital	General Reserve	Accumulated Profit	Total
Balance as at June 30, 2000	55,253,070	58,000,000	700,568	113,953,638
Profit for the year ended June 30, 2001	-	-	61,638,015	61,638,015
Transfer from accumulated profit	-	34,000,000	(34,000,000)	-
Dividend @ Rs. 5.00 per share for the year ended June 30, 2001	-	-	(27,626,535)	(27,626,535)
Balance as at June 30, 2001	55,253,070	92,000,000	712,048	147,965,118
Profit for the year ended June 30, 2002	-	-	75,292,749	75,292,749
Transfer from accumulated profit	-	42,000,000	(42,000,000)	-
Dividend @ Rs 6.00 per share for the year ended June 30, 2002	-	-	(33,151,842)	(33,151,842)
Balance as at June 30, 2002	55,253,070	134,000,000	852,955	190,106,025

Notes to the Accounts for the year ended June 30, 2002

1. Legal Status and Nature of Business The Company is incorporated in Pakistan as a quoted

public limited company and is listed on Karachi Stock Exchange. Its main business activity is to undertake castings of Tractors and Automotive Parts.

2. Summary of Significant Accounting Policies 2.1- Basis of Preparation These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan

2.2. Accounting Convention

These accounts have been prepared under the historical cost convention.

2.3. Employee Benefits

a) Gratuity Fund:

The Company operates an approved funded Gratuity Scheme for all eligible executives.

Contributions are payable to the fund on the basis of actuarial recommendation. In compliance with IAS requirement, the projected unit credit method has been adopted. By using (PUC) method expected rate of increase in salaries and return on investment for the purpose of actuarial valuation are assumed to be 10% per annum.

The last actuarial valuation was carried out on 30th lune, 2001. The fair value of the scheme's assets and liability for past services at latest valuation date were Rs.22.381 million and Rs.15.402 million respectively.

During the year Rs.245,456/-, (2001 : Rs. 1,291,405/-) has been recognized as an

expense by the company.

The company also operates an unapproved unfunded Gratuity scheme for all Non-Executives permanent employees. During the year Rs.282,266/, (2001 :Rs,1,184,210/-) has been recognized as expense by the company.

b) Provident Fund:

The Company operates an approved provident fund for all employees. During the yearRs.3,173,828/-, (2001: Rs.3,194,874/) has been recognized as an expense by the company.

c) Employees Compensated Absences: The revised IAS-19 requires that provision for employees compensated absences should be made in the accounts on accrual basis. As a result an amount of Rs. 840.474/- has been recognized as an expense for the year to make total liability amounting to Rs.5,403,740/-(2001:4,829,192/).

2.4. Taxation

Current:

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any, or one-half of one percent of turnover, whichever is higher.

Deferred:

Deferred tax is provided using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, as a matter of prudence, the Company does not recognize net deferred tax debit balances.

2.5. Fixed Assets and Depreciation

Operating Assets:

Operating fixed assets are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost. Cost, in relation to certain fixed assets, comprises historical cost plus exchange differences in foreign currency loan used for acquisition of these assets. Depreciation is charged to income applying the reducing balance method.

In respect of additions, depreciation is charged for the full year in the year of purchase, and no depreciation is charged on deletions in the year of sale.

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

Gains or Losses on disposal of assets are included in income currently

2.6 Stores, Spares and Loose Tools

Stores, spares and loose tools are valued at weighted average cost. Stores and spares in transit are stated at invoice value plus other charges paid thereon to the balance sheet date.

2.7 Stock-in-Trade

2.7.1 Stock-in-trade, except item in transit, is valued at the lower of cost and net realizable value. Stock-in-transit is stated at invoice value plus other charges paid thereon to the balance sheet date. 2.7.2 Cost signifies, in relation to raw material at weighted average, and in relation to work-in-process and finished goods at weighted average cost comprising direct material, labour and appropriate manufacturing overheads.

2.7.3 Net realisable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

2.8 Trade Debts

known bad debts, if any are written-off and provision is made against debts considered doubtful.

2.9 Rate of Exchange

Transaction in foreign currencies are converted into rupees at the rates of exchange ruling on the date of the transaction. Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange ruling at the balance sheet date except for loan from Asian Development Bank (ADB) through Pakistan Automobile Corporation Limited (PACO) which had been covered under the Exchange Risk Coverage Scheme of the Government of Pakistan. Exchange Risk Coverage fee on the loan upto 30th June 1995 for acquisition of fixed assets, payable to Government of Pakistan, was included in carrying value of the related assets. Thereafter, the exchange risk coverage fee relevant to respective loans had been charged off. Other exchange gains and losses are included in income currently. Subsequent to Sale Agreement of June 10, 1993 on privatization, a charge on company's assets was created in favour of Pakistan Automobile Corporation Limited on behalf of Government of Pakistan to secure the then outstanding balance of Rs.129 million inclusive of interest and exchange risk fee. The amount stands repaid as on 30-06-2000. The above facility is secured by an equitable mortgage of land, building and machinery.

2.10 Revenue Recognition

Revenue from sale is recognized upon passage of title to the customers, which generally coincides with physical delivery and acceptance.

	Note	2002 Rs.	2001 Rs.
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
5,525,307 (2001 : 5,525,307) Ordinary shares			
of Rs. 10/- each fully paid-up in cash		55,253,070	55,253,070

Millat Tractors Limited-an associated company
is holding 2,555,907 (2001 : 2,290,407) Ordinary shares of Rs.10/-each

4. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS-SECURED

This represents the running finance facility of Rs. 25 million
(2001: 25 million) from a commercial bank.

The Facility is subject to mark-up at the rate of paisas 35.62
(2001: paisas 39 .00) per thousand per day.

This is secured by the hypothecation of stock of raw material.

5. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors:

Associated undertakings	25,531	25,531
Others	12,685,266	14,108,648
	12,710,797	14,134,179

Accrued Liabilities:

Liabilities others	18,247,921	30,087,250
Employees leave benefits	5,403,740	4,829,192
Mark-up on running finance	318,557	-
Interest on secured loans	4,048,486	4,048,486
Exchange risk fee	2,619,607	2,619,607
Related interest and exchange risk fee	23,072,089	23,072,089
	53,710,400	64,656,624

Others:

Bills payable	4,463,000	6,336,956
Caution money	462,397	970,770
Retention and deposits	402,620	392,620
Workers' Profit Participation Fund	4,988,736	5,214,542
Payable to trustees of Staff Gratuity and Provident Fund	227,816	776,554
Sales Tax payable	3,110,336	5,450,247
Advances from employees - against car scheme	1,425,895	856,561
- against motor cycle scheme	35,058	-
Others	186,036	404,332
	15,301,894	20,402,582
	81,723,091	99,193,385

2002

Rs.

2001

Rs.

5.1 WORKERS' PROFIT PARTICIPATION FUND

Balance at the beginning of the year	5,214,542	4,349,918
Allocation for the year	4,988,736	5,214,542
Amount available	10,203,278	9,564,460
Interest provided on funds - utilised in Company's business	733,965	500,538
	10,937,243	10,064,998
Amount paid	(5,948,507)	(4,850,456)
Balance at the end of the year	4,988,736	5,214,542

6 CONTINGENCIES AND COMMITMENTS

Letters of credit issued by commercial bank	26,433,000	32,840,000
Post-dated cheques issued in favour of Collector of Customs in support of indemnity bonds	2,093,637	5,863,774

7. FIXED ASSETS - TANGIBLE

PARTICULARS	COST				RATE %	AS AT 1-7-2001 Rs.	FOR THE YEAR Rs.	DEPRIC DELE R
	AS AT 1-7-2001 Us.	ADDITIONS (DELETIONS) Rs.	ADJUS TMENTS Rs.	AS AT 30-6-2002 Rs.				
Land-Free Hold	2,678,754	-	-	2,678,754			-	
Building on free hold land	36,918,267	93,500	-	37,011,767	10	27,900,247	911,152	
Plant, Machinery & equipment	250,694,383	10,454,644 (371,945)	(681,498)	260,095,584	10	189,102,625	7,172,137	
Electrical SGas installations	6,803,520	-	(258)	6,803,262	10	5,138,189	166,527	
Castings	756,970	-	-	756,970	10	575,503	18,147	
Furniture & Fixture	1,249,306	73,110	-	1,322,416	10	699,753	62,266	
Electrical Appliances	2,696,483	282,082 (28,576)	-	2,949,989	10	825,465	214,722	
Office Equipment	1,890,652	316,895 (150,023)	-	2,057,524	10	868,138	127,483	
Computers	3,074,678	1,314,850	-	4,389,528	20	1,430,246	591,856	
Automotive Vehicles	8,330,617	5,758,000 (694,775)	-	13,393,842	20	3,261,761	2,117,313	
Bicycles	1,830	-	-	1,830	20	1,756	15	
2001-2002	315,095,460	18,293,081 -1,245,319	(681,756)	331,461,466		229,803,683	11,381,618	
2000-2001	302,004,890	17,079,875 (3,989,306)	-	315,095,459		217,256,663	13,717,722	

Depreciation charged as under:

	Note	2002 Rs	2001 Rs
Cost of sales	16	10,762,047	13,309,035

Administrative expenses	17	619,571	408,687
		11,381,618	13,717,722

7.2 Detail of sale of operating assets during the year is as follows:

PARTICULARS	Cost Rs.	Accumulated Depreciation Rs.	W.D.V Rs.	Sale Proceeds Rs.	Gain/fLoss) Rs,	Mode of Disposal	Name of purchaser
Plant & Machinery Air Compressors	371,945	210,137	161,808	115,000	(46,808)	Through Tender	Mr. Abdul Khaliq Shershah Market
Electric Applicances Air Conditioners	28,576	22,693	5,883	2,000	(3,883)	Notice Board	Mr. Masood Ahmed Scrap Contractor Karachi
Office Equipment Photocopier Machine	150,023	85,442	64,581	65,000	419	Trade in	Asiatic System, 2nd Floor Cantonment Board Building 259, Sarwar Shaheed Road, Karachi
Automotive Vehicles Suzuki Mehran Car	328,000	160,064	167,936	167,936		Under Executive Car Loan Scheme	Mr. S.M. Zakaullah Sr. Manager Foundry
Suzuki Van	135,000	123,403	11,597	106,891	95,294	Through Tender	Mr, Mohd, Tahir 1449/E-II, Muslim Town, New Karachi
Suzuki Pick up	231,775	171,017	60,758	107,381	46,623	Through Tender	Mr. Mohd. Tahir 1449/E-II, Muslim Town, New Karachi
	694,775	454,484	240,291	382,208	141,917		
	1,245,319	772,756	472,563	564,208	91,645		

8. LONG-TERM LOANS- Considered good

	Note	2002 Rs,	2001 Rs.
Loan to employees	8.1	788,788	873,396
Less: Current Maturity		(454,388)	(553,848)
		334,400	319,548

8.1 Include an amount of Rs. 73,488 (2001 : Rs, 240,896) due from the executives of the Company. The said loans are recoverable in monthly installments.

9. STORES, SPARES AND LOOSE TOOLS

In hand		
Stores	4,474,442	3,924,008
Spares	15,410,527	12,299,493
Loose tools	1,111,366	1,639,487
Hard Coke	1,628,788	751,265

	22,625,123	18,614,253
In transit		
Stores & spares	295,686	1,350,379
	22,920,809	19,964,632

10. STOCK-IN-TRADE

In hand		
Raw material	13,126,938	15,505,655
Work-in-process	7,479,000	7,150,000
Finished goods	10,301,000	9,001,000
	30,906,938	31,656,655
In transit - raw material	8,011,047	10,996,625
	38,917,985	42,653,280

11. TRADE DEBTS - uns Note

	2002	2001
	Rs.	Rs.
Due from associated undertakings	60,435,426	57,878,867
Others	8,583,479	25,395,034
	69,018,905	83,273,901

The maximum aggregate balance due from associated undertakings at the end of any month during the year was Rs. 79.719 million (2001 :Rs. 71.054 million).

12 ADVANCES, DEPOSITS AND PREPAYMENTS

Advances-unsecured, considered good		
Employees	1,078,317	372,106
Suppliers	8,600,061	9,253,067
Current portion of long-term loans	454,388	553,848
	10,132,766	10,179,021
Deposits	2,190,000	4,730,169
Prepayments	1,119,427	604,212
	13,442,193	15,513,402

13 OTHER RECEIVABLES

Octroi Refundable	218,497	326,158
Sales Tax Refundable	30,403	29,606
Accrued Income Receivable	399,415	928,994
Others	115,470	287,316
	763,785	1,572,074

14 CASH AND BANK BALANCES

Cash in hand		120,601		213,595
Cash with banks				
On Deposit Accounts	14.1	45,463,946		48,176,546
On Current Accounts		3,880,781		8,227,997
		49,344,727		56,404,543
		49,465,328		56,618,138

14.1 Represents Rs. 240.000/- of term deposits with a commercial

bank as security against guarantee given by the bank on behalf of the Company.

15 SALES

Manufactured goods	395,879,649	492,085,223
Trading goods	869,760	4,030,602
	<hr/>	
Less: Sales Returns	396,749,409	496,115,825
	(18,609,995)	(26,364,204)
	378,139,414	469,751,621
	<hr/>	

16. COST OF SALES Note

	2002 Rs.	2001 Rs.
Raw material and components consumed		
Opening stock	15,505,655	11,871,915
Purchases	123,868,765	161,941,079
	139,374,420	173,812,994
Closing stock	-13,126,935	-15,505,655
	126,247,485	158,307,339
Salaries, wages and benefits	26,850,195	43,796,175
Staff welfare	2,344,298	2,521,639
Stores and spares consu	30,789,697	44,173,731
Fuel and power	41,615,512	46,305,527
Machining Expenses	3,086,567	6,912,146
Other set vices	13,101,775	14,759,888
Travelling and conveyance	4,329,483	4,952,731
Rent, rates and taxes	226,473	135,560
Repairs and maintenance	3,340,284	3,369,223
Export Expenses	584,395 -	
Freight Charges	7,031,724	7,481,551
Insurance	710,858	697,422
Vehicles expenses	1,787,464	1,683,051
Depreciation	10,762,047	13,309,035
Others	1,677,765	2,135,999
	148,238,537	192,233,678
Work - in - process - Opening	7,150,000	3,911,000
- Closing	-7,479,000	-7,150,000
Cost of goods manufactured	274,157,022	347,302,017
Finished goods -Opening	9,001,000	10,714,000
-Closing	-10,301,000	-9,001,000
	272,857,022	349,015,017
Cost of trading goods	761,600	3,261,300
	273,618,622	352,276,317
	<hr/>	
16.1 Stores & Spares Consumed		
Opening stock	17,849,544	23,686,234
Purchases	33,880,687	38,337,041

Closing Stock	51,730,231	62,023,275
	-20,940,534	-17,849,544
	30,789,697	44,173,731

	Note	2002 Rs:	2001 Rs.
17 ADMINISTRATION EXPENSES			
Salaries, wages and benefits {Including director's fee - 2002: Rs. 500 (2001 :Rs. 1000)}		4,196,730	6,465,044
Staff welfare		368,359	361,382
Travelling		486,591	338,204
Utilities		127,058	376,555
Rent, rates and taxes		398,970	362,163
Repairs and maintenance		414,880	382,770
Printing & Stationery		612,544	471,310
Communications		332,694	298,806
Advertisement		140,540	73,200
Vehicles expenses		606,164	697,653
Insurance		160,544	167,665
Legal & Professional charges		707,000	790,700
Entertainment		34,076	30,001
Auditors' remuneration	17.1	70,000	68,000
Subscription		218,595	118,381
Depreciation		619,571	408,687
Miscellaneous		141,290	329,828
		9,635,606	11,740,349
17.1 Auditors'Remuneration			
Audit fee		50,000	50,000
Other professional services and consultancy		10,000	13,000
Out of pocket expenses		10,000	5,000
		70,000	68,000
18. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and benefits		1,264,027	1,914,193
Travelling		282,166	162,175
Insurance		127,504	154,795
Transportation		1,000	650
Sales Promotion		83,950	152,350
Rent, Rate & Taxes		7,665	-
Repair and maintenance		53,615	17,650
Communication		46,237	30,946
Vehicle expenses		82,708	30,265

Subscription & Fees	5,800	-
Printing and stationery	30,103	4,856
Miscellaneous	29,611	296,581
	2,014,386	2,764,461

19. FINANCIAL CHARGES

Mark-up on short term running finance	1,006,615	882,068
Mark-up on Finance lease	-	11,816
Interest on Workers' Profit Participation Fund	733,965	500,538
Bank charges	277,034	226,754
	2,017,614	1,621,176

	Note	2002 Rs.	2001 Rs.
20 OTHER INCOME / (CHARGES)			
Workers' Profit Participation Fund		(4,988,736)	(5,214,542)
Workers' Welfare Fund	20.1	1,094,617	(3,564,588)
Miscellaneous charges		(17,386)	(1,000)
Gain on disposal of fixed assets-net		91,646	186,442
Miscellaneous income		46,650	2,625
Profit on deposit accounts		5,810,281	4,336,515
		2,037,072	(4,254,548)
20.1 Workers' Welfare Fund			
Current		(1,895,720)	(1,981,526)
Prior		2,990,337	(1,583,062)
		1,094,617	(3,564,588)

21 PRIOR YEAR ADJUSTMENT

This pertained to prior year provision for rejection recorded in the previous year that was disallowed and added back in total income and was assessed by the tax assessing officer in Assessment Year 2001-2002. The Company has preferred appeal against the treatment. The management has decided to incorporate for the figure in the accounts.

	2002 Rs.	2001 Rs.
22. TAXATION		
Profit before taxation	97,897,138	97,094,770
Less: Amount already taxed in prior year	(5,006,880)	-
Income for current taxation	92,890,258	97,094,770
Current		
- current year	32,511,591	32,041,273
- add: surcharge @ 5%	-	1,602,064
- prior year	(9,907,202)	2,977,415
	22,604,389	36,620,752
Deferred	-	(1,163,997)
	22,604,389	35,456,755

22.1 The Company had filed returns declaring the tax losses amounting to Rs. 82.724 million and Rs. 17.227 million for the assessment years 1987-88 and 1988-89 respectively. The losses sustained in these years were not assessed by the Assessing Officer, consequently these losses could not be available for set off against the post tax holiday profits of the company for the subsequent assessment years. The Company being aggrieved by the said treatment preferred appeals before the Commissioner of Income Tax (Appeals) [CIT(A)] wherein, the action of Assessing Officer was confirmed. The Company thereafter filed second appeal with the income Tax Appellate Tribunal (ITAT). The ITAT confirmed the action of the CIT(A) by observing that the issue already stands decided against the appellant in a similar case. Subsequently, the ITAT recalled its said earlier order, consequently, the Company filed rectification application on the grounds that the appeal of the Company was dismissed relying on the decision which has been subsequently recalled for re-adjudication, therefore, the appeal of the company would also be recalled. The ITAT in their judgement on the issue has accepted the appeal of the company during February 1999. Subsequently the Assessing Officer in November 2000 had determined income tax refund amounting to Rs.23,900,613 for assessment years 1987-88 to 1999-2000. However, the aforementioned refund does not include the effect of declared loss of Rs. 17,227 million for assessment year 1988-89 proceeding for which are pending with the honourable Sindh High Court on the question of law.

22.2 Assessment for the Assessment Years 2000-2001 and 2001-2002 have been completed. The Company being aggrieved on certain issues had filed an appeal with CIT(A) against the assessment order for the Assessment year 2000-2001. The revised assessment order giving the appeal effect has been issued and for certain unresolved issues appeal has been lodged with the ITAT.

22.3 In respect of the Assessment for the year 2000-2001 & 2001-2002, the Company has filed an appeal against the order of DCIT on certain issues the appeal order for which is still awaited.

	2002 Rs.	2001 Rs.
23 BASIC EARNINGS PER SHARE		
Net Profit after taxation	75,292,749	61,638,015
Divide: No of ordinary shares outstanding	5,525,307	5,525,307
	13.63	11.16

24 CAPACITY - casting

Installed capacity	5,700 M.T. double shift p.a
Production	7,615 M.T. (2001 : 9,441.67 M.T.)
Capacity utilization	134% approx. (2001 :166% approx.)

TRANSACTION WITH ASSOCIATED COMPANIES

Sale of goods - net	320,361,793	313,634,893
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26 REMUNERATION OF CHIEF EXECUTIVE .DIRECTOR AND EXECUTIVES

	2002			2001		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
Managerial remuneration		510,317	4,135,523	.	452,092	3,497,661
Gratuity	-	11,007	83,940	-	57,140	415,957

Perquisites, benefits, rent & utilities	-	280,570	1,621,006	-	242,008	1,535,241
Medical expenses	-	62,593	262,926	-	114,511	471,311
Others	-	140,646	369,581	-	135,991	383,505
	-	1,005,133	6,472,976	-	1,001,742	6,303,675
	1	1	14	1	1	13

26.1 The director and one executive are provided with free use of Company maintained car.

26.2 The emoluments disclosed above do not include remuneration, if any, paid to or provided for in respect of the Chief Executive, Directors, and Executives by associated companies or undertakings.

27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES:

27.1 FINANCIAL ASSETS AND LIABILITIES

	INTEREST/ MARK UP BEARING			NON - INTEREST/ MARK UP BEARING			TO 20 R
	Maturity upto one year Rs,	Maturity after one year Rs.	Sub Total Rs.	Maturity upto one year Rs.	Maturity after one year Rs.	Sub Total Rs,	
FINANCIAL ASSETS							
Long term loans and advances			-	454,388	334,400	788,788	
Trade debts				69,018,905		69,018,905	
Security deposits		-	-	2,190,000	-	2,190,000	
Other receivables	-	-	-	763,785	-	763,785	
Cash and bank balances	45,463,946	-	45,463,946	4,001,382	-	4,001,382	
	45,463,946	-	45,463,946	76,428,460	334,400	76,428,460	
FINANCIAL LIABILITIES							
Creditors, accrued and other liabilities		-	-	81,723,091	-	81,723,091	
Unclaimed dividend		-	-	973,900	-	973,900	
Indemnity bonds and guarantees	-	-	-	2,093,637	-	2,093,637	
	-	-	-	84,790,628	-	84,790,628	

27.2 CONCENTRATIONS OF CREDIT RISK

Credit risk is the accounting loss to be recognised in case when one party to a financial instrument fail to discharge an obligation. Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continuously assessing the credit worthiness of the same. Concentrations of credit risk arise when a number of counterparts are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of a company's performance to developments affecting a particular industry

27.3 INTEREST RATE RISK

The company believes that it is not exposed to major concentration of interest rate risk because, mark-up, interest bearing Financial instruments of the Company carries fixed interest rate. The company places cash and cash equivalents available for short term periods with various banks and financial institutions.

27.4 FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying values of the financial instruments reflected in the financial statement approximate their fair values.

28 STAFF STRENGTH

Total number of employees of the Company as at June 30, 2002 was 195 (2001:195).

29. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 16, 2002 by the Board of Directors of the Company.

30. CORRESPONDING FIGURES

Certain prior year figures have been rearranged, wherever necessary, for the purpose of comparison.

LATIF KHALID HASHMI
Chief Executive

SIKANDAR M. KHAN
Chairman