

# **BOLAN CASTINGS LIMITED**

## **ANNUAL REPORT 2019**

**SOUND QUALITY,  
SOUND ENGINEERING**



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# **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

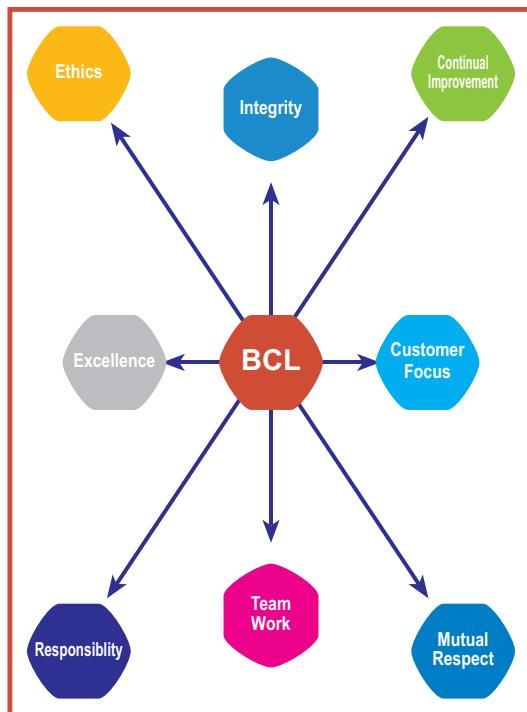
We are committed to excellence in every aspect of our activities. Each one of us must make maximum efforts to provide a quality product that responds to our customers need. Our products must meet and exceed competition. Rather than asking "is it good enough?", we must ask, "how can we do it better?". 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	Chairman
Mr. Nisar Ahmed Mirani	Chief Executive
Mr. Latif Khalid Hashmi	Director
Mr. Sohail Bashir Rana	Director
Mr. Laeeq Uddin Ansari	Director
Syed Muhammad Irfan Aqueel	Director
Syed Javaid Ashraf	Director
Mr. Muhammad Salman Husain Chawala	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. Latif & Latif Advocate  
M/s. Rizwan Manai Associates

## Bankers

Habib Bank Limited  
MCB Bank Limited  
Bank Al Falah Limited  
Dubai Islamic Bank Pakistan Limited  
Meezan Bank Limited  
Faysal Bank Limited  
Askari Bank Limited  
Bank AL Habib Limited

## Share Registrar

CDC Shares Registrar Services Limited  
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](http://www.bolancastings.com)

# BOARD OF DIRECTORS



## Mr. Sikandar M. Khan

Chairman / Non Executive Director

**Appointment**

July 03, 1982

**Committee Membership**

Chairman of Board's Committee for Supervision

**External Appointments**

Chairman of Millat Tractors Ltd., Millat Equipment Ltd., Millat Industrial Products Ltd., TIPEG Intertrade DMCC, Pakistan Foundry Association and Director of NAMAL College, National Management Foundation and Arabian Sea Country Club



## Mr. Nisar Ahmed Mirani

Chief Executive Officer

**Appointment**

April 27, 2016

**Committee Membership**

No Committee Membership

**External Appointments**

Currently no external appointment



## Mr. Latif Khalid Hashmi

Non Executive Director

**Appointment**

June 13, 1993

**Committee Membership**

Member of Audit Committee and Board's Committee for Supervision

**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

**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, Hyundai Nishat Motor (Pvt.) Ltd.



### Mr. Laeeq Uddin Ansari

Executive Director

**Appointment**

June 13, 1993

**Committee Membership**

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

**External Appointments**

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



### Syed Muhammad Irfan Aqueel

Non Executive Director

**Appointment**

October 28, 2014

**Committee Membership**

Member of Audit Committee and Human Resource and Remuneration Committee

**External Appointments**

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

## BOARD OF DIRECTORS



### Syed Javaid Ashraf

Independent Director

**Appointment**

October 28, 2014

**Committee Membership**

Chairman of Audit Committee and Human Resource and Remuneration Committee

**External Appointments**

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



### Mr. Muhammad Salman Husain Chawala

Independent Director

**Appointment**

January 19, 2018

**Committee Membership**

Member of Audit Committee

**External Appointments**

Section Manager Corporate Governance of National Investment Trust Limited and Director of United Distributors Pakistan Limited, ZIL Limited and Al-Abbas Sugar Mills Limited

# BOARD COMMITTEES

## Audit Committee

### Composition of Committee

#### Chairman

Syed Javaid Ashraf

Independent Director

#### Members

Mr. Latif Khalid Hashmi

Non-Executive Director

Syed Muhammad Irfan Aqueel

Non-Executive Director

Mr. Muhammad Salman

Independent Director

Husain Chawala

Independent Director

### Terms of Reference

- > Determination of appropriate measures to safeguard the company's assets.
- > Review of annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:
  - (i) Major judgmental areas.
  - (ii) Significant adjustments resulting from the audit.
  - (iii) Going concern assumption.
  - (iv) Any changes in accounting policies and practices.
  - (v) Compliance with applicable accounting standards.
  - (vi) Compliance with these regulations and other statutory and regulatory requirements.
  - (vii) All related party transactions.
- > Review of preliminary announcements of results prior to external communication and publication.
- > Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- > Review of management letter issued by external auditors and management's response there to.
- > Ensuring coordination between the internal and external auditors of the company.

- > Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company.
- > Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response there to.
- > Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
- > Review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports.
- > Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body.
- > Determination of compliance with relevant statutory requirements.
- > Monitoring compliance with these regulations and identification of significant violations thereof.
- > Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.
- > Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- > Consideration of any other issue or matter as may be assigned by the board of directors.

## BOARD COMMITTEES

### Board's Committee for Supervision (BCS)

#### 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	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.

### Human Resource and Remuneration (HR&R) Committee

#### Chairman

Syed Javaid Ashraf Independent Director

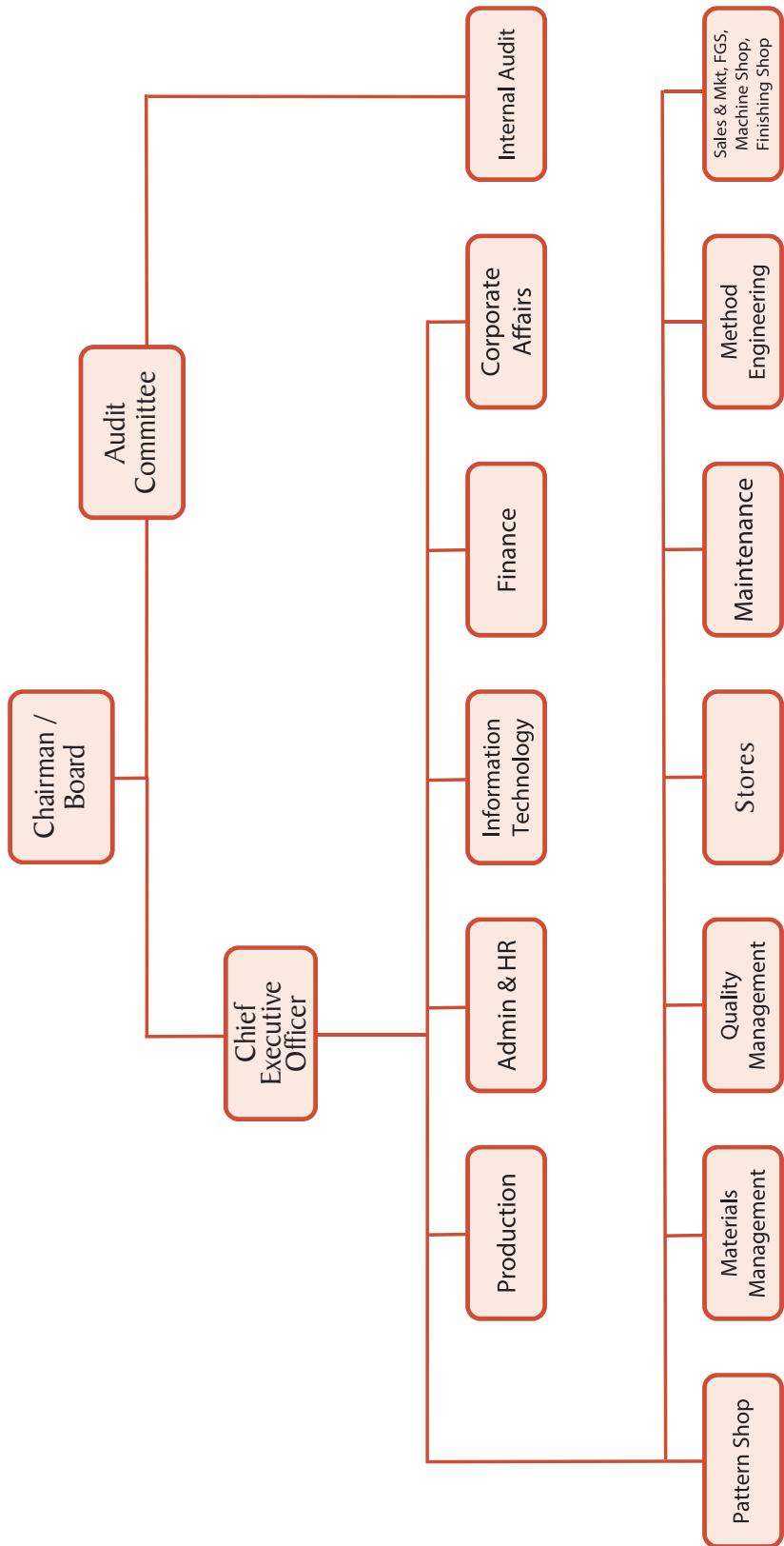
#### Members

Mr. Laeeq Uddin Ansari	Executive Director
Syed Muhammad Irfan Aqueel	Non-Executive Director

#### Terms of Reference

- > Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors).
- > Recommending human resource management policies to the board.
- > Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief financial officer, company secretary and head of internal audit.

# 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, 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 9001-2015 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 Limited
- . Ghandhara Nissan Limited
- . Ghandhara Industries Limited
- . Master Motors Corporation Limited
- . Afzal Motors

### Engineering/Others

- . HMA Pumps Private Limited
- . Millat Equipment Limited
- . Baluchistan Wheels Limited
- . Alsons Industries Private Limited
- . Mecas Engineering Limited
- . Infinity Engineering Limited
- . Al-Intizam International

## 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. Differential cases
- 8. Hydraulic lift cover
- 9. Box hydraulic
- 10. Oil sump 240
- 11. Oil sump 385
- 12. Sleeve
- 13. Fork clutch release
- 14. Axle housing 240
- 15. Axle housing 385
- 16. Link rocker
- 17. Fly wheel 240
- 18. Fly wheel 385
- 19. Front axle support 240
- 20. Front axle support 385
- 21. Water body 385
- 22. Water body outlet 240
- 23. Shift tower
- 24. Axle cover
- 25. Diff. carrier LH/RH
- 26. Shift tower cover

#### b. Fiat Tractors

- 1. Axle casing
- 2. Differential case
- 3. Front axle support
- 4. Bearing cover
- 5. Trumpet 480
- 6. Hubs
- 7. Oil sump 480
- 8. Steering box cover

### Automobile Industry

#### a. Hino Trucks/Buses

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

#### b. Nissan Trucks/Buses

- 1. Brake drums & hubs

#### c. Isuzu Trucks/Buses

- 1. Brake drums & hubs
- 2. Exhaust manifold

#### d. Master Trucks

- 1. Brackets

#### e. Daewoo Trucks/Buses

- 1. Brake drums

### Engineering Industry

#### a. Pumps

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

#### b. Millat Equipment Limited

- 1. Planetary carrier 240
- 2. Planetary carrier 375
- 3. Planetary carrier 385

#### c. Wheel Rims

- 1. Blank holder dies

#### d. Alsons Industries Private Limited

- 1. Bomb Shell

#### e. Mecas Engineering Limited

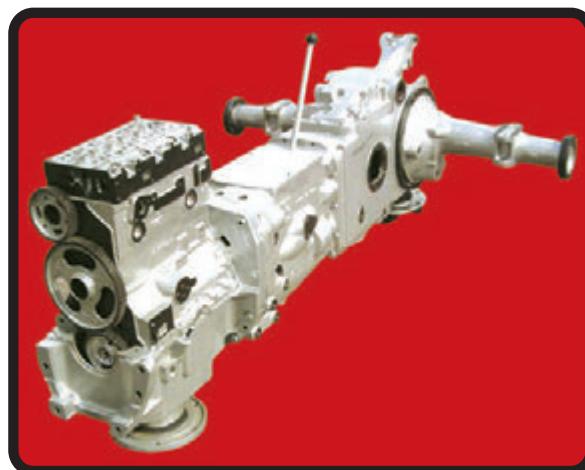
- 1. L-shape large

#### f. Infinity Engineering Limited

- 1. Brake drums

#### g. Al-Intizam International

- 1. Cast iron wheel



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

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 37th 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 Wednesday, October 23, 2019 at 12:00 hours.

## Books Closure

The Share transfer books of BCL will remain closed from October 11, 2019 to October 23, 2019 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 10, 2019 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:

CDC Shares Registrar Services 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](mailto:info@cdcpak.com)  
Website: [www.cdcpk.com](http://www.cdcpk.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](http://www.bolancastings.com).

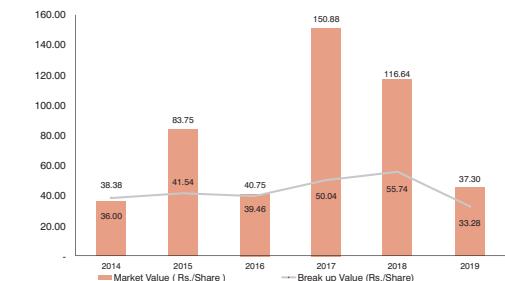
The website has general information about the Company and details of its product range. The quarterly and annual reports of the Company are also posted on this site. Further, a dedicated 'Investor Relations' section is also available on the website.

## Price Ranges

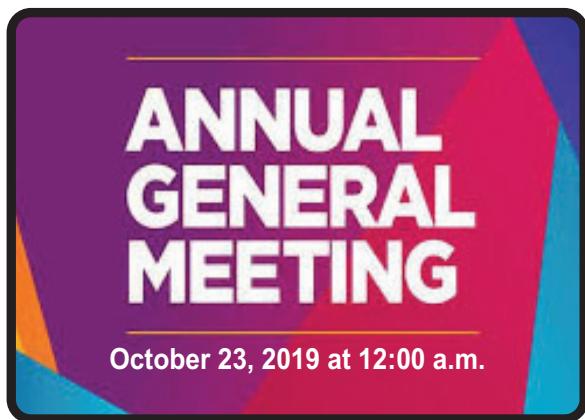
Quarterly price ranges of BCL shares on the Pakistan Stock Exchange, the principal market in which the stock is traded, were:

Quarter	2019		2018	
	High	Low	High	Low
	----- Rupees -----			
First (July-18-Sep-18)	139.78	94.00	169.00	101.35
Second (Oct-18-Dec-18)	103.95	64.10	124.48	91.01
Third (Jan-19-Mar-19)	84.00	55.00	151.00	106.00
Fourth (Apr-19-June-19)	58.95	35.52	185.00	109.50

## Market Value Vs. Break-up Value of Shares



# NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that 37th 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 Wednesday, October 23, 2019 at 1200 hours to transact the following businesses:

## A. ORDINARY BUSINESS

1. To confirm the minutes of 36th Annual General Meeting held on October 23, 2018.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2019 together with the Chairman's review, Directors' report and Auditors' report thereon.
3. To appoint auditors for the year ending June 30, 2020 and to fix their remuneration.

## B. SPECIAL BUSINESS

4. To ratify and approve the transactions carried out in the normal course of business with Group companies for the year ended June 30, 2019 by passing the following resolution as a special 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, 2019 be and are hereby ratified and approved.

5. 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, 2020 by passing the following resolution, with or without modification, as a special 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, 2020.

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.

## C. OTHER BUSINESS

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

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read 'Arafat Mushir'.

Hub  
October 01, 2019

Arafat Mushir  
Company Secretary

## Notes :

1. The Share Transfer Books of the Company shall remain closed from October 11, 2019 to October 23, 2019 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. CDC Share Registrar Services 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 10, 2019 shall be treated in time to determine the above mentioned entitlement and to attend and vote at the 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 in pursuance of requirements of Section 138 of the Companies Act, 2017.
3. Duly executed proxies in order to be effective must be received at the Registered Office of the Company at least 48 hours before the meeting, computed in the manner provided in sub section (6) of Section 137 of the Companies Act, 2017.

# NOTICE OF ANNUAL GENERAL MEETING

4. Members are requested to promptly notify any change in their addresses to our Share Registrar M/s. CDC Share Registrar Services 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 owner 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 clause 6 of the Companies (Distribution of Dividends) Regulations, 2017 read with Section 242 of the Companies Act, 2017, the company has withheld and in future will also

withhold cash dividend payment to shareholders who have not yet provided the copy of their valid CNIC. In case your cash dividend is withheld due to aforesaid reason, you are requested to kindly provide legible copy of your valid CNIC to Company's Share Registrar if you hold shares in physical form or to the respective Participant/Investor Account Services if shares are held in book entry form.

## 7. Payment of Cash Dividend Electronically

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. In view of foregoing the shareholders are requested to provide the details containing (i) Title of Bank account, (ii) Bank Account Number, (iii) IBAN (iv) Bank Name, (v) Branch Name, Code & Address, (vi) Cell Number, and (vii) Landline Number, if any, to Company's Share Registrar if shares are held in physical form or to the respective Participant/Investor Account Services if shares are held in book entry form. Failure to provide the aforesaid requirements will result in withholding of the payment of dividend in the future to the respective member.

## 8. Transmission of Annual Financial Statements through CD/DVD/USB

SECP through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the annual statement of financial position, profit or loss account, auditors' report and directors' report etc to its members through CD/DVD/USB at their registered addresses and the same has subsequently been approved by the Company's shareholders in the AGM. In view of the above the Company has sent its Annual Report 2019 containing the Financial Statements and the related reports to the shareholders in the form of CD. Any shareholder can send request for printed copy of the Annual Report 2019 to the Company.

Further, the annual financial statements of the Company for the year ended June 30, 2019 along with related reports have been placed at the website of the Company [www.bolancastings.com](http://www.bolancastings.com).

## 9. Transmission of Annual Financial Statements through email

The Securities and Exchange Commission of Pakistan vide its SRO 787(I)/2014 dated September 08, 2014 has permitted

# NOTICE OF ANNUAL GENERAL MEETING

companies to circulate annual statement of financial position, profit or 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.

## 10. Video Conference Facility

In pursuance of Section 132 of the Companies Act, 2017 together read with SECP Circular 10 of 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days prior to date of meeting, the Company will arrange a video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding the video conference facility venue at least 5 days before the date of the AGM along with the complete information needed to access the facility.

If you would like to avail video conferencing facility, as per above, please fill the following and submit to registered office of the Company atleast seven (7) days before AGM.

I/ We, \_\_\_\_\_ of \_\_\_\_\_ being a member of Bolan Castings Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

Registered Office Address of the Company:  
Bolan Castings Limited  
Main RCD Highway, Hub Chowki,  
District Lasbela, Balochistan

## 11. Postal Ballot

Pursuant to Companies (Postal Ballot) Regulations 2018, for the agenda item subject to the requirements of Section 143 and 144 of the Companies Act 2017, members will be allowed to exercise their right of vote through postal ballot that is voting by post or through any electric mode, in accordance with the requirements and procedure contained in the aforesaid regulations.

## STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017.

This statement sets out the material facts concerning the Special Business, given in agenda item No. 4 & 5 of the Notice.

### 1) Agenda Item No. 4 of the Notice

During the financial year ended June 30, 2019, the Company carried out transactions with Group companies in the normal course of business. As per provision of Regulation No. 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2017, 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 Annual General Meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2019 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.

The information of the Related party transactions as required under Regulation 5(1) of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 is as under:

## NOTICE OF ANNUAL GENERAL MEETING

Name of Related Parties	Millat Tractors Limited		Millat Equipment Limited	Millat Industrial Products Limited
Names of the interested or concerned persons or directors	Mr. Sikandar M. Khan Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Syed Muhammad Irfan Aqueel	Mr. Sikandar M. Khan Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Syed Muhammad Irfan Aqueel	Mr. Sikandar M. Khan Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Syed Muhammad Irfan Aqueel	Mr. Sikandar M. Khan Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari
Nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in related party		Common directorship and the shareholding	Common directorship and the shareholding	Common directorship and the shareholding
Detail, description, terms and conditions of transactions	Sale of goods against confirmed orders	Purchase of goods against confirmed orders	Sale of goods against confirmed orders	Purchase of goods against confirmed orders
Amount of Transactions (Rs.)	1,424,300,241	1,486,158	6,780,716	18,612
Time frame or duration of the transactions	From 01-07-2018 to 30-06-2019	From 01-07-2018 to 30-06-2019	From 01-07-2018 to 30-06-2019	From 01-07-2018 to 30-06-2019
Pricing Policy	At Mutually Agreed price	At Mutually Agreed price	At Mutually Agreed price	At Mutually Agreed price

### 2) Agenda Item No. 5 of the Notice

The Company shall be carrying out transactions with Group companies in the normal course of business during the financial year ending June 30, 2020. As the majority of Directors will be interested in these transactions due to their common directorship and shareholding in the Group companies, the quorum of directors will not be formed for the required approval of these transactions. Therefore, in order to satisfy the aforesaid requirement of approval by the Board on quarterly basis and in the absence of formation of required quorum for the purpose, the transactions with Group companies will be presented in next AGM for the purpose of seeking the ratification/approval.

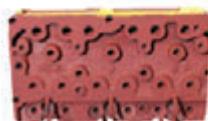
In order to ensure routine approval of these transactions throughout the year, the shareholders may authorize the Chief Executive to approve the transactions carried out and to be carried out in normal course of business with Group companies during the financial year ending June 30, 2020.

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

## CASTING COMPONENTS



MF CYLINDER BLOCK



MF CYLINDER HEAD



MF CENTER HOUSING



MF TRANSMISSION CASE



MF AXLE HOUSING 240 RH



MF AXLE HOUSING 240 LH



MF AXLE HOUSING 385 RH



MF AXLE HOUSING 385 LH



MF AXLE SUPPORT 385



MF OIL SUMP 240



MF FLY WHEEL 240



MF FRONT AXLE SUPPORT 240



MF HYDRAULIC LIFT COVER



MF DIFFERENTIAL CASE 240 RH



MF PLANETARY CARRIER 375



MF PLANETARY CARRIER 385

## CASTING COMPONENTS



MF PLATE DIFF CARRIER 240 RH



MF AXLE COVER



MF WATER BODY PUMP 385



MF DIFFERENTIAL CASE 385 LH



FIAT AXLE CASING



FIAT FRONT AXLE SUPPORT



FIAT HUB



HINO BRAKE DRUM 4011



HINO BRAKE DRUM 3500



HINO BRAKE DRUM 4021



NISSAN BRAKE DRUM REAR



NISSAN BRAKE DRUM FRONT



NISSAN HUB REAR



ISUZU BRAKE DRUM FRONT



ISUZU BRAKE DRUM REAR

# CHAIRMAN'S REVIEW



*Dear Shareholders,*

*I am pleased to present review on overall performance of the board and effectiveness of the role played by the board in achieving company's objectives.*

## Board and its Effectiveness

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

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.

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

- Audit Committee
- Human Resource and Remuneration (HR&R) Committee
- Board's Committee for Supervision (BCS)

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

## CHAIRMAN'S REVIEW

### Performance Evaluation of the Board

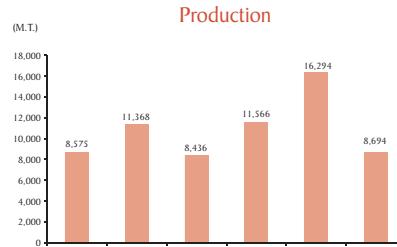
The Board of Directors is committed to assessing its performance both individually and collectively in order to identify its strengths and areas in which it may improve its functioning.

To that end, a performance evaluation is carried out annually by the Board, which is designed to:

- review the role of the Board of Directors, its members and committees;
- evaluate how effectively the Directors are discharging their responsibilities;
- evaluate the Directors' confidence in the integrity of the Company, the quality of the discussions at Board meetings, the credibility of the reports and information they receive, the level of interpersonal cohesion between Board members and the degree of Board knowledge; and
- enable Board to agree on priorities for change which can be addressed in the short-and-long-term.

During the fiscal year 2019, the Board carried out a formal and structured process of evaluation of the performance of the Board, its members and committees. The process involved a self-assessment of performance through each Director by completing a confidential questionnaire, duly approved by the Board.

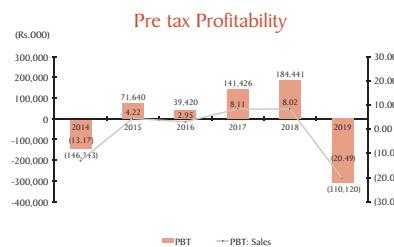
The Board reviewed the result of questionnaire and observed that no major issues arose from the evaluation process. Hence, the Directors concluded that the Board, its members and its committees operate effectively. Further, the Board also discussed the areas requiring improvements in order to perform more effectively.



### Overall Economic and Industry Review

In the fiscal year 2019 Pakistan's economy slowed down sharply, hitting a nine-year low at 3.3%. Major challenges during the fiscal year 2018-19, were dwindling foreign exchange reserves, low exports, high inflation and devaluation of rupee. The agriculture sector registered a growth rate of 0.85 % against the target of 3.8 % and industrial sector 1.4 % against 7.6 %.

Tractor and its vending industry witnessed decline in fiscal year 2019 after two good years. The decline in sales of tractors has severely hampered sales and production of your Company. Additionally, the upward surge of the exchange rates of US Dollar versus the Pakistani Rupees and oil prices has also added to the input cost of your Company. All these factors have predominantly contributed towards the losses of the Company.



Our main customer Millat Tractors Limited is also planning to focus on export, as the devaluation of Pak rupee has made their tractor pricing very competitive in the international market, which in turn will extend support to the sales of your Company.

I am extremely thankful for the continued support of the Board of Directors whose strategies, vision and consistent efforts, contributed significantly towards achieving excellent results.

Sikandar Mustafa Khan  
Chairman

## چیئرمین کا جائزہ

مالي سال 2019 کے دوران بورڈ نے ایک رسمی کارکردگی کی تشخیص کا عمل بورڈ اس کے ارکان اور کمیٹیوں پر کیا۔ عمل خود تشخیص کی کارکردگی ہر ڈائرکٹر کے ذریعے کی گئی جسکو ایک خفیہ سوالنامے کے ذریعے کامل کیا گیا جو کہ بورڈ سے منظور شدہ تھا۔

بورڈ نے سوالنامے کے نتیجہ کا جائزہ لیا اور مشاہدہ کیا کہ تشخیص کے عمل سے کوئی بڑا مسئلہ پیدا نہیں ہوا لہذا ڈائرکٹر صاحبان نے یہ نتیجہ اخذ کیا کہ بورڈ اسکے ارکان اور کمپنیاں متوثر طریقے سے کام کر رہی ہیں مزید یہ کہ بورڈ نے اس پر بھی بحث کی کہ مزید متوثر کارکردگی کا مظاہرہ کرنے کیلئے جن علاقوں میں بہتری کی ضرورت ہے۔

## مجموعی معاشی اور صنعتی جائزہ

مالي سال 2019 میں پاکستان کی میکیٹ بہت تیزی سے گزی ہے اور 9 سال کی سطح گرتے ہوئے 3.3 فیصد تک نیچے آگئی مالي سال 2019 کے دوران زر مبادلہ کے ذخیرہ کو بڑے مقابلوں کا سامنا تھا، کم برآمدات افراطی اور بندش رکھ اور روپے کی قدر میں کی رہی، زرعی شعبے میں 3.8 فیصد ہدف کے مقابلے میں 0.85 فیصد نو کار جان تھا اور صنعتی شعبے میں 7.6 فیصد ہدف کے مقابلے میں نیو 1.4 فیصد رہی۔

ٹریکٹر اور اس کی فروخت کی صنعت نے 2 سال کے اچھے عرصے کے بعد مالي سال 2019 میں متفہی حالات کا سامنا کیا اس متفہی ٹریکٹر کی فروخت نے کمپنی کی فروخت اور پیداوار کے عمل کو بڑی طرح متاثر کیا مزید بر ایکن ڈالر کی بلند ترین شرح نے پاکستان کے روپے کے مقابلے میں اور تیل کی قیتوں میں اضافے نے کمپنی کی پیداواری لگت میں بہت زیادہ اضافہ کیا یہ تمام عوامل کمپنی کے لفڑیات کو بڑھانے میں بہت زیادہ اثر انداز ہوئے۔

ہمارے خاص خریدار ملت ٹریکٹر میڈیا برآمدات کی منصوبہ بندی کر رہے ہیں کیونکہ پاکستانی روپے کی گراوٹ کی وجہ سے ٹریکٹر کی قیمت میں عالمی مارکیٹ میں بہتری آگئی ہے جسکی وجہ سے آپکی کمپنی کو فروخت کی مدد میں بھر پور مدد ملے گی۔

میں نہایت ہی خلوص اور جذبے کے ساتھ بورڈ آف ڈائرکٹر کے مسلسل تعاون کا تہذیل سے ملکوں ہوں جن کی حکمت عملی نظریہ مقصد اور لگاتار جدوجہد کی وجہ سے اور ان کے اعلیٰ پیشے پر عملی کردار ادا کرنے سے ہم نے بہت ہی ایچھے متاثر ہوتے تھے۔



سکندر مصطفیٰ خان  
چیئرمین

## چیزِ میں کا جائزہ

معزز حصص پاونڈ

میں مسرت کے ساتھ بورڈ کی مجموعی کا کردار گی کا جائزہ پیش کرتا ہوں جس میں بورڈ نے کمپنی کے مقاصد کو پایہ تکمیل تک پہنچانے میں مسٹر کردار ادا کیا۔

## بورڈ اور اسکی افادیت

بورڈ آف ڈائرکٹرز نے اپنی زیریقیادت ایک اچھی اور مکوشا انتظامیہ کا کردار ادا کیا۔ بورڈ آف ڈائرکٹرز جو کہ اس وقت سات منتخب ڈائرکٹرز اور ایک چیف ایگزیکوٹیو چوکر کی وجہ سے کمپنی کا ایک ڈائرکٹر سمجھا جاتا ہے۔ سات منتخب ڈائرکٹرز صاحبان کے علاوہ ایک ایگزیکوٹیو ڈائرکٹر اور چھ تنان ایگزیکوٹیو ڈائرکٹرز صاحبان بیشول دو آزاد ڈائرکٹرز ہیں۔

بوروڈ مجموعی طور پر کپنی کی کامیابی کا ذمہ دار ہے۔ اس کا کردار کپنی کو کار و باری قیادت فراہم کرتا ہے اور کام کی حد میں رہتے ہوئے مخاطر اور منور اختیارات کو استعمال کرتے ہوئے خطرے کو عال کرنے کی تخفیض اور اس کو منتظم کرنا ہے۔ بوروڈ کپنی کی حکمت عملی کے مقاصد کا یقین کرتا ہے اور یہ یقین دہانی کرتا ہے کہ کپنی کے ضروری مالی امور اور انسانی وسائل اپنی جگہ پر ہیں نیز اس کے مقاصد اور جائزوں کی منظم کارکردگی کی تکمیل کیلئے کپنی کی اقدار اور معیار کا تعین کرتا ہے اور یہ یقین دہانی کرتا ہے کہ اسکے فرائض اسکے حصص یا فنگان اور دوسرے لوگ اسکو سمجھتے ہیں اور اس پر عمل کرتے ہیں۔

اس کی منورگرانی اور قیادت کیلئے بورڈ نے مخصوص ذمہ دار یوں کے ساتھ مندرجہ ذیل تین کمیٹیاں تشکیل دیں ان کمیٹیوں کی شرکانٹ بورڈ نے واضح طور پر بیان کی ہے:-

آڈٹ کمیٹی (1)

(2) انسانی وسائل اور معاوضے کی کمیٹی (HR&R)

(BCS) نگرانی کلے پورڈ کمیٹی (3)

پورڈ کی یہ کمپیوٹر ایمیلز صاحب ادارے میں مختلف مہارت اور مختلف قسم اور تجربے کے ساتھ تھا کہ کسی بھی فرد بر غیر مناسب انحصار نہ رکھا جائے۔

## بورڈ کی کارکردگی کی تشخیص

بورڈ آف ڈائرکٹریز کا کردار گی جانچنے کے ذمہ دار ہیں انفرادی اور مجموعی طور پر دونوں طرح سے تاکہ اسکی طاقتیں اور ان علاقوں کی نشان وہی کی جاسکے جن میں یا انی فعالیت کو بہتر بنائے۔ اس مقصد کیلئے سالانہ کارکردار گی جانچ بورڈ کے ذریعے کی جاتی ہے، جو کہ مندرجہ ذیل بانوں کے لئے ڈیزائن کیا گیا ہے:

- ☆ بورڈ آف ڈائرکٹریز اس کے ارکان اور کپنیوں کے کردار کا جائزہ لینے کیلئے۔
  - ☆ اس بات کی تحقیص کہ ڈائرکٹریز صاحبان کس طرح اپنی زمداداریاں ادا کرتے ہیں۔
  - ☆ اس بات کی تحقیص کہ ڈائرکٹریز صاحبان کو کپنی سالمیت پر اعتماد ہے، بورڈ کے اجلاس میں معیاری گفت و شنید۔ ان کی موصولہ اطلاعات اور معلومات کی ساکھ بورڈ ارکان کے مابین باہمی رابطے وابستگی اور بورڈ کے علم کی سطح اور
  - ☆ بورڈ کو تبدیلی کی توجیہات پر اتفاق کرنے کے قابل ہیں جس کو خفیہ اور طویل مدت میں حل کیا جاسکے۔

# DIRECTORS' REPORT



## Dear Shareholders

*The directors of your Company are pleased to present their Annual Report together with the Company's audited financial statements for the year ended June 30, 2019.*

### Company's Affairs

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:

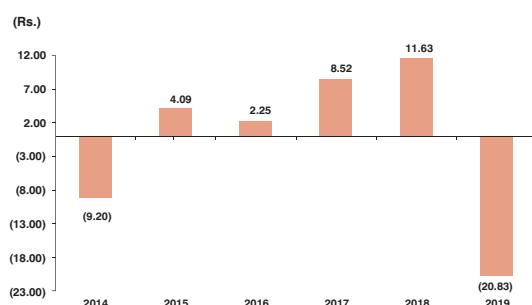
	(Rs. 000)
Accumulated profit brought forward	62,527
Final dividend for the year ended June 30, 2018	(28,681)
Loss after taxation for the year ended June 30, 2019	(239,000)
Other comprehensive income	23,494
Accumulated loss carried forward	(181,660)

The General Reserves for the year under review were Rs. 424.500 million against Rs. 424.500 million of last year.

### Dividends & Appropriations

Keeping in view the losses incurred by the Company in the financial year ended June 30, 2019, the Board of Directors decided not to make any appropriations for the year 2019.

### Earnings Per Share



# DIRECTORS' REPORT

## Earnings per Share

The loss per share for the year ended June 30, 2019 were Rs. 20.83 as against earnings of Rs. 11.63 per share of preceding year.

## Business Review

A reduction in production and sales volume has been identified in the fiscal year 2019. The 8,694 M.T of casting has been produced during the year against 16,294 M.T in the last year with 47% production decline, while 9,646 M.T of casting has been sold against 15,268 M.T in the last year with 37% decline in sales. The marginal increase in cost of sales has been observed during the fiscal year 2019 due to the increase in foreign exchange currency rates, increase of raw material prices in international market and inflation which coupled with low sales volume contributed towards the losses of the Company.

## Company's Performance

The sales revenues of the Company for the year under review amounted to Rs. 1,513.636 million against Rs. 2,299.931 million of last year. The gross loss was Rs. 149.777 million against gross profit of Rs. 328.202 million of last year. The selling, distribution and administrative expenses were Rs. 125.794 million against Rs. 129.384 million of last year. The financial cost was Rs. 51.258 million against Rs. 12.507 million of last year. In the financial year under review, the loss before tax was Rs. 310.120 million against profit before tax Rs. 184.441 million of last year. The loss after tax was Rs. 239.000 million against profit after tax Rs. 133.402 million of last year.

## Future Prospects

The tractor industry expected to retain the same trajectory in upcoming fiscal year provided rupee devaluation and other economic indicators move along the predicted path. However, our main customer Millat Tractors Limited, expects to increase its market share in exports by targeting unconventional markets and enhancing after-sales support in those markets as well. This will result into

enhanced orders for tractor castings thereby enhancing possibility of additional sales orders for the Company. Further, the management is taking all possible measures for reducing cost along with continuous emphasis on financial controls and operational efficiencies. The above mentioned factors make us confident that the Company will deliver better results in next financial year.

## Principle Risks and Uncertainties

Effective risk management is the key to sustainable business. Our risk management framework, coupled with our internal control policies have helped us maintain our focus and mitigating principle risks affecting our Company. However, 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. Internal Audit department provides independent report to Board of Directors on the effectiveness of risk management and control processes. The Company is susceptible to the following principal risks which are mitigated via specific policies and plans:

## Business Risk

Given the current socio-economic situation, assuming no major changes are expected to occur in the relevant governmental policies related to the agriculture and auto sector after annual budget of fiscal year 2019-20, the company does not foresee any major risks that can adversely impact the sales and profitability of the company except lower demand of tractors and automobile. Furthermore, the current absence of any major competitors as well as the expected favorable market conditions, reduces operational risks further.

However, the Company, being reliant on imports of raw materials, risks posed by currency fluctuations is likely. However, seeing the current in-stability of the Pak-rupee value due to economic and political environment, it is expected that the level of such risk may be increased.

Also, the Company's primary audience

comprises of tractor manufacturers and assemblers and as such, changes in this line of business can prove to be a factor of risk that can negatively impact on the company's profitability.

Finally, the Company's management is diligently working to proactively monitor such indicators of risk and therefore, your company is unlikely to be affected significantly by the risks mentioned. Contingency planning is a priority and hence appropriate actions will be taken with the right planning to mitigate the possible adverse effects on financial performance.

## 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.

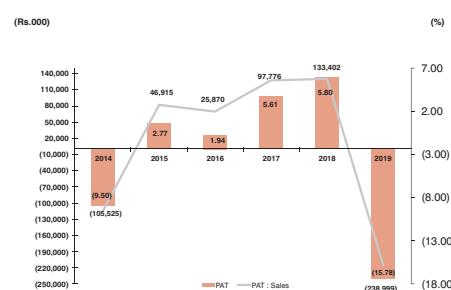
## Credit Risk

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

## Post Tax Profitability



# DIRECTORS' REPORT

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 - 2015 Quality Management System. BCL ensures availability at Plant of effective fire fighting system, Ventilation and Protection against direct heat from the 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 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 - 2015 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 (one officer and two workers) are sent to perform Hajj at Company's expense every year under government Hajj scheme.

### 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

# DIRECTORS' REPORT

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. 380.297 million to the national exchequer during the period by way of taxes and duties. This includes Rs. 65.622 million as income tax, Rs. 270.641 million as sales tax and Rs. 44.034 million as custom, regulatory & additional 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 Listed Companies (Code of Corporate Governance) Regulations, 2017, 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 Listed Companies (Code of Corporate Governance) Regulations, 2017 duly reviewed and certified by the external auditors are annexed to this report.

## Board of Directors

### Board Structure

The Board of Directors is responsible to govern the organization by establishing broad policies and setting out strategic objectives with commitment and ambition to achieve goals of performance with broader perspective, which currently consists of seven elected directors and a Chief Executive Officer.

### The Board of Directors of our Company comprises the following:

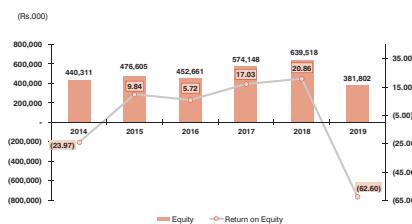
#### Total number of Directors

- |            |   |
|------------|---|
| (a) Male   | 8 |
| (b) Female | - |

#### Composition

	Names
Independent Directors	Syed Javaid Ashraf Mr. Muhammad Salman Husain Chawala
Other Non-executive Directors	Mr. Sikandar M. Khan (Chairman) Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana S. M. Irfan Aqueel

## Shareholder's Equity & Return on Equity



Executive Directors Mr. Laeeq Uddin Ansari  
Mr. Nisar A. Mirani  
(CEO)

## Chairman and Chief Executive Officer

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.

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 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

# DIRECTORS' REPORT

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.

## 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 four times during the financial year 2018-19. The meetings were presided over by the Chairman of the Board and, in his

absence, by a director elected by the Board for this purpose. These meetings were also attended by the Chief Financial Officer and the Company Secretary.

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, four directors of the Company meet the exemption criteria of the Directors' Training Program as contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017 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 stipulated time.

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 achieve desired objectives, the Board has established three 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.

### Audit Committee

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

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

# DIRECTORS' REPORT

of the Company and after completion of external audit.

The Committee annually 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 2018-19, the Committee met four times to coincide with the financial and reporting cycles of the Company.

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

## Human Resource and Remuneration (HR&R) Committee

The Human Resource and Remuneration (HR&R) Committee comprises three directors. The committee is chaired by an Independent director Syed Javaid Ashraf, while the other members of the committee are Mr. Laeeq Uddin Ansari and Syed Muhammad Irfan Aqueel.

The HR & R Committee is responsible to assist the Board in formulating a policy framework for determining remuneration of directors, human resource management policies and selection, evaluation and compensation of chief financial officer, company secretary and head of internal audit. During the year a meeting of the Committee was held.

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

## 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 and Mr. Laeeq Uddin Ansari.

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 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 three times.

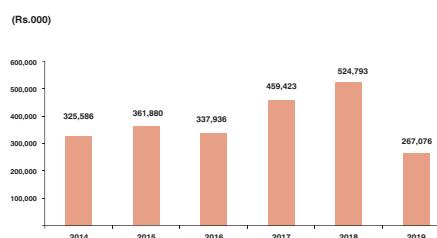
## Remuneration Policy of Non-Executive Directors

During the year, the Board of Directors adopted the remuneration policy for non-executive directors including independent directors as recommended by the HR & R Committee. The remuneration policy adopted has been designed to attract and retain qualified people who will lead the Company in achieving its strategic objectives.

The remuneration payable to the non-executive directors including independent directors of the Company consists of following constituent:

- Fee for attending meetings of the Board or Committee(s).
- Remuneration for performing extra service.
- Reimbursement of actual expenses incurred.

## Reserves



## Aggregate Directors' Remuneration

Details of the directors' remuneration are as follows:

Chief Executive	Executive Director	Independent & Non-Executive Director
-----------------	--------------------	--------------------------------------

----- (Rupees in thousand) -----

	Managerial remuneration and allowances	11,539	-
Bonus	2,463	2,665	-
House Rent	706	2,489	-
Utilities	1,132	1,516	-
Medical expenses	425	306	-
Fees	-	-	375
Others	293	1,319	-
	<u>11,600</u>	<u>19,834</u>	<u>375</u>
Number of person	1	1	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

# DIRECTORS' REPORT

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, they have offered 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 2019-2020.

[www.bolancastings.com](http://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.

The Company dispatches the 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.

## Corporate and Financial Reporting Framework

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

- 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 except for those as stated in the notes to the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal controls is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the

## 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. Atleast 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

# DIRECTORS' REPORT

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 Listed Companies (Code of Corporate Governance) Regulations, 2017.

## 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

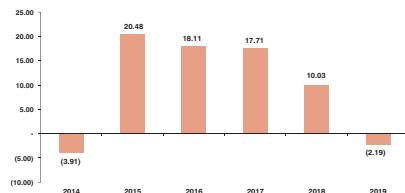
Please refer to Note 31 to the Financial Statements for details regarding taxation of the Company.

## 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, 2019 (audit in progress) were as follows:

Provident Funds	Rs. 79.00 million
Gratuity Fund	Rs. 57.52 million
Pension Fund	Rs. 114.41 million

## Price Earning Ratio



## 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.

## 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 3, 2019 approved the Directors' Report and authorized Mr. Laeeq Uddin Ansari, Director and 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

Laeeq Uddin Ansari  
Director

## کاروباری اور مالیاتی اختصاریہ

گزشہ عشرے کے کمپنی کے اہم کاروباری اور مالیاتی اعداد و شمار، مع شرح فیصلہ کا اختصار یہ رپورٹ میں موجود ہے۔

### تکیس

کمپنی کے تکیس سے متعلق معلومات مالیاتی گوشواروں کے نوٹ نمبر 31 میں بتائی گئی ہیں۔

### ریٹائرمنٹ کے مراجعی فنڈز سے سرمایہ کاریہ

پروویڈنٹ فنڈز، گریپویٹ فنڈ اور پشن فنڈ سے کی گئی سرمایہ کاریوں کی مالیت ان کے غیر آٹھ شدہ مالیاتی گوشواروں برائے 30 جون 2019 (آٹھ جاری ہے) کے مطابق درج ذیل ہیں۔

پروویڈنٹ فنڈز	79.00	میں روپے
گریپویٹ فنڈ	57.52	میں روپے
پشن فنڈ	114.41	میں روپے

### کمپنی کے حصہ میں خرید و فروخت

ڈائریکٹر ان، ایگریکلٹو اور ان کے شریک حیات اور چھوٹے بچوں نے جائزہ مدت کے دوران کمپنی کے حصہ میں کوئی خرید و فروخت نہیں کی۔

### حصہ داری کی ساخت

حصہ داری کی ساخت درج و اتفاقیات کے ساتھ اس رپورٹ میں شامل ہے۔

### منظوری اور اجازت نامہ

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس مورخہ 3 ستمبر 2019 میں ڈائریکٹرز رپورٹ کی منظوری دے دی ہے اور ڈائریکٹرز جناب لیق الدین انصاری اور چیف ایگریکلٹو فیسٹر جناب ناصر میرانی کو مجاز بنایا گیا ہے کہ وہ اس کی جانب سے رپورٹ پر دستخط کریں۔

منجائب بورڈ

لیق الدین انصاری

ڈائریکٹر



شمارے میرانی

چیف ایگریکلٹو

## حصہ یا فٹکان کے ساتھ تعلقات

### سالانہ اجلاس عام کا تحریری استعمال

سالانہ اجلاس عام کو یورڈ حصہ یا فٹکان کے ساتھ گفت و شنید کا ایک موقع سمجھتا ہے اور اس میں ان کی شرکت کی حوصلہ فرائی کرنا ہے۔ AGM سے کم از کم 21 دن قبل اجلاس کا نوٹس بھول ایجنس اور ضروری معلومات حصہ یا فٹکان کو بھیج دی جاتی ہیں اور انہیں ہر سے اردو اور انگریزی خبرات میں شائع کیا جاتا ہے۔

### دیگر

کمپنی کی اپنی ویب سائٹ [www.bolancastings.com](http://www.bolancastings.com) ہے جو ونچری رکھنے والے افراد کو معلومات فراہم کرتی ہے۔ اس کے علاوہ اس حصہ یا فٹکان اور دیگر کے ساتھ اصولی محتوا و تکاہت کے ساتھ سالانہ رپورٹ اور سماں ہی مالیاتی گوشوارے بھی اشاعت کے بعد ویب سائٹ پر موجود ہیں۔ کمپنی سالانہ رپورٹ میں اپنے حصہ یا فٹکان کو سمجھتی ہے۔ ہم سالانہ مالیاتی گوشوارے بھی حصہ یا فٹکان کے مطالبے پر انہیں بھیجے جاتے ہیں۔

### جیئنر میں کا چائزہ

کمپنی کے ڈائریکٹر ان کمپنی کی سرگرمیوں پر مشتمل جیئنر میں کے جائزے کے مندرجات کی توثیق کرتے ہیں جسے سالانہ رپورٹ میں شامل کیا جاتا ہے اور وہ ڈائریکٹر ان کی رپورٹ کا اعتمادی حصہ ہے۔

### ادارتی اور مالیاتی رپورٹ فریم ورک

- یورڈ ادارتی اور مالیاتی رپورٹ فریم ورک کے سطھ میں اپنی ذمہ داری سے بخوبی آگاہ ہے۔ کمپنی کے ڈائریکٹر ان کی رائے کے مطابق:
- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات اس کے کارہائی ہنگ، نقدی کے بہاو اور انہیں میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
  - کمپنی میں حدایت کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
  - درست حساباتی پالیسیوں کو تسلیل کے ساتھ مالیاتی گوشاروں کی تیاری کے دروان مطوا غاطر رکھا گیا ہے جسے اس کے کو جنہیں مالیاتی گوشاروں کے میں مخفف کیا گیا ہے اور حساباتی تجھیسوں کی بیانات محتوی اور مطبوعہ فیصلوں پر ہے۔
  - مالیاتی گوشاروں کی تیاری کے دروان مالی اور مالیاتی رپورٹ فریم ورک معیارات، جو پاکستان میں لاگو ہیں کو مطوا غاطر رکھا گیا ہے اور اگر کوئی انحراف ہوا ہے تو اسے مناسب انداز میں مخفف کیا گیا ہے۔
  - اندرویں گرفت کے لامام کی تکلیف مطبوعہ ہے اور موثر انداز میں ہنڈ ایمبل ہے اور اس کی گرانی کی جاتی ہے۔
  - کمپنی کی چیز ہوئے ادارے کی صلاحیت میں کوئی ہمبل ذکر نہ کریں وہ شپنچیں ہے۔
  - لیکن جیز (کوڈ آف کارپوریٹ گورننس) ریگولیٹری 2017 میں دیئے گئے بہترین طور پر یہوں سے کوئی ہمبل ذکر انحراف نہیں کیا گیا۔

کمپنی اور اس کے آپریشنز مفصل سالانہ بجٹ کے تابع ہوتے ہیں۔ بجٹ، پیشگوئی اور سابقہ سال کو منظر رکھتے ہوئے سال کے دوران و قصہ و قہے سے اصل کا کردگی کی نگرانی کی جاتی ہے۔ یہ پیشگوئیاں اور متکم بورڈ کی کمیٹی کو باقاعدگی سے پیش کئے جاتے ہیں۔

### اندرونی آڈٹ

انٹرل آڈٹ کا مقصد BCL کے آپریشنز کی اثر پذیری میں اضافہ اور ان کو یقینی بنانا ہے۔ اس سے BCL کے مقاصد میں منظم اور تکمیلیکی رسائی سے حاصل ہوتے ہیں جس میں طریق عمل اور خطرات سے مقابلہ کے نظام، گرفت اور ادارتی نظم و ضبط کی تشخیص کی جاتی ہے۔ اس میں بہتری اور اثر پذیری میں اضافے کے لئے مدد کرتا ہے۔

اندرونی آڈٹ کے کام کا احاطہ کار اس بات کو ممکن بناتا ہے کہ طریق عمل، نظام اور گرفتوں درست انداز میں تشکیل اور نافذ کیا جائے اور وہ درج ذیل کو یقینی بنانے کے کافی اور لگاؤ ہیں:

- ☆ خطرات وضاحت شدہ اور تشخیص شدہ ہیں اور ان کا مناسب انتظام کیا گیا ہے،
  - ☆ مالیاتی اور کارباری معلومات مجاز، قبل اعتماد اور بروقت مستیاب ہیں،
  - ☆ ہدایات، پالیسیاں، قوانین، ضابطے اور آئینی ضروریات کا احترام کیا جاتا ہے اور
  - ☆ انسانی، معلومات، ٹھوس اور مالیاتی وسائل کو معاشی طور پر حاصل، درست انداز میں استعمال اور ان کا مناسب انداز میں تحفظ کیا گیا ہے۔
- اندرونی آڈٹ بلا واسطہ اپنی رپورٹ میں بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کو پیش کرتا ہے۔ ادارہ جاتی ڈھانچہ اس طرح ڈیزائن کیا گیا ہے کہ اندرونی آڈٹ آزادانہ کام کرتے ہوئے اپنے کردار کو موثر انداز میں انجام دے سکے۔

### بیرونی آڈٹ

موجودی آڈیٹر زمیسر زاے ایف فرگون اینڈ کو، چارٹرڈ اکاؤنٹنٹس سکدوش ہوچکے ہیں اور اہل ہونے کے باعث انہوں نے اپنی دوبارہ تقری کی پیشکش کی ہے۔

ڈائریکٹر ان نے مالیاتی سال 2019-2020 کے لئے میسر زاے ایف فرگون اینڈ چارٹرڈ زکی بطور آڈیٹر زد دوبارہ تقری کے لئے آڈٹ کمیٹی سفارشات کی تصدیق کی ہے۔

میسر زاے ایف فرگون اینڈ کو چارٹرڈ اکاؤنٹنٹس نے تصدیق کی ہے کہ انہیں انسٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوئی کثرتوں ریویو پر گرام میں تسلی بخش رینگ سے نواز گیا ہے۔ مزید انہوں نے تصدیق کی ہے کہ وہ کمپنی کے شرکت دار نہیں ہیں، ان کے شریک حیات اور چھوٹے بچے کمپنی میں کوئی حصہ نہیں رکھتے اور یہ کہ فرم اور اس کے تمام شرکت دار انسٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے اختیار کردہ انٹریشل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق کے رہنماء صولوں کی پاسداری کرتے ہیں۔

بیرونی آڈیٹر زیان سے ملحقہ افراد کی تقری کسی دیگر خدمات کے لئے نہیں کی گئی سوائے ان خدمات کے جو لینگ کے ضابطوں کے مطابق ہوں اور آڈیٹر نے اس بات کی تصدیق کی ہے کہ وہ اس ملٹے میں IFAC کے رہنماء صولوں کی پابندی کرتے ہیں۔

## ڈائریکٹران کا مجموعی معاوضہ

آزاد/نان ایگزیکیو ڈائریکٹران	ایگزیکیو	چیف ایگزیکیو	
روپے "ہزاروں" میں			
-	11,539	6,581	انتظامی معاوضہ اور الاؤنسز
-	2,665	2,463	بونس
-	2,489	706	گھر کا کرایہ
-	1,516	1,132	بنیادی سہولیات کے بل
-	306	425	طبعی اخراجات
375	-	-	فیس
-	1,319	293	دیگر
375	19,834	11,600	کل
2	1	1	افراد کی تعداد

## احساب اور آڈٹ

### مالیاتی رپورٹنگ

بورڈ اس بات سے مطمئن ہے کہ وہ چیزیں میں کے جائزہ، ڈائریکٹران کی رپورٹ اور مالیاتی گوشواروں بشمل پیداواری اور کاروباری جائزہ کے ذریعے کمپنی کی پوزیشن اور مستقبل کے امکانات پر متوازن اور قابل سمجھ بوجھ تشخیص فراہم کرنے میں کامیاب رہا۔ ادارتی اور مالیاتی رپورٹنگ پر ڈائریکٹران کا بیانیہ ڈائریکٹران کی رپورٹ میں شامل ہے۔

### اندرونی گرفت

کمپنی کے ڈائریکٹران کمپنی کے اندرونی گرفت کے نظام کی ذمہ دار ہیں جس کا مقصد کمپنی کے اٹاٹوں کا تحفظ، درست حساباتی ریکارڈ کو برقرار کھنا، آئینی اور ضابطوں کی ضروریات کی پاسداری اور آپریشنز کی اثرپذیری کو لیکنی بناتا ہے۔

کمپنی اندرونی گرفت کا ایک مضبوط نظام رکھتی ہے جسے میں خطرات ختم کرنے کے بجائے ان کی نشاندہی، تشخیص اور انتظام اس طرح کیا جاتا ہے کہ وہ کمپنی کے کاروباری مقاصد میں رکاوٹ نہ ہیں، لہذا یہ نظام بڑی غلط بیانیوں اور خساروں کے خلاف مناسب یقین دہانی فراہم کرتا ہے۔ آڈٹ کمیٹی باضابطہ اندرونی گرفت کے نظام کی اثرپذیری کا جائزہ لینے کی ذمہ دار ہوتی ہے۔

اجلاس کی کارروائیوں کو آڈٹ کمیٹی کا سیکریٹری درج کرتا ہے اور اجلاس کی کارروائی کو تمام ممبران، ڈائریکٹر ان اور ضرورت ہو تو CFO کو تقسیم کرتا ہے۔

### انسانی وسائل اور معاوضہ (HR&R) کمیٹی

انسانی وسائل اور معاوضہ کمیٹی (HR&R) تین ڈائریکٹر ان پر مشتمل ہے۔ کمیٹی کے چیئرمین ایک آزاد ڈائریکٹر سید جاوید اشرف ہیں جبکہ کمیٹی کے دیگر ممبران میں جناب لیق الدین انصاری اور سید محمد عرفان عقیل شامل ہے۔

HR&R کمیٹی بورڈ کی پالیسی فریم بنانے میں مددار ہوتی ہے جس میں ڈائریکٹر ان کا مشاہرہ، انسانی وسائل کے انتظام سے متعلق پالیسیاں اور چیف فناشل آفیسر کمپنی سیکریٹری اور اندرونی آڈٹ کے سربراہ کا انتخاب، ان کا تشخیص اور معاوضہ طے کیا جاتا ہے۔ سال کمیٹی کا ایک اجلاس ہوا۔

اجلاس کی کارروائی کو کمیٹی کا سیکریٹری مناسب انداز میں درج کرتا ہے اور اجلاس کی کارروائی تمام ممبران اور ڈائریکٹر ان کو تقسیم کی جاتی ہے۔

### بورڈ کی گمراہ کمیٹی (BCS)

بورڈ کی گمراہ کمیٹی (BCS) کے چیئرمین جناب سکندر ایم خان ہیں۔ دیگر ممبران میں جناب اطیف خالد ہائی، جناب سہیل بشیر رانا اور جناب لیق الدین انصاری شامل ہیں۔

BCS کمپنی کی تکنیکی، مالیاتی اور انتظامی پہلوؤں سے متعلق حکمت عملی اور سرگرمیوں کی گمراہی کی ذمہ دار ہوتی ہے۔ کمپنی ہر مہینے یادو مہینے میں کاروباری کا کردار گی کا جائزہ لیتی ہے۔ CEO اور تمام شعبوں کے سربراہ اس اجلاس میں شرکت کرتے ہیں۔ اجلاس کارروائی مناسب انداز میں درج کی جاتی ہے اور تمام متعلقین میں تقسیم کی جاتی ہے۔ سال کے دوران کمیٹی کے تین اجلاس ہوئے۔

### نان ایگریکٹو ڈائریکٹر ان کے معاوضہ کی پالیسی

سال کے دوران بورڈ آف ڈائریکٹر زنے نان ایگریکٹو ڈائریکٹر ان بیشمول آزاد ڈائریکٹر ان کے لئے HR&R کمیٹی کی سفارش کردہ معاوضہ کی پالیسی کو اختیار کیا۔ معاوضہ کی پالیسی کو اس ترتیب سے بنا یا گیا ہے جس سے کمپنی کے کلیدی مقاصد کے حصول میں قیادت کرنے والے اہل تعلیم یافتہ لوگ کمپنی کی طرف مائل ہوں اور وہ کمپنی میں مستقل بنیادوں پر خدمات فراہم کرتے رہیں۔

نان ایگریکٹو ڈائریکٹر ان بیشمول آزاد ڈائریکٹر ان کو واجب الادا معاوضہ میں درج ذیل چیزیں شامل ہوتی ہیں:

- ☆ بورڈ کی کمیٹیوں کے اجلاس میں حاضری کی فیس
- ☆ اضافی خدمات کے عوض معاوضہ
- ☆ اصل اخراجات کی ادائیگی

کمپنی سیکریٹری بورڈ کو نظم و ضبط کے تمام معاملات پر مشاورت فراہم کرنے اور بورڈ کے طریقوں پر عمل کرنے اور لاگووائیں اور ضوابط کی پاسداری کروانے کا ذمہ دار ہوتا ہے۔ اس کے علاوہ کمپنی سیکریٹری کاروائی اجلاس کو درج کرنے اور اسے مقررہ مدت میں تمام ڈائریکٹران میں تقسیم کرنے کا ذمہ دار ہوتا ہے۔

جیف فناشل آفیسر بورڈ کو تمام مالیات اور حسابات کے معاملات پر مشاورت دینے کا ذمہ دار ہونے کے ساتھ ساتھ چیف ایگریٹو آفیسر کو سالانہ اور سہ ماہی مالیاتی گوشوارے پیش کرتا ہے۔ وہ اٹاؤں اور سرمایہ کاریوں کی نگہداشت کرتا ہے۔

اس کے علاوہ CFO سالانہ ادارتی بجٹوں کو تتمی شکل دینے اور بجٹ بمقابلہ اصل کے تجربیوں کے جائزہ کا ذمہ دار ہوتا ہے تاکہ کمپنی کے معاملات بلا رکاوٹ چلتے رہیں۔

### بورڈ کی کمیٹیاں

ٹے شدہ اہداف کے حصول کے لئے بورڈ نے تین مخصوص کمیٹیاں تشكیل دی ہیں۔ ان کمیٹیوں کی ذمہ داریوں کی بورڈ نے واضح طور پر صراحت کی ہے۔ ان کے اجلاسوں میں بورڈ کی کمیٹیوں کی کارروائیاں بورڈ کو پیش کی جاتی ہیں۔

### آڈٹ کمیٹی

آڈٹ کمیٹی کی آزادی، شفافیت اور مقصودیت کو یقینی بنانے کے لئے آڈٹ کمیٹی چار نان ایگریٹو ڈائریکٹران پر مشتمل ہے جس میں دو آزادو ڈائریکٹران شامل ہیں اور اس کے چیئر مین ایک آزادو ڈائریکٹر سید جاوید اشرف ہیں۔ کمیٹی کے دیگر ممبران میں جناب خالد ہاشمی، سید محمد عرفان عقیل اور جناب محمد سلمان حسین چاؤلہ شامل ہیں۔

آڈٹ کمیٹی کی اپنے اخذ کردہ متاج بورڈ کو پیش کرتی ہے وہ مالیاتی رپورٹ اور آڈٹ کے عمل میں دیانت داری اور مضبوط اندر و فی گرفت اور خطرات سے مقابلہ کے انتظام کو یقینی بناتی ہے۔ ان مقاصد کے حصول کے لئے کمپنی اس بات کو یقینی بناتی ہے کہ کمپنی کے اندر و فی اور بیرونی آڈیٹر کے مابین مناسب تعلقات قائم رہیں۔ کمیٹی بیرونی آڈٹ کے عمل کی اثر پذیری پر غور کرتی ہے اور آڈیٹر کی تقری، استعفی یا بطریق اور ان کی آڈٹ فیس سے متعلق سفارشات بورڈ کو پیش کرتی ہے۔

کمیٹی اندر و فی گرفت کے نظام کی نگرانی کی ذمہ دار ہوتی ہے اور کمپنی کے اندر و فی گرفت کے نظام کی بہتری میں اہم کردار ادا کرتی ہے۔ آڈٹ کمیٹی اندر و فی گرفت کے نظام کے نفاذ کا باقاعدگی سے جائزہ لیتی ہے اور اندر و فی گرفت کے نظام میں شناخت شدہ مسائل کو دور کرنے کی نگرانی کرتی ہے۔

کمپنی ادارتی نظم و ضبط کے بہترین طور پر یقون اور دیگر متعلقہ ضابطوں کی ضروریات کی پاسداری کو یقینی بناتی ہے۔

کمپنی کے عبوری متاج کی منظوری اور بیرونی آڈٹ کی تجھیل کے بعد کمیٹی کا ہر سہ ماہی میں باضابطہ طور پر ایک اجلاس ہوتا ہے۔

کمیٹی سال میں اندر و فی اور بیرونی آڈیٹر سے علیحدہ علیحدہ میٹنگ کرتی ہے جس میں آڈٹ کے نتیجے میں سامنے آنے والے مسائل پر اور اندر و فی آڈیٹر سے اندر و فی گرفت سے متعلق معاملات پر گفتگو کرتی ہے۔

سال کے دوران کمپنی چار اجلاس ہوئے جس میں کمپنی کی مالیاتی اور پورٹنگ کے معاملات پر ہم آہنگ اختیار کی جاتی ہے۔

اور انسانی وسائل کمپنی کے لئے یقینی بنتا ہے اور انتظامیہ کی کارکردگی کا جائزہ لیتا ہے۔ یہ کمپنی کی اقدار اور معیارات کو طے کرتا ہے اور حصص یافتگان اور دیگر کے لئے اپنی ذمہ داریوں کو یقینی بنتا ہے۔

بورڈ سے متعلق خصوصی ذمہ داریوں درج ذیل ہیں:

- سالانہ بجٹ اور مالیاتی امکانات کی منظوری
- سالانہ اور سہ ماہی مالیاتی گوشواروں کی منظوری
- مالیاتی انضباط اور خطرات کے انتظام سے متعلق کمپنی کے نظام کا جائزہ
- بڑے حصول اور سرمایہ جاتی اخراجات کی منظوری
- کمپنی کے حصص کا اجراء
- اس بات کو یقینی بنتا کہ مناسب انتظامی ترویج اور موروثی منصوبہ بندی دستیاب ہے
- ادارتی سماجی ذمہ داری بشوں کمپنی کی ماحولیات، صحت اور تحفظ کی کارکردگی سے متعلق معاملات کا جائزہ
- بورڈ کی کمیٹیوں کی سرگرمیوں کا جائزہ، اور
- بورڈ، بورڈ کی کمیٹیوں اور CEO، CFO، کمپنی سیکریٹری اور اندروئی آڈٹ کے سربراہ کی تقریر کی منظوری

### بورڈ کے اجلاس

بورڈ حصص یافتگان کو جوابدہ ہے کہ وہ کمپنی کا انتظام مناسب انداز میں چلائے اور اس کے طے کردہ کلیدی مقاصد کو حاصل کرے۔ بورڈ اجلاس میں سالانہ پروگرام منعقد کر کے اپنی ذمہ داریوں سے عہدہ برآں ہوتا ہے۔

مالیاتی سال 2018-19 میں بورڈ کے چار اجلاس ہوئے۔ ان اجلاسوں کی صدارت بورڈ کے چیئرمین اور اس کی غیر موجودگی میں کسی بھی منتخب ڈائریکٹر صدارت کی۔ ان اجلاسوں میں چیف فانشل آفیسر اور کمپنی سیکریٹری بھی شرکت کرتے ہیں۔

کمپنی سیکریٹری بورڈ کے ہر اجلاس سے قبل اجلاس کے نوٹس کے ساتھ اپنے کے مختلف پہلوؤں پر مشتمل جامع دستاویزات تمام ڈائریکٹر ان کو پیشگوئی تقدیم کرتا ہے تاکہ اجلاس کے دوران ایک مطلع شدہ بورڈ سے مستفید ہو جاسکے۔

تمام ڈائریکٹر ان مکمل طور پر اپنی ذمہ داریوں سے آگاہ ہیں۔ سال میں کم از کم ایک مرتبہ کمپنی میں ڈائریکٹر ان کا آگاہی کو رس منعقد کیا جاتا ہے تاکہ وہ حصص یافتگان کی طرف سے کمپنی کے معاملات کے انتظام سے متعلق اپنی ذمہ داریوں اور فرائض کو ذہن نشین کر سکیں۔ اس وقت کمپنی کے چار ڈائریکٹر ان لفڑ کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے تحت ڈائریکٹر ان کے تربیتی پروگرام کے استثنائی معیار الہیت پر پورا اترتے ہیں اور دو ڈائریکٹر ان نے مذکورہ پروگرام کے تحت تصدیق نامہ حاصل کر لیا ہے۔

بورڈ آف ڈائریکٹر زکوئی فیصلہ کرتے وقت کمپنی کے مفادات کے ساتھ حصص یافتگان اور دیگر مستفیدان کے مفادات کو بھی ملاحظہ رکھتا ہے۔

ہماری کمپنی کا بورڈ آف ڈائریکٹر زورج ذیل پر مشتمل ہیں:

### ڈائریکٹر ان کی کل تعداد

(a) مرد 8

(b) خواتین -

نام	حیثیت
سید جاوید اشرف جناب محمد سلمان حسین چاولہ	آزاد ڈائریکٹر ان
جناب سکندر ایم خان (چیئر مین) جناب طیف خالد ہاشمی جناب سعیل بشیر رانا جناب ایس ایم عرفان عقیل	دیگر نان اگریکٹو ڈائریکٹر ان
جناب لیتیق الدین انصاری جناب ثاراے میرانی (CEO)	اگریکٹو ڈائریکٹر ان

### چیئر مین اور چیف اگریکٹو آفیسر

چیئر مین اور چیف اگریکٹو کے عہدہ پر بالترتیب جناب سکندر ایم خان اور جناب ثاراے میرانی فائز ہیں۔ ان کے افعال کی عیحدگی بورڈ اور انتظامیہ کے درمیان وسیع آزادی کو یقینی بناتے ہیں۔ چیئر مین اور CEO کی ذمہ داریوں کے درمیان واضح فرق ہے۔

چیئر مین مجموعی قیادت کا ذمہ دار ہوتا ہے اور اس کا نصب اعین کمپنی کی کلیدی سمت کی ترقی ہے۔

چیئر مین کے بنیادی کردار میں اس بات کو یقینی بناتا ہے کہ بورڈ اپنے افعال درست طریقے سے انجام دے، اپنی ذمہ داریوں اور فرائض پر پورا ترے اور یہ کاس کا موجودہ انتظام و انصرام موثر انداز میں کام کر رہا ہے۔

CEO کمپنی کے انتظام اور بورڈ کے طور پر کمپنی کی ترسیل کو یقینی بناتا ہے۔ وہ کمپنی کے اثاثوں کے اہتمام اور چیئر مین کے ساتھ اشتراک کا ذمہ دار ہے جو کہ کمپنی کی بیرونی نمائندگی کرتا ہے۔

### بورڈ کا طریقہ ہائے کار

بورڈ اجتماعی طور پر کمپنی کی کامیابی کا ذمہ دار ہے۔ اس کے کردار میں کمپنی کے فریم ورک میں رہتے ہوئے محتاط اور موثر کنٹرولر کے ذریعے ادارہ جاتی قیادت فراہم کرنا ہے جس سے خطرات کی تشخیص اور انتظام ہو جاتا ہے۔ بورڈ کمپنی کے کلیدی مقاصد طے کرتا ہے، ان مقاصد کے حصول کے لئے ضروری مالیاتی

اس کے علاوہ تمام ملازمین کے لئے ضروری ہے کہ اندروñی گرفتوں کی پاسداری پر ماہانہ تصدیق نامے پیش کریں جنہیں بورڈ باطache سے ماہی بنیاد پر CEO کو پیش کرتا ہے۔

### قوی خزانے میں معاونت

BCL نے مدت کے دوران ٹیکسٹوں اور ڈیجیٹوں کی میں 380.297 ملین روپے کی معاونت کی۔ جس میں 65.622 روپے اکٹھ کی میں، 270.641 ملین روپے سیلز ٹکسٹ کی میں اور، ریگولیٹری اور اضافی ڈیجیٹوں کی میں 44.034 ملین روپے جمع کرائے گئے۔ مزید برآں کمپنی نے ایک بھاری رقم قوی خزانے میں ودھو لڈنگ ٹکسٹ کی میں جمع کرائی۔

### ادارتی نظم و ضبط

#### ادارتی نظم و ضابطے کے ضابطے کے پاسداری

BCL مکمل طور پر موثر جانچ اور توازن کے حصول اور حصص یافتگان کے مفادات کے تحفظ کے لئے ادارتی نظم و ضبط کی اہمیت سے آگاہ ہے اور ادارتی نظم و ضابطے میں پائیدار بہتری کے لئے کوشش ہے۔ آپ کی کمپنی مضبوطی ادارتی نظم و ضبط کی تعمیر کو حصص یافتہ سے تعلقات استوار کرنے اور ادارتی قدر میں اضافے کے لئے بنیادی اہمیت کی حامل سمجھتی ہے۔ کمپنی اس بات کو مکمل طور پر سمجھتی ہے کہ مضبوط ادارتی نظم و ضبط کمپنی کی پائیدار طویل مدتی نمو کے لئے انتہائی اہمیت کی حامل ہے اور ادارتی نظم و ضبط کو بہتر اور موثر بنانے کے لئے کوشش ہیں اور اب تک کی گئی کاوشوں سے ہماری بنیادی مسابقت کاری اور ادارتی قدر میں اضافے میں مدد ملے گی۔

لیڈر کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیٹری 2017 کے مطابق بورڈ نے مضبوط ادارتی نظم و ضبط کی پالیسیاں قائم کی ہیں جن کی مسلسل نگرانی کی جاتی ہے اور ان کا جائزہ لیا جاتا ہے۔ ہمارے ادارتی نظم و ضبط کا فریم ورک ہمارے کاروباری مقاصد کے حصول میں معاون ہے جس میں ذمہ دارانہ، ایماندارانہ، شفافیت اور احتساب کے اعلیٰ معیارات کے مطابق کاروبار انجام دیا جاتا ہے۔

ان مقاصد کے حصول کے لئے نصب اعین/مشن، مجموعی ادارتی حکمت عملی اور قابل ذکر پالیسی رہنماءصول کئی سالوں سے موجود ہیں۔ مزید بورڈ نے ایک ضابطاً خالق ترویج کیا ہے جس میں معیارات مقرر کئے گئے ہیں جس کے تحت ڈائریکٹر ان، اعلیٰ انتظامیہ اور دیگر تمام ملازمین سے توقع کی جاتی ہے وہ ان پر عمل کریں گے۔

لیڈر کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیٹری 2017 کی پاسداری سے متعلق بیانیہ جس کا جائزہ ہیروئی آڈیٹر نے لیا ہے اور اس کی تصدیق ہے، وہ رپورٹ کے ساتھ مسلک ہے۔

### بورڈ آف ڈائریکٹر

#### بورڈ کا ڈھانچہ

بورڈ آف ڈائریکٹر بورڈ کی پالیسیاں اور کلیدی مقاصد قائم کر کے دسیع تناظر میں مقاصد کے حصول کے عزم کے ساتھ ادارے کے نظم و نسق کا ذمہ دار ہے جو کہ سات منتخب ڈائریکٹر ان اور چیف ایگزیکیٹو فیسر پر مشتمل ہے۔

## صارفین کے تحفظ کے اقدامات

BCL کشمرز کی طمانتیت کے مطابق معیاری مصنوعات مسابقاتی نرخوں پر فراہم کرتا ہے۔ کمپنی اس بات پر یقین رکھتی ہے کہ معیار میں مسلسل بہتری کا عزم ہماری کامیابی کے لئے بنیادی اہمیت کے حامل ہیں۔ اس کے لئے ہم کشمرز کی توقعات کے مطابق معیار کی صراحت کرتے ہیں جن پر کارکردگی اور اقدار پر طے شدہ ہوں اور ایسی خدمات اور مصنوعات فراہم کریں جو کہ ان کی توقعات پر پورا ترقی ہوں۔ ہمارے معیار اصول کے مطابق ”ہم ڈھلانی میں معیار داخل کرتے ہیں“، BCL نے ایک کوائٹی نٹرول سسٹم ترویج کیا ہے جس میں خام مال کی سپلائی سے لے کر تیار شدہ مال کو کشمرز کو سمجھنے تک مکمل عمل کا معافہ کیا جاتا ہے۔

BCL پہلی فاؤنڈری ہے جس نے 2002 ISO کی تصدیق اپریل 1999 میں حاصل کر لی تھی۔ کمپنی نے 2015-2016 ISO 9001 کے معیار کا کوائٹی منجمنٹ سسٹم بھی حاصل کر لیا ہے جو کہ ہمارے اپنے کشمرز کو معیاری خدمات کے ساتھ ان کے طمانتیت کی سطح میں اضافے کا ایک ثبوت ہے۔

## صنعتی تعلقات

BCL اپنے ملازمین اور اجتماعی سودا کاری ایجنسٹ (CBA) کے ساتھ خوشنگوار تعلقات استوار رکھنے پر یقین رکھتی ہے۔ کمپنی نے ہمیشہ ملازمین کی بہبود کے لئے اقدامات کئے ہیں۔ کمپنی اپنے کمپنیوں میں کھانے پر سب سڈی فراہم کرتی ہے۔ مزید یہ کہ کمپنی اپنے ملازمین کو طبی سہولیات فراہم کرتی ہے۔ کمپنی کے موجودہ حاضر سروں ملازمین کے لئے ایک متوازان پروگرام اور ملازمت کے بعد کے فوائد اور پالیسیاں موجود ہیں۔ کمپنی نے اپنے ملازمین کی بڑی تعداد کو گریجوئی اور پنچن فنڈ اسکیم کے ساتھ پروپریٹ فنڈ اسکیم میں فراہم کی ہیں۔

کمپنی کے پاس اپنے ملازمین کے لئے چ اسکیم ہے جس کے مطابق ہر سال تین ملازمین کو کمپنی کے اخراجات پر سرکاری چ اسکیم کے تحت چ پر بھیجا جاتا ہے۔

## معدور افراد کے لئے ملازمت

BCL تسلسل کے ساتھ معدور افراد کی صلاحیتوں اور میلان کے مطابق تعاون فراہم کرتی ہے بشرطیکہ انہیں ملازمت کے لئے محفوظ کام کا ماحول فراہم کیا جائے۔

اگر ملازم معدور ہو جائے تو ہر طریقے سے کوشش کی جاتی ہے کہ اس کی ملازمت برقرار ہے اور اس صورت میں جبکہ ملازمین ایسا معدور ہو جائے کہ وہ کام نہ کر سکے تو اس کے بچ کو ملازمت فراہم کی جاتی ہے۔

## کاروباری اخلاقیات اور انسداد بدنوامی کے اقدامات

BCL تسلسل کے ساتھ کاروباری اخلاقیات کے اعلیٰ معیار کے لئے کوشش کر رکھتے ہیں کہ کمپنی کی مالیاتی کامیابی اور اچھی سماکھ کے لئے ہم اپنے کاروبار کو ایمانداری، دیانت داری اور لا گووانین اور ضابطوں کی ضروریات کی پاسداری کرتے ہوئے انجام دیں۔ یہ کمپنی کی بنیادی پالیسی ہے کہ تمام ملازمین کمپنی کے کاروبار پر لا گو تمام قوانین اور ضوابط کی پاسداری کریں اور وہ کاروباری دیانت داری کے اعلیٰ معیارات کو پناہیں۔ ہمارا ضابطہ اخلاق ایک ایسی بنیادی دستاویز ہے جس میں ان اعلیٰ اقدار کا احاطہ کیا گیا ہے، جو کہ کمپنی بھر میں نافذ عالم ہے۔

کرتے ہیں ان کے ساتھ معاملات میں ہوتا ہے۔

اس بات کو صحیح ہے کہ ادارتی سماجی ذمہ داری اپنے کاروباری انتظام کا امتیازی عضر ہے۔ اس سلسلے میں مختلف سرگرمیاں کی گئیں جو کہ درج ذیل ہیں:

### توانائی کی بچت

BCL ملکی تو انائی کی ضرورت سے بخوبی آگاہ ہونے کے ساتھ تو انائی سے متعلق اپنی ذمہ داریوں کو صحیح ہے۔ اس مقصد کے لئے کمپنی تسلسل کے ساتھ کمپنی کے آپریشنز میں تو انائی کے خرچ کو کم کرنے کے لئے کوشش ہے۔ ہمارے ملازمین کی حوصلہ افزائی کی جاتی ہے کہ وہ بچلی، گیس اور پانی کے غیر ضروری استعمال سے بچیں۔ مزید برآں انتظامیہ نے کمپنی کی ملکیتی گاڑیوں میں اینڈھن کے استعمال کو کم کرنے اور تو انائی بچانے والی روشن آلات کو استعمال کرنے کی کمپنی ہدایات جاری کر دی ہیں۔

### ماحولیات تحفظ کے اقدامات

ہم صحمند زندگی کا ماحول برقرار رکھنے کو بہت زیاد اہمیت دیتے ہیں اور تسلسل کے ساتھ ماحولیاتی تحفظ کے لئے اقدامات اور خیالات کو شامل کرتے ہیں۔ ہم ان پیشہ نمیوں کی حوصلہ افزائی کرتے ہیں جو کہ ماحول کو فائدہ پہنچائیں۔ ہمارے آپریشنز میں ماحولیات سے متعلق ضابطوں کی ضروریات کی پاسداری پر زور دیا جاتا ہے۔ تسلسل کے ساتھ کوششیں کی جا رہی ہیں جس سے کمپنی کے پلانٹ کی پیداواری سرگرمیاں ماحول دوست ہوں۔ اس سلسلے میں مندرجہ ذیل کو خصوصی طور پر لیٹنی بنایا گیا ہے۔

- ☆ کیپول کے اخراج کے لئے خشک سلچ نیک
- ☆ کور پلانٹ کے فضائی اخراج کے لئے اسکربر
- ☆ دھول مٹی کے اخراج میں کمی کیلئے فلٹر بیگ
- ☆ شاٹ بلاسٹنگ اور سینٹن پلانٹ کے لئے بند کیٹن اور
- ☆ گندے پانی کے استعمال کے ذریعے نیکثری میں زیادہ سے زیادہ شجر کاری

### پیشہ جاتی تحفظ اور صحت

اس بات پر لیکن رکھتی ہے کہ اپنے ملازمین کا تحفظ اور بہبود نیادی اہمیت کے حامل ہیں۔ ہم اس بات پر لیکن رکھتے ہیں کہ صنعتی حادثات سے بچا جاسکتا ہے۔ ہر انفرادی ملازم کام کے دوران تحفظ پر عمل کرنے ذمہ دار ہوتا ہے نہ صرف اپنی بہبود کے لئے بلکہ دیگر ساتھی ملازمین کے تحفظ اور بہبود کے لئے بھی۔

ہم اس بات پر لیکن رکھتے ہیں کہ جس وقت کام کے دوران تحفظ موجود ہو اس وقت پیداوار ہمارے لئے اہم نہیں ہے۔ ہمارے پاس ایک مناسب تحفظ کی پالیسی موجود ہے جس کی تصدیق اور انگریزی ISO 9001-2015 کو اٹھی میجنت سسٹم نے کی ہے۔ BCL پلانٹ پر آگ سے بچاؤ کے موثر نظام، آتش گیر مادوں کے لئے کشادہ ہوا اور سورج کی روشنی سے بالا واسطہ بچاؤ کو لیکن بنایا جاتا ہے۔ باقاعدگی سے اور حقیقی صورتحال میں تحفظاتی پالیسی کے تحت آگ کو بچانے کا مظاہرہ کیا جاتا ہے۔ چیزیں گھنٹے تعلیم یافتہ اہل عملہ تمام ضروری ابتدائی طبی امداد کی سہولیات کے ساتھ دستیاب رہتا ہے۔

## کاروباری خطرہ

موجودہ معاشی سماجی صورتحال کو مدنظر رکھئے ہوئے اگر مالیاتی سال 2019-20 کے سالانہ بجٹ کے بعد زراعت اور آٹو سیکٹر سے متعلقہ سرکاری پالیسیوں میں کوئی بڑی تبدیلیاں رونما نہ ہوئیں تو تو قع ہے کہ ٹریکٹرز اور آٹو موبائل کی کم طلب کے علاوہ کمپنی ایسے کسی خطرات کا سامنا نہیں ہوگا جس سے کمپنی کی فروخت اور منافع کاری پر بے اثرات مرتب ہوں۔ مزید یہ کہ کسی بڑے مسابقت کا رکی عدم موجودگی کے ساتھ سازگاری بازاری صورتحال سے عملیاتی خطرات میں کمی آئے گی۔

تاہم کمپنی جس کا انحصار درآمدی خام مال پر ہے، کرنی کے اتار چڑھاؤ کے خطرے سے متاثر ہوگی۔ معاشی اور سیاسی ماحول کی وجہ سے پاکستانی روپے کی قدر میں عدم استحکام کی وجہ سے اندازہ ہے کہ خطرے کی سطح میں مزید اضافہ ہوگا۔

کمپنی کے بنیادی کشمکش ٹریکٹر بنا نے والوں اور اسیبلی کرنے والوں پر مشتمل ہے اور لہذا ان کے کاروبار میں تبدیلی ایک ایسا خطراتی عصر ہو گا جو کہ کمپنی کی منافع کاری پر منفی اثرات مرتب کرے گا۔

آخر میں کمپنی کی انتظامیہ شانگی کے ساتھ خطرات کے ان اشاریوں پر متحرکا نہ انداز میں کام کر رہی ہے جن سے امید ہے کہ مذکورہ بالا خطرات کے آپ کی کمپنی پر قابل ذکر اثرات مرتب نہیں ہوں گے۔ ہنگامی منصوبہ بنیادی ہماری ترجیح ہے اور لہذا مناسب اقدامات کے ساتھ درست منصوبہ بنیادی کی جائے گی تاکہ مالیاتی کارکردگی پر ممکنہ ناموافق خطرات کو کم کیا جاسکے۔

## شرح سودا/ مارک اپ کا خطرہ

کمپنی شرح سودا/ مارک اپ کے خطرہ کا مقابلہ کرتی ہے جو کہ مالیاتی اشاؤں اور واجبات کی عدم مطابقت کی وجہ سے پیدا ہوں جس کے لئے مقررہ مدت کے دوران درست یا از سر نو قیمت گری بذریعہ خطرات کے انتظام کی حکمت عملی کے ذریعے کی جاتی ہے جس کے مقابلہ کرنے کے لئے قرضہ جاتی ایکسپوورٹر کی نگرانی کرتی ہے، مخصوص گاہوں کے ساتھ تھیں دین کو مدد و کرتی ہے اور کشمکش کی قرضہ واپس کرنے کی صلاحیت کی تشخیص کرتی ہے۔

## قرضہ جاتی خطرہ

کمپنی کے روانیت فنڈ پر قرضہ جاتی خطرہ، بہت محدود ہے کیونکہ مقابلہ فریقین بینک میں جن کی قرضہ جاتی رینگ بہت بند ہے۔ تاہم کمپنی تجارتی قرضوں پر قرضہ جاتی خطرات کا مقابلہ کرنے کے لئے قرضہ جاتی ایکسپوورٹر کی نگرانی کرتی ہے، مخصوص گاہوں کے ساتھ تھیں دین کو مدد و کرتی ہے اور کشمکش کی قرضہ واپس کرنے کی صلاحیت کی تشخیص کرتی ہے۔

## روانیت کا خطرہ

روانیت کے خطرہ کے محتاط انتظام میں ہم وعدہ شدہ قرضہ جاتی سہولیات کے ذریعے کافی مقدار میں نقد اور رقمات کو فراہم کی جاتی ہیں۔ کمپنی اس خطرہ کا مقابلہ نقد کے موثر انتظام اور دستیاب قرضہ جاتی سہولیات کے ذریعہ پورا کرتی ہے۔

## اداری سماجی ذمہ داری

آپ کی کمپنی اپنے کاروبار کو سماجی ذمہ داری کے انداز میں چلاتی ہے۔ جس کی عکاسی ہمارے ملازم میں، کشمکش اور وسیعی معنوں میں برادری جہاں پر کاروبار

## فی حصہ آمدن

سال تک 30 جون 2019 میں فی حصہ خسارہ 20.83 روپے رہا جبکہ گزشتہ سال فی حصہ آمدنی 11.63 روپے تھی۔

## کاروباری جائزہ

مالیاتی سال 2019 میں بیدا اور فروخت کے جم میں کمی ہوئی۔ سال کے دوران 8,694 میٹر کٹٹن کی ڈھانکی ہوئی جو کہ گزشتہ سال 16,294 میٹر کٹٹن تھی جس کی اس طرح ڈھانکی ہوئی فیصد کی ہوئی جبکہ گزشتہ سال کے 15,268 میٹر کٹٹن فروخت کے مقابلے میں اس سال 9,646 میٹر کٹٹن ڈھانکی تھی فیصد کی کے ساتھ فروخت ہوئی۔ مالیاتی سال 2019 کے دوران زر مبادلہ کے نزخوں میں اضافہ، عالمی مارکیٹ میں خام مال کی قیمتوں میں اضافہ اور افزایش رکے کے نتیجے میں جنم فروخت میں کمی کی وجہ لامگ فروخت میں قابل ذکر اضافہ جس کی وجہ سے کمپنی کو خسارہ ہوا۔

## کمپنی کی کارکردگی

جائزہ سال کے دوران کمپنی کی فروخت 1,513.636 میٹر کٹٹن روپے رہیں جبکہ گزشتہ سال 2,299.931 میٹر کٹٹن روپے تھیں۔ خام خسارہ 149.777 میٹر کٹٹن روپے رہا جبکہ گزشتہ سال خام منافع 202.328 میٹر کٹٹن روپے تھا۔ فروخت، تیسیم اور انتظامی اخراجات 125.794 میٹر کٹٹن روپے رہے جبکہ گزشتہ سال 129.384 میٹر کٹٹن روپے تھے۔ مالیاتی لامگ 51.258 میٹر کٹٹن روپے رہی جبکہ گزشتہ سال 12.507 میٹر کٹٹن روپے تھی۔ جائزہ مالیاتی سال کے دوران خسارہ قبل از نیکس 310.120 میٹر کٹٹن روپے رہا جبکہ گزشتہ سال 184.441 میٹر کٹٹن از نیکس منافع تھا۔ خسارہ بعد از نیکس 239.000 میٹر کٹٹن روپے رہا جبکہ گزشتہ سال 133.402 میٹر کٹٹن روپے کا منافع تھا۔

## ستقبل کے امکانات

زیکٹر کی صنعت کے تعلق اندازہ ہے کہ آئندے والے مالیاتی سال میں اسی راہ پر گامزن رہے گی بشرطیکہ روپے کی قدر اور دیگر معاشی اشارے کے ساتھ پیشگوئی شدہ راستہ دی رہا۔ ہم تو قیع ہے کہ ہمارا بینیادی سٹریٹ ٹریکٹر لیمینڈ غیر روانی مارکیٹوں کو ہدف ہاتے ہوئے برآمدات کے ذریعے مارکیٹ میں اپنے حصے میں اضافہ کرے گا۔ جس کے نتیجے میں زیکٹر کے پروڈوں کی ڈھانکی کے مزید آرڈر رکز حاصل ہوں گے جس کی وجہ سے کمپنی کو اضافی فروخت کے آرڈر موصول ہو گے۔

مزید یہ کہ انتظامیہ لامگ کو کم کرنے کے لئے تمام ممکن اقدامات بروئے کار لاری ہے جس میں مالیاتی انضباط اور آپریٹر کی استعداد پر مسلسل توجہ مرکوز ہے۔ مندرجہ بالا مواد سے ہم پر اعتماد ہیں کہ کمپنی اگلے مالیاتی سال میں بہتر تنائی فراہم کرے گی۔

## بنیادی خطرات اور غیر بنیادی صورتحال

خطرات کا موڑ انتظامیہ پائیدار کاروبار کے لئے بنیادی اہمیت کا حامل ہے۔ ہمارے خطرات کے انتظامیہ فریم ورک کے ساتھ اندر وہی گرفت کی پالیسیوں کی وجہ سے ہم کمپنی کو لا جائیں بنیادی خطرات پر توجہ مرکوز کرنے اور کم کرنے کے قابل ہو گئے۔ ہم کمپنی کی مالی حالت سے ابھرنے والے ہمچوں خطرات محدود ہیں کیونکہ ان مصنوعات کے طبقے میں کسی بھی حجم کی مارکیٹ میں کوئی قابل ذکر خطرہ موجود نہیں ہے۔ شعبہ اندر وہی آٹٹ بورڈ آف ڈائریکٹریز کو خطرات کے انتظامیہ اور گرفت کے عمل کی اڑپنے پری سے تعلق آزاد ادارہ پورٹ فرائیم کرتا ہے۔ کمپنی کو مندرجہ ذیل بنیادی خطرات کا خدشہ ہے جنہیں مخصوص پالیسیوں اور منصوبہ بندیوں سے کم کیا گیا ہے۔

## بولن کاستنگز لمیٹڈ

### ڈائریکٹر ان کی رپورٹ برائے سال 2019

معزز حصہ یافتگان!

آپ کی کمپنی کے ڈائریکٹر ان اپنی سالانہ رپورٹ کے ساتھ کمپنی کے 30 جون 2019 کو اختتام پذیر ہونے والے سال کے مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسروت کرتے ہیں۔

#### کمپنی کے معاملات

آپ کی کمپنی کی تشكیل پاکستان میں بطور پیلک لمیٹڈ کمپنی ہوئی اور یہ پاکستان اشک ایکچیخ میں لسٹڈ ہے۔ اس کی بنیادی کاروباری سرگرمی ٹریکٹروں اور گاڑیوں کے پرزوں کی ڈھلانی ہے۔

#### مالیاتی نتائج

جائزوں سال کے مالیاتی نتائج درج ذیل ہیں:

(Rs. 000)	
62,527	جمع شدہ منافع پیچھے سے لا یا گیا
(28,681)	حتمی منافع منقسمہ برائے سال اختتام 30 جون 2018
(239,000)	خسارہ بعد از ٹکس برائے سال
23,494	دیگر جامع آمدن
(181,660)	جمع شدہ خسارہ آگے لے جایا گیا

جائزوں سال کے عمومی ذخائر 424.500 میلین روپے رہے جبکہ گزشتہ سال 424.500 میلین روپے تھے۔

#### منافع منقسمہ اور مصارف منافع

مالیاتی سال اختتام 30 جون 2019 میں کمپنی کو ہونے والے خسارہ کو مدنظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے سال 2019 کے لئے کسی بھی قسم کا اختصاص نہ کرنے کا فیصلہ کیا ہے۔

# STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION

PARTICULARS	2019		2018	
	Rs. 000	%	Rs. 000	%
<b>VALUE ADDITION</b>				
Revenue Generated	1,784,277		2,706,424	
Bought-In Material and Services	(1,513,898)		(1,890,150)	
Other Income	16,709		11,938	
	<u>287,088</u>		<u>828,212</u>	
<b>DISTRIBUTION TO:</b>				
Employees				
Salaries, Wages and benefits	223,731	77.93	187,308	22.62
Workers Participation Fund	-	-	10,154	1.23
	223,731	77.93	197,463	23.84
Government				
Income Tax	(71,121)	(24.77)	51,039	6.16
Sales Tax	270,641	94.27	406,492	49.08
Workers Welfare Fund	-	-	3,653	0.44
	199,520	69.50	461,185	55.68
Shareholders & Fund Providers				
Cash Dividend	-	-	28,681	3.46
Financial Charges	51,258	17.85	12,507	1.51
	51,258	17.85	41,189	4.97
Retained in Buisness / (Utilized in Operations)	(187,422)	(65.28)	128,376	15.50
	<u>287,088</u>	<u>100</u>	<u>828,212</u>	<u>100</u>



Spectrometer (Spectrolab M 12)

# VERTICAL ANALYSIS

	2019 (Rs. 000)	%	2018 (Rs. 000)	%
<b>Operating Results</b>				
Net Revenue	1,513,636	100.0	2,299,931	100.0
Cost of Sales	1,663,413	109.9	1,971,729	85.7
Administrative & Distribution Expenses	125,794	8.3	129,384	5.6
Other Expenses	-	-	13,808	0.6
Investment Income	1,574	0.1	1,621	0.1
Other Income	15,135	1.0	10,317	0.4
Finance Cost	51,258	3.4	12,507	0.5
Income Tax Expense	71,121	4.7	51,039	2.2
(Loss) / Profit for the year	(238,999)	(15.8)	133,402	5.8
<b>Statement of Financial Position</b>				
Property, Plant and Equipment	259,216	21.9	232,681	22.0
Long-Term Investments	17,581	1.5	31,110	2.9
Other Non-Current Assets	97,056	8.2	20,361	1.9
Current Assets	808,414	68.4	772,745	73.1
Total Assets	1,182,266	100.0	1,056,898	100.0
Total Share Holder's Equity	381,802	32.3	639,518	60.5
Long Term Debts (Excluding Current Maturity)	-	-	-	-
Long-Term Deposits	5,616	0.5	6,194	0.6
Employee Benefits Obligations	49,618	4.2	77,807	7.4
Deferred Tax Asset	-	-	405.0	0.0
Short-Term Debts	607,845	51.4	228,378	21.6
Trade and Other Payables	133,449	11.3	100,305	9.5
Other Current Liabilities	3,936	0.3	4,291	0.4
Total Liabilities	800,465	67.7	417,380	39.5
<b>Total Equity and Liabilities</b>	<b>1,182,266</b>	<b>100.0</b>	<b>1,056,898</b>	<b>100.0</b>
<b>Cash Flow</b>				
Cash (Used In) / Generated from Operations	(196,147)	50.6	114,048	(123.6)
Cash (Used In) / Generated from Operating Activities	(307,982)	79.4	31,436	(34.1)
Cash (Used In) / Generated from Investing Activities	(51,543)	13.3	(67,766)	73.5
Cash (Used In) / Generated from Financing Activities	(28,256)	7.3	(55,906)	60.6
Net (Decrease) / Increase in Cash and Cash Equivalents	(387,780)	100.0	(92,236)	100.0

## VERTICAL ANALYSIS

	2017 (Rs. 000)	%	2016 (Rs. 000)	%	2015 (Rs. 000)	%	2014 (Rs. 000)	%
1,744,098	100.0		1,333,476	100.0	1,695,718	100.0	1,111,227	100.0
1,497,470	85.9		1,192,600	89.4	1,506,268	88.8	1,133,183	102.0
93,721	5.4		75,619	5.7	79,569	4.7	75,402	6.8
10,724	0.6		3,060	0.2	5,086	0.3	-	-
1,740	0.1		1,204	0.1	811	0.0	743	0.1
8,499	0.5		9,156	0.7	12,354	0.7	12,625	1.1
10,996	0.6		33,138	2.5	46,319	2.7	62,353	5.6
43,650	2.5		13,550	1.0	24,726	1.5	40,819	3.7
97,776	5.6		25,870	1.9	46,915	2.8	(105,525)	(9.5)
184,942	20.7		184,429	19.9	187,058	15.5	193,926	18.8
42,694	4.8		23,288	2.5	16,718	1.4	12,219	1.2
26,020	2.9		59,030	6.4	51,098	4.2	61,897	6.0
641,461	71.7		658,260	71.2	948,799	78.8	761,620	74.0
895,116	100.0		925,007	100.0	1,203,672	100.0	1,029,662	100.0
574,148	64.1		452,661	48.9	476,605	39.6	440,311	42.8
-	-		-	-	-	-	-	-
5,643	0.6		4,999	0.5	5,126	0.4	3,852	0.4
81,212	9.1		79,954	8.6	34,724	2.9	21,846	2.1
-	-		-	-	-	-	-	-
125,501	14.0		274,202	29.6	592,917	49.3	444,518	43.2
106,661	11.9		107,523	11.6	83,091	6.9	106,267	10.3
1,951	0.2		5,668	0.6	11,208	0.9	12,867	1.2
320,968	35.9		472,346	51.1	727,067	60.4	589,350	57.2
895,116	100.0		925,007	100.0	1,203,672	100.0	1,029,662	100.0
206,191	142.4		414,988	128.6	(55,650)	37.3	138,713	282.6
175,083	120.9		364,002	112.8	(135,539)	90.9	46,340	94.4
(18,834)	(13.0)		(18,453)	(5.7)	(13,565)	9.1	2,742	5.6
(11,403)	(7.9)		(22,771)	(7.1)	-	-	-	-
144,847	100.0		322,778	100.0	(149,104)	100.0	49,081	100.0

# HORIZONTAL ANALYSIS

	2019 (Rs. 000)	Inc./ (dec.) vs last year figure %	2018 (Rs. 000)	Inc./ (dec.) vs last year figure %
<b>Operating Results</b>				
Net Revenue	1,513,636	(34.2)	2,299,931	31.9
Cost of Sales	1,663,413	(15.6)	1,971,729	31.7
Gross (Loss) / Profit	(149,777)	(145.6)	328,202	33.1
Administrative & Distribution Expenses	125,794	(2.8)	129,384	38.1
Other Expenses	-	(100.0)	13,808	28.8
Investment Income	1,574	(2.9)	1,621	(6.8)
Other Income	15,135	46.7	10,317	21.4
Operating (Loss) / Profit	(258,862)	(231.4)	196,948	29.2
Finance Cost	51,258	309.8	12,507	13.7
(Loss) / Profit Before Income Tax	(310,120)	(268.1)	184,441	30.4
Income Tax Expense	71,121	39.3	51,039	16.9
(Loss) / Profit for the year	(238,999)	(279.2)	133,402	36.4
<b>Statement of Financial Position</b>				
Property, Plant and Equipment	259,216	11.4	232,681	25.8
Long-Term Investments	17,581	(43.5)	31,110	(27.1)
Other Non-Current Assets	97,056	376.7	20,361	(21.8)
Current Assets	808,414	4.6	772,745	20.5
Total Assets	1,182,266	11.9	1,056,898	18.1
Share Capital	114,725	-	114,725	-
Reserves	267,076	(49.1)	524,793	14.2
Total Shareholder's Equity	381,802	(40.3)	639,518	11.4
Long-Term Debts (Excluding Current Maturity)	-	-	-	-
Long-Term Deposits	5,616	(9.3)	6,194	9.8
Employee Benefits Obligations	49,618	(36.2)	77,807	(4.2)
Deferred Tax Asset	-	-	405.0	-
Short-Term Financing	607,845	166.2	228,378	82.0
Trade and other Payables	133,449	33.0	100,305	(5.3)
Other Current Liabilities	3,936	(8.3)	4,291	61.6
Total Liabilities	800,465	91.8	417,380	30.0
Total Equity and Liabilities	1,182,266	11.9	1,056,898	18.1
<b>Cash Flow</b>				
Cash (Used In) / Generated from Operations	(196,147)	272.0	114,048	44.7
Cash (Used In) / Generated from Operating Activities	(307,982)	1,079.7	31,436	82.0
Cash (Used In) / Generated from Investing Activities	(51,543)	(23.9)	(67,766)	259.8
Cash (Used In) / Generated from Financing Activities	(28,256)	100.0	(55,906)	100.0
Net (Decrease) / Increase in Cash and Cash Equivalents	(387,780)	(320.4)	(92,236)	163.7

## HORIZONTAL ANALYSIS

2017 (Rs. 000)	Inc./ (dec.) vs last year figure %	2016 (Rs. 000)	Inc./ (dec.) vs last year figure %	2015 (Rs. 000)	Inc./ (dec.) vs last year figure %	2014 (Rs. 000)	Inc./ (dec.) vs last year figure %
1,744,098	30.8	1,333,476	(21.4)	1,695,718	52.6	1,111,227	(36.4)
1,497,470	25.6	1,192,600	(20.8)	1,506,268	32.9	1,133,183	(28.5)
246,628	75.1	140,876	(25.6)	189,450	(962.9)	(21,956)	(113.7)
93,721	23.9	75,619	(5.0)	79,569	5.5	75,402	(10.7)
10,724	250.5	3,060	(39.8)	5,086	(100.0)	-	(100.0)
1,740	44.5	1,204	48.6	811	9.1	743	(13.2)
8,499	(7.2)	9,156	(25.9)	12,354	(2.1)	12,625	42.6
152,422	110.1	72,557	(38.5)	117,959	(240.4)	(83,990)	(201.5)
10,996	(66.8)	33,138	(28.5)	46,319	(25.7)	62,353	26.3
141,426	258.8	39,420	(45.0)	71,640	(149.0)	(146,343)	(537.9)
43,650	222.1	13,550	(45.2)	24,726	(39.4)	40,819	265.8
97,776	278.0	25,870	(44.9)	46,915	(144.5)	(105,525)	(574.0)
184,942	0.3	184,429	(1.4)	187,058	(3.5)	193,926	(11.7)
42,694	83.3	23,288	39.3	16,718	36.8	12,219	(13.3)
26,020	(55.9)	59,030	15.5	51,098	(17.4)	61,897	237.4
641,461	(2.6)	658,260	(30.6)	948,799	24.6	761,620	(29.0)
895,117	(3.2)	925,007	(23.2)	1,203,672	16.9	1,029,662	(22.3)
114,725	-	114,725	-	114,725	-	114,725	10.0
459,423	35.9	337,936	(6.6)	361,880	11.1	325,586	(26.5)
574,148	26.8	452,661	(5.0)	476,605	8.2	440,311	(19.5)
-	-	-	-	-	-	-	-
5,643	12.9	4,999	(2.5)	5,126	33.1	3,852	(21.3)
81,212	1.6	79,954	130.3	34,724	59.0	21,846	16.0
-	-	-	-	-	-	-	-
125,501	(54.2)	274,202	(53.8)	592,917	33.4	444,518	(10.4)
105,957	(1.5)	107,523	29.4	83,091	(21.8)	106,267	(49.3)
2,655	(53.2)	5,668	(49.4)	11,208	(12.9)	12,867	(54.7)
320,968	(32.0)	472,346	(35.0)	727,067	23.4	589,350	(24.2)
895,117	(3.2)	925,007	(23.2)	1,203,672	16.9	1,029,662	(22.3)
206,191	50.3	414,988	845.7	55,650	(140.1)	138,714	(253.5)
175,083	51.9	364,002	368.6	(135,539)	(392.5)	46,336	(125.9)
(18,834)	2.1	(18,453)	36.0	(13,565)	(594.1)	2,746	145.5
(11,403)	100.0	(22,771)	100.0	-	-	-	-
144,847	55.1	322,778	316.5	(149,104)	(403.8)	49,081	123.8

# DECade at a Glance

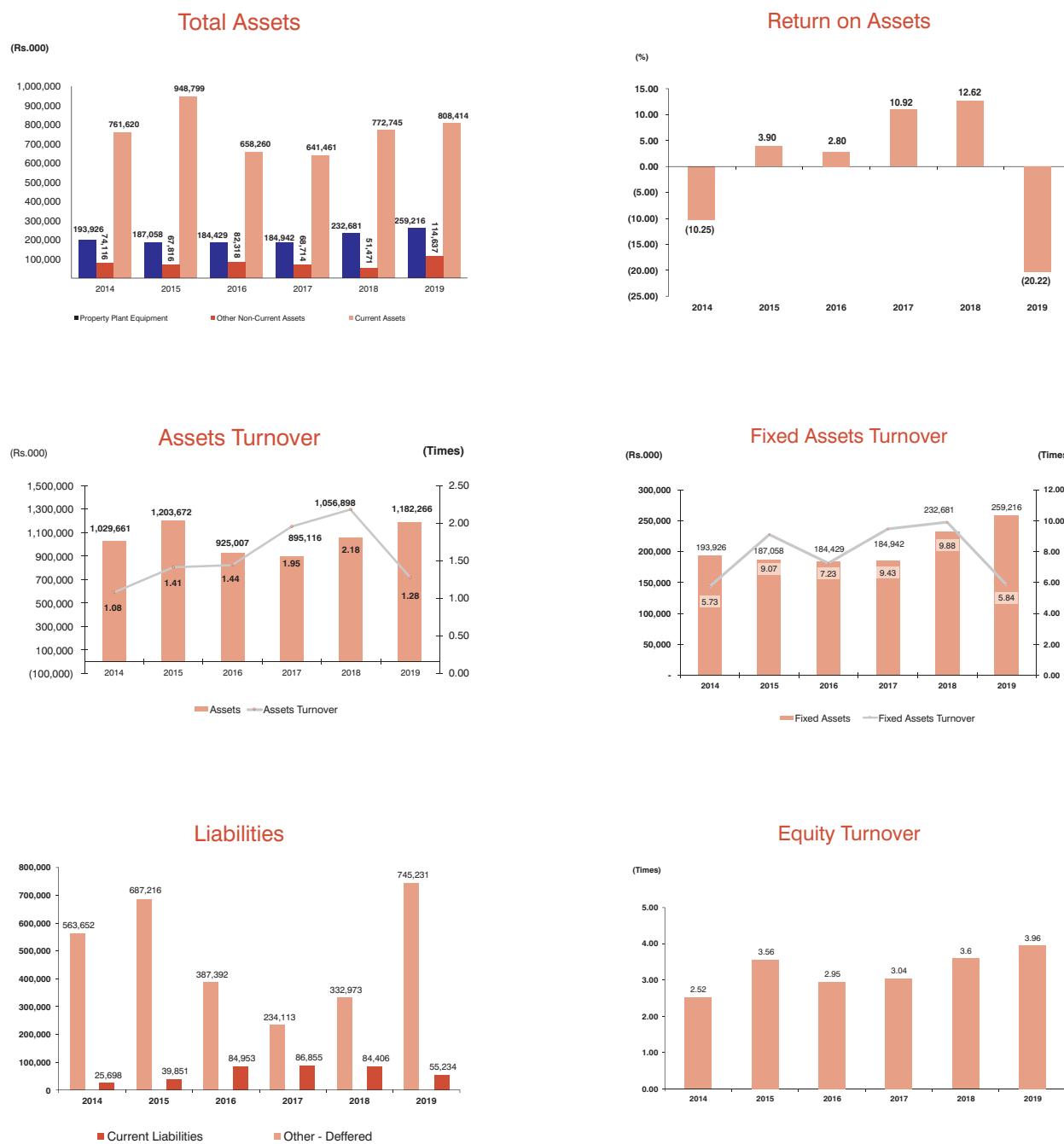
(Rupees in thousand)

Year ended 30th June	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>INCOME</b>										
Revenue from contracts with customers	1,513,636	2,299,931	1,744,098	1,333,476	1,695,718	1,111,227	1,745,974	1,724,539	1,946,677	1,707,846
Gross (Loss) / Profit	(149,777)	328,202	246,628	140,876	189,450	(21,956)	160,699	190,789	235,196	239,562
Operating (Loss) / Profit	(258,862)	196,948	152,422	72,557	117,959	(83,989)	82,775	124,372	167,176	179,341
(Loss) / Profit before tax	(310,120)	184,441	141,426	39,420	71,640	(146,343)	33,421	69,003	123,799	125,749
(Loss) / Profit for the year	(238,999)	133,402	97,776	25,870	46,914	(105,525)	22,261	46,608	78,205	82,157
<b>FINANCIAL POSITION</b>										
Current Assets	808,414	772,745	641,461	658,260	948,799	761,620	1,072,818	819,929	739,686	793,499
Less: Current Liabilities	745,231	332,973	234,113	387,392	687,216	563,652	734,399	504,912	402,024	505,603
Net Working Capital	63,183	439,771	407,347	270,868	261,583	197,968	338,419	315,017	337,662	287,896
Property, Plant and Equipment	259,216	232,681	184,942	184,429	187,057	193,925	219,561	240,645	235,330	236,205
Others-Non Current Assets	114,637	51,471	68,714	82,318	67,816	74,116	32,431	27,599	14,277	13,301
	437,036	723,924	661,003	537,615	516,456	466,009	590,411	583,261	587,268	537,401
Less: Long Term Debts	-	-	-	-	-	-	-	-	-	14,082
Other Liabilities	55,234	84,406	86,855	84,953	39,851	25,698	43,286	42,817	65,124	56,510
Shareholders' Equity	381,802	639,518	574,148	452,661	476,605	440,311	547,125	540,444	522,145	466,809
<b>REPRESENTED BY:</b>										
Share Capital	114,725	114,725	114,725	114,725	114,725	114,725	104,296	104,296	104,296	94,814
General Reserves	424,500	424,500	424,500	424,500	424,500	424,500	411,500	385,500	323,500	274,500
Unrealized Gain on Long Term Investment	12,081	25,610	37,194	17,788	11,218	6,719	8,588	2,838	3,671	2,838
Premium on issuance of Right Share	12,156	12,156	12,156	12,156	12,156	12,156	12,156	12,156	12,156	12,156
Unappropriated (accumulated loss) / profit	(181,660)	62,527	(14,427)	(116,507)	(85,994)	(117,789)	10,585	35,654	78,522	82,502
Net Capital Employed	381,802	639,518	574,148	452,661	476,605	440,311	547,125	540,444	522,145	466,809
<b>Summary of Cash Flows</b>										
Cash (Used In) / Generated from Operating Activities	(307,982)	31,436	175,083	364,002	(135,539)	46,336	(179,106)	(107,379)	186,039	84,150
Cash (Used In) / Generated from Investing Activities	(51,543)	(67,766)	(18,834)	(18,453)	(13,565)	2,746	(6,026)	(32,439)	(24,950)	(20,710)
Cash Used In from Financing Activities	(28,256)	(55,906)	(11,403)	(22,771)	-	-	(20,869)	(15,557)	(73,927)	-
Net Change in Cash and Cash Equivalents	(387,780)	(92,236)	144,847	322,778	(149,104)	49,081	(206,001)	(155,375)	87,161	63,440

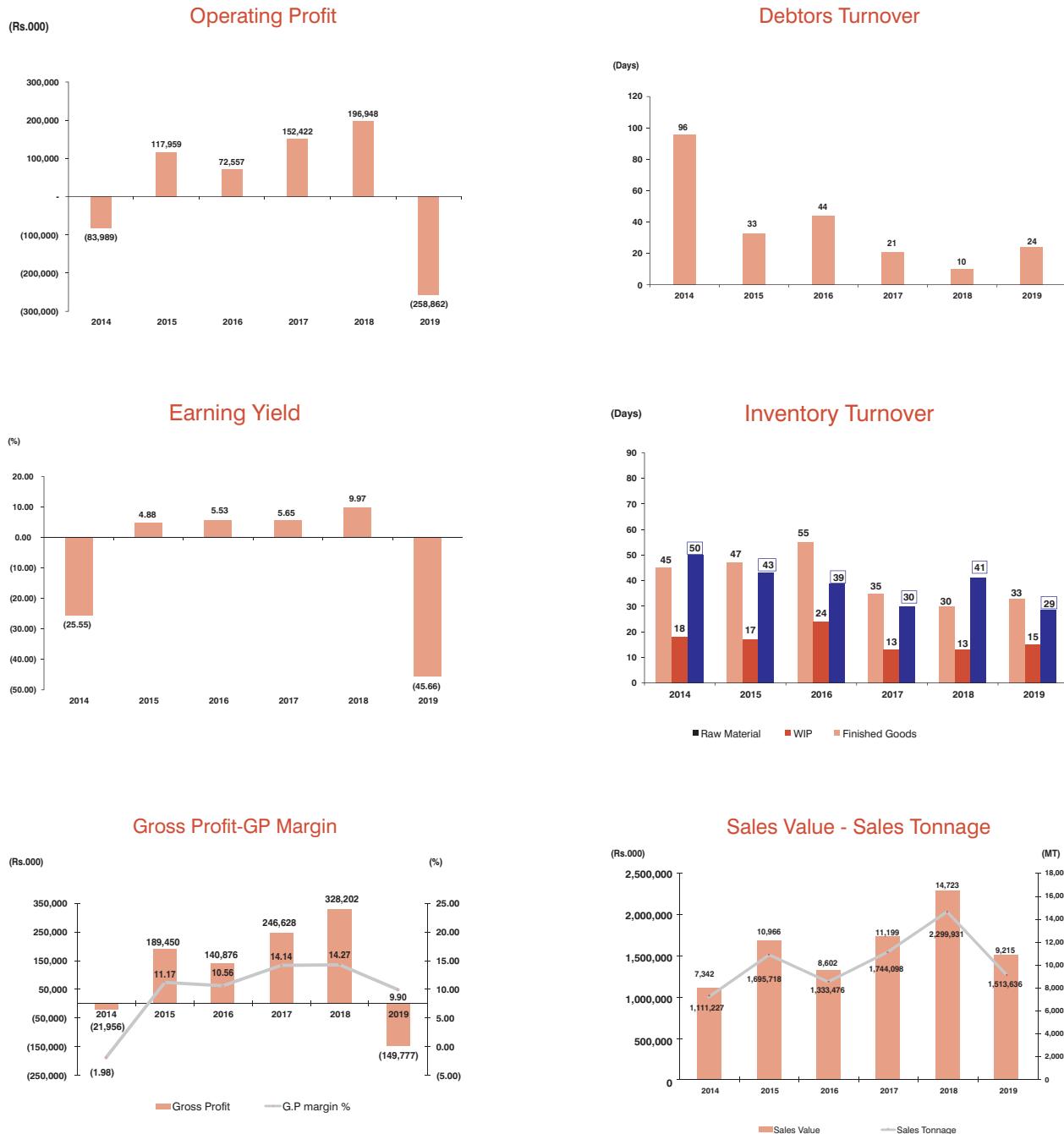
## DECade at a Glance

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>PRODUCTION / SALES</b>										
Production Capacity Installed (MT)	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200
Production Capacity Attained ( MT)	8,694	16,294	11,566	8,437	11,368	8,575	12,264	12,800	16,278	16,069
Capacity Ratio (%)	66	123	88	64	86	65	93	97	123	122
Net Revenue ( MT )	9,215	14,723	11,199	8,602	10,966	7,342	11,921	12,094	14,895	15,343
<b>MARKET VALUE RATIOS</b>										
Break up value of a Share of Rs.10/-each	33.28	55.74	50.05	39.46	41.54	38.38	52.46	51.82	50.06	49.23
Dividend (Rupees per share)	-	2.50	5.00	1.00	2.00	-	-	2.00	1.50	2.50
Dividend ( % )	-	25	50	10	20	-	-	20	15	25
Bonus Shares ( % )	-	-	-	-	-	-	10	-	-	10
<b>PROFITABILITY RATIOS</b>										
Gross (Loss) / Profit ( % )	(9.90)	14.27	14.14	10.56	11.17	(1.98)	9.20	11.06	12.08	14.03
( Loss ) / Profit before Income Tax to Sales ( % )	(20.49)	8.02	8.11	2.96	4.22	(13.17)	1.91	4.00	6.36	7.36
( Loss ) / Profit for the year to Sales ( % )	(15.79)	5.80	5.61	1.94	2.77	(9.50)	1.27	2.70	4.02	4.81
Earnings per share - EPS ( Rs.)	(20.83)	11.63	8.52	2.25	4.09	(9.20)	2.13	4.47	7.50	7.88
Earning Yield - year end price ( % )	(55.89)	9.97	5.65	5.53	4.88	(25.55)	5.34	11.92	15.30	22.14
Price Earning Ratio - year end price	(1.79)	10.03	17.71	18.11	20.48	(3.91)	20.62	8.39	6.53	4.52
EBITDA (%) (Earning before interest, tax, depreciation & amortization)	(15.25)	9.59	9.97	3.84	5.66	(5.37)	6.31	8.60	10.00	12.09
Dividend Payout (%)	-	21.50	58.69	44.44	48.90	-	-	44.74	20.00	28.85
Dividend Yield Ratio (%)	-	2.14	3.31	2.45	2.39	-	-	5.33	3.06	7.03
Return on Equity ( % )	(62.60)	20.86	17.03	5.72	9.84	(23.97)	4.07	8.62	14.98	17.60
Return on Assets %	(20.22)	12.62	10.92	2.80	3.90	(10.25)	1.68	4.28	7.91	7.88
Operating Cycle	45.00	60.00	41.00	78.74	103.14	120.91	66.99	74.84	70.00	89.00
Dividend Cover	-	4.65	1.70	2.25	2.05	-	-	2.24	5.00	3.47
<b>LIQUIDITY RATIOS</b>										
Current Ratio	1.08:1	2.32:1	2.7:1	1.7:1	1.38:1	1.35:1	1.46:1	1.62:1	1.84:1	1.57:1
Quick Ratio	0.50:1	0.79:1	1.00:1	0.77:1	0.55:1	0.50:1	0.91:1	0.71:1	1.12:1	1.19:1
<b>ACTIVITY RATIOS</b>										
Raw Material Inventory Turnover - (days)	33	30	35	55	47	45	39	45	48	48
WIP Inventory Turnover - (days)	15	13	13	24	17	18	12	10	7	7
Finished Goods Inventory Turnover - (days)	29	41	22	39	43	50	24	19	9	5
Debtors Turnover Ratio (days)	24	10	21	44	33	96	73	48	58	74
Assets Turnover Ratio %	0.78	0.46	0.51	0.69	0.71	0.93	0.76	0.63	1.97	1.64
Creditors Turnover Ratio (days)	55	34	49	84	36	88	81	47	63	44
Assets Turnover - (times)	1.28	2.18	1.95	1.44	1.41	1.08	1.32	1.58	1.97	1.64
Fixed Assets Turnover - (times)	5.84	9.88	9.43	7.23	9.07	5.73	7.95	7.17	7.80	6.84
<b>LEVERAGE RATIOS</b>										
Equity Turnover - (times)	3.96	3.60	3.04	2.95	3.56	2.52	3.19	3.19	3.73	3.66
Debt-Equity Ratio	-	-	-	-	-	-	-	-	-	-
<b>SHARE PRICE- (RS.)</b>										
Highest	139.78	169.00	218.68	91.25	91.35	50.02	44.00	50.90	52.25	63.06
Lowest	35.92	83.66	39.00	39.35	32.89	29.45	33.25	26.60	35.25	22.00
Average	87.85	126.33	128.84	65.30	62.12	39.74	38.63	38.75	43.75	42.53
At the year end	37.30	116.64	150.88	40.75	83.75	36.00	40.00	37.50	49.00	35.58

# GRAPHICAL ILLUSTRATION



## GRAPHICAL ILLUSTRATION



# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

FOR THE YEAR ENDED JUNE 30, 2019

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 (eight) as per the following:

a. Male Directors : 8  
b. Female Director : -

2. The composition of board is as follows:

Category	Names
Independent Directors	Syed Javaid Ashraf Mr. Muhammad Salman Husain Chawala
Other Non-executive Directors	Mr. Sikandar M. Khan Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana S. M. Irfan Aqueel
Executive Directors	Mr. Laeeq Uddin Ansari Mr. Nisar A. Mirani (CEO)

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. 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.
5. 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
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 directors of the Company. Further, two directors have attended the required training programme in previous years and four directors have obtained exemption from the requirement of directors training from the SECP.
10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms of conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

12. The board has formed committees comprising of members given below:

a) Audit Committee :

Syed Javaid Ashraf	Chairman
Mr. Latif Khalid Hashmi	Member
S. M. Irfan Aqueel	Member
Mr. Muhammad Salman Husain Chawala	Member

b) HR and Remuneration Committee:

Syed Javaid Ashraf	Chairman
Mr. Laeeq Uddin Ansari	Member
S. M. Irfan Aqueel	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

Audit Committee	Four quarterly meetings during the financial year ended June 30, 2018
HR & Remuneration Committee	One meeting during the financial year ended June 30, 2018

15. The board has set up an effective internal audit function.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Karachi  
September 03, 2019

  
SIKANDAR M. KHAN  
Chairman

## **REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Bolan Castings Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

*A.F. Ferguson & Co.*  
Chartered Accountants  
Karachi

Dated: September 18, 2019

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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■ KARACHI ■ LAHORE ■ ISLAMABAD

## **INDEPENDENT AUDITOR'S REPORT**

**To the members of Bolan Castings Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of Bolan Castings Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2019 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following is the Key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
--------	------------------	---

**(i) Deferred Tax Asset**

***(Refer note 9 of the financial statements)***

Under International Accounting Standard 12 "Income Taxes", the Company is required to review recoverability of the deferred tax assets recognized in the statement of financial position at each reporting period.

Recognition of deferred tax asset is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward losses and tax credits can be utilized. The future taxable profits are based on approved management's projections. This estimation involves a degree of uncertainty and requires judgement in relation to the future cash flows and also involves assessment of timing of reversals of un-used tax losses and tax credits.

As at June 30, 2019, the Company had recognized deferred tax assets amounting to Rs 92.4 million on unused tax losses and Rs 20.2 million in respect of employee related expenses.

We considered this as key audit matter due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences and management judgement regarding assumptions used in this area.

We performed audit procedures that included:

- obtained understanding of the income taxes process, and evaluated the design and tested management's controls over the calculation of the deferred tax asset and the review of the future recoverability;
- tested management's computation of unused tax losses for which deferred tax asset has been recognized;
- analyzed the requirements of Income Tax Ordinance, 2001, in relation to above and considering the aging analysis, expiry periods of relevant deferred tax assets and tax rates enacted in consultation with our in house tax specialist;
- assessed the reasonableness of cash flow projection and taxable profits projections, and performing audit procedures on assumptions such as growth rate, production patterns, future revenue and costs, by comparing the assumptions to historical results, approved budget and other relevant information for assessing the quality of Company's forecasting process in determining the future taxable profits.
- tested mathematical accuracy of future projections and the use of appropriate tax rate applicable on temporary differences; and
- assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures in accordance with the accounting and reporting standards.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income / the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

- (d) 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 / no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Syed Fahim ul Hasan.



**A. F. Ferguson & Co.**  
**Chartered Accountants**

**Karachi**

Dated: September 18, 2019

# STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

ASSETS	Note	2019 Rupees	2018 Rupees
<b>Non-current assets</b>			
Property, plant and equipment	6	259,215,767	232,681,443
Long-term investment	7	17,580,625	31,110,375
Long-term loans	8	836,000	846,000
Deferred tax asset	9	80,580,627	-
Long-term deposits	10	3,806,541	3,806,541
Employee benefits prepayment	11	11,832,931	15,708,298
		<u>373,852,491</u>	<u>284,152,657</u>
<b>Current assets</b>			
Stores, spare parts and loose tools	12	126,274,513	119,591,526
Stock-in-trade	13	307,234,973	391,227,480
Trade receivables	14	130,691,149	69,328,325
Loans and advances	15	11,301,343	3,820,576
Trade deposits and short term prepayments	16	310,037	293,874
Other receivables		1,516,553	271,306
Refunds due from the Government - sales tax		15,847,317	14,692,936
Taxation - payments less provision		202,416,056	152,837,850
Cash and bank balances	17	12,821,986	20,681,061
		<u>808,413,927</u>	<u>772,744,934</u>
<b>Total assets</b>		<u>1,182,266,418</u>	<u>1,056,897,591</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	18	114,725,290	114,725,290
Reserves	19	267,076,248	524,792,735
		<u>381,801,538</u>	<u>639,518,025</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term deposits	20	5,616,202	6,193,726
Deferred tax liabilities	9	-	405,018
Employee benefits obligations	11	49,618,043	77,807,334
		<u>55,234,245</u>	<u>84,406,078</u>
<b>Current liabilities</b>			
Trade and other payables	21	133,449,279	100,304,712
Current portion of long-term deposits	20	411,485	1,191,631
Unclaimed dividend		3,524,426	3,098,928
Short-term financing	22	607,845,445	228,378,217
		<u>745,230,635</u>	<u>332,973,488</u>
<b>Total liabilities</b>		<u>800,464,880</u>	<u>417,379,566</u>
<b>Contingencies and commitments</b>	23		
<b>Total equity and liabilities</b>		<u>1,182,266,418</u>	<u>1,056,897,591</u>

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



Chief Executive



Director



Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Revenue from contracts with customers	24	1,513,636,182	2,299,931,172
Cost of Sales	25	(1,663,413,135)	(1,971,729,326)
Gross (loss) / profit		(149,776,953)	328,201,846
Distribution cost	26	(49,354,120)	(58,595,163)
Administrative expenses	27	(76,439,969)	(70,788,850)
Other expenses	28	-	(13,807,648)
Other income	29	16,709,114	11,937,998
Operating (loss) / profit		(258,861,928)	196,948,183
Finance cost	30	(51,258,194)	(12,507,335)
(Loss) / profit before tax		(310,120,122)	184,440,848
Income tax	31	71,120,633	(51,038,932)
(Loss) / profit for the year		(238,999,489)	133,401,916
(Loss) / earnings per share	32	Rs. (20.83)	Rs. 11.63

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



Chief Executive



Director



Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
(Loss) / profit for the year	(238,999,489)	133,401,916
Other comprehensive income / (loss):		
Items that will not be reclassified to profit or loss		
Remeasurements of employee benefits - note 11	29,672,711	5,638,784
Impact of deferred tax	(6,178,636)	(4,724,698)
	23,494,075	914,086
Unrealised loss on revaluation of Investment at Fair Value through Other Comprehensive Income - note 7	(13,529,750)	(11,583,375)
Total comprehensive (loss) / income for the year	<u><u>(229,035,164)</u></u>	<u><u>122,732,627</u></u>

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



Chief Executive



Director



Chief Financial Officer

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	33	(196,146,975)	114,047,796
Decrease in long-term loans		10,000	7,745
(Increase) / decrease in long-term deposits - net		(1,357,670)	815,858
Income taxes paid - net		(65,621,854)	(67,195,229)
Employee benefits paid		(10,463,417)	(6,867,389)
Mark-up paid		(34,401,667)	(9,372,352)
Net cash (used in) / generated from operating activities		(307,981,583)	31,436,429
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of property, plant and equipment		(61,205,765)	(76,915,144)
Proceeds from disposal of property, plant and equipment		8,542,577	8,013,679
Return received on savings and deposit accounts		711,793	470,848
Investment in term deposit receipts		(454,180)	(485,350)
Dividend received		862,500	1,150,000
Net cash used in investing activities		(51,543,075)	(67,765,967)
<b>CASH USED IN FINANCING ACTIVITIES</b>			
Dividend paid		(28,255,825)	(55,906,154)
Net decrease in cash and cash equivalents		(387,780,483)	(92,235,692)
Cash and cash equivalents at beginning of the year		(211,099,176)	(118,863,484)
Cash and cash equivalents at end of the year	34	(598,879,659)	(211,099,176)

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



Chief Executive



Director



Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2019

	Reserves						
	Share Capital	Capital		Revenue		Gain/(Loss) on revaluation of investment at fair value	Sub Total
		Share premium	General	Unappropriated Profit / (Accumulated loss)			
----- (Rupees) -----							
Balance as at July 1, 2017	114,725,290	12,155,680	424,500,000	(14,426,677)	37,193,750	459,422,753	574,148,043
Final cash dividend @ 50% for the year ended June 30, 2017	-	-	-	(57,362,645)	-	(57,362,645)	(57,362,645)
Total comprehensive income for the year ended June 30, 2018							
- Profit for the year ended June 30, 2018				133,401,916		133,401,916	133,401,916
- Other comprehensive loss for the year ended June 30, 2018				914,086	(11,583,375)	(10,669,289)	(10,669,289)
				134,316,002	(11,583,375)	122,732,627	122,732,627
Balance as at June 30, 2018	114,725,290	12,155,680	424,500,000	62,526,680	25,610,375	524,792,735	639,518,025
Final cash dividend @ 25% for the year ended June 30, 2018	-	-	-	(28,681,323)	-	(28,681,323)	(28,681,323)
Total comprehensive loss for the year ended June 30, 2019							
- Loss for the year ended June 30, 2019				(238,999,489)		(238,999,489)	(238,999,489)
- Other comprehensive income for the year ended June 30, 2019				23,494,075	(13,529,750)	9,964,325	9,964,325
				(215,505,414)	(13,529,750)	(229,035,164)	(229,035,164)
Balance as at June 30, 2019	114,725,290	12,155,680	424,500,000	(181,660,057)	12,080,625	267,076,248	381,801,538

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



Chief Executive



Director



Chief Financial Officer

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

### 1. THE COMPANY AND ITS OPERATIONS

Bolan Castings Limited (the Company) is a public limited company incorporated in Pakistan on July 15, 1982 and listed on the Pakistan Stock Exchange (PSX). The Company manufactures and sells castings for tractors and automotive parts.

The geographical location and address of the Company's business unit, including plant is RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan.

The Company is a subsidiary of Millat Tractors Limited (the parent company) a listed public company in Pakistan, in accordance with the provisions of IFRS 10 - Consolidated Financial Statements.

### 2. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- Revenue decreased by Rs. 786.29 million (34.19%) as compared to prior year due to decrease in volume - refer notes 24 and 37;
- Substantial increase in borrowings at year end to the tune of Rs. 608 million primarily due to increase in working capital requirement-refer note 22;
- The adoption of new accounting standards for financial instruments and revenue from contracts with customers - refer note 5;
- The Company suffered an unrealised loss of Rs. 13.53 million on long-term investment held in Baluchistan Wheels Limited, a public listed company - refer note 7; and
- During the year, the Company experienced a gross loss of Rs. 149.8 million, on account of increase in raw material costs due to devaluation of Pak Rupee, and decrease in revenue.

### 3. 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.

#### 3.1 Basis of preparation

##### 3.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.1.2 Changes in accounting standards, interpretations and pronouncements

- a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year and relevant

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of changes laid down by these standards are detailed in note 5.

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

There are other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2018 are considered not to be relevant to Company's financial statements and hence have not been detailed here.

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

The following is the new standard, that will be effective for the periods beginning on or after January 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management do not expect any significant impact arising due to changes laid down by these standards on its financial statements.

## 3.2 Overall valuation policy

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

## 3.3 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment (if any) except freehold land and capital work-in-progress which are stated at cost. Depreciation is calculated using the reducing balance method at the rates given in note 6 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 statement of financial position date.

# NOTES TO THE FINANCIAL STATEMENTS

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 statement of profit or loss 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 statement of profit or loss.

## 3.4 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.

## 3.5 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 FVTOCI. 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 statement of profit or loss and other comprehensive income.

## 3.6 Income tax

### 3.6.1 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.

### 3.6.2 Deferred

Deferred tax is accounted for using the balance sheet 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 statement of profit or loss and statement of profit or loss and other comprehensive income. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.7 Inventories

Inventories are 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 inventory-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.

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.

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.

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

## 3.8 Employee benefits

### 3.8.1 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 obligation 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.

### 3.8.2 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 statement of financial position 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 employee benefit 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, 2019, 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, 2019, using the 'Projected Unit Credit Method'.

# NOTES TO THE FINANCIAL STATEMENTS

- 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 30,2019, using the 'Projected Unit Credit Method'.

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

Past service costs are recognised immediately in Statement of Profit or Loss.

## 3.8.3 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.

## 3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, 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 and short-term financing.

## 3.10 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.

## 3.11 Provisions

Provisions are recognised in the statement of financial position 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 financial position date and adjusted to reflect current best estimate.

## 3.12 Revenue recognition

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as follows:

- 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.

No element of financing is deemed present as the sales are made with a credit term of up to 90 days, which is consistent with the market practice.

## 3.13 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.14 Foreign currency transactions and translation

Foreign currency transactions are converted into Pak Rupee using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rates of exchange prevailing at the financial position date. Exchange differences, if any, are recognised in the statement of profit or loss.

## 3.15 Financial Instruments - Initial recognition and subsequent measurement

### Initial Recognition

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.

#### Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

#### Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

# NOTES TO THE FINANCIAL STATEMENTS

## Subsequent measurement

### i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

### ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

### iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL."

## Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- bank balances;
- employee receivables; and
- other short term receivables.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that results from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

# NOTES TO THE FINANCIAL STATEMENTS

## Derecognition

### i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement of profit or loss, but is transferred to statement of changes in equity.

### ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

## Financial assets - policy upto June 30, 2018

Trade debts and other receivables were recognised initially at fair value plus directly attributable costs, if any and subsequently, at amortised cost less impairment if any. A provision for impairment of trade and other receivable was established when there was an objective evidence that the Company will not be able to collect all amounts due according to terms of receivables. Trade receivables considered irrecoverable were written off.

## 3.16 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position 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.

## 3.17 Functional and presentation currency

These financial statements are presented in Pak Rupee which is the functional currency of the Company.

## 4. 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 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 as follows:

# NOTES TO THE FINANCIAL STATEMENTS

## i. Income tax

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 11.

Estimates and judgements 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 judgement has been used in applying accounting policies.

## 5. CHANGE IN ACCOUNTING POLICIES

### i) IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3.15 above. In accordance with the transitional provisions in IFRS 9, corresponding figures have not been restated and any adjustment to carrying amount of financial assets and liabilities were recognised in the opening retained earnings as of the transition date.

#### Classifications and remeasurement

On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassifications and adjustments are as follows:

Financial assets - July 1, 2018	Note	Carrying amount as reported under IAS 39 July 1, 2018	Reclassification due to IFRS - 9	Remeasurement allowance: ECL	Carrying amount as reported under IFRS 9 July 1, 2018
----- Rupees -----					
Long term investment	a	17,580,625	17,580,625	-	17,580,625
Loans and advances		11,301,343	-	-	11,301,343
Deposits		310,037	-	-	310,037
Trade receivables	b,c	130,691,149	-	-	130,691,149
Other receivable		1,516,553	-	-	1,516,553
Cash and bank balances		12,821,986	-	-	12,821,986

## NOTES TO THE FINANCIAL STATEMENTS

(a) Investments in Baluchistan Wheels Limited (listed equity shares carried at fair value) were reclassified from available-for-sale to financial assets at fair value through other comprehensive income (FVTOCI) as it is not held for trading.

(b) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The Company has determined that the application of IFRS 9's impairment requirement at July 1, 2018 results in no additional allowance for trade receivables.

(c) the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss. However, during the year ended June 30, 2018 there was no provision for doubtful debts that could be reclassified to 'impairment loss on trade receivables' in the statement of profit or loss.

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at July 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
(Rupees in 000)				
<b>Financial assets</b>				
Long term investment	Available for sale	Fair value through other comprehensive income	17,580,625	17,580,625
Loans and advances	Loans and receivables	Amortised cost	2,364,887	2,364,887
Deposits	Loans and receivables	Amortised cost	4,070,041	4,070,041
Trade receivables	Loans and receivables	Amortised cost	130,691,149	130,691,149
Other receivable	Loans and receivables	Amortised cost	1,516,553	1,516,553
Cash and bank balances	Loans and receivables	Amortised cost	12,821,986	12,821,986
<b>Financial liabilities</b>				
Trade and other payables	Other financial liabilities	Other financial liabilities	102,690,810	102,690,810
Unclaimed dividend	Other financial liabilities	Other financial liabilities	3,524,426	3,524,426
Short term running finance	Other financial liabilities	Other financial liabilities	607,845,445	607,845,445
Deposits	Other financial liabilities	Other financial liabilities	6,027,687	6,027,687

There is no impact on the Company's statement of changes in equity as a result of the above changes.

### ii) IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 from July 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. However, in accordance with the transition provisions in IFRS 15, there is no impact on the Company that require retrospective change and restatement of comparatives for the year ended June 30, 2018.

As a result of the application of IFRS 15, the Company recognised a refund liability in respect of goods expected to be returned..

	2019 Rupees	2018 Rupees
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets - note 6.1	251,055,366	222,482,850
Capital work-in-progress - note 6.3	8,160,401	10,198,593
	<hr/> <u>259,215,767</u>	<hr/> <u>232,681,443</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 6.1 Operating assets

	Freehold land	Building on freehold land	Plant and machinery	Furniture and fittings	Office equipments	Computers	Motor Vehicles	Total
----- Rupees -----								
<b>Year ended June 30, 2019</b>								
Opening net book value	2,678,754	20,488,074	155,360,019	531,128	6,297,457	1,275,783	35,851,635	222,482,850
Additions / transfers (at cost)	-	455,877	59,352,030	-	954,450	-	2,481,600	63,243,957
Disposals (at NBV)	-	-	(2,309,681)	-	(8,043)	-	(4,270,563)	(6,588,287)
Depreciation charge	-	(2,075,392)	(17,968,234)	(49,786)	(654,414)	(385,391)	(6,949,937)	(28,083,154)
<b>Closing net book value</b>	<b>2,678,754</b>	<b>18,868,559</b>	<b>194,434,134</b>	<b>481,342</b>	<b>6,589,450</b>	<b>890,392</b>	<b>27,112,735</b>	<b>251,055,366</b>
<b>At June 30, 2019</b>								
Cost	2,678,754	87,080,448	612,477,080	1,535,079	13,055,366	5,159,214	44,938,100	766,924,041
Accumulated depreciation	-	(68,211,889)	(418,042,946)	(1,053,737)	(6,465,916)	(4,268,822)	(17,825,365)	(515,868,675)
<b>Net book value</b>	<b>2,678,754</b>	<b>18,868,559</b>	<b>194,434,134</b>	<b>481,342</b>	<b>6,589,450</b>	<b>890,392</b>	<b>27,112,735</b>	<b>251,055,366</b>
<b>Year ended June 30, 2018</b>								
Opening net book value	2,678,754	20,488,255	123,992,193	450,950	5,072,248	739,094	25,419,610	178,841,104
Additions / transfers (at cost)	-	2,109,435	48,143,795	128,425	1,780,140	886,756	19,768,500	72,817,051
Disposals (at NBV)	-	-	(2,565,488)	-	-	-	(2,955,594)	(5,521,082)
Depreciation charge	-	(2,109,616)	(14,210,481)	(48,247)	(554,931)	(350,067)	(6,380,881)	(23,654,223)
<b>Closing net book value</b>	<b>2,678,754</b>	<b>20,488,074</b>	<b>155,360,019</b>	<b>531,128</b>	<b>6,297,457</b>	<b>1,275,783</b>	<b>35,851,635</b>	<b>222,482,850</b>
<b>At June 30, 2018</b>								
Cost	2,678,754	86,624,571	560,159,167	1,535,079	12,227,516	5,159,214	54,151,872	722,536,173
Accumulated depreciation	-	(66,136,497)	(404,799,148)	(1,003,951)	(5,930,059)	(3,883,431)	(18,300,237)	(500,053,323)
<b>Net book value</b>	<b>2,678,754</b>	<b>20,488,074</b>	<b>155,360,019</b>	<b>531,128</b>	<b>6,297,457</b>	<b>1,275,783</b>	<b>35,851,635</b>	<b>222,482,850</b>
<b>Depreciation rate per annum %</b>	-	10	10	10	10	10	30	20

## 6.2 Depreciation for the year has been allocated as follows:

	2019 Rupees	2018 Rupees
Cost of sales	26,060,173	21,765,471
Distribution cost	505,745	472,188
Administrative expenses	<u>1,517,236</u>	<u>1,416,564</u>
	<u>28,083,154</u>	<u>23,654,223</u>

## 6.3 Capital work-in-progress

Opening balance	10,198,593	6,100,500
Additions during the year	42,490,045	12,308,038
Transfers during the year	(44,528,237)	(8,209,945)
<b>Closing balance - note 6.3.1</b>	<b>8,160,401</b>	<b>10,198,593</b>

### 6.3.1 As at June 30, capital work-in-progress represents:

- Building on freehold land	-	455,877
- Plant and machinery	-	9,742,716
- Software under development	<u>8,160,401</u>	<u>-</u>
	<u>8,160,401</u>	<u>10,198,593</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 6.4 The details of operating assets sold are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Purchaser
<b>Rupees</b>						
Plant and machinery	1,852,273	1,323,082	529,191	75,000	Negotiation	M/s. Abdul Rehman Alam Godown Klanta Haroonabad Sher Shah Karachi
Plant and machinery	1,610,762	381,549	1,229,213	1,343,610	Insurance Claim	Adamjee Insurance Company Ltd. Eden Center, Branch 31 C-1 Ghalib road, Gulberg 3, Lahore
Motor vehicle	1,505,000	833,756	671,244	700,000	Negotiation	Mr. Sajjad Gul Bizenjo House No-F - 13 Area 4 Gizri St. 4 DHA Karachi
Motor vehicle	1,537,000	697,046	839,954	839,954	Company Policy	Mr. Muzaffar Ali - Ex employee
Motor vehicle	<u>1,282,000</u>	<u>751,058</u>	<u>530,942</u>	<u>530,942</u>	Company Policy	Mr. M. Muneer - Ex employee
Aggregate of assets having book value of less than Rs. 500,000 each						
Plant and machinery	3,571,082	3,019,805	551,277	1,666,800		
Motor vehicles	7,371,372	5,142,949	2,228,423	3,344,271		
Office equipment	126,600	118,557	8,043	42,000		
2019	<u>18,856,089</u>	<u>12,267,802</u>	<u>6,588,287</u>	<u>8,542,577</u>		
2018	<u>22,259,503</u>	<u>16,738,421</u>	<u>5,521,082</u>	<u>8,013,679</u>		

### 6.5 Particular of immovable property (i.e. land and building) in the name of Company are as follows:

Locations	Usage of immovable property	Total Area (in acres)	Covered Area (in acres)
Main RCD Highway, Hub Chowki, District Lasbella Balochistan, Pakistan	Manufacturing facility	22.93	22.93
<b>7. LONG-TERM INVESTMENT</b>		<b>2019 Rupees</b>	<b>2018 Rupees</b>
<b>FVTOCI</b>			
Balance at beginning of the year		<u>31,110,375</u>	<u>42,693,750</u>
Unrealised loss on revaluation - transferred to equity		<u>(13,529,750)</u>	<u>(11,583,375)</u>
Balance at end of the year		<u><u>17,580,625</u></u>	<u><u>31,110,375</u></u>
<b>7.1</b>	Represents investment in 287,500 (2018: 287,500) quoted ordinary shares of Rs. 10/- each of Baluchistan Wheels Limited. Equity held 2.16% (2018: 2.16%).		
<b>7.2</b>	There are no investments in associated companies or undertakings.		
<b>8. LONG-TERM LOANS</b>		<b>2019 Rupees</b>	<b>2018 Rupees</b>
Considered good and secured - Employees - note 8.1 and 8.2 - Current portion of loans to employees		<u>1,502,000</u> <u>(666,000)</u> <u><u>836,000</u></u>	<u>1,539,745</u> <u>(693,745)</u> <u><u>846,000</u></u>
<b>8.1</b>	Reconciliation of carrying amount of loans to employees:		
- opening balances		<u>1,539,745</u>	<u>1,501,745</u>
- disbursements		<u>1,000,000</u>	<u>1,000,000</u>
- repayments		<u>(1,037,745)</u>	<u>(962,000)</u>
		<u><u>1,502,000</u></u>	<u><u>1,539,745</u></u>
<b>8.2</b>	These represent 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

		2019 Rupees	2018 Rupees
<b>9. DEFERRED TAX ASSET / (LIABILITY)</b>			
Credit balance arising in respect of:			
- accelerated tax depreciation allowance	(32,070,368)	(24,848,251)	
Debit balance arising in respect of:			
- provision for compensated absences	3,215,032	2,293,740	
- provision for employee benefits	17,010,098	22,149,493	
- tax loss	92,425,865	-	
	<u>112,650,995</u>	<u>24,443,233</u>	
	<u>80,580,627</u>	<u>(405,018)</u>	

## 9.1 Analysis of change in deferred tax

	Accelerated tax depreciation	Provision for slow moving and obsolete inventories	Provision for other receivables	Provision for compensated absences considered doubtful	Tax Loss	Unapproved (non-executive) gratuity fund	Effect of actuarial gain or loss	Total
	Employee Benefits							
	Rupees							
Balance as at July 01, 2017	(27,395,095)	412,394	1,048,749	2,725,976	-	7,319,357	19,890,012	4,001,393
(Charge) / credit to profit or loss for the year	2,546,844	(412,394)	(1,048,749)	(432,236)	-	(335,178)	-	318,287
(Charge) / credit to other comprehensive income for the year	-	-	-	-	-	-	(4,724,698)	(4,724,698)
Balance as at June 30, 2018	<u>(24,848,251)</u>	<u>-</u>	<u>-</u>	<u>2,293,740</u>	<u>-</u>	<u>6,984,179</u>	<u>15,165,314</u>	<u>(405,018)</u>
(Charge) / credit to profit or loss for the year	(7,222,117)	-	-	921,292	92,425,865	1,039,241	-	87,164,281
(Charge) / credit to other comprehensive income for the year	-	-	-	-	-	-	(6,178,636)	(6,178,636)
Balance as at June 30, 2019	<u>(32,070,368)</u>	<u>-</u>	<u>-</u>	<u>3,215,032</u>	<u>92,425,865</u>	<u>8,023,420</u>	<u>8,986,678</u>	<u>80,580,627</u>

**9.2** Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. Therefore, deferred tax asset has been recognised accordingly using the expected applicable rate of 29%.

The deferred tax asset on tax loss will be recoverable based on the estimated future taxable income and approved business plans.

## 10. LONG-TERM DEPOSITS

These security deposits do not carry any mark-up.

# NOTES TO THE FINANCIAL STATEMENTS

## 11. EMPLOYEE BENEFITS

- 11.1 As stated in note 3.8, 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, 2019.
- 11.2 Plan assets held in trusts are governed by local regulations which mainly include Trust Act, 1882, Companies Act, 2017, 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.
- 11.3 The latest actuarial valuations of the plans as at June 30, 2019 were carried out using the Projected Unit Credit Method. Details of the plans as per the actuarial valuation are as follows:

	2019			2018		
	Funded		Un-Funded	Funded		Un-Funded
	Pension	Executives' Gratuity	Non- Executives' Gratuity	Pension	Executives' Gratuity	Non- Executives' Gratuity
----- Rupees -----						

### 11.4 Statement of financial position reconciliation

Present value of defined benefit obligation						
at June 30 - note 11.5	(131,839,352)	(45,690,145)	(32,194,949)	(165,839,978)	(48,174,899)	(26,228,631)
Fair value of plan assets at June 30						
- note 11.6	114,416,258	57,523,076	-	114,261,275	63,883,197	-
(Deficit) / surplus	(17,423,094)	11,832,931	(32,194,949)	(51,578,703)	15,708,298	(26,228,631)

### 11.5 Movement in the Present value of defined benefit obligation

Balances as at July 1	165,839,978	48,174,899	26,228,631	167,462,285	56,002,038	28,117,696
Benefits paid	(9,543,517)	(12,174,135)	(7,244,261)	(7,733,233)	(15,190,538)	(3,700,921)
Current service costs	2,352,113	1,764,516	1,360,515	2,734,144	1,724,532	1,418,560
Past service cost	-	-	-	5,287,495	-	-
Interest cost	14,496,140	3,776,718	2,034,585	13,087,654	3,862,597	2,101,379
Remeasurement	(42,401,086)	4,148,147	4,527,984	(10,756,516)	1,776,270	(1,708,083)
Employee Contributions	1,095,724	-	-	1,045,644	-	-
Balance as at June 30	131,839,352	45,690,145	32,194,949	165,839,978	48,174,899	26,228,631

### 11.6 Movement in the Fair value of plan assets

Balance as at July 1	114,261,275	63,883,197	-	114,368,468	73,274,256	-
Contributions paid into the plan	2,435,101	784,055	-	2,323,654	842,814	-
Benefits paid by the plan	(9,543,517)	(12,174,135)	-	(7,733,233)	(15,190,538)	-
Interest income	10,012,944	5,236,934	-	8,974,920	5,288,032	-
Remeasurement	(3,845,269)	(206,975)	-	(4,718,178)	(331,367)	-
Employee Contributions	1,095,724	-	-	1,045,644	-	-
Balance as at June 30	114,416,258	57,523,076	-	114,261,275	63,883,197	-

## NOTES TO THE FINANCIAL STATEMENTS

	2019			2018		
	Funded		Un-Funded	Funded		Un-Funded
	Pension	Executives' Gratuity	Non- Executives' Gratuity	Pension	Executives' Gratuity	Non- Executives' Gratuity
	----- Rupees -----			----- Rupees -----		
11.7 Expense recognised in Profit or Loss						
Current service costs	2,352,113	1,764,516	1,360,515	2,734,144	1,724,532	1,418,560
Past service costs	-	-	5,287,495	-	-	-
Net Interest cost / (income)	4,483,196	(1,460,216)	2,034,585	4,112,734	(1,425,435)	2,101,379
Expense recognised in Profit or Loss	<u>6,835,309</u>	<u>304,300</u>	<u>8,682,595</u>	<u>6,846,878</u>	<u>299,097</u>	<u>3,519,939</u>
11.8 Remeasurement recognised in Other Comprehensive Income						
Experience losses / (gains)	(42,401,086)	4,148,147	4,527,984	(10,756,516)	1,776,270	(1,708,083)
Remeasurement of fair value of plan assets	3,845,269	206,975	-	4,718,178	331,367	-
Remeasurements	<u>(38,555,817)</u>	<u>4,355,122</u>	<u>4,527,984</u>	<u>(6,038,338)</u>	<u>2,107,637</u>	<u>(1,708,083)</u>
11.9 Net recognised liability / (asset)						
Net recognised liability / (asset) as at July 1	51,578,703	(15,708,298)	26,228,631	53,093,817	(17,272,218)	28,117,696
Expense recognised in Profit or Loss	6,835,309	304,300	8,682,595	6,846,878	299,097	3,519,939
Contribution made during the year to the Fund	(2,435,101)	(784,055)	(7,244,261)	(2,323,654)	(842,814)	(3,700,921)
Remeasurements recognised in Other Comprehensive Income	<u>(38,555,817)</u>	<u>4,355,122</u>	<u>4,527,984</u>	<u>(6,038,338)</u>	<u>2,107,637</u>	<u>(1,708,083)</u>
Recognised liability / (asset) as at June 30	<u>17,423,094</u>	<u>(11,832,931)</u>	<u>32,194,949</u>	<u>51,578,703</u>	<u>(15,708,298)</u>	<u>26,228,631</u>
11.10 Plan assets comprises of following:						
Debt instruments	108,135,087	56,383,285	-	89,775,589	62,192,272	-
Equity and mutual funds	1,726,169	-	-	23,529,823	-	-
Cash at Bank	4,555,002	1,139,791	-	955,863	1,690,925	-
Total as at June 30	<u>114,416,258</u>	<u>57,523,076</u>	<u>-</u>	<u>114,261,275</u>	<u>63,883,197</u>	<u>-</u>
11.11 Actuarial assumptions						
Discount rate at June 30	14.25%	14.25%	14.25%	9.00%	9.00%	9.00%
Future salary increases	14.25%	14.25%	14.25%	9.00%	9.00%	9.00%
Future pension increases	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

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

11.13 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 2019 and 2018 consists of Government bonds and investment in shares and units of mutual funds. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk.

11.14 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, 2020 is expected to be Rs. 3.62 million and Rs. Nil, 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.

11.15 **Sensitivity analysis for actuarial assumptions**

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

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate at June 30	1.00%	(12,315,353)	13,945,848
Future salary increases	1.00%	6,910,423	(6,408,998)

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.

## NOTES TO THE FINANCIAL STATEMENTS

11.16 Historical information for the five years is as follows:

	2019	2018	2017	2016	2015
<b>Rupees</b>					
<b>Pension fund</b>					
Fair value of plan assets	114,416,258	114,261,275	114,368,468	112,475,832	105,680,481
Present value of the defined benefit obligation	(131,839,352)	(165,839,978)	(167,462,285)	(159,537,041)	(118,150,976)
<b>(Deficit) / Surplus</b>	<b>(17,423,094)</b>	<b>(51,578,703)</b>	<b>(53,093,817)</b>	<b>(47,061,209)</b>	<b>(12,470,495)</b>
Experience adjustments on plan obligations - loss / (gain)	(42,401,086)	(10,756,516)	(1,797,764)	31,405,711	35,055,399
Experience adjustments on plan assets - (loss) / gain	(3,845,269)	(4,718,178)	(4,198,158)	(1,797,404)	4,237,612
<b>Executives' gratuity fund</b>					
Fair value of plan assets	57,523,076	63,883,197	73,274,256	43,834,331	61,432,365
Present value of the defined benefit obligation	(45,690,145)	(48,174,899)	(56,002,038)	(53,571,304)	(55,105,412)
<b>(Deficit) / Surplus</b>	<b>11,832,931</b>	<b>15,708,298</b>	<b>17,272,218</b>	<b>(9,736,973)</b>	<b>6,326,953</b>
Experience adjustments on plan obligations - loss / (gain)	4,148,147	1,776,270	(489,624)	1,498,850	2,618,434
Experience adjustments on plan assets - (loss) / gain	(206,975)	(331,367)	28,169,070	(13,955,828)	13,882,902
<b>Non-Executives' gratuity fund</b>					
Present value of the defined benefit obligation	(32,194,949)	(26,228,631)	(28,117,696)	(23,155,700)	(22,253,809)
Experience adjustments on plan obligations - (gain) / loss	4,527,984	(1,708,083)	3,719,840	(889,487)	2,046,994

11.17 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.

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

	No. of years
Pension fund	6.26
Executives' gratuity fund	6.26
Non-executives' gratuity	6.26

11.19 Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2019.

## NOTES TO THE FINANCIAL STATEMENTS

		2019 Rupees	2018 Rupees
<b>12. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores (including in transit Rs. 0.01 million; 2018: Rs. 0.08 million)		31,177,820	23,255,162
Spare parts (including in transit Rs. 0.51 million; 2018: Rs. 2.1 million)		76,869,646	83,295,562
Loose tools (including in transit 3.19 million; 2018: Rs. Nil)		4,844,094	5,395,072
Hard coke, diesel and kerosene oil		13,382,953	7,645,730
		<u>126,274,513</u>	<u>119,591,526</u>
<b>13. STOCK-IN-TRADE</b>			
Raw materials (including in transit Rs. 23.96 million; 2018: Rs. 25.65 million)		153,843,917	149,402,873
Work in process		25,786,443	108,002,038
Finished goods (including in transit of Rs. Nil; 2018: Rs. 17.27 million) - note 13.2		127,604,613	133,822,569
		<u>307,234,973</u>	<u>391,227,480</u>
<b>13.1</b>	Inventories include Rs. 88.16 million (2018: Rs. 78.89 million) held with third parties.		
<b>13.2</b>	Inventories - finished goods include inventories which have been written-down to net realisable value by Rs. 15.16 million (2018: Rs. 3.17 million).		
<b>14. TRADE RECEIVABLES</b>		2019 Rupees	2018 Rupees
Considered good			
- Related parties - notes 14.1 & 14.2		113,386,566	53,489,007
- Others - note 14.3		17,304,583	15,839,318
		<u>130,691,149</u>	<u>69,328,325</u>
<b>14.1</b>	These represent amounts due from following related parties:		
- Millat Tractors Limited		111,883,479	48,012,220
- Millat Equipments Limited		1,503,087	5,476,787
		<u>113,386,566</u>	<u>53,489,007</u>

## NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2019, the age analysis of these trade receivables is as follows:

	2019 Rupees	2018 Rupees
Not yet due	111,520,499	47,848,780
Past due		
- Up to 3 months	961,003	4,170,556
- 3 to 6 months	905,064	1,469,671
	1,866,067	5,640,227
	113,386,566	53,489,007

14.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 297.96 million (2018: Rs. 124.85 million).

14.3 As at June 30, 2019, the age analysis of these trade receivables is as follows:

Not yet due	5,547,309	14,701,000
Past due		
- Up to 3 months	10,393,837	943,796
- 3 to 6 months	1,363,437	194,522
	11,757,274	1,138,318
	17,304,583	15,839,318

### 15. LOANS AND ADVANCES

Considered good

Current portion of loans to employees - note 8	666,000	693,745
Advances to:		
- employees - note 15.1	862,887	1,289,474
- suppliers	9,772,456	1,837,357
	10,635,343	3,126,831
	11,301,343	3,820,576

15.1 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.

	2019 Rupees	2018 Rupees
15.2 These advances do not carry any mark up.		
16. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Security deposits	263,500	263,500
Prepayments	46,537	30,374
	310,037	293,874

16.1 These trade deposits and prepayments are mainly against subscription fee and security deposits. They do not carry any mark-up.

## NOTES TO THE FINANCIAL STATEMENTS

### 17. CASH AND BANK BALANCES

	2019 Rupees	2018 Rupees
With banks on:		
- current accounts - note 17.1	4,117,160	5,009,289
- savings accounts - note 17.2	4,673,063	12,059,884
- term deposit receipts - notes 17.2 and 17.3	<u>3,856,200</u>	<u>3,402,020</u>
	<u>12,646,423</u>	<u>20,471,193</u>
Cash in hand	<u>175,563</u>	<u>209,868</u>
	<u><u>12,821,986</u></u>	<u><u>20,681,061</u></u>

- 17.1 These include current account having balance of Rs. 0.96 million (2018: Rs. 0.58 million) maintained with an Islamic Bank.
- 17.2 These accounts are maintained under mark up arrangement and carry mark up at the rate of 4.5% to 10.25% (2018: 3.75% to 4.5%) per annum.
- 17.3 These are under lien with a bank for issuance of bank guarantee in favour of Sui Southern Gas Company Limited.

### 18. SHARE CAPITAL

#### Authorised share capital

2019	2018		2019 Rupees	2018 Rupees
-----Number of shares-----				
<u><u>15,000,000</u></u>	<u><u>15,000,000</u></u>	Ordinary shares of Rs. 10 each	<u><u>150,000,000</u></u>	<u><u>150,000,000</u></u>

#### Issued, subscribed and paid up capital Ordinary shares of Rs. 10 each

2019	2018		2019 Rupees	2018 Rupees
-----Number of shares-----				
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><u>11,472,529</u></u>	<u><u>11,472,529</u></u>		<u><u>114,725,290</u></u>	<u><u>114,725,290</u></u>

- 18.1 As at June 30, 2019, 5.67 million (2018: 5.67 million) ordinary shares of Rs. 10 each were held by Millat Tractors Limited (holding Company) alongwith directors, representing 49.33% of total issued, subscribed and paid up capital (2018: 49.33%).

19. RESERVES	2019 Rupees	2018 Rupees
Capital reserves		
Share premium	12,155,680	12,155,680
Revenue reserves		
General	424,500,000	424,500,000
(Accumulated loss) / unappropriated profit	<u>(181,660,057)</u>	<u>62,526,680</u>
	<u>242,839,943</u>	<u>487,026,680</u>
Gain on revaluation of Investment at FVTOCI - note 19.1	<u>12,080,625</u>	<u>25,610,375</u>
	<u><u>267,076,248</u></u>	<u><u>524,792,735</u></u>

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

## NOTES TO THE FINANCIAL STATEMENTS

20. LONG-TERM DEPOSITS	2019 Rupees	2018 Rupees
Deposits from employees	6,027,687	7,385,357
Less: Current portion	(411,485)	(1,191,631)
	<u>5,616,202</u>	<u>6,193,726</u>

20.1 These represent interest free deposits received from employees. The amount is adjustable within a period of six years against book value of motor vehicles and five years against book value of motor cycles provided to them as per Company policy.

21. TRADE AND OTHER PAYABLES	2019 Rupees	2018 Rupees
Creditors - note 21.1	80,380,979	62,366,959
Advances from customers - note 21.2	908,996	790,240
Compensated absences - note 21.3	11,086,319	9,174,960
Workers' Profit Participation Fund - note 21.4	3,374	9,899,694
Workers' Welfare Fund	-	3,653,342
Security deposits - note 21.5	2,762,952	2,580,952
Accrued liabilities - note 21.6	10,820,757	7,427,502
Accrued mark-up	18,557,456	3,725,391
Income tax deducted at source	202,324	5,392
Others	8,726,122	680,280
	<u>133,449,279</u>	<u>100,304,712</u>

21.1 This includes Rs. Nil (2018: Rs. 0.87) due to Millat Tractors Limited (holding company), and Rs. 0.02 million (2018: Rs. Nil) due to Millat Industrial Product Limited (related party).

21.2 These include Rs. 0.12 million (2018: Rs. 0.12 million) due to Millat Equipment Limited (related party).

21.3 Compensated absences	2019 Rupees	2018 Rupees
Opening balance	9,174,960	9,086,587
Charge for the year	3,531,113	1,538,757
Payments made during the year	(1,619,754)	(1,450,384)
Closing balance	<u>11,086,319</u>	<u>9,174,960</u>

### 21.4 Workers' Profit Participation Fund

Balance at beginning of the year	9,899,694	7,352,885
Allocation for the year	-	9,899,694
Allocation for prior year	-	254,612
	<u>9,899,694</u>	<u>17,507,191</u>
Interest charged during the year	482,784	404,580
Amount paid to the Trustees of the fund	(10,379,104)	(8,012,077)
Balance at end of the year	<u>3,374</u>	<u>9,899,694</u>

21.5 These represent deposits obtained from customers which are kept in a separate bank account in compliance with the section 217 of the Companies Act, 2017.

21.6 These include Rs. 5.03 million (2018: Rs. 4.34 million) due to Millat Tractors Limited (holding company) in respect of remuneration of Chief Executive paid by Millat Tractors Limited and cross charged to the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### 22. SHORT TERM FINANCING

		2019 Rupees	2018 Rupees
Secured			
Short-term running finance facilities			
Under mark-up arrangement - note 22.1	364,751,743	149,184,311	
Under Musharaka facility - note 22.2	71,758,044	79,193,906	
Under Istisna cum Wakala arrangement - note 22.3	150,000,000	-	
Under Musawamah facility- note 22.2	21,335,658	-	
	<u>607,845,445</u>	<u>228,378,217</u>	

22.1 These represent running finance facilities obtained from Bank Al Falah Limited amounting to Rs. 200 million (2018: Rs. 200 million), Habib Bank Limited amounting to Rs. 100 million (2018: Nil) and Faysal Bank Limited amounting to Rs. 100 million (2018: Rs. 100 million). The mark-up rate on these facilities is 1 month KIBOR plus 0.5% to 1.25% (2018: 1 month KIBOR plus 0.5%) per annum. The arrangements are secured by way of hypothecation over plant and machinery and current assets of the Company.

22.2 This represents Musawamah Finance Facility (formerly Musharaka Finance Facility) obtained from Meezan Bank Limited amounting to Rs. 100 million (2018: Rs. 100 million). The profit rate on this facility is 3 month KIBOR plus 1% (2018: 3 month KIBOR plus 0.4%) per annum. It is secured by way of hypothecation charge over inventory and trade receivables of the Company.

22.3 The Company has also obtained finance under Istisna cum Wakala arrangement from Dubai Islamic Bank Pakistan Limited amounting to Rs. 150 million (2018: Rs. 75 million). The profit rate on this facility is 6 months KIBOR plus 0.65% (2018: 6 months KIBOR plus 0.5%) per annum. It is secured by way of hypothecation charge over fixed assets and current assets of the Company. Amount utilised as at June 30, 2019 is Rs. 150 million (2018: Nil).

22.4 The facilities for opening letters of credit and guarantees as at June 30, 2019 amounted to Rs. 1,000 million and Rs. 3.86 million respectively (2018: Rs. 1,000 million and Rs. 3.4 million respectively) out of which the amount remaining unutilised at year end was Rs. 906.15 million and Rs. 500 respectively (2018: Rs. 810.35 million and Rs. Nil respectively).

### 23. CONTINGENCIES AND COMMITMENTS

#### 23.1 Contingencies

23.1.1 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.

23.1.2 In a suit filed against the Company before the Senior Civil Judge at Hub Balochistan, Altaf Hussain Agha (the Plaintiff) claims that in the year 2004 the Company allegedly encroached upon the land measuring 5 acres - 2 roads - 34 poles belonging to him that he purchased in year 2003. The Plaintiff has 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 whatsoever. The written statement of the Company was filed, the issues were framed and the Plaintiff had produced his witnesses. However suit was decreed against the Company by the Senior Civil Judge. The original order was challenged by the Company before Balochistan High Court, which suspended the said order. The case is still pending before Balochistan High Court. The Plaintiff has sought profits aggregating to Rs. 45 million (2018: Rs. 42 million). 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 The aggregate commitments in respect of capital expenditure as at June 30, 2019 amount to Rs. 5.06 million (June 30, 2018: Rs. 53.09 million).

## NOTES TO THE FINANCIAL STATEMENTS

	2019 Rupees	2018 Rupees
<b>24. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Gross revenue	1,862,430,137	2,797,624,013
Less:		
- Sales returns	(78,153,342)	(91,200,463)
- Sales tax	(270,640,613)	(406,492,378)
	(348,793,955)	(497,692,841)
	<u>1,513,636,182</u>	<u>2,299,931,172</u>
<b>24.1</b> Sales to Millat Tractors Limited (holding company) of Rs. 1,424.30 million (2018: Rs. 2,126.58 million) account for 94.1% (2018: 92.5%) of the net sales.		
<b>25. COST OF SALES</b>	2019 Rupees	2018 Rupees
Raw materials consumed	149,402,873	170,811,339
Opening stock	772,051,899	1,118,356,968
Purchases	<u>(153,843,917)</u>	<u>(149,402,873)</u>
Closing stock - note 13	767,610,855	1,139,765,434
<b>Manufacturing expenses</b>		
Salaries, wages and benefits - notes 25.1 and 25.2	159,081,616	133,423,940
Stores, spare parts and loose tools consumed	135,425,003	193,389,711
Fuel and power	113,337,810	147,442,404
Hard coke, diesel and kerosene oil consumed	137,801,619	169,741,186
Machining expenses	22,631,565	28,063,785
Outsourced job contractors	161,463,026	195,867,311
Travelling and conveyance	33,825,272	37,889,714
Depreciation - note 6	26,060,173	21,765,471
Repairs and maintenance	4,618,203	10,983,907
Insurance	6,008,022	5,472,382
Vehicle expenses	1,798,278	2,690,570
Training	2,427,579	5,316,637
Entertainment	693,876	661,083
Reversal of provision for slow-moving and obsolete inventory	-	(1,374,647)
Others	2,196,687	2,862,502
Opening work in process	807,368,729	954,195,956
Closing work in process - note 13	<u>(25,786,443)</u>	<u>(108,002,038)</u>
Cost of goods manufactured	1,657,195,179	2,018,461,995
Opening stock of finished goods	133,822,569	87,089,900
Closing stock of finished goods - note 13	<u>(127,604,613)</u>	<u>(133,822,569)</u>
	<u>1,663,413,135</u>	<u>1,971,729,326</u>

**25.1** These include Rs. 14.09 million (2018: Rs. 9.15 million) and Rs. 3.44 million (2018: Rs. 3.06 million) in respect of defined benefit and defined contribution plans respectively.

**25.2** These include Rs. 14.64 million (2018: Rs. 17.68 million) in respect of staff welfare expenses.

## NOTES TO THE FINANCIAL STATEMENTS

	2019 Rupees	2018 Rupees
<b>26. DISTRIBUTION COST</b>		
Salaries, wages and benefits - notes 26.1 and 26.2	6,483,773	4,684,862
Freight charges	40,895,542	52,565,408
Depreciation - note 6	505,745	472,188
Sales promotion	931,000	210,000
Insurance	527,634	429,786
Travelling and conveyance	-	24,250
Others	10,426	208,669
	<u>49,354,120</u>	<u>58,595,163</u>

**26.1** These include Rs. 0.28 million (2018: Rs. 0.22 million) and Rs. 0.17 million (2018: Rs. 0.12 million) in respect of defined benefit and defined contribution plans respectively.

**26.2** These include Rs. 0.22 million (2018: Rs. 0.19 million) in respect of staff welfare expenses.

	2019 Rupees	2018 Rupees
<b>27. ADMINISTRATIVE EXPENSES</b>		
Salaries, wages and benefits - notes 27.1 and 27.2	58,166,108	49,199,499
Legal and professional charges	3,157,130	3,497,669
Outsourced job contractors	2,414,348	3,907,516
Travelling and conveyance	1,438,898	1,633,402
Utilities	1,545,839	2,301,044
Repairs and maintenance	106,355	276,153
Depreciation - note 6	1,517,236	1,416,564
Vehicle expenses	2,286,165	2,346,793
Insurance	803,538	751,062
Subscription	813,135	637,931
Auditors' remuneration - note 27.3	1,061,740	1,001,628
Entertainment	840,043	931,973
Training	257,170	403,970
Others	2,032,264	2,483,646
	<u>76,439,969</u>	<u>70,788,850</u>

**27.1** These include Rs. 1.45 million (2018: Rs. 1.29 million) and Rs. 0.87 million (2018: Rs. 0.74 million) in respect of defined benefit and defined contribution plans respectively.

**27.2** These include Rs. 1.64 million (2018: Rs. 1.45 million) in respect of staff welfare expenses.

	2019 Rupees	2018 Rupees
<b>27.3 Auditors' remuneration</b>		
Audit fee	669,000	637,000
Fee for review of half yearly financial information and other certifications	359,000	232,000
Out of pocket expenses	33,740	132,628
	<u>1,061,740</u>	<u>1,001,628</u>

## NOTES TO THE FINANCIAL STATEMENTS

		2019 Rupees	2018 Rupees
28. OTHER EXPENSES			
Workers' Profits Participation Fund - note 21.4		-	10,154,306
Workers' Welfare Fund		-	3,653,342
		<u><u>-</u></u>	<u><u>13,807,648</u></u>

### 29. OTHER INCOME

#### Income from financial assets

Return on savings and deposit accounts	711,793	470,848
Dividend income	862,500	1,150,000
	<u><u>1,574,293</u></u>	<u><u>1,620,848</u></u>

#### Income from non-financial assets

Scrap sales	11,708,949	7,397,654
Liabilities no longer required written back	669,582	-
Gain on disposal of property, plant and equipment	1,954,290	2,492,597
Miscellaneous income	802,000	426,899
	<u><u>15,134,821</u></u>	<u><u>10,317,150</u></u>
	<u><u>16,709,114</u></u>	<u><u>11,937,998</u></u>

### 30. FINANCE COST

Mark-up on short-term financing - note 30.1	48,750,948	11,754,543
Exchange loss	1,658,884	-
Interest on workers' profits participation fund	482,784	404,580
Bank charges	365,578	348,212
	<u><u>51,258,194</u></u>	<u><u>12,507,335</u></u>

30.1 This includes Rs. 9.43 million (2018: Rs. 4.14 million) mark-up paid on Islamic mode of financing.

		2019 Rupees	2018 Rupees
31. INCOME TAX EXPENSE			
Current			
- for the year - note 31.1	16,082,226	46,092,337	
- for prior years	(38,578)	5,264,882	
	<u><u>16,043,648</u></u>	<u><u>51,357,219</u></u>	
Deferred	(87,164,281)	(318,287)	
	<u><u>(71,120,633)</u></u>	<u><u>51,038,932</u></u>	

31.1 Current year tax charge has been offset against the tax credit under section 65B of the Income Tax Ordinance, 2001 on fixed asset additions which mainly include additions in respect of the plant and machinery.

31.2 In view of the management, sufficient tax provision has been made in the Company's financial statements. Comparisons of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

## NOTES TO THE FINANCIAL STATEMENTS

	2018	2017	2016
	----- Rupees-----		
Tax assessed as per most recent tax assessment	46,053,759*	885,173*	13,442,570*
Provision in accounts for income tax	46,053,759	885,173	13,442,570

\* This represents returned amounts that are deemed assessed.

	2019 Rupees	2018 Rupees
31.3 Reconciliation between tax expense and accounting profit.		
Accounting (loss) / profit before tax	<u>(310,120,122)</u>	<u>184,440,848</u>
Tax at the applicable tax rate of 29% (2018: 30%)	(89,934,835)	55,332,254
Effect of final tax regime	(120,750)	(172,500)
Effect of change in tax rate	3,020,680	(4,571,324)
Effect of prior years tax	(38,578)	5,264,882
Effect of tax credit	(2,967,602)	(4,814,380)
Effect of minimum tax	18,920,452	-
Income tax expense for the year	<u>(71,120,633)</u>	<u>51,038,932</u>

	2019 Rupees	2018 Rupees
32. (LOSS) / EARNINGS PER SHARE		
(Loss) / profit for the year attributable to ordinary shareholders	<u>(238,999,489)</u>	<u>133,401,916</u>
Weighted average number of shares in issue during the year	<u>11,472,529</u>	<u>11,472,529</u>
(Loss) / earnings per share - Basic and diluted	<u>Rs. (20.83)</u>	<u>Rs. 11.63</u>

32.1 Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2019 and 2018 which would have any effect on the earnings per share if the option to convert is exercised.

	2019 Rupees	2018 Rupees
33. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before tax	(310,120,122)	184,440,848
Adjustments for non-cash charges and other items		
Depreciation	28,083,154	23,654,223
Non-cash employee benefits expense	15,822,204	10,665,914
Gain on disposal of property, plant and equipment	(1,954,290)	(2,492,597)
Return on savings and deposit accounts	(711,793)	(470,848)
Dividend income	(862,500)	(1,150,000)
Mark up on short-term financing	49,233,732	12,159,123
	89,610,507	42,365,815
	<u>(220,509,615)</u>	<u>226,806,663</u>

# NOTES TO THE FINANCIAL STATEMENTS

## EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES

	2019 Rupees	2018 Rupees
Decrease / (Increase) in current assets		
Stores, spare parts and loose tools	(6,682,987)	(2,306,543)
Stock-in-trade	83,992,507	(102,198,245)
Trade receivables	(61,362,824)	(9,696,432)
Loans and advances	(7,480,767)	1,176,007
Trade deposits and short term prepayments	(16,163)	28,458
Other receivables	(1,245,247)	(82,849)
Refunds due from the Government - sales tax	(1,154,381)	8,760,092
	6,050,138	(104,319,512)
Increase / (decrease) in current liabilities		
Trade and other payables	<u>18,312,502</u>	<u>(8,439,355)</u>
	<u>(196,146,975)</u>	<u>114,047,796</u>

## 34. CASH AND CASH EQUIVALENTS

Cash and bank balances	8,965,786	17,279,041
Short-term financing	(607,845,445)	(228,378,217)
	<u>(598,879,659)</u>	<u>(211,099,176)</u>

## 35. RELATED PARTY DISCLOSURES

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

Relationship with the Company	Nature of transactions	2019 Rupees	2018 Rupees
<b>Holding Company:</b>			
- Millat Tractors Limited (MTL)	Sale of goods	1,424,300,241	2,126,581,223
	Purchase of goods	1,486,158	4,993,451
	Purchase of fixed assets	-	4,119,755
	Dividend paid	13,267,980	26,535,960
	Expenses incurred by MTL on behalf of Company	11,809,538	10,902,592
<b>Associated company:</b>			
- Millat Equipments Limited	Sale of goods	6,780,716	25,584,234
- Millat Industrial Product Limited	Purchase of goods	18,612	-
<b>Employee benefit funds:</b>			
- Pension fund	Contributions	2,435,101	2,323,654
- Provident fund	Contributions	4,487,946	3,917,935
- Executives' Gratuity fund	Contributions	784,055	842,816
- Executives' Gratuity fund	Benefits paid on behalf of the fund	12,174,135	15,190,538
<b>Key management personnel:</b>			
	Salaries and other short term employee benefits paid	44,318,958	32,664,362
	Post retirement benefits	562,286	247,129
	Proceeds from sale of assets	-	1,517,344

## NOTES TO THE FINANCIAL STATEMENTS

- 35.1 The related party status of outstanding balances as at June 30, 2019 and 2018 is included in trade receivables and trade and other payables respectively. These are settled in ordinary course of business.
- 35.2 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

S.No.	Company Name	Basis of association	Aggregate % of Shareholding
1	Millat Tractors Limited	Parent Company	49.33%
2	Millat Equipment Limited	Group Company / Common directorship	N/A
3	Arabian Sea Club	Common directorship	N/A
4	Millat Industrial Product Limited	Common directorship	N/A

### 36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration to Chief Executive, Executive Directors and Executives are as follows:

	Chief Executives		Executives Director		Executives	
	2019	2018	2019	2018	2019	2018
----- Rupees -----						
Managerial remuneration and allowances	6,581,449	6,986,970	11,539,522	11,154,338	6,147,877	1,874,522
Bonus	2,462,959	1,502,070	2,665,530	1,766,764	2,600,820	721,585
Retirement benefits	-	-	-	74,215	562,286	172,914
House rent	706,084	569,030	2,488,940	2,457,037	2,530,291	778,092
Utilities	1,132,351	810,168	1,515,791	1,324,753	1,225,796	316,452
Medical expenses	424,550	366,067	305,758	129,147	312,000	96,000
Others	292,738	452,999	1,318,698	1,339,938	67,804	18,430
	<u>11,600,131</u>	<u>10,687,304</u>	<u>19,834,239</u>	<u>18,246,192</u>	<u>13,446,874</u>	<u>3,977,995</u>
Number of persons	1	1	2	1	4	2

- 36.1 In addition to above; fee to 2 non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 375,000 (2018: Rs. 450,000).
- 36.2 The Chief Executive, Executive Directors and certain Executives are also provided with the Company maintained cars in accordance with the terms of employment.

		2019	2018
		Metric tons	Metric tons
37. PLANT CAPACITY AND PRODUCTION			
Installed capacity (single shift without overtime)		13,200	13,200
Actual production		8,694	16,294
Capacity utilisation		65.86%	123.44%

Production during the year was as per the market demand.

# NOTES TO THE FINANCIAL STATEMENTS

## 38. PROVIDENT FUND RELATED DISCLOSURE

All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	2019	2018
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## 39. NUMBER OF EMPLOYEES

Number of employees at June 30:

- Permanent	172	173
- Contractual	2	2
	<b>* 174</b>	<b>* 175</b>

\* This includes 153 (2018: 154) number of factory employees

Average number of employees during the year:

- Permanent	177	170
- Contractual	2	3
	<b>** 179</b>	<b>** 173</b>

\*\* This includes 158 (2018: 151) number of factory employees

## 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 price risk, 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 minimise earnings volatility and providing 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		
<b>FINANCIAL ASSETS</b>								
<b>FVTOCI</b>								
Long-term investments	-	-	-	-	17,580,625	17,580,625	17,580,625	
<b>Amortised Cost</b>								
Loans and advances	-	-	-	1,528,887	836,000	2,364,887	2,364,887	
Trade deposits	-	-	-	263,500	3,806,541	4,070,041	4,070,041	
Trade receivables	-	-	-	130,691,149	-	130,691,149	130,691,149	
Other receivables	-	-	-	1,516,553	-	1,516,553	1,516,553	
Cash and bank balances	8,529,263	-	8,529,263	4,292,723	-	4,292,723	12,821,986	
<b>June 30, 2019</b>	<b>8,529,263</b>	<b>-</b>	<b>8,529,263</b>	<b>138,292,812</b>	<b>22,223,166</b>	<b>160,515,978</b>	<b>169,045,241</b>	
<b>June 30, 2018</b>	<b>15,461,904</b>	<b>-</b>	<b>15,461,904</b>	<b>77,065,507</b>	<b>35,762,916</b>	<b>112,828,423</b>	<b>128,290,327</b>	

## NOTES TO THE FINANCIAL STATEMENTS

	Interest / Mark up bearing			Non-interest / Non-mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
----- Rupees -----							
<b>FINANCIAL LIABILITIES</b>							
Deposits	-	-	-	411,485	5,616,202	6,027,687	6,027,687
Trade and other payables	-	-	-	102,690,810	-	102,690,810	102,690,810
Unclaimed dividend	-	-	-	3,524,426	-	3,524,426	3,524,426
Short-term financing	607,845,445	-	607,845,445	-	-	-	607,845,445
<b>June 30, 2019</b>	<b>607,845,445</b>	<b>-</b>	<b>607,845,445</b>	<b>106,626,721</b>	<b>5,616,202</b>	<b>112,242,923</b>	<b>720,088,368</b>
<b>June 30, 2018</b>	<b>228,378,217</b>	<b>-</b>	<b>228,378,217</b>	<b>74,247,324</b>	<b>6,193,726</b>	<b>80,441,050</b>	<b>308,819,267</b>

### ON STATEMENT OF FINANCIAL POSITION GAP

<b>June 30, 2019</b>	<b>(599,316,182)</b>	<b>-</b>	<b>(599,316,182)</b>	<b>31,666,091</b>	<b>16,606,964</b>	<b>48,273,055</b>	<b>(551,043,127)</b>
<b>June 30, 2018</b>	<b>(212,916,313)</b>	<b>-</b>	<b>(212,916,313)</b>	<b>2,818,183</b>	<b>29,569,190</b>	<b>32,387,373</b>	<b>(180,528,940)</b>

### OFF STATEMENT OF FINANCIAL POSITION ITEMS

Letters of credit / guarantee:

<b>June 30, 2019</b>	<b>97,702,786</b>
<b>June 30, 2018</b>	<b>193,053,094</b>

#### (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. 169.05 million (2018: Rs. 128.29 million), the financial assets which are subject to credit risk amounted to Rs. 151.29 million (2018: Rs. 96.97 million).

For trade receivables, 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, 2019 trade receivables of Rs. 13.62 million (2018: Rs. 6.78 million) were past due but not impaired. Trade receivables majorly pertain 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 counter parties.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## (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. As at June 30, 2019, trade and other payables of Rs. 22.5 million (2018: Nil) are exposed to foreign currency risk.

As at June 30, 2019, if the Pakistan Rupee had weakened / strengthened by 2% against US Dollar with all other variables held constant, loss before tax for the year would have been higher / lower by Rs. 0.28 million (2018: Rs. Nil), as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables.

As at June 30, 2019, if the Pakistan Rupee had weakened / strengthened by 2% against Euro with all other variables held constant, loss before tax for the year would have been higher / lower by Rs. 0.01 million (2018: Rs. Nil), as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables.

As at June 30, 2019, if the Pakistan Rupee had weakened / strengthened by 2% against GBP with all other variables held constant, loss before tax for the year would have been higher / lower by Rs. 0.05 million (2018: Rs. Nil), as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables.

As at June 30, 2019, if the Pakistan Rupee had weakened / strengthened by 2% against Yen with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 0.06 million (2018: Rs. Nil), as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables.

The sensitivity of foreign exchange rates looks at the outstanding foreign exchange balances of the Company only as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentages per annum.

### 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 short-term financing which includes running finance facilities (note 22) and cash at bank in saving account and term deposit receipt (note 17). Short-term financing availed at variable rates expose the Company to cash flow interest rate risk.

At June 30, 2019, the Company had variable interest bearing financial assets of Rs. 8.53 million (2018: Rs. 15.46 million) and liabilities of Rs. 607.85 million (2018: Rs. 228.38 million), and had the interest rate varied by 100 basis points with all the other variables held constant, loss before tax for the year would have been higher / lower by approximately Rs. 5.99 million (2018: Rs. 2.13 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

## (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, 2019, all financial assets and financial liabilities are carried at amortised cost except for investment in quoted shares of Baluchistan Wheels Limited which are carried at their fair value.

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.

## NOTES TO THE FINANCIAL STATEMENTS

The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2019:

Financial Assets	2019			
	Level 1	Level 2	Level 3	Total
	Rupees -----			
Recurring fair value measurement of FVOCI investments	<u>17,580,625</u>	<u>-</u>	<u>-</u>	<u>17,580,625</u>

Financial Assets	2018			
	Level 1	Level 2	Level 3	Total
	Rupees -----			
Recurring fair value measurement of FVOCI investments	<u>31,110,375</u>	<u>-</u>	<u>-</u>	<u>31,110,375</u>

### 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 debt to capital ratios as at June 30, 2019 and 2018 were as follows:

	2019 Rupees	2018 Rupees
Short-term financing - note 22	<u>607,845,445</u>	228,378,217
Cash and bank balances - note 17	<u>(12,821,986)</u>	<u>(20,681,061)</u>
<b>Net debt</b>	<b>595,023,459</b>	<b>207,697,156</b>
<b>Total equity</b>	<b>381,801,538</b>	<b>639,518,025</b>
<b>Total capital</b>	<b>976,824,997</b>	<b>847,215,181</b>
<b>Debt to capital ratio</b>	<b>60.91%</b>	<b>24.52%</b>

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 increase in debt to equity ratio is mainly due to increase in the short-term running finance facilities.

## NOTES TO THE FINANCIAL STATEMENTS

### 42. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on September 03, 2019 proposed a cash dividend of Rs. Nil per share (2018: Rs. 2.5 per share) amounting to Rs. Nil (2018: Rs. 28.681 million).

### 43. DATE OF AUTHORISATION

These financial statements were authorised for issue on September 03, 2019 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer

# PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2019

No. of Shareholders	From	*Size of Holding	To	Total Shares Held	Amount Rupees
204	1		to	100	9,742
573	101		to	500	157,891
183	501		to	1000	160,215
272	1001		to	5000	674,647
40	5001		to	10000	293,152
12	10001		to	15000	157,392
2	15001		to	20000	33,936
5	20001		to	25000	113,563
3	25001		to	30000	82,500
1	30001		to	35000	32,270
1	35001		to	40000	35,100
1	40001		to	45000	44,794
2	45001		to	50000	96,278
2	55001		to	60000	114,900
1	65001		to	70000	67,700
1	140001		to	145000	144,359
1	165001		to	170000	166,369
1	255001		to	260000	258,266
1	295001		to	300000	300,000
1	485001		to	490000	488,276
1	795001		to	800000	800,000
1	820001		to	825000	824,600
1	1105001		to	1110000	1,109,600
1	5305001		to	5310000	5,306,979
1311					11,472,529

\*There is no shareholding in the slabs not mentioned.

# CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2019

S.No.	Particulars	Shareholders	Shares Held	Percentage %
1	Directors and their spouse(s) and minor children			
	MR. SIKANDAR MUSTAFA KHAN	1	166,369	1.45
	MR. LATIF KHALID HASHMI	1	32,270	0.28
	MR. SOHAIL BASHIR RANA	1	144,359	1.26
	MR. LAEEQ UDDIN ANSARI	1	3,120	0.03
	SYED MUHAMMAD IRFAN AQUEEL	1	2,500	0.02
	SYED JAVAID ASHRAF	1	17,936	0.16
2	Associated companies, undertakings and related parties			
	MILLAT TRACTORS LIMITED	1	5,306,979	46.26
	BCL EMPLOYEES PENSION FUND TRUST	1	46,278	0.40
3	NIT & ICP	2	488,716	4.26
4	Banks, Development finance institutions, Non-banking finance companies,	2	800,273	6.98
5	Insurance Companies	2	114,900	1.00
6	Modarabas & Mutual Funds	-	-	-
7	General Public			
	a. Local	1279	3,969,857	34.60
	b. Foreign	1	24,000	0.21
8	Foreign Companies	-	-	-
9	Others			
	a. Joint Stock Companies	13	49,341	0.43
	b. Miscellaneous	4	305,631	2.66
	<b>Totals</b>	<b>1311</b>	<b>11,472,529</b>	<b>100.00</b>

Share holders holding 10% or more

MILLAT TRACTORS LIMITED	5,306,979	46.26
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BMD Moulding Machine



Moulding Line

# 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 \_\_\_\_\_ (NAME)  
Mr. / Mrs. / Miss \_\_\_\_\_ (FULL ADDRESS)  
of \_\_\_\_\_  
in the district of \_\_\_\_\_

\_\_\_\_\_ as my / our proxy to attend and vote for me / us and on my / our behalf at the 37<sup>th</sup> Annual General Meeting of the Company to be held at Registered Office, Main RCD Highway, Hub Chowki, District Lasbela, Balochistan on Wednesday, October 23, 2019 at 1200 Hours and / or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

## WITNESSES:

1. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC or  
Passport No: \_\_\_\_\_

Signature  
on  
Five Rupees  
Revenue  
Stamp

2. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Address: \_\_\_\_\_

CNIC or  
Passport No: \_\_\_\_\_

## 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 Registered Office of the Company, Main RCD Highway, Hub Chowki, District Lasbela, Balochistan not less than 48 hours before the time of holding of the meeting.

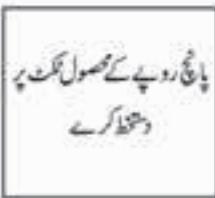
# پرائی فارم

ہر اے مہر یا نی اپنا فول بی بی مہر ان  
کے رجسٹر کے مطابق لکھئے۔  
فول بی بی

میں مسٹی امنتاء ساکن  
صلع بھیٹیت مہر بولان کا مختکل میڈ اور حاصل شیئرز، مسٹی امنتاء ساکن  
کو بطور بھیٹ (پرائی) مقرر کرتا اکری ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے ۲۷۳ دیں سالانہ اجلاس عام  
جو ہماری نمبر ۲۳ اکتوبر ۲۰۱۹ء، روز بیستہ تھی ۱۲:۰۰ بجے کمپنی کے رجسٹر آفس، میں آر سی ڈی ہائی وے، جب چوکی، ڈسٹرکٹ اسپلی، بلوچستان میں  
منعقد ہو رہا ہے میں اور ایساں کے کسی ملتوی شد و اجلاس میں ووٹ ڈالے۔

## گواہان:

۲۰۱۹ء دھنکارے کے گئے موری



(دھنکارے کے پاس موجود دھنکارے کے نوٹے کے مطابق ہوں)

1. دھنکارے  
نام: پاہنچی آنی سی یا پا سپورٹ نمبر:
2. دھنکارے  
نام: پاہنچی آنی سی یا پا سپورٹ نمبر:

## ضروری ہدایات

- ۱) ایک مہر جو سالانہ عام اجلاس میں شرکت کرنے اور حق رائے دہی کا اہل ہے اپنے بھائے شرکت کرنے اور حق رائے دہی کے لیے ایک پرائی مقرر کر سکتا ہے۔
- ۲) پرائی متنبہ کرتے ہوئے رکن یا اس کے اہر فی کا پرائی فارم پر دھنکارے کرنا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں پرائی فارم پر کمپنی کی سیل (Seal) گلی ہو یا مقرر کردہ آنار فی اٹار فی کے دھنکارے ہوں۔
- ۳) پرائی فارم نہ مکمل اور دھنکارے کے ہمراہ اجلاس کے انعقاد سے کم از کم ۲۸ گھنٹے قل کمپنی کا رجسٹر آفس، میں آر سی ڈی ہائی وے، جب چوکی، ڈسٹرکٹ اسپلی، بلوچستان میں جمع کر دیا جائے۔



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Main RCD Highway,  
Hub Chowki, District Lasbela,  
Balochistan, Pakistan

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