



Bolan Castings Limited

**Quarterly
Financial Statements
For the First Quarter
Ended September 30,
2021**



*Strives to grow,
beyond boundaries*

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COMPANY INFORMATION

Board of Directors

Mr. Sikandar M. Khan	Chairman
Mr. Nisar Ahmed Mirani	Chief Executive
Mr. Sohail Bashir Rana	Director
Mr. Laeeq Uddin Ansari	Director
Mr. Muhammed Saleem	Director
Mr. Aamir Amin	Director
Mr. Abdul Hamid Ahmed Dagia	Director
Mrs. Tabassum Rana	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 Alfalah 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

DIRECTORS' REVIEW

Dear Shareholders

Directors of your Company are presenting the un-audited financial statements for the 1st quarter ended September 30, 2021.

During the quarter under review, the company recorded net sale Rs.621.19 million as compare to Rs.463.89 million of the same period of the last year. The gross profit for the 1st quarter under review was Rs. 63.38 million as against Rs.61.29 million of corresponding period of the last year. The profit after tax for the 1st quarter is Rs.13.84 million as compared to profit after tax of Rs. 0.352 million of same period of last year.

The earning per share are Rs.1.21 as against the earning per share of Rs. 0.03 of corresponding period of last year.

We have witnessed the high demand of tractors during the first quarter after the preceding profitable financial year and we are hopeful that the same trajectory will continue during the current financial year. Being the tractor's vending industry, we are also gearing up to provide tractors parts and accessories of good quality at a fast pace.

It is also expected that the agriculture sector will continue to perform better on account of continuing support of the government to the sector which will not only boost the agriculture sector but also increase the sale of tractors, its parts and accessories in spite of challenges of devaluation of Pakistani Rupees and inflation which can result in high cost of production and may affect the profitability of the company.

We would like to thank our customers and shareholders for their trust and confidence in the company. We also would like to convey our appreciation to the entire BCL Team for their dedicated efforts and contribution during the period under review.

For and on behalf of the Board



NISAR AHMED MIRANI
Chief Executive Officer

Hub:
October 26, 2021

BOLAN CASTINGS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

	Note	(Unaudited) September 30, 2021 Rupees	(Audited) June 30, 2021 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	205,070,969	206,739,160
Long-term investment	6	22,068,500	22,709,625
Long-term loans		1,661,000	865,000
Deferred tax asset		95,524,645	95,524,645
Long-term deposits		4,047,790	4,047,790
Employee benefits prepayment		13,769,098	13,383,876
		<u>342,142,002</u>	<u>343,270,096</u>
Current assets			
Stores, spare parts and loose tools	8	116,376,633	131,120,491
Inventories	9	324,242,925	359,077,415
Trade receivables	10	169,340,260	47,914,306
Loans and advances		5,340,933	9,762,303
Trade deposits and short-term prepayments		8,737,440	329,732
Other receivables		898,715	1,370,509
Refunds due from the Government - sales tax		5,864,659	6,376,049
Taxation - payments less provision		62,347,746	53,621,976
Cash and bank balances	11	29,333,255	58,747,791
		<u>722,482,566</u>	<u>668,320,572</u>
Total assets		<u><u>1,064,624,568</u></u>	<u><u>1,011,590,668</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		114,725,290	114,725,290
Reserves		105,999,062	92,797,348
		<u>220,724,352</u>	<u>207,522,638</u>
LIABILITIES			
Non-current liabilities			
Long-term deposits		3,809,929	3,707,636
Long-term loan	12	15,389,774	24,903,695
Deferred income - Government grant		559,745	559,745
Employee benefits obligations		36,089,121	34,817,327
		<u>55,848,569</u>	<u>63,988,403</u>
Current liabilities			
Trade and other payables		335,886,165	294,550,224
Current portion of long-term deposits		1,605,189	1,571,880
Current portion of long-term loan	12	38,055,682	38,055,682
Uclaimed dividend		3,434,613	3,442,070
Short-term financing		409,069,998	402,459,771
		<u>788,051,647</u>	<u>740,079,627</u>
Total liabilities		<u>843,900,216</u>	<u>804,068,030</u>
Contingencies and commitments	13		
Total equity and liabilities		<u><u>1,064,624,568</u></u>	<u><u>1,011,590,668</u></u>

The annexed notes from 1 to 21 form an integral part of this condensed interim financial statements.



Chief Executive



Director



Chief Financial officer

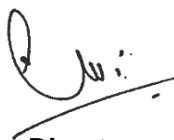
BOLAN CASTINGS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2021 - (UNAUDITED)

	Note	September 30, 2021 Rupees	September 30, 2020 Rupees
Revenue from contracts with customers	14	621,190,319	463,896,134
Cost of sales		(557,804,886)	(402,605,402)
Gross profit		<u>63,385,433</u>	<u>61,290,732</u>
Distribution cost		(14,124,866)	(10,677,838)
Administrative expenses		(17,861,829)	(25,131,539)
Other expenses	15	(1,800,560)	(1,290,680)
Other income		3,049,165	2,833,732
Operating profit		<u>32,647,343</u>	<u>27,024,407</u>
Finance cost		(9,486,649)	(10,129,800)
Profit before tax		<u>23,160,694</u>	<u>16,894,607</u>
Income tax expense	16	(9,317,855)	(16,541,767)
Profit for the period		<u>13,842,839</u>	<u>352,840</u>
Earnings per share - Basic and diluted	17	<u>1.21</u>	<u>0.03</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

BOLAN CASTINGS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INC
FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2021 - (UNAUDITED)

	September 30, 2021 Rupees	September 30, 2020 Rupees
Profit for the period	13,842,839	352,840
Other comprehensive (loss) / income:		
Items that will not be reclassified to Profit or Loss		
Unrealised (loss) / gain on revaluation of Investment at fair value through Other Comprehensive Income - (FVTOCI)	(641,125)	5,540,125
Total comprehensive income for the period	<u>13,201,714</u>	<u>5,892,965</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

BOLAN CASTINGS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2021 - (UNAUDITED)

	Share Capital		Reserves			Sub Total	Total
	Issued, Subscribed and paid up capital	Capital	Revenue		Gain / (loss) on revaluation of investment at fair value		
		Share premium	General	Accumulated loss			
----- Rupees -----							
Balance as at July 1, 2020	114,725,290	12,155,680	424,500,000	(468,948,295)	11,959,875	(20,332,740)	94,392,550
Total comprehensive income for the period ended September 30, 2020							
Profit for the 1st quarter ended September 30, 2020	-	-	-	352,840	-	352,840	352,840
Other comprehensive income for the 1st quarter ended September 30, 2020	-	-	-	-	5,540,125	5,540,125	5,540,125
	-	-	-	352,840	5,540,125	5,892,965	5,892,965
Balance as at September 30, 2020 (unaudited)	114,725,290	12,155,680	424,500,000	(468,595,455)	17,500,000	(14,439,775)	100,285,515
Balance as at July 1, 2021	114,725,290	12,155,680	424,500,000	(361,067,957)	17,209,625	92,797,348	207,522,638
Total comprehensive income for the period ended September 30, 2021							
Profit for the 1st quarter ended September 30, 2021	-	-	-	13,842,839	-	13,842,839	13,842,839
Other comprehensive loss for the 1st quarter ended September 30, 2021	-	-	-	-	(641,125)	(641,125)	(641,125)
	-	-	-	13,842,839	(641,125)	13,201,714	13,201,714
Balance as at September 30, 2021 (unaudited)	114,725,290	12,155,680	424,500,000	(347,225,118)	16,568,500	105,999,062	220,724,352

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

BOLAN CASTINGS LIMITED
CONDENSED INTERIM STATEMENT CASH FLOWS
FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2021 - (UNAUDITED)

	Note	September 30, 2021 Rupees	September 30, 2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used in) from operations	18	3,854,203	(81,324,263)
(Decrease) / increase in long-term loans		(796,000)	225,000
Increase / (decrease) in long-term deposits - net		135,602	(1,062,818)
Income tax paid		(18,043,625)	110,901,117
Employee benefits paid		-	(1,295,263)
Mark-up paid		(7,728,333)	(15,608,801)
Net cash (used in) / generated from operating activities		(22,578,153)	11,834,972
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,049,938)	(1,962,778)
Proceeds from disposal of property, plant and equipment		22,940	446,210
Return received on savings and deposit accounts		101,766	84,832
Net cash used in from investing activities		(3,925,232)	(1,431,736)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(7,457)	(900)
Long-term loan repaid		(9,513,921)	-
Proceeds from long-term loan		-	35,934,654
Net cash (used in) / generated from financing activities		(9,521,378)	35,933,754
Net (decrease) / increase in cash and cash equivalents		(36,024,763)	46,336,990
Cash and cash equivalents at beginning of the period		(347,568,180)	(491,293,203)
Cash and cash equivalents at the end of the period	19	(383,592,943)	(444,956,213)

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

BOLAN CASTINGS LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2021 - (UNAUDITED)

1 THE COMPANY AND ITS OPERATIONS

Bolan Castings Limited (the Company) is a public limited company incorporated in Pakistan on July 15, 1982 under the Companies Act, 1913 (now the Companies Act, 2017), and is 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).

2 BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended June 30, 2021.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial statements.

Judgements and estimates made by the management in the preparation of this condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
5 PROPERTY, PLANT AND EQUIPMENT	-----Rupees-----	
Operating assets - note 5.1	205,070,969	203,609,160
Capital work-in-progress	-	3,130,000
	<u>205,070,969</u>	<u>206,739,160</u>

5.1 Additions and disposals to operating assets during the period are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	-----Rupees-----			
Plant and machinery	2,587,938	-	-	216,857
Electrical Appliances	-	20,000	-	-
Computers	-	-	22,940	-
Motor Vehicles	4,592,000	3,442,777	-	146,209
	<u>7,179,938</u>	<u>3,462,777</u>	<u>22,940</u>	<u>363,066</u>

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
6 LONG-TERM INVESTMENT	-----Rupees-----	

Fair Value Through Other Comprehensive Income (FVTOCI)

Balance at beginning of the period	22,709,625	17,459,875
Unrealized (loss) / gain on revaluation transferred to equity	(641,125)	5,249,750
Balance at end of the period	<u>22,068,500</u>	<u>22,709,625</u>

6.1 Represent investment in 287,500 (June 30, 2021: 287,500) quoted ordinary shares of Rs. 10/- each of Baluchistan wheels Limited. Equity held 2.16% (June 30, 2021: 2.16%).

7 DEFERRED TAX ASSET

Deferred tax debit balances of Rs. 89.89 million (June 30, 2021: Rs. 80.57 million) in respect of unabsorbed depreciation, tax losses and deductible temporary differences have not been recognised as their recoverability will be dependent on improved profitability of the Company.

8 STORES, SPARE PARTS AND LOOSE TOOLS

These include stores, spares and loose tools in transit amounting to Rs. 1.97 million (June 30, 2021 Rs. 21.77 million)

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
9 INVENTORIES	-----Rupees-----	
Raw Materials (including in transit Rs. 35.75 Million; June 30, 2021: Rs. 76.07 Million)	166,615,747	193,349,758
Work in process	30,934,302	85,165,670
Finished goods - note 9.1	126,692,876	80,561,987
	<u>324,242,925</u>	<u>359,077,415</u>

9.1 These include finished goods stock written-down to net realisable value by Rs. 4.02 million (June 30, 2021 Rs. 2.16 million)

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
	-----Rupees-----	
10 TRADE RECEIVABLES		
Considered good		
Due from:		
- Related parties	137,788,152	28,574,143
- Others	31,552,108	19,340,163
	<u>169,340,260</u>	<u>47,914,306</u>

11 CASH AND BANK BALANCES

With Banks on:		
- current accounts	19,173,445	50,257,975
- savings accounts - note 11.1	5,820,184	4,462,456
- term deposit receipts	3,856,200	3,856,200
	28,849,829	58,576,631
Cash in hand	483,426	171,160
	<u>29,333,255</u>	<u>58,747,791</u>

11.1 These accounts are maintained under mark up arrangement and carry mark up at the rate of 2.96% to 6.0% (June 30, 2021: 2.96% to 7.5%) per annum.

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
	-----Rupees-----	
12 LONG-TERM LOAN		
Balance at beginning of the period	62,959,377	23,550,835
Proceeds during the period	-	49,866,817
Markup on loan	-	5,564,309
Repayment during the period	(9,513,921)	(9,513,921)
Deferred grant - note 12.2	-	(6,508,663)
Balance at end of the period	<u>53,445,456</u>	<u>62,959,377</u>
Less: Current portion shown under current liabilities	(38,055,682)	(38,055,682)
	<u>15,389,774</u>	<u>24,903,695</u>

12.1 This represents loan obtained under the State Bank of Pakistan's Refinance Scheme 'Payment of Wages and Salaries to the Workers and Employees of Business Concerns' through Islamic financing. It carries mark-up at the rate of 1% per annum and is repayable in 8 equal quarterly installments, starting from April 2021. The loan is secured by way of hypothecation of plant and machinery and current assets of the Company.

12.2 This represents the value of benefit of below-market interest which has been accounted for as government grant under IAS 20 - Government grants.

13 CONTINGENCIES AND COMMITMENTS

There has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2021.

	September 30, 2021	September 30, 2020
	-----Rupees-----	
14 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross Revenue	787,039,166	563,825,269
Less:		
- Sales returns	(51,245,397)	(17,935,413)
- Sales tax	(114,603,450)	(81,993,722)
	<u>(165,848,847)</u>	<u>(99,929,135)</u>
	<u>621,190,319</u>	<u>463,896,134</u>

	September 30, 2021	September 30, 2020
	-----Rupees-----	
15 OTHER EXPENSES		
Workers' Profit Participation Fund	1,248,063	909,264
Workers' Welfare Fund	552,497	381,416
	<u>1,800,560</u>	<u>1,290,680</u>
16 INCOME TAX EXPENSE		
Current		
- for the period	9,317,855	6,958,442
- for prior years	-	4,345,793
- Deferred	-	5,237,532
	<u>9,317,855</u>	<u>16,541,767</u>

16.1 The Company has computed current tax for the period under section 113 of the Income Tax Ordinance, 2001 i.e. Minimum Tax.

17 EARNINGS / (LOSS) PER SHARE

Profit for the period attributable to ordinary shareholders	<u>13,842,839</u>	<u>352,840</u>
Weighted average number of shares in issue during the period	<u>11,472,529</u>	<u>11,472,529</u>
Earnings per share - Basic and diluted	<u>1.21</u>	<u>0.03</u>

17.1 Diluted Earnings per share has not been presented as the Company did not have any convertible instruments in issue as at September 30, 2021 and 2020 which would have any effect on the earnings per share if the option to convert is exercised.

	September 30, 2021	September 30, 2020
	-----Rupees-----	
18 CASH GENERATED FROM OPERATIONS		
Profit before tax	23,160,694	16,894,607
Adjustments for non-cash charges and other items		
Depreciation	5,695,189	5,927,069
Non-cash employee benefits expense	886,572	1,202,022
Gain on disposal of property, plant and equipment	-	(83,143)
Return on savings and deposit accounts	(101,766)	(84,832)
Mark-up on long-term loan	142,579	-
Mark-up on short-term financing	9,326,561	9,883,902
	15,949,135	16,845,018
	<u>39,109,829</u>	<u>33,739,625</u>

EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES

Decrease / (increase) in current assets

Stores, spares parts and loose tools	14,743,858	10,101,509
Inventories	34,834,490	(29,235,598)
Trade receivables	(121,425,954)	(33,081,031)
Loans and advances	4,421,370	(11,168,272)
Trade deposits and short-term prepayments	(8,407,708)	(6,715,153)
Other receivables	471,794	212,011
Refunds due from the Government - Sales tax	511,390	(9,974,074)
	(74,850,760)	(79,860,608)

Increase / (decrease) in current liabilities

Trade and other payables	39,595,134	(35,203,280)
	39,595,134	(35,203,280)
	<u>3,854,203</u>	<u>(81,324,263)</u>

	September 30, 2021	September 30, 2020
	-----Rupees-----	
19 CASH AND CASH EQUIVALENTS		
Cash in hand	483,426	303,767
With Banks on:		
- current accounts	19,173,445	22,887,585
- savings accounts	5,820,184	6,842,512
	24,993,629	29,730,097
Short-term financing	(409,069,998)	(474,990,077)
	(383,592,943)	(444,956,213)

20 RELATED PARTY DISCLOSURES

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

Relationship with the Company	Nature of transactions	September 30, 2021	September 30, 2020
		-----Rupees-----	
Holding Company:			
- Millat Tractors Limited (MTL)	Sales of goods	593,372,716	444,303,307
	Purchase of goods	103,540	-
	Expenses incurred by MTL on behalf of the Company	2,825,473	2,511,923
Associated Company:			
- Millat Equipment Limited	Sales of goods	6,871,200	2,496,184
Employee benefit funds:			
- Pension fund	Contributions	-	460,612
- Provident funds	Contributions	1,053,355	967,264
- Executives' Gratuity fund	Contributions	102,371	106,715
- Key management personnel:			
- Directors / Executives	Salaries and other short term employees benefits paid	7,135,387	12,268,175

21 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 26, 2021 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer



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

Tel: + 92-853-364033, 363296, Fax: + 92-853-363292

E-mail: bclhub@bclpk.com

