



# DRIVING GROWTH THROUGH CHANGE

Quarterly Financial Statements  
For and upto the Third Quarter  
Ended March 31, 2017



**Bolan Castings Limited**

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## COMPANY INFORMATION

<b>Board of Directors</b>	Mr. Sikandar M. Khan Mr. Nisar Ahmed Mirani Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Mian Muhammad Saleem Syed Muhammad Irfan Aqueel Syed Javaid Ashraf Mr. Muhammad Imran Rafiq Mr. Saifuddin	Chairman Chief Executive Director Director Director Director Director Director Director Director
<b>Company Secretary</b>	Mr. Arafat Mushir	
<b>Chief Financial Officer</b>	Syed Sajid Ali	
<b>Auditors</b>	M/s. A.F. Ferguson & Co.	Chartered Accountants
<b>Legal Advisors</b>	M/s. Latif & Latif Advocates M/s. Rizwan Manai Associates	
<b>Bankers</b>	Habib Bank Limited MCB Bank Limited Bank AlFalah Limited Dubai Islamic Bank Pakistan Ltd. Meezan Bank Limited Faysal Bank Limited Askari Bank Limited Bank Al-Habib Limited	
<b>Share Registrar</b>	M/s. Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi Tel: +92-800-23275 Fax: +92-21-34326053	
<b>Registered Office</b>	Main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan Tel : +92-853-364033,363296 Fax : +92-853-363292 E-mail: bclhub@bclpk.com	
<b>Web Site</b>	www.bolancastings.com	

## **DIRECTORS' REVIEW**

### **Dear Shareholders**

Directors of your Company take this opportunity to present the un-audited financial statements for and upto the 3rd quarter ended March 31, 2017.

### **Operating and Financial Results**

The net sales upto the nine months period ended March 31, 2017 were Rs. 1,298.02 million as compared to Rs. 882.02 million of corresponding period last year. Further, the efficient management of the resources coupled with the reduction in raw materials' prices helped in improving the gross profit margin from 7.10% to 17.73 %.

The Company recorded profit after tax of Rs. 99.95 million for the nine months under review as compared to loss of Rs. 11.65 million of same period last year. The earnings per share for the nine months ended March 31, 2017 were Rs. 8.71 as against loss of Rs. 1.02 per share of corresponding period last year.

### **Future Prospects**

As we look forward to the last quarter of the current fiscal year, we see a continued strong demand for our products range.

The recently taken initiatives by the Punjab Government, under Kissan package, to enhance crop and water productivity will hopefully extend good support to the agricultural sector as well as our farming brothers. Being linked with agricultural sector, the tractor industry is expected to grow further and thereby enhancing possibility of additional sales order for tractors' castings.

Further, the launching of export tractor models and environment friendly emission compliant engines by our main customer Millat Tractors Limited (MTL) are attracting both national and international buyers. A rise in MTL's products will hopefully give an exponential boost to the sales of your Company.

Based on current scenario of high demand of your Company's products, we are confident that the current financial year will be a landmark year for your Company.

### **Acknowledgement**

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

Karachi:  
April 25, 2017

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

	Note	March 31, 2017 (Unaudited)	June 30, 2016 (Audited)
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	180,934,901	184,429,083
Long-term investment		33,105,625	23,287,500
Long term loans		977,745	780,745
Deferred taxation	6	21,302,435	54,356,279
Long-term deposits		3,893,041	3,893,041
		<u>240,213,747</u>	<u>266,746,648</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		90,146,511	84,624,858
Stock-in-trade	8	230,172,591	280,698,434
Trade debts	9	82,728,052	141,878,725
Loans and advances		4,812,663	4,612,090
Trade deposits and short term prepayments		2,411,152	340,640
Other receivables		763,389	2,628,083
Refunds due from government - sales tax		1,753,140	5,693,846
Taxation - payments less provision		109,077,147	124,831,054
Cash and bank balances		13,202,386	12,952,661
		<u>535,067,031</u>	<u>658,260,391</u>
<b>Total assets</b>		<u>775,280,778</u>	<u>925,007,039</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		114,725,290	114,725,290
Reserves		436,233,093	337,936,125
		<u>550,958,383</u>	<u>452,661,415</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term deposits		5,958,688	4,999,301
Staff retirement benefits - obligations	7	88,976,758	79,953,882
		<u>94,935,446</u>	<u>84,953,183</u>
<b>Current liabilities</b>			
Trade and other payables		97,563,873	107,523,406
Current portion of long term deposits		608,105	898,636
Accrued mark-up		1,149,767	4,768,886
Short term borrowings - from banks		30,065,204	274,201,513
		<u>129,386,949</u>	<u>387,392,441</u>
<b>Total liabilities</b>		<u>224,322,395</u>	<u>472,345,624</u>
<b>Contingencies and commitments</b>	10		
<b>Total equity and liabilities</b>		<u>775,280,778</u>	<u>925,007,039</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



Chief Executive



Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2017**

	Note	Quarter ended		Period ended	
		March 31 2017	March 31 2016	March 31 2017	March 31 2016
-----Rupees-----					
Sales	11	517,869,211	371,153,237	1,298,017,711	882,021,768
Cost of Sales		(410,181,385)	(332,946,164)	(1,067,886,272)	(819,378,768)
Gross profit / (Loss)		107,687,826	38,207,073	230,131,439	62,643,000
Distribution cost		(15,246,840)	(8,533,572)	(35,534,483)	(23,764,473)
Administrative expenses		(12,904,278)	(8,849,076)	(35,728,442)	(28,795,042)
Other expenses		(5,888,818)	-	(11,512,343)	(273,545)
Other income		4,090,052	795,164	7,365,592	3,887,082
<b>Profit / (Loss) from operations</b>		<b>77,737,942</b>	<b>21,619,589</b>	<b>154,721,763</b>	<b>13,697,022</b>
Finance cost		(1,238,419)	(8,711,922)	(9,902,086)	(27,470,696)
<b>Profit / (Loss) before taxation</b>		<b>76,499,523</b>	<b>12,907,667</b>	<b>144,819,677</b>	<b>(13,773,674)</b>
Taxation	12	(23,856,417)	(5,525,654)	(44,868,305)	2,121,902
<b>Profit / (Loss) after taxation</b>		<b>52,643,106</b>	<b>7,382,013</b>	<b>99,951,372</b>	<b>(11,651,772)</b>
Earnings / (Loss) per share - Basic and diluted	13	4.59	0.64	8.71	(1.02)

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



Chief Executive



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2017**

	Quarter ended		Period ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	-----Rupees-----			
<b>Profit / (loss) after taxation</b>	<b>52,663,106</b>	7,382,013	<b>99,951,372</b>	(11,651,772)
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Unrealized gain / (loss) on revaluation of available-for- sale investment	<b>(4,318,250)</b>	5,393,500	<b>9,818,125</b>	6,281,875
Total comprehensive income / (loss) for the period	<b>48,344,856</b>	12,775,513	<b>109,769,497</b>	(5,369,897)

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



Chief Executive



Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**

	Note	March 31, 2017	March 31, 2016
-----Rupees-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	275,071,083	269,851,701
(Increase) / decrease in long term loans		(197,000)	(87,000)
(Increase) / decrease in long-term deposits - net		668,856	(1,762,840)
Income taxes paid		3,939,446	(19,407,599)
Staff retirement benefits paid		(1,239,991)	(1,164,700)
Mark-up-paid		(13,116,773)	(28,329,806)
<b>Net cash generated / (used) in from operating activities</b>		<b>265,125,621</b>	<b>219,099,756</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(13,586,799)	(9,043,878)
Proceeds from disposal of property, plant and equipment		2,640,202	1,920,519
Return received on savings and deposit accounts		124,273	232,012
Dividend received		1,437,500	862,500
<b>Net cash used in from investing activities</b>		<b>(9,384,824)</b>	<b>(6,028,847)</b>
<b>CASH USED IN FINANCING ACTIVITIES</b>			
Dividend paid during the period		(11,354,763)	(22,639,408)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>244,386,034</b>	<b>190,431,501</b>
Cash and cash equivalents at beginning of the period		(263,710,052)	(586,487,865)
<b>Cash and cash equivalents at the end of the period</b>		<b>(19,324,018)</b>	<b>(396,056,364)</b>
<b>Cash and cash equivalents comprises of :</b>			
Cash and bank balances		10,741,186	4,904,748
Short-term borrowings		(30,065,204)	(400,961,112)
		<b>(19,324,018)</b>	<b>(396,056,364)</b>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



Chief Executive



Director



## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2017

	Share Capital	Reserves				Sub Total	Total
		Capital		Revenue			
		Share premium	General	Unappropriated profit/ (accumulated loss)	Gain on revaluation of available-for-sale investments		
(Rupees)							
<b>Balance as on July 1, 2015</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>(85,993,986)</b>	<b>11,218,125</b>	<b>361,879,819</b>	<b>476,605,109</b>
Issue of dividend @ 20% for the year ended June 30, 2015	-	-	-	(22,945,058)	-	(22,945,058)	(22,945,058)
Total comprehensive loss for the period ended March 31, 2016							
Loss for the period ended March 31, 2016	-	-	-	(11,651,772)	-	(11,651,772)	(11,651,772)
Other comprehensive income for the period year ended March 31, 2016	-	-	-	-	6,281,875	6,281,875	6,281,875
	-	-	-	(11,651,772)	6,281,875	(5,369,897)	(5,369,897)
<b>Balance as at March 31, 2016</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>(120,590,816)</b>	<b>17,500,000</b>	<b>333,564,864</b>	<b>448,290,154</b>
<b>Balance as on July 1, 2016</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>(116,507,055)</b>	<b>17,787,500</b>	<b>337,936,125</b>	<b>452,661,415</b>
Issue of dividend @ 10% for the year ended June 30, 2016	-	-	-	(11,472,529)	-	(11,472,529)	(11,472,529)
Total comprehensive income for the period ended March 31, 2017							
Profit for the period ended March 31, 2017	-	-	-	99,951,372	-	99,951,372	99,951,372
Other comprehensive income for the period year ended March 31, 2017	-	-	-	-	9,818,125	9,818,125	9,818,125
	-	-	-	99,951,372	9,818,125	109,769,497	109,769,497
<b>Balance as at March 31, 2017</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>(28,028,212)</b>	<b>27,605,625</b>	<b>436,233,093</b>	<b>550,958,383</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Director

## NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2017

### 1 THE COMPANY AND ITS OPERATIONS

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

The Company is a subsidiary of Millat Tractors Limited in accordance with the provisions of IFRS 10 - Consolidated Financial Statements.

### 2 BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the period ended March 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange.

2.2 This condensed interim financial information does not include all the information and disclosures required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2016.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended June 30, 2016.

### 4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. 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 amount disclosed in this condensed interim financial information.

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2016.

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, 2016.

## NOTES TO FINANCIAL INFORMATION

	March 31, 2017 (Unaudited)	June 30, 2016 (Audited)
	-----Rupees-----	
<b>5 PROPERTY , PLANT AND EQUIPMENT</b>		
Operating assets - at net book value	<b>176,675,901</b>	180,313,083
Capital work-in-progress	<b>3,719,000</b>	4,116,000
	<b><u>180,394,901</u></b>	<u>184,429,083</u>

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

	Additions (at cost)		Disposals (at net book value)	
	March 31 2017	March 31 2016	March 31 2017	March 31 2016
	-----Rupees-----			
Buildings on free-hold land	-	-	-	-
Plant and machinery	5,055,029	8,439,999	-	-
Furniture and fittings	-	12,500	-	-
Electrical appliances	329,331	160,700	-	-
Office Equipment	16,000	322,350	-	-
Computers	329,440	19,000	-	-
Vehicles	8,235,000	4,718,500	1,236,465	1,649,589
	<b><u>13,964,800</u></b>	<u>13,673,049</u>	<b><u>1,236,465</u></b>	<u>1,649,589</u>

## 6 DEFERRED TAXATION

Includes deferred tax asset of Rs 8.41 million (June 30, 2016: Rs. 44.98 million) in respect of carried forward losses and minimum tax credits. The management believes, based on future projections, that the Company would earn sufficient taxable profits in future years to set off its carried forward losses and minimum tax paid. The determination of such future taxable profits is most sensitive to certain key assumptions such as revenue growth, gross margin percentages and inflation. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

## 7 STAFF RETIREMENT BENEFITS

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact, if any, relating to remeasurements of post employment benefit obligations (actuarial gains/losses) on condensed interim financial information is not calculated and accounted for as considered immaterial.

## NOTES TO FINANCIAL INFORMATION

	March 31, 2017 (Unaudited)	June 30, 2016 (Audited)
	-----Rupees-----	
<b>8 STOCK- IN-TRADE</b>		
Raw materials (including in transit Rs. 43.75 Million, June 30, 2016: Rs. 70.32 Million)	<b>99,747,036</b>	113,017,650
Work in process	<b>50,353,553</b>	70,791,146
Finished goods - note 8.1	<b>80,413,702</b>	97,231,338
	<b>230,514,291</b>	281,040,134
Provision for slow moving stock	<b>(341,700)</b>	(341,700)
	<b>230,172,591</b>	280,698,434

- 8.1** Stock-in-trade - finished goods includes stock which has been written-down to net realisable value by Rs. 6.09 million (June 30, 2016: Rs. 8.89 million).

	March 31, 2017 (Unaudited)	June 30, 2016 (Audited)
	-----Rupees-----	
<b>9 TRADE DEBTS</b>		
Considered good		
- Related parties	<b>65,441,844</b>	125,636,061
- Others	<b>17,286,208</b>	16,242,664
	<b>82,728,052</b>	141,878,725

### 10 CONTINGENCIES AND COMMITMENTS

#### 10.1 Contingencies

With reference to note 23.1.1 of the annual financial statements for the year ended June 30, 2016, the Honorable Supreme Court of Pakistan decided the matter in the Company's favour.

Except for the above matter, there has been no change in status of Contingencies reported in the financial statements for the year ended June 30, 2016.

## NOTES TO FINANCIAL INFORMATION

### 10.2 Commitments

There are no commitments in respect of capital expenditure as at March 31, 2017 (June 30, 2016: Rs nil).

	Quarter ended		Period ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>11 SALES</b>	<b>Rupees</b>			
Local Sales	630,862,582	454,305,819	1,586,454,611	1,081,572,975
Less:				
- Sales returns	(21,626,835)	(17,090,867)	(58,178,042)	(42,318,460)
- Sales tax	(91,716,694)	(66,061,715)	(230,609,016)	(157,232,747)
	(113,343,529)	(83,152,582)	(288,787,058)	(199,551,207)
Export Sales	350,158	-	350,158	-
	<u>517,869,211</u>	<u>371,153,237</u>	<u>1,298,017,711</u>	<u>882,021,768</u>

### 12 TAXATION

Current	(11,175,165)	(3,711,532)	(11,814,461)	(8,928,030)
Prior	-	-	-	-
Deferred	(12,681,252)	(1,814,122)	(33,053,844)	11,049,932
	<u>(23,856,417)</u>	<u>(5,525,654)</u>	<u>(44,868,305)</u>	<u>2,121,902</u>

March 31,  
2017  
-----Rupees-----  
March 31,  
2016

### 13 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Profit / (loss) after taxation attributable to ordinary shareholders	<u>99,951,372</u>	<u>(11,651,772)</u>
Weighted average number of shares in issue during the period	<u>11,472,529</u>	<u>11,472,529</u>
Earnings / (loss) per share - Basic and diluted	<u>8.71</u>	<u>(1.02)</u>

## NOTES TO FINANCIAL INFORMATION

	March 31, 2017	March 31, 2016
	-----Rupees-----	
<b>14 CASH GENERATED FROM OPERATIONS</b>		
Profit / (loss) before taxation	<b>144,819,677</b>	(13,773,674)
<b>Adjustments for non-cash charges and other items</b>		
Depreciation and amortization	<b>15,844,516</b>	10,497,331
Provision for staff retirement benefits	<b>10,262,867</b>	3,234,391
Debtors written off	-	18,933
Gain on disposal of property, plant and equipment - net	<b>(1,403,737)</b>	(270,935)
Return on savings and deposit accounts	<b>(124,273)</b>	(232,012)
Dividend income	<b>(1,437,500)</b>	(862,500)
Mark-up on short term borrowings	<b>9,497,654</b>	27,126,862
	<b>32,639,527</b>	39,512,070
	<b>177,459,204</b>	25,738,396
<b>EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	<b>(5,521,653)</b>	1,971,841
Stock-in-trade	<b>50,525,843</b>	215,456,294
Trade debts	<b>59,150,673</b>	(32,898,461)
Loans and advances	<b>(200,573)</b>	200,871
Trade deposits and short-term prepayments	<b>(2,070,512)</b>	19,294,877
Other receivables	<b>1,864,694</b>	1,304,714
Refunds due from government - Sales tax	<b>3,940,706</b>	-
	<b>107,689,178</b>	205,330,136
<b>Decrease / (increase) in current liabilities</b>		
Trade and other payables	<b>(10,077,299)</b>	4,042,377
Sales tax payable	-	34,740,792
	<b>(10,077,299)</b>	38,783,169
	<b>275,071,083</b>	269,851,701

## NOTES TO FINANCIAL INFORMATION

March 31, 2017                      March 31, 2016

-----Rupees-----

### 15 TRANSACTIONS WITH RELATED PARTIES

Related parties transactions during the period are as follows:

Relationship with the Company	Nature of transactions		
<b>Parent Company</b>			
- Millat Tractors Limited (MTL)	Sales of goods	<b>1,203,630,837</b>	808,853,604
	Purchase of goods	<b>2,543,642</b>	7,392,795
	Purchase of fixed assets	<b>3,323,076</b>	-
	Expenses incurred by MTL on behalf of the Company	<b>5,160,772</b>	-
	Dividend paid	<b>5,306,979</b>	10,613,958
	Adjustment of advance against purchase of goods	-	141,141
<b>Associated Companies</b>			
- Millat Equipment Limited	Sales of goods	<b>6,531,907</b>	3,444,613
- Tipeg Intertrade DMCC	Sales of goods	<b>350,158</b>	-
<b>Staff retirement benefit funds</b>			
- Pension fund	Contributions	<b>1,984,788</b>	1,754,194
- Provident funds	Contributions	<b>3,119,420</b>	2,780,686
- Executives' Gratuity Fund	Contributions	-	553,344
- Executives' gratuity fund	Benefits paid on behalf of the fund	<b>789,885</b>	4,879,347
<b>- Key management personnel</b>			
- Directors / Executives	Salaries and other short term employee benefits	<b>16,625,867</b>	13,268,060

### 16 DATE OF AUTHORISATION FOR ISSUE

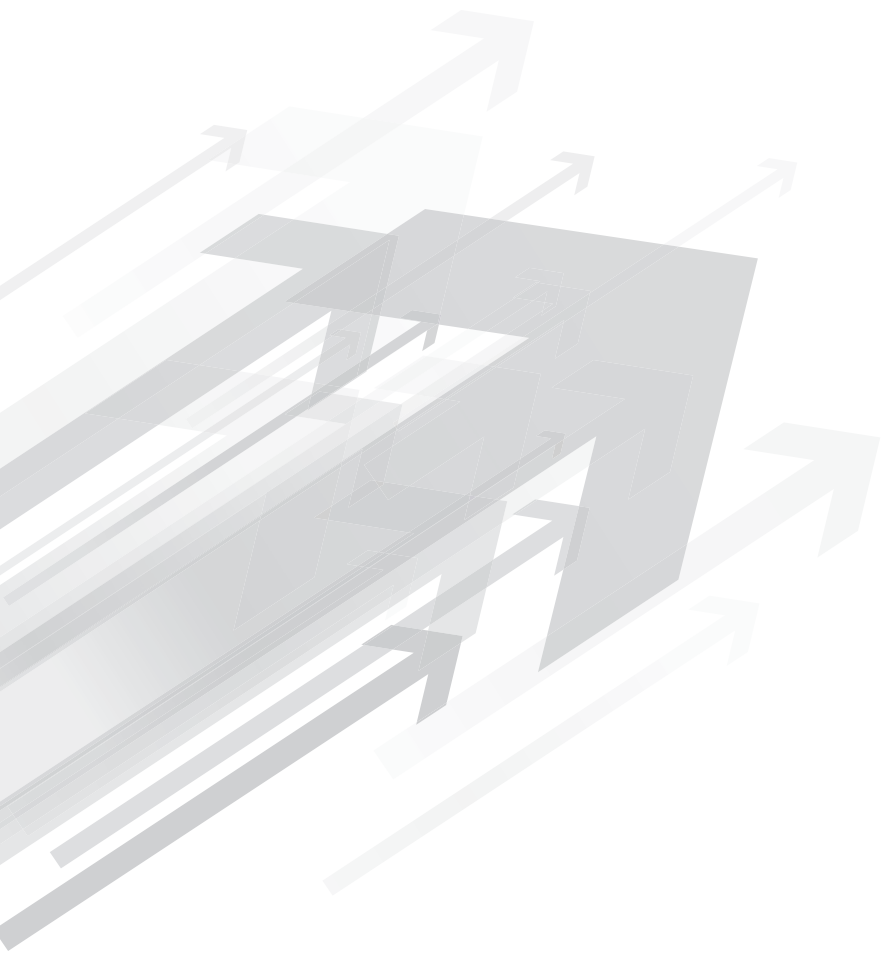
This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on April 25, 2017.



Chief Executive



Director



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



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CORPORATE