

Bolan Castings Limited

Quarterly Financial Statements For and upto the Third Quarter Ended March 31, 2019

SOARING TO NEW HEIGHTS

Bolan Castings Limited

Quarterly Financial Statements For and upto the Third Quarter Ended March 31, 2019

SOARING TO NEW HEIGHTS

Bolan Castings Limited

Quarterly Financial Statements
For and upto the Third Quarter
Ended March 31, 2019

SOARING TO
NEW HEIGHTS

CONTENTS

Company Information	2
Directors' Review	3
Statement of Financial Position	4
Statement of Profit or Loss	5
Statement of Comprehensive Income.....	6
Statement of Cash Flows	7
Statement of Changes in Equity	8
Notes to and Forming Part of the Condensed Interim Financial Statements	9

COMPANY INFORMATION

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

DIRECTORS' REVIEW

Dear Shareholders

Directors of your company take this opportunity to present the un-audited financial statements for the third quarter ended March 31, 2019.

The net sales for the nine months under review were Rs. 1,178.55 million as compared to Rs. 1,743.35 million of corresponding period of last year. The gross loss for the nine months was Rs. 45.02 million as compared to gross profit of Rs.268.94 million of the corresponding period. The loss after tax was Rs. 121.40 million as compared to profit after tax of Rs. 111.67 million of the corresponding period.

The declined in the profitability has been observed during the period mainly which is due to decline in production and sales volume. Additionally the devaluation of Pakistani rupee against foreign currencies which resulted increase in raw material and fuel prices and predominantly contributed towards the gross loss.

To overcome the situation, we are striving to look for new sales avenues. Furthermore, we are also adopting cost-cutting measures which would help in improving financial results. However, the losses incurred during the period under review may not be fully recovered.

We are grateful to our customers and shareholders for their continuous trust and confidence for being committed and standing resolute with us during this challenging period.

For and on behalf of the Board



NISAR AHMED MIRANI
Chief Executive Officer

Karachi:
April 23, 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

AS AT MARCH 31, 2019		(Unaudited) March 31, 2019	(Audited) June 30, 2018
	Note		
		-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	258,024,741	232,681,443
Long-term investment	6	25,803,125	31,110,375
Long-term loans		941,000	846,000
Deferred tax assets		54,125,240	-
Long-term deposits		3,806,541	3,806,541
Employee benefits prepayments	7	16,085,248	15,708,298
		<u>358,785,895</u>	<u>284,152,657</u>
Current assets			
Stores, spare parts and loose tools		110,924,127	119,591,526
Stock-in-trade	8	326,477,959	391,227,480
Trade receivables	9	227,539,834	69,328,325
Loans and advances		27,385,942	3,820,576
Trade deposits and short term prepayments		2,803,674	293,874
Other receivables		460,083	271,306
Refunds due from the Government - sales tax		3,982,764	14,692,936
Taxation - payments less provision		193,363,824	152,837,850
Cash and bank balances		12,680,757	20,681,061
		<u>905,618,964</u>	<u>772,744,934</u>
Total assets		<u>1,264,404,859</u>	<u>1,056,897,591</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		114,725,290	114,725,290
Reserves		<u>369,395,414</u>	<u>524,792,735</u>
		484,120,704	639,518,025
LIABILITIES			
Non-current liabilities			
Long-term deposits		5,690,567	6,193,726
Deferred tax liabilities		-	405,018
Employee benefits obligations	7	87,496,596	77,807,334
		<u>93,187,163</u>	<u>84,406,078</u>
Current liabilities			
Trade and other payables		187,094,558	96,579,321
Current portion of long-term deposits		164,663	1,191,631
Unclaimed dividend		3,638,903	3,098,928
Accrued mark-up		13,612,106	3,725,391
Short-term financing		482,586,762	228,378,217
		<u>687,096,992</u>	<u>332,973,488</u>
Total liabilities		780,284,155	417,379,566
Contingencies and commitments	10		
Total equity and liabilities		<u>1,264,404,859</u>	<u>1,056,897,591</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED MARCH 31, 2019 (UNAUDITED)

	Note	Quarter ended		Period ended	
		March 31 2019	March 31 2018	March 31 2019	March 31 2018
		Rupees			
Revenue	11	375,257,867	619,625,124	1,178,559,956	1,743,359,270
Cost of sales		(407,442,241)	(530,631,141)	(1,223,586,997)	(1,474,415,801)
Gross (loss) / profit		(32,184,374)	88,993,983	(45,027,041)	268,943,469
Distribution cost		(11,593,417)	(15,292,147)	(37,205,787)	(44,954,659)
Administrative expenses		(16,702,446)	(18,819,072)	(58,557,646)	(53,774,102)
Other expenses		-	(4,077,972)	-	(11,710,277)
Other income		2,851,805	3,649,860	12,225,449	8,143,903
Operating (loss) / profit		(57,628,432)	54,454,652	(128,565,025)	166,648,334
Finance cost		(14,470,972)	(2,919,035)	(32,609,674)	(8,644,448)
(Loss) / profit before income tax		(72,099,404)	51,535,617	(161,174,699)	158,003,886
Income tax - net	12	17,989,962	(15,400,080)	39,765,951	(46,327,593)
(Loss) / profit for the period		(54,109,442)	36,135,537	(121,408,748)	111,676,293
(Loss) / earnings per share - Basic and diluted	13	(4.72)	3.15	(10.58)	9.73

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2019 (UNAUDITED)

	Quarter ended		Period ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees			
(Loss) / profit for the period	(54,109,442)	36,135,537	(121,408,748)	111,676,293
Other comprehensive income / (loss) :				
Items that will not be reclassified to profit or loss				
Unrealized Gain / (loss) on revaluation of investment at fair value through other comprehensive income	4,232,000	2,886,500	(5,307,250)	(8,110,375)
Total comprehensive (loss) / income for the period	(49,877,442)	39,022,037	(126,715,998)	103,565,918

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2019 (UNAUDITED)

	Note	March 31, 2019	March 31, 2018
		<u>Rupees</u>	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(105,238,473)	93,377,879
(Increase) / decrease in long term loans		(95,000)	(67,255)
(Increase) / decrease in long-term deposits - net		(1,530,127)	1,390,249
Income tax paid - net		(55,290,281)	(58,684,256)
Employee benefits paid		(5,983,118)	(3,700,921)
Mark-up-paid		(22,480,384)	(6,068,778)
Net cash (used in) / generated from operating activities		(190,617,383)	26,246,918
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(50,942,370)	(46,407,552)
Proceeds from disposal of property, plant and equipment		7,136,527	5,758,679
Return received on savings and deposit accounts		355,725	269,509
Investment in term deposit receipt (TDRs)		(454,180)	-
Dividend received		-	1,150,000
Net cash used in investing activities		(43,904,298)	(39,229,364)
CASH USED IN FINANCING ACTIVITIES			
Dividend paid during the period		(28,141,348)	(55,748,434)
Net (decrease) / increase in cash and cash equivalents		(262,663,029)	(68,730,880)
Cash and cash equivalents at beginning of the period		(211,099,176)	(118,863,484)
Cash and cash equivalents at the end of the period	15	(473,762,205)	(187,594,364)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2019

	Share Capital	Reserves					Sub Total	Total
		Capital	Revenue			Gain / (loss) on revaluation of investment at fair value through other comprehensive income (OCI)		
		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	
Issue of dividend @ 50% for the year ended June 30, 2017	-	-	-	(57,362,645)	-	(57,362,645)	(57,362,645)	
Total comprehensive income for the period ended March 31, 2018								
Profit for the period ended March 31, 2018	-	-	-	111,676,293	-	111,676,293	111,676,293	
Other comprehensive loss for the period ended March 31, 2018	-	-	-	-	(8,110,375)	(8,110,375)	(8,110,375)	
	-	-	-	111,676,293	(8,110,375)	103,565,918	103,565,918	
Balance as at March 31, 2018 (unaudited)	114,725,290	12,155,680	424,500,000	39,886,971	29,083,375	505,626,026	620,351,316	
Balance as at July 1, 2018	114,725,290	12,155,680	424,500,000	62,526,680	25,610,375	524,792,735	639,518,025	
Issue of dividend @ 25% for the year ended June 30, 2018	-	-	-	(28,681,323)	-	(28,681,323)	(28,681,323)	
Total comprehensive loss for the period ended March 31, 2019								
Loss for the period ended March 31, 2019	-	-	-	(121,408,748)	-	(121,408,748)	(121,408,748)	
Other comprehensive loss for the period ended March 31, 2019	-	-	-	-	(5,307,250)	(5,307,250)	(5,307,250)	
	-	-	-	(121,408,748)	(5,307,250)	(126,715,998)	(126,715,998)	
Balance as at March 31, 2019 (unaudited)	114,725,290	12,155,680	424,500,000	(87,563,391)	20,303,125	369,395,414	484,120,704	

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2019 (UNAUDITED)

1 THE COMPANY AND ITS OPERATIONS

Bolan Castings Limited (the Company) is a public limited company incorporated and domiciled in Pakistan and listed on the Pakistan Stock Exchange. 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 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 comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- 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, 2018.

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 annual financial statements of the Company for the year ended June 30, 2018.

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 these 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, 2018.

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, 2018.

NOTES TO FINANCIAL STATEMENTS

	(Unaudited) March 31, 2019	(Audited) June 30, 2018
	-----Rupees-----	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 5.1	258,024,741	222,482,850
Capital work in progress	-	10,198,593
	<u>258,024,741</u>	<u>232,681,443</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 2019	March 31 2018	March 31 2019	March 31 2018
	-----Rupees-----			
Buildings on free-hold land	455,877	864,000	-	-
Plant and machinery	57,740,036	25,211,745	1,080,467	1,135,929
Furniture and fittings	-	69,485	-	-
Electrical appliances	63,200	637,500	8,043	-
Office Equipment	383,750	-	-	-
Computers	-	481,755	-	-
Vehicles	2,481,600	11,044,500	4,208,123	2,955,595
	<u>61,124,463</u>	<u>38,308,985</u>	<u>5,296,633</u>	<u>4,091,524</u>

	(Unaudited) March 31, 2019	(Audited) June 30, 2018
	-----Rupees-----	
6 LONG-TERM INVESTMENT		
Investment at fair value through OCI		
Balance at the beginning of the year	31,110,375	42,693,750
Unrealized (loss) / gain on revaluation transferred to equity - transferred to equity	(5,307,250)	(11,583,375)
Balance at the end of the period	<u>25,803,125</u>	<u>31,110,375</u>

Represent investment in 287,500 (June 30, 2018: 287,500) quoted ordinary shares of Rs. 10/- each of Baluchistan wheels Limited. Equity held 2.16% (June 30, 2018: 2.16%).

7 EMPLOYEE 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 statements is not calculated and accounted for.

NOTES TO FINANCIAL STATEMENTS

	(Unaudited) March 31, 2019	(Audited) June 30, 2018
	-----Rupees-----	
8 STOCK- IN-TRADE		
Raw materials (including in transit Rs. 9.89 Million, June 30, 2018: Rs. 25.65 Million)	74,132,833	149,402,873
Work in process	51,570,048	108,002,038
Finished goods - note 8.1	200,775,078	133,822,569
	326,477,959	391,227,480
Provision for slow moving stock	-	-
	<u>326,477,959</u>	<u>391,227,480</u>

- 8.1** Stock-in-trade - finished goods includes stock which has been written-down to net realisable value by Rs. 13.43 million (June 30, 2018: Rs. 3.17 million).

	(Unaudited) March 31, 2019	(Audited) June 30, 2018
	-----Rupees-----	
9 TRADE RECEIVABLES		
Considered good		
- Related parties	216,634,034	53,489,007
- Others	10,905,800	15,839,318
	<u>227,539,834</u>	<u>69,328,325</u>

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2018.

- 10.2** The aggregate commitments in respect of capital expenditure as at March 31, 2019 amount to Rs.10.86 million, (June 30, 2018: Rs 53.09 million).

NOTES TO FINANCIAL STATEMENTS

	Quarter ended		Period ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees			
11 REVENUE				
Gross Revenue	461,705,967	747,101,449	1,435,669,608	2,124,633,485
Less:				
- Sales returns	(19,729,599)	(18,852,703)	(48,855,022)	(72,390,110)
- Sales tax	(66,718,501)	(108,623,622)	(208,254,630)	(308,884,105)
	(86,448,100)	(127,476,325)	(257,109,652)	(381,274,215)
	<u>375,257,867</u>	<u>619,625,124</u>	<u>1,178,559,956</u>	<u>1,743,359,270</u>
12 INCOME TAX - NET				
Current	(2,837,117)	(15,335,771)	(14,764,307)	(41,208,319)
Deferred	20,827,079	(64,309)	54,530,258	(5,119,274)
	<u>17,989,962</u>	<u>(15,400,080)</u>	<u>39,765,951</u>	<u>(46,327,593)</u>
			March 31, 2019	March 31, 2018
			Rupees	
13 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED				
(Loss) / profit after taxation attributable to ordinary shareholders			<u>(121,408,748)</u>	<u>111,676,293</u>
Weighted average number of shares in issue during the period			<u>11,472,529</u>	<u>11,472,529</u>
(Loss) / earnings per share - Basic and diluted			<u>(10.58)</u>	<u>9.73</u>

13.1 Diluted (loss) / earnings per share has not been presented as the Company did not have any convertible instruments in issue as at March 31, 2019 and 2018 which would have any effect on the (loss) / earnings per share if the option to convert is exercised.

NOTES TO FINANCIAL STATEMENTS

	March 31, 2019	March 31, 2018
	Rupees	
14 CASH GENERATED FROM OPERATIONS		
(Loss) / profit before income tax	(161,174,699)	158,003,886
Adjustments for non-cash charges and other items		
Depreciation	20,302,438	15,140,171
Non-cash employee benefits expense	15,295,430	4,257,736
Gain on disposal of property, plant and equipment	(1,839,893)	(1,667,155)
Return on savings and deposit accounts	(355,725)	(269,509)
Dividend income	-	(1,150,000)
Mark-up on short-term financing	32,367,099	8,026,155
	65,769,349	24,337,398
	(95,405,350)	182,341,284
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	8,667,399	(1,253,621)
Stock-in-trade	64,749,521	(32,046,174)
Trade receivables	(158,211,509)	(73,586,106)
Loans and advances	(23,565,366)	(2,706,187)
Trade deposits and short-term prepayments	(2,509,800)	(2,358,260)
Other receivables	(188,777)	93,626
Refunds due from government - Sales tax	10,710,172	-
	(100,348,360)	(111,856,722)
(Decrease) / increase in current liabilities		
Trade and other payables	90,515,237	(1,733,190)
Sales tax payable	-	24,626,507
	90,515,237	22,893,317
	(105,238,473)	93,377,879

NOTES TO FINANCIAL STATEMENTS

	March 31, 2019	March 31, 2018
	-----Rupees-----	
15 CASH AND CASH EQUIVALENTS		
Cash in hand	131,304	191,712
With Banks on:		
- current accounts	5,629,360	4,081,452
- savings accounts	3,063,893	2,848,298
	8,693,253	6,929,750
Short-term financing	(482,586,762)	(194,715,826)
	(473,762,205)	(187,594,364)

16 RELATED PARTY DISCLOSURE

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

Relationship with the Company	Nature of transactions	March 31, 2019	March 31, 2018
		-----Rupees-----	
Parent Company			
- Millat Tractors Limited (MTL)	Sales of goods	1,109,759,352	1,613,214,330
	Purchase of goods	1,486,158	3,904,416
	Purchase of operating assets	-	3,323,076
	Dividend paid	13,267,448	26,534,895
	Expenses incurred by MTL on behalf of the Company	9,313,628	8,747,560
Associated Companies:			
- Millat Equipment Limited	Sales of goods	3,551,705	21,998,614
Employee benefit funds:			
- Pension fund	Contributions	1,869,081	1,764,902
- Provident funds	Contributions	3,386,390	2,934,258
- Executives' Gratuity Fund	Contributions	602,568	645,192
- Executives' Gratuity fund	Benefits paid on behalf of the fund	11,576,202	15,190,538
- Key management personnel:			
- Directors / Executives	Salaries and other short term	35,844,968	23,938,569
employee benefits			

17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 23, 2019 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

CORPORATE

www.bolancastings.com