

**Bolan
Castings
Limited**

*Everything
happens
for a
reason*

**Quarterly
Financial Statements
For the First Quarter
Ended September 30,
2020**



CONTENTS

Company Information	2
Directors' Review	3
Statement of Financial Position	4
Statement of Profit or Loss	5
Statement of Profit or Loss and Other 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. Aamir Amin	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 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, 2020.

During the quarter under review, the company recorded net sales Rs. 463.89 million as compared to Rs. 500.16 million of the same period of last year. The gross profit for the 1st quarter under review was Rs. 61.29 million as against Rs. 51.65 million of the corresponding period of last year. The Profit after tax for the 1st quarter is Rs. 0.352 million as compared to Profit after tax of Rs. 3.05 million of same period of last year.

The earnings per share are Rs. 0.03 as against the earnings per share of Rs. 0.27 of corresponding period of last year.

It is believed that the tractor and its vending industry will experience a boost in terms of economic performance due to recent economic development. Your Company is also endeavoring for new sales avenues and at the same time adopting cost-cutting measures to improve its financial position during the remaining financial year.

We would like to extend our deepest gratitude toward our customers and shareholders for their trust and confidence. 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 22, 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

	Note	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
		-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	224,573,545	228,900,903
Long-term investment	6	23,000,000	17,459,875
Long-term loans		604,000	829,000
Deferred tax asset		90,287,113	95,524,645
Long-term deposits		4,077,790	4,077,790
Employee benefits prepayment	7	25,701,675	25,301,704
		<u>368,244,123</u>	<u>372,093,917</u>
Current assets			
Stores, spare parts and loose tools		113,742,097	123,843,606
Inventories	8	201,393,519	172,157,921
Trade receivables	9	61,309,132	28,228,101
Loans and advances		19,495,141	8,326,869
Trade deposits and short-term prepayments		7,437,374	722,221
Other receivables		136,063	348,074
Refunds due from the Government - sales tax		10,126,076	152,002
Taxation - payments less provision		98,628,215	220,833,567
Cash and bank balances		33,890,064	6,408,170
		<u>546,157,681</u>	<u>561,020,531</u>
Total assets		<u>914,401,804</u>	<u>933,114,448</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		114,725,290	114,725,290
Reserves		(14,439,775)	(20,332,740)
		<u>100,285,515</u>	<u>94,392,550</u>
LIABILITIES			
Non-current liabilities			
Long-term deposits		4,295,371	5,231,810
Long-term loan		42,382,830	17,888,910
Deferred grant		6,382,005	2,693,712
Employee benefits obligations	7	90,265,542	89,958,811
		<u>143,325,748</u>	<u>115,773,243</u>
Current liabilities			
Trade and other payables		178,219,757	219,147,937
Current portion of long-term deposits		680,075	806,454
Current portion of long-term loan		13,414,366	5,661,925
Uclaimed dividend		3,486,266	3,487,166
Short-term financing		474,990,077	493,845,173
		<u>670,790,541</u>	<u>722,948,655</u>
Total liabilities		<u>814,116,289</u>	<u>838,721,898</u>
Contingencies and commitments	10		
Total equity and liabilities		<u>914,401,804</u>	<u>933,114,448</u>

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



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT
 (UN-AUDITED)
 FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2020

	Note	September 30, 2020	September 30, 2019
		-----Rupees-----	
Revenue from contracts with customers	11	463,896,134	500,164,576
Cost of sales		(402,605,402)	(448,504,623)
Gross profit		61,290,732	51,659,953
Distribution cost		(10,677,838)	(14,229,608)
Administrative expenses		(25,131,539)	(15,893,119)
Other expenses		(1,290,680)	(232,722)
Other income		2,833,732	2,088,924
Operating profit		27,024,407	23,393,428
Finance cost		(10,129,800)	(20,945,610)
Profit before tax		16,894,607	2,447,818
Income tax expense	12	(16,541,767)	603,250
Profit for the period		352,840	3,051,068
Earnings per share - Basic and diluted	13	0.03	0.27

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



Chief Executive



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2020

	September 30, 2020	September 30, 2019
	-----Rupees-----	
Profit for the period	352,840	3,051,068
Other comprehensive income / (loss) :		
Items not potentially reclassifiable to Profit or Loss		
Unrealised gain / (loss) on revaluation of Investment at fair value through Other Comprehensive Income - (FVTOCI)	5,540,125	(3,064,750)
Total comprehensive income / (loss) for the period	<u>5,892,965</u>	<u>(13,682)</u>

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



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT CASH FLOWS (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2020

	Note	September 30, 2020	September 30, 2019
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(81,324,263)	45,798,914
Increase / (decrease) in long-term loans		225,000	(663,000)
Increase in long-term deposits - net		(1,062,818)	(432,254)
Income tax paid		110,901,117	(12,500,914)
Employee benefits paid		(1,295,263)	(632,549)
Mark-up paid		(15,608,801)	(17,549,599)
Net cash generated from operating activities		11,834,972	14,020,598
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,962,778)	(859,001)
Proceeds from disposal of property, plant and equipment		446,210	2,196,842
Return received on savings and deposit accounts		84,832	124,995
Net cash (used in) / generated from investing activities		(1,431,736)	1,462,836
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(900)	(10,292)
Proceeds from long-term loan		35,934,654	-
Net cash generated from / (used in) financing activities		35,933,754	(10,292)
Net increase / (decrease) in cash and cash equivalents		46,336,990	15,473,142
Cash and cash equivalents at beginning of the period		(491,293,203)	(598,879,659)
Cash and cash equivalents at the end of the period	15	(444,956,213)	(583,406,517)

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


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2020

	Capital		Reserves			Sub total	Total
	Share Capital	Share premium	General	Un-appropriated profit / (accumulated loss)	Gain / (loss) on revaluation of investment at fair value		
	(Rupees)						
Balance as at July 1, 2019	114,725,290	12,155,680	424,500,000	(181,660,057)	12,080,625	267,076,248	381,801,538
Total comprehensive income / (loss) for the period ended September 30, 2019							
Profit for the 1st quarter ended September 30, 2019	-	-	-	3,051,068	-	3,051,068	3,051,068
Other comprehensive loss for the 1st quarter ended September 30, 2019	-	-	-	-	(3,064,750)	(3,064,750)	(3,064,750)
	-	-	-	3,051,068	(3,064,750)	(13,682)	(13,682)
Balance as at September 30, 2019	114,725,290	12,155,680	424,500,000	(178,608,989)	9,015,875	267,062,566	381,787,856
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	114,725,290	12,155,680	424,500,000	(468,595,455)	17,500,000	(14,439,775)	100,285,515

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 (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

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 statements of the Company for the period ended September 30, 2020 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial statements is being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange.

2.2 This condensed interim financial statements 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, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this 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, 2020.

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 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 amounts disclosed in this condensed interim financial statements.

NOTES TO THE 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, 2020.

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, 2020.

	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	-----Rupees-----	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	216,413,144	219,240,502
Capital work-in-progress	8,160,401	9,660,401
	<u>224,573,545</u>	<u>228,900,903</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, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	-----Rupees-----			
Buildings on free-hold land	-	-	-	-
Plant and machinery	-	120,000	216,857	-
Electrical appliances	20,000	-	-	-
Vehicles	3,442,777	739,000	146,209	2,196,841
	<u>3,462,777</u>	<u>859,000</u>	<u>363,066</u>	<u>2,196,841</u>

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	-----Rupees-----	
6 LONG-TERM INVESTMENT		
FVTOCI		
Balance at the beginning of the year	17,459,875	17,580,625
Unrealized gain / (loss) on revaluation transferred to equity	5,540,125	(120,750)
Balance at the end of the period	<u>23,000,000</u>	<u>17,459,875</u>

Represent investment in 287,500 (June 30, 2020: 287,500) quoted ordinary shares of Rs. 10/- each of Baluchistan wheels Limited. Equity held 2.16% (June 30, 2020: 2.16%).

There are no investment in associated companies or undertakings.

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.

	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	-----Rupees-----	
8 INVENTORIES		
Raw Materials (including in transit Rs. 11.08 Million; June 30, 2020: Rs. 45.41 Million)	79,722,071	90,809,516
Work in process	62,320,638	14,963,447
Finished goods - note 8.1	59,350,810	66,384,958
	<u>201,393,519</u>	<u>172,157,921</u>

NOTES TO THE FINANCIAL STATEMENTS

8.1 Finished goods includes inventories which has been written-down to net realisable value by Rs. 5.16 million (June 30, 2020: Rs. 7.48 million).

	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	-----Rupees-----	
9 TRADE RECEIVABLES		
Considered good		
- Related parties	46,838,394	17,955,554
- Others	14,470,738	10,272,547
	<u>61,309,132</u>	<u>28,228,101</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, 2020.

10.2 Commitments

The aggregate commitments in respect of capital expenditure as at September 30, 2020 amount to Rs. Nil, (June 30, 2020: Rs 0.65 million).

	September 30, 2020	September 30, 2019
	-----Rupees-----	
11 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross Revenue	563,825,269	593,573,100
Less:		
- Sales returns	(17,935,413)	(17,672,926)
- Sales tax	(81,993,722)	(75,735,598)
	<u>(99,929,135)</u>	<u>(93,408,524)</u>
	<u>463,896,134</u>	<u>500,164,576</u>

12 INCOME TAX EXPENSE

Current period	(6,958,442)	(6,252,057)
Prior years	(4,345,793)	-
Deferred	(5,237,532)	6,855,307
	<u>(16,541,767)</u>	<u>603,250</u>

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2020	September 30, 2019
	-----Rupees-----	
13 EARNINGS PER SHARE		
Profit for the period attributable to ordinary shareholders	<u>352,840</u>	<u>3,051,068</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>0.03</u>	<u>0.27</u>
13.1 There is no dilutive effect on the basic profit per share of the Company.		
14 CASH GENERATED FROM OPERATIONS		
Profit before tax	16,894,607	2,447,818
Adjustments for non-cash charges and other items		
Depreciation	5,927,069	6,846,054
Non-cash employee benefits expense	1,202,022	1,597,705
Gain on disposal of property, plant and equipment	(83,143)	-
Return on savings and deposit accounts	(84,832)	(124,995)
Mark-up on short-term financing	9,883,902	20,901,004
	<u>16,845,018</u>	<u>29,219,768</u>
	<u>33,739,625</u>	<u>31,667,586</u>
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	10,101,509	10,915,185
Stock-in-trade	(29,235,598)	66,689,911
Trade receivables	(33,081,031)	(118,508,967)
Loans and advances	(11,168,272)	822,724
Trade deposits and short-term prepayments	(6,715,153)	(7,224,632)
Other receivables	212,011	984,720
Refunds due from government - Sales tax	(9,974,074)	5,064,314
	<u>(79,860,608)</u>	<u>(41,256,745)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	(35,203,280)	55,388,073
	<u>(35,203,280)</u>	<u>55,388,073</u>
	<u>(81,324,263)</u>	<u>45,798,914</u>

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2020	September 30, 2019
	-----Rupees-----	
15 CASH AND CASH EQUIVALENTS		
Cash in hand	303,767	215,004
With Banks on:		
- current accounts	22,887,585	21,848,582
- savings accounts	6,842,512	3,407,746
	29,730,097	25,256,328
Short-term financing	(474,990,077)	(608,877,849)
	(444,956,213)	(583,406,517)

16 RELATED PARTY DISCLOSURES

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

		September 30, 2020	September 30, 2019
		-----Rupees-----	
Relationship with the Company	Nature of transactions		
Holding Company:			
- Millat Tractors Limited (MTL)	Sales of goods	444,303,307	490,285,016
	Purchase of goods	-	42,060
	Expenses incurred by MTL on behalf of the Company	2,511,923	2,277,977
Associated Company:			
- Millat Equipment Limited	Sales of goods	2,496,184	-
Employee benefit funds:			
- Pension fund	Contributions	460,612	513,415
- Provident funds	Contributions	967,264	1,033,716
- Executives' Gratuity Fund	Contributions	106,715	134,108

NOTES TO THE FINANCIAL STATEMENTS

		September 30, 2020	September 30, 2019
		-----Rupees-----	
-	Executives' Gratuity fund	Benefits paid on behalf of the fund	- 11,326,191
-	Key management personnel:		
-	Directors / Executives	Salaries and other short term employee benefits	12,268,175 9,406,242

17 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 22, 2020 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

www.bolancastings.com