



**Bolan Castings Limited**

**Quarterly  
Financial Statements  
For and upto the 2nd  
Quarter Ended  
December 31,**

**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. 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

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District Lasbela, Balochistan, Pakistan  
Tel : +92-853-364033,363296  
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### Web Site

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

## **DIRECTORS' REVIEW**

Dear Shareholders

The Directors of your Company are presenting the un-audited financial statements for the half year ended December 31, 2021.

During the six months under review, the company recorded net sale Rs. 1,366.70 million as compare to Rs. 1,023.59 million of the same period of the last year. The gross profit for the six months under review was Rs. 106.45 million as against Rs. 103.78 million of corresponding period of the last year. The profit after tax for the six months was Rs. 4.92 million as compared to loss after tax of Rs. 9.04 million of same period of last year.

The earning per share was Rs. 0.43 as against the loss per share of Rs. 0.79 of corresponding period of last year.

There is robust sign of growth in tractors demand which has increased the sale of tractors and its parts and accessories. In spite of high demand of tractors, we bear the loss at the bottom during the second quarter due to high raw material prices, foreign exchange rate and inflation, which resulted in high cost of production. However, we are hopeful to perform better in next half of current financial year by exploring the new sales avenues and embracing the cost cutting measures.

We take this opportunity to thank our valued customers and shareholders who have trusted on us and continue to provide sustained support for ensuring the progress of the Company. Our people are our greatest strength and we would like to convey our thanks to the entire BCL Team for being steadfast and standing resolute with us during the period under review.

For and on behalf of the Board



**NISAR AHMED MIRANI**  
Chief Executive Officer

Hub:  
February 21, 2022

# **INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF BOALN CASTINGS LIMITED REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

## **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Bolan Castings Limited as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in- after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

## **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, " Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The engagement partner on the review resulting in this independent auditor's report is Syed Fahim ul Hasan.



## **A.F.Fergusson & Co.**

Chartered Accountants Karachi

Date: February 22, 2022

UDIN: RR202110133WcGsqlH5K

**BOLAN CASTINGS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

		(Unaudited)	(Audited)
	Note	December 31, 2021 Rupees	June 30, 2021 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	199,953,281	206,739,160
Long-term investment	6	20,700,000	22,709,625
Long-term loans		1,255,000	865,000
Deferred tax asset	7	95,524,645	95,524,645
Long-term deposits		4,047,790	4,047,790
Employee benefits prepayment		14,144,110	13,383,876
		<u>335,624,826</u>	<u>343,270,096</u>
<b>Current assets</b>			
Stores, spare parts and loose tools	8	114,368,339	131,120,491
Inventories	9	330,389,307	359,077,415
Trade receivables	10	110,080,770	47,914,306
Loans and advances		3,778,884	9,762,303
Trade deposits and short-term prepayments		5,671,097	329,732
Other receivables		68,762	1,370,509
Refunds due from the Government - sales tax		-	6,376,049
Taxation - payments less provision		68,757,834	53,621,976
Cash and bank balances	11	29,794,167	58,747,791
		<u>662,909,160</u>	<u>668,320,572</u>
<b>Total assets</b>		<u><u>998,533,986</u></u>	<u><u>1,011,590,668</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		114,725,290	114,725,290
General reserve		95,714,107	92,797,348
		<u>210,439,397</u>	<u>207,522,638</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term deposits		3,505,981	3,707,636
Long-term loan	12	7,556,539	24,903,695
Deferred grant	13	-	559,745
Employee benefits obligations		34,711,889	34,817,327
		<u>45,774,409</u>	<u>63,988,403</u>
<b>Current liabilities</b>			
Trade and other payables	14	301,580,039	294,550,224
Current portion of long-term deposits		1,072,392	1,571,880
Current portion of long-term loan	12	38,174,607	38,055,682
Unclaimed dividend		3,402,649	3,442,070
Short-term financing	15	398,090,493	402,459,771
		<u>742,320,180</u>	<u>740,079,627</u>
<b>Total liabilities</b>		<u>788,094,589</u>	<u>804,068,030</u>
<b>Contingencies and commitments</b>	16		
<b>Total equity and liabilities</b>		<u><u>998,533,986</u></u>	<u><u>1,011,590,668</u></u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial state

  
**Chief Executive**

  
**Director**

  
**Chief Financial officer**

**BOLAN CASTINGS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021 - (UNAUDITED)**

	Note	Quarter ended		Half year ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		← Rupees →			
Revenue from contracts with customers	17	745,511,846	559,701,004	1,366,702,165	1,023,597,138
Cost of sales	18	<u>(702,445,892)</u>	<u>(517,205,536)</u>	<u>(1,260,250,778)</u>	<u>(919,810,938)</u>
Gross profit		43,065,954	42,495,468	106,451,387	103,786,200
Distribution costs		(15,870,686)	(15,969,253)	(29,995,552)	(26,647,091)
Administrative expenses		(22,079,671)	(20,669,011)	(39,941,500)	(45,800,550)
Other expenses	19	(760,637)	327,288	(2,561,197)	(963,392)
Other income		10,715,723	3,059,427	13,764,888	5,893,159
Operating profit		15,070,683	9,243,919	47,718,026	36,268,326
Finance cost		<u>(12,545,711)</u>	<u>(15,422,544)</u>	<u>(22,032,360)</u>	<u>(25,552,344)</u>
Profit / (loss) before tax		2,524,972	(6,178,625)	25,685,666	10,715,982
Income tax	20	<u>(11,441,427)</u>	<u>(3,222,671)</u>	<u>(20,759,282)</u>	<u>(19,764,438)</u>
Profit / (loss) for the period		<u><u>(8,916,455)</u></u>	<u><u>(9,401,296)</u></u>	<u><u>4,926,384</u></u>	<u><u>(9,048,456)</u></u>
Earning / (loss) per share - Basic	21	<u><u>(0.78)</u></u>	<u><u>(0.82)</u></u>	<u><u>0.43</u></u>	<u><u>(0.79)</u></u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

  
**Chief Executive**

  
**Director**

  
**Chief Financial Officer**

**BOLAN CASTINGS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021 - (UNAUDITED)**

	Quarter ended		Half year ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	← Rupees →			
Profit / (loss) for the period	(8,916,455)	(9,401,296)	4,926,384	(9,048,456)
Other comprehensive income:				
<b>Items not to be reclassified to profit or loss</b>				
Unrealised (loss) / income on revaluation of investment at fair value through other comprehensive income	(1,368,500)	2,300,000	(2,009,625)	7,840,125
<b>Total comprehensive income / (loss) for the period</b>	<u>(10,284,955)</u>	<u>(7,101,296)</u>	<u>2,916,759</u>	<u>(1,208,331)</u>

The annexed notes 1 to 25 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 HALF YEAR ENDED DECEMBER 31, 2021 - (UNAUDITED)**

	Capital		Revenue		Reserves		Sub Total	Total	
	Share Capital	Share premium	General reserve	Accumulated loss	Gain on revaluation of investment at fair value through other comprehensive income (OCI)				
	← Rupees →								
<b>Balance as at July 1, 2020</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>(468,948,295)</b>	<b>11,959,875</b>	<b>(20,332,740)</b>	<b>94,392,550</b>		
Total comprehensive income / (loss) for the half year ended December 31, 2020									
- Loss for the period	-	-	-	(9,048,456)	-	(9,048,456)	(9,048,456)	(9,048,456)	
- Other comprehensive income for the period	-	-	-	-	7,840,125	7,840,125	7,840,125	7,840,125	
	-	-	-	(9,048,456)	7,840,125	(1,208,331)	(1,208,331)	(1,208,331)	
<b>Balance as at December 31, 2020 (unaudited)</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>(477,996,751)</b>	<b>19,800,000</b>	<b>(21,541,071)</b>	<b>93,184,219</b>		
<b>Balance as at July 1, 2021</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>(361,067,957)</b>	<b>17,209,625</b>	<b>92,797,348</b>	<b>207,522,638</b>		
Total comprehensive income / (loss) for the half year ended December 31, 2021									
- Profit for the period	-	-	-	4,926,384	-	4,926,384	4,926,384	4,926,384	
- Other comprehensive loss for the period	-	-	-	-	(2,009,625)	(2,009,625)	(2,009,625)	(2,009,625)	
	-	-	-	4,926,384	(2,009,625)	2,916,759	2,916,759	2,916,759	
<b>Balance as at December 31, 2021 (unaudited)</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>(356,141,573)</b>	<b>15,200,000</b>	<b>95,714,107</b>	<b>210,439,397</b>		

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

**BOLAN CASTINGS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021 - (UNAUDITED)**

	<b>Note</b>	December 31, 2021 Rupees	December 31, 2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	<b>22</b>	56,531,282	(93,492,353)
Increase in long-term loans		(390,000)	(406,000)
Increase in long-term deposits - net		(701,143)	(1,178,039)
Income taxes (paid) / refund - net		(35,895,140)	101,933,944
Employee benefits paid		(3,004,647)	(1,295,262)
Mark-up paid on short-term financing		<u>(18,963,103)</u>	<u>(29,320,304)</u>
<b>Net cash used in operating activities</b>		(2,422,751)	(23,758,014)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of property, plant and equipment		(5,836,657)	(5,976,044)
Proceeds from disposal of property, plant and equipment		1,110,771	1,400,940
Return received on savings and deposit accounts		215,755	17,484
Dividend received		<u>1,725,000</u>	<u>431,250</u>
<b>Net cash used in investing activities</b>		(2,785,131)	(4,126,370)
<b>CASH USED IN FINANCING ACTIVITIES</b>			
Dividend paid		(39,421)	(671,828)
Repayment long-term loan		<u>(19,337,043)</u>	<u>49,866,817</u>
		(19,376,464)	49,194,989
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(24,584,346)</u>	<u>21,310,605</u>
Cash and cash equivalents at beginning of the period		(347,568,180)	(491,293,203)
<b>Cash and cash equivalents at the end of the period</b>	<b>23</b>	<u><u>(372,152,526)</u></u>	<u><u>(469,982,598)</u></u>

The annexed notes 1 to 25 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 HALF YEAR ENDED DECEMBER 31, 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 repealed Companies Ordinance, 1984 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).

#### **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 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; 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.

#### **2.1 Changes in accounting standards, interpretations and pronouncements**

##### **a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant**

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company's financial reporting.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2021 are considered not to be relevant to the Company's financial statements and hence have not been detailed here.

#### **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, 2021.

#### **4. ACCOUNTING ESTIMATES, JUDGMENTS 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 these 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) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets - note 5.1	199,953,281	203,609,160
Capital work-in-progress	-	3,130,000
	<u>199,953,281</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)	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	← Rupees →			
Plant and machinery	2,666,457	134,767	-	216,857
Office equipment	-	20,000	-	-
Computers	-	-	22,940	-
Motor vehicles	6,300,200	4,844,977	1,087,831	1,100,940
	<u>8,966,657</u>	<u>4,999,744</u>	<u>1,110,771</u>	<u>1,317,797</u>

	(Unaudited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
<b>6. LONG-TERM INVESTMENT</b>		
<b>Investment at fair value through OCI</b>		
Balance at beginning of the period	22,709,625	17,459,875
Unrealised (loss) / gain on revaluation - transferred to equity	(2,009,625)	5,249,750
Balance at end of the period	<u>20,700,000</u>	<u>22,709,625</u>

This represents 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. 100.21 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. 3.27 million (June 30, 2021: Rs. 21.77 million).

	(Unaudited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
<b>9. INVENTORIES</b>		
Raw materials (including in transit Rs. 48.04 million; June 30, 2021: Rs. 76.07 million)	140,095,012	193,349,758
Work in process	88,393,489	85,165,670
Finished goods (including in transit Rs. 26.45 million; June 30, 2021: Nil)	101,900,806	80,561,987
	<u>330,389,307</u>	<u>359,077,415</u>

9.1 These include finished goods stock written-down to net realisable value by Rs. 3.21 million (June 30, 2021: Rs. 2.16 million).

9.2 Inventories include Rs. 48.21 million (June 2021: Rs. 33.03 million) held with third parties.

	(Unaudited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
<b>10. TRADE RECEIVABLES</b>		
Considered good		
- related parties	92,661,785	28,574,143
- others	17,418,985	19,340,163
	<u>110,080,770</u>	<u>47,914,306</u>
<b>11. CASH AND BANK BALANCES</b>		
With banks on:		
- current accounts	17,586,891	50,257,975
- savings accounts - note 11.1	7,917,949	4,462,456
- term deposit receipts - note 11.1 & 11.2	3,856,200	3,856,200
	<u>29,361,040</u>	<u>58,576,631</u>
Cash in hand	433,127	171,160
	<u>29,794,167</u>	<u>58,747,791</u>

11.1 These accounts are maintained under mark up arrangement and carry mark up at the rate of 6% to 7.5% (June 30, 2021: 2.96% to 7.3%) per annum.

11.2 These are under lien with a bank for issuance of bank guarantee in favour of Sui Southern Gas Company Limited.

	(Unaudited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
<b>12. LONG-TERM LOAN</b>		
Opening	62,959,377	23,550,835
Proceeds during the period	-	49,866,817
Markup on loan	2,108,812	5,564,309
Repayments during the period	(19,337,043)	(9,513,921)
Deferred grant - note 12.2	-	(6,508,663)
	<u>45,731,146</u>	<u>62,959,377</u>
Less: Current portion shown under current liabilities	(38,174,607)	(38,055,682)
	<u>7,556,539</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.

	(Unaudited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
<b>13. DEFERRED INCOME - GOVERNMENT GRANT</b>		
Balance at beginning of the period	3,804,560	2,693,712
Deferred grant recognised during the period	-	6,508,663
Deferred grant recognised in income	(1,966,104)	(5,397,815)
Balance at end of the period	<u>1,838,456</u>	<u>3,804,560</u>
Less: Current portion of deferred income - Government grant	(1,838,456)	(3,244,815)
	<u>-</u>	<u>559,745</u>

- 13.1 This represents benefit obtained under SBP's Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns' at concessionary rates. According to the condition of the SBP scheme, the Company was prohibited from laying-off employees for a period of three months from the date of loan.

	<b>(Unaudited)</b> <b>December 31,</b> <b>2021</b> <b>Rupees</b>	<b>(Audited)</b> <b>June 30,</b> <b>2021</b> <b>Rupees</b>
<b>14. TRADE AND OTHER PAYABLES</b>		
Creditors	233,786,781	199,298,565
Accrued liabilities - note 14.1	30,923,052	52,108,138
Accrued mark-up	8,992,669	8,114,312
Advances from customers - unsecured	2,209,858	3,365,495
Compensated absences	12,781,800	11,980,715
Current portion of deferred income		
- government grant	1,838,456	3,244,815
Workers' Profit Participation Fund	1,382,638	9,220,621
Workers' Welfare Fund	4,617,754	4,035,596
Security deposits	1,600,037	1,600,037
Sales tax payable	1,304,149	-
Withholding tax	270,708	552,376
Others	1,872,137	1,029,554
	<u>301,580,039</u>	<u>294,550,224</u>

- 14.1 These include Rs. 8.18 million (2021: Rs. Nil) due to Parent Company in respect of remuneration of Chief Executive paid by Parent Company and cross charged to the Company.

	<b>(Unaudited)</b> <b>December 31,</b> <b>2021</b> <b>Rupees</b>	<b>(Audited)</b> <b>June 30,</b> <b>2021</b> <b>Rupees</b>
<b>15. SHORT-TERM FINANCING</b>		
<b>Secured</b>		
Short-term running finance facilities		
Under mark-up arrangement - note 15.1	323,090,493	327,459,771
Under Istisna cum Wakala arrangement - note 15.2	75,000,000	75,000,000
	<u>398,090,493</u>	<u>402,459,771</u>

- 15.1 These represent running finance facilities obtained from Bank Alfalah Limited amounting to Rs. 200 million (2021: Rs. 200 million), Habib Bank Limited amounting to Rs. 100 million (2021: Rs. 100 million) and Faysal Bank Limited amounting to Rs. 100 million (2021: Rs. 100 million). The mark-up rates on these facilities range between 1 month KIBOR plus 1% to 1.60% (2021: 1 month KIBOR plus 1% to 1.60%) per annum. The arrangements are secured by way of hypothecation of plant and machinery and current assets of the Company.

- 15.2 The Company has also obtained finance under Istisna cum Wakala arrangement from Dubai Islamic Bank Pakistan Limited amounting to Rs. 75 million (2021: Rs. 75 million). The profit rate on this facility is 6 months KIBOR plus 2% (2021: 6 months KIBOR plus 2%) per annum. It is secured by way of hypothecation charge over fixed assets and current assets of the Company amounting to Rs. 100 million. Amount utilised as at December 31, 2021 is Rs. 75 million (2021: Rs. 75 million).

#### 16. CONTINGENCIES AND COMMITMENTS

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

	<b>December 31,</b> <b>2021</b> <b>Rupees</b>	<b>December 31,</b> <b>2020</b> <b>Rupees</b>
<b>17. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Gross revenue	1,704,309,600	1,273,010,751
Less:		
- Sales returns	(89,618,311)	(64,147,895)
- Sales tax	(247,989,124)	(185,265,718)
	(337,607,435)	(249,413,613)
	<u>1,366,702,165</u>	<u>1,023,597,138</u>

	<b>December 31, 2021 Rupees</b>	<b>December 31, 2020 Rupees</b>
<b>18. COST OF SALES</b>		
Cost of goods manufactured	1,281,589,597	958,091,543
Opening stock of finished goods	80,561,987	66,384,958
Closing stock of finished goods	(101,900,806)	(104,665,563)
Cost of goods manufactured sold	<u>1,260,250,778</u>	<u>919,810,938</u>
<b>19. OTHER EXPENSES</b>		
Provision for Workers' Welfare Fund	582,158	379,423
Provision for Workers' Profit Participation Fund	1,382,517	583,969
Sales Tax Penalty	596,522	-
	<u>2,561,197</u>	<u>963,392</u>
<b>20. INCOME TAX</b>		
Current		
- for the period	20,759,282	15,418,645
- prior year	-	4,345,793
	<u>20,759,282</u>	<u>19,764,438</u>
<b>20.1</b>	The Company has computed current tax for the half year under section 113 of the income Tax Ordinance, 2001 i.e. Minium Tax.	
<b>21. EARNING / (LOSS) PER SHARE - BASIC AND DILUTED</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Profit / (loss) after taxation attributable to ordinary shareholders (Rupees)	<u>4,926,384</u>	<u>(9,048,456)</u>
Weighted average number of shares in issue during the period	<u>11,472,529</u>	<u>11,472,529</u>
Earning / (loss) per share - Basic (Rupees)	<u>0.43</u>	<u>(0.79)</u>
<b>21.1</b>	Diluted earning per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2021 and 2020 which would have any effect on the earning per share if the option to convert is exercised.	
<b>22. CASH GENERATED FROM / (USED IN) OPERATIONS</b>	<b>December 31, 2021 Rupees</b>	<b>December 31, 2020 Rupees</b>
Profit before income tax	25,685,666	10,715,982
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	11,511,765	11,964,198
Non-cash employee benefits expense	2,138,975	6,052,758
Gain on disposal of property, plant and equipment	-	(83,143)
Return on savings and deposit accounts	(215,755)	(17,484)
Dividend income	(1,725,000)	(431,250)
Government grant income	(1,966,104)	-
Mark-up on long-term loan	2,108,812	1,196,278
Mark-up on short-term financing	19,841,460	20,014,478
	<u>31,694,153</u>	<u>38,695,835</u>
	57,379,819	49,411,817
<b>EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES</b>		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	16,752,152	2,944,372
Stock-in-trade	28,688,108	(142,075,476)
Trade receivables	(62,166,464)	(2,208,388)
Loans and advances	5,983,419	(6,909,500)
Trade deposits and short-term prepayments	(5,341,365)	(6,159,358)
Other receivables	1,301,747	(203,308)
Refunds due from the Government - Sales tax	6,376,049	(25,194,997)
	(8,406,354)	(179,806,655)
Increase in current liabilities		
Trade and other payables	7,557,817	36,902,485
	<u>56,531,282</u>	<u>(93,492,353)</u>

	December 31, 2021 Rupees	December 31, 2020 Rupees
<b>23. CASH AND CASH EQUIVALENTS</b>		
Cash in hand	433,127	382,804
With banks on:		
- current accounts	17,586,891	15,696,991
- savings accounts	7,917,949	2,080,784
	25,504,840	17,777,775
Short-term financing	(398,090,493)	(488,143,177)
	<u>(372,152,526)</u>	<u>(469,982,598)</u>

**24. RELATED PARTY DISCLOSURES**

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

Relationship with the Company	Nature of transactions	December 31, 2021 Rupees	December 31, 2020 Rupees
<b>Holding Company:</b>			
- Millat Tractors Limited (MTL)	Sales of goods	1,301,883,679	959,700,783
	Purchase of goods	112,024	35,780
	Expenses incurred by MTL on behalf of the Company	8,178,085	4,887,997
<b>Associated Company:</b>			
- Millat Equipment Limited (MEL)	Sales of goods	22,016,670	13,487,920
	Expenses incurred by MEL on behalf of the Company	527,247	-
<b>Employee benefit funds:</b>			
- Pension fund	Contributions	-	976,922
- Provident funds	Contributions	2,074,535	2,005,383
- Executives' Gratuity fund	Contributions	191,531	206,018
- Executives' Gratuity fund	Benefits paid on behalf of the fund	3,584,789	4,239,696
<b>- Key management personnel:</b>			
	Salaries and other employees retirement benefits	16,675,069	18,837,741

**25 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on 21 FEB 2022 by the Board of Directors of the Company.



**Chief Executive**



**Director**



**Chief Financial Officer**





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