



QUARTERLY FINANCIAL STATEMENTS



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

2022

*Excellence
in every Field
of Operations*

Bolan Castings Limited

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COMPANY INFORMATION

Board of Directors

Mr. Sikandar M. Khan	Chairman
Mr. Mujtaba Ahmad	Chief Executive
Mr. Sohail Bashir Rana	Director
Mr. Laeeq Uddin Ansari	Director
Mr. Qaiser 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
Habib Metropolitan Bank 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

The Directors of your Company are presenting the un-audited financial statements for the half year ended December 31, 2022.

During the six months under review, the Company recorded net sales of Rs. 930.21 million as compared to Rs.1,366.70 million of the same period of the last year. The gross profit for the six months under review was Rs. 26.22 million as against Rs. 106.45 million of corresponding period of the last year. The loss after tax for the six months was Rs. 65.97 million as compared to profit after tax Rs. 4.93 million of same period of the last year.

The loss per share was Rs. 5.75 as against the profit per share of Rs. 0.43 of corresponding period of last year.

The aftershocks of devastated flood during the first quarter are not over yet on the back of stagnant flood water in many areas of agricultural land of the country resulting high inflation and the lower demand of the tractors as well as its allied accessories. The company has to go on shut down that affected the sales and production of the company and contributed towards the losses of the company.

The country is struggling to overcome the economic challenges such as low foreign reserve level, high foreign exchange rates, high rate of inflation, high fuel and energy prices, disrupt raw materials supplies due to curb on imports and shrunk liquidity position that also affected the profitability of the company during the last six months and decrease of gross profit and operating profit ratios as compared of corresponding period of the last year.

The slight recent increase in demands of tractors and expected positive deal with IMF may bring the ease to the overall economy as well as the tractor and its allied industries. However, it depends on smooth supply of raw materials which may bring some hope for the remaining financial year.

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, contributions and for being steadfast and standing resolute with us during the period under review.

For and on behalf of the Board



MUJTABA AHMAD
Chief Executive Officer

Karachi
February 09, 2023

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, 2022 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, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

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.Ferguson & Co.

Chartered Accountants Karachi

Date : February 21,2023

UDIN : RR20221013305LDtaKjT

BOLAN CASTINGS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	(Unaudited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	175,911,743	187,095,610
Long-term investment	6	20,363,625	21,850,000
Long-term loans		1,406,000	937,000
Deferred tax asset	7	95,524,645	95,524,645
Long-term deposits		4,247,790	4,047,790
Employee benefits prepayment		19,451,942	18,370,168
		<u>316,905,745</u>	<u>327,825,213</u>
Current assets			
Stores, spare parts and loose tools	8	168,064,530	121,237,178
Inventories	9	374,642,301	436,446,901
Trade receivables	10	74,080,072	109,170,341
Loans and advances		7,047,214	9,568,637
Trade deposits and short-term prepayments		6,241,563	428,317
Other receivables		837,084	348,525
Refunds due from the Government - sales tax		1,157,979	6,213,131
Taxation - payments less provision		69,401,483	55,040,184
Cash and bank balances	11	14,165,739	81,668,301
		<u>715,637,965</u>	<u>820,121,515</u>
TOTAL ASSETS		<u>1,032,543,710</u>	<u>1,147,946,728</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		114,725,290	114,725,290
General reserve		46,506,055	113,962,138
		<u>161,231,345</u>	<u>228,687,428</u>
LIABILITIES			
Non-current liabilities			
Long-term deposits		2,869,552	2,850,583
Employee benefits obligations		25,639,074	26,004,083
		<u>28,508,626</u>	<u>28,854,666</u>
Current liabilities			
Trade and other payables	14	394,868,754	377,228,692
Advances from customers		1,617,959	951,262
Current portion of long-term deposits		998,379	928,902
Current portion of long-term loan	12	-	28,053,370
Unclaimed dividend		3,407,752	3,407,752
Short-term financing	15	441,910,895	479,834,656
		<u>842,803,739</u>	<u>890,404,634</u>
TOTAL LIABILITIES		<u>871,312,365</u>	<u>919,259,300</u>
Contingencies and commitments	16		
TOTAL EQUITY AND LIABILITIES		<u>1,032,543,710</u>	<u>1,147,946,728</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 PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - (UNAUDITED)

	Note	Quarter ended		Half year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		← Rupees →			
Revenue from contracts with customers	17	455,745,859	745,511,846	930,209,047	1,366,702,165
Cost of sales	18	(454,922,230)	(702,445,892)	(903,989,840)	(1,260,250,778)
Gross profit		823,629	43,065,954	26,219,207	106,451,387
Distribution costs		(10,721,805)	(15,870,686)	(23,375,123)	(29,995,552)
Administrative expenses		(13,716,632)	(22,079,671)	(28,776,715)	(39,941,500)
Other expenses	19	-	(760,637)	-	(2,561,197)
Other income		5,103,492	10,715,723	10,030,957	13,764,888
Operating (loss) / profit		(18,511,316)	15,070,683	(15,901,674)	47,718,026
Finance cost		(20,195,290)	(12,545,711)	(38,817,138)	(22,032,360)
(Loss) / profit before tax		(38,706,606)	2,524,972	(54,718,812)	25,685,666
Income tax	20	(5,320,106)	(11,441,427)	(11,250,896)	(20,759,282)
(Loss) / profit for the period		(44,026,712)	(8,916,455)	(65,969,708)	4,926,384
(Loss) / earning per share - Basic and diluted	21	(3.84)	(0.78)	(5.75)	0.43

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, 2022 - UNAUDITED

	Quarter ended		Half year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	← Rupees →			
(Loss) / profit for the period	(44,026,712)	(8,916,455)	(65,969,708)	4,926,384
Other comprehensive income:				
Items not to be reclassified to profit or loss				
Unrealised (loss) / income on revaluation of investment at fair value through other comprehensive income	2,797,375	(1,368,500)	(1,486,375)	(2,009,625)
Total comprehensive (loss) / income for the period	<u>(41,229,337)</u>	<u>(10,284,955)</u>	<u>(67,456,083)</u>	<u>2,916,759</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, 2022 - (UNAUDITED)

	Reserves					Sub Total	Total
	Capital	Revenue		Gain on revaluation of investment at fair value through other comprehensive income (OCI)			
Share Capital	Share premium	General reserve	Accumulated loss				
← Rupees →							
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 / (loss) for the half year ended December 31, 2021							
- Profit for the period	-	-	-	4,926,384	-	4,926,384	4,926,384
- Other comprehensive loss for the period	-	-	-	-	(2,009,625)	(2,009,625)	(2,009,625)
	-	-	-	4,926,384	(2,009,625)	2,916,759	2,916,759
Balance as at December 31, 2021 (unaudited)	114,725,290	12,155,680	424,500,000	(356,141,573)	15,200,000	95,714,107	210,439,397
Balance as at July 1, 2022	114,725,290	12,155,680	424,500,000	(339,043,542)	16,350,000	113,962,138	228,687,428
Total comprehensive (loss) for the half year ended December 31, 2022							
- Loss for the period	-	-	-	(65,969,708)	-	(65,969,708)	(65,969,708)
- Other comprehensive loss for the period	-	-	-	-	(1,486,375)	(1,486,375)	(1,486,375)
	-	-	-	(65,969,708)	(1,486,375)	(67,456,083)	(67,456,083)
Balance as at December 31, 2022 (unaudited)	114,725,290	12,155,680	424,500,000	(405,013,250)	14,863,625	46,506,055	161,231,345

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, 2022 - (UNAUDITED)

	Note	December 31, 2022 Rupees	December 31, 2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	22	58,900,380	56,531,282
Increase in long-term loans		(469,000)	(390,000)
Increase in long-term deposits - net		(111,554)	(701,143)
Income taxes (paid) - net		(25,612,195)	(35,895,140)
Employee benefits paid		(2,745,360)	(3,004,647)
Mark-up paid on short-term financing		(35,780,775)	(18,963,103)
Net cash used in operating activities		(5,818,504)	(2,422,751)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(116,500)	(5,836,657)
Proceeds from disposal of property, plant and equipment		3,344,066	1,110,771
Return received on savings and deposit accounts		330,982	215,755
Dividend received		1,365,625	1,725,000
Net cash flow generated from / (used in) from investing activities		4,924,173	(2,785,131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(39,421)
Repayment of long-term loan		(28,684,470)	(19,337,043)
Net cash outflow from financing activities		(28,684,470)	(19,376,464)
Net (decrease) in cash and cash equivalents		(29,578,801)	(24,584,346)
Cash and cash equivalents at beginning of the period		(402,022,555)	(347,568,180)
Cash and cash equivalents at end of the period	23	(431,601,356)	(372,152,526)

The annexed notes 1 to 25 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 HALF YEAR ENDED DECEMBER 31, 2022 (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
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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, 2022.

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, 2022. 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, 2023 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, 2022.

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, 2022.

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, 2022.

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	-----Rupees-----	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 5.1	175,911,743	187,095,610
	<u>175,911,743</u>	<u>187,095,610</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, 2022	'December 31, 2021	'December 31, 2022	'December 31, 2021
	-----Rupees-----			
Plant and machinery	-	2,666,457	-	-
Office equipment	-	-	-	-
Computers	-	-	-	22,940
Motor vehicles	116,500	6,300,200	1,196,362	1,087,831
	<u>116,500</u>	<u>8,966,657</u>	<u>1,196,362</u>	<u>1,110,771</u>

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	-----Rupees-----	
6. LONG-TERM INVESTMENT		

Investment at fair value through OCI

Balance at beginning of the period	21,850,000	22,709,625
Unrealized (loss) on revaluation - transferred to equity	(1,486,375)	(859,625)
Balance at end of the period	<u>20,363,625</u>	<u>21,850,000</u>

This represents investment in 287,500 (June 30, 2022: 287,500) quoted ordinary shares of Rs. 10/- each of Baluchistan Wheels Limited. Equity held 2.16% (June 30, 2022: 2.16%).

7. DEFERRED TAX ASSET

Deferred tax debit balances of Rs. 119.24 million (June 30, 2022: Rs.107.05 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. Nil (June 30, 2022: Rs. 0.73 million).

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	-----Rupees-----	
9. INVENTORIES		
Raw materials (including in transit Rs. 16.67 million; June 30, 2022: Rs. 17.34 million)	120,358,773	127,594,855
Work in process	69,602,001	105,256,714
Finished goods - at cost -note 9.1	153,103,240	160,751,061
Finished goods - at fair value less cost to sell - note 9.2	36,143,046 (4,564,759)	42,844,271 -
Less: Provision for finished goods	184,681,527	203,595,332
	<u>374,642,301</u>	<u>436,446,901</u>

9.1 Inventories include Rs. 15.43 million (June 30, 2022: Rs. 24.93 million) held with third parties.

9.2 Finished goods inventories which have been written-down to net realisable value by Rs. 7.48 million (June 30, 2022: Rs. 12.26 million).

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	-----Rupees-----	
10. TRADE RECEIVABLES		
Considered good		
- Related parties	49,779,968	80,257,676
- Others	24,300,104	28,912,665
	<u>74,080,072</u>	<u>109,170,341</u>
11. CASH AND BANK BALANCES		
Cash at bank		
Conventional		
- on savings accounts - note 11.1	3,014,013	3,977,859
- on current accounts	2,726,105	66,732,780
	5,740,118	70,710,639
- Term deposit account - note 11.1 & 11.2	3,856,200	3,856,200
	<u>9,596,318</u>	<u>74,566,839</u>
Islamic		
- on savings accounts - note 11.1	3,577,619	3,527,998
- on current accounts	625,024	3,082,110
	4,202,643	6,610,108
Cash in hand	366,778	491,354
	<u>14,165,739</u>	<u>81,668,301</u>

11.1 These accounts are maintained under mark up arrangement and carry mark up at the rate of 6.75% to 14.50% (June 30, 2022: 5.5% to 12.25%) 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, 2022	(Audited) June 30, 2022
	-----Rupees-----	
12. LONG-TERM LOAN		
Opening	28,053,370	62,959,377
Proceeds during the period	-	-
Mark-up on loan	631,100	3,672,941
Repayments during the period	(28,684,470)	(38,578,948)
Deferred grant	-	-
	<u>-</u>	<u>28,053,370</u>
Less: Current portion shown under current liabilities	-	(28,053,370)
	<u>-</u>	<u>-</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 carried mark-up at the rate of 1% per annum and was repayable in 8 equal quarterly installments, starting from April 2021. The loan was secured by way of hypothecation of plant and machinery and current assets of the Company.

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	-----Rupees-----	
13. DEFERRED INCOME		
- GOVERNMENT GRANT		
Balance at beginning of the period	559,745	3,804,560
Deferred grant recognised during the period	-	-
Deferred grant recognised in income	<u>(559,745)</u>	<u>(3,244,815)</u>
Balance at end of the period	-	559,745
Less: Current portion of deferred income - Government grant	<u>-</u>	<u>(559,745)</u>
	<u>-</u>	<u>-</u>

13.1 This represented 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.

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	-----Rupees-----	
14. TRADE AND OTHER PAYABLES		
Creditors	308,081,609	307,086,688
Accrued liabilities	44,798,877	30,177,494
Accrued mark-up	16,950,868	15,160,215
Compensated absences	12,113,090	11,758,810
Current portion of deferred income		
- Government grant	-	559,745
Workers' Profits Participation Fund	2,944,403	2,944,403
Workers' Welfare Fund	5,257,857	5,257,857
Payable the employees' provident fund	1,033,960	-
Security deposits	1,400,037	1,400,037
Withholding tax	360,944	615,723
Others	1,927,109	2,267,720
	<u>394,868,754</u>	<u>377,228,692</u>

15. SHORT-TERM FINANCING

Secured

Short-term running finance facilities

- Conventional Finance

Under mark-up arrangements - note 15.1

	285,537,505	306,053,524
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- Islamic Finance

Under Istisna / Musawammah arrangement - note 15.2

	81,373,390	98,781,132
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Under Istisna cum Wakala arrangement - note 15.2

	75,000,000	75,000,000
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	<u>441,910,895</u>	<u>479,834,656</u>
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15.1 These represent running finance facilities obtained from Bank Alfalah Limited amounting to Rs. 200 million (June 30, 2022: Rs. 200 million), Faysal Bank Limited amounting to Rs. 100 million (June 30, 2022: Rs. 100 million) and Habib Metropolitan Bank Limited amounting to Rs. 50 million (June 30, 2022: Rs. 50 Million). The mark-up rates on these facilities range between 1 month KIBOR plus 1% to 1.60% (June 30, 2022: 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 (June 30, 2022: Rs.75 million) and Istisna / Musawammah arrangement from Meezan Bank Limited amounting to Rs. 100 million (June 30, 2022: Rs. 100 million). The profit rate on this facility is 6 months KIBOR plus 2% (June 30, 2022: 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. 333 million and hypothecation charge over all customer's present and future stocks and book debts with 25% margin respectively. Amount utilised as at December 31, 2022 is Rs. 75 million (June 30, 2022: Rs. 75 million) and Rs. 81.37 million (June 30, 2022: Rs. 98.78 million) respectively.

15.3 The facilities for opening letters of credit and guarantees as at December 31, 2022 amounted to Rs. 900 million and Rs. 3.86 million (June 30, 2022: Rs. 900 million and Rs. 3.86 million) respectively out of which the amount remaining unutilised at year end was Rs. 814.34 million and Nil (June 30, 2022: Rs. 253.07 million and Rs. Nil) respectively.

16. CONTINGENCIES AND COMMITMENTS

There has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2022.

17 REVENUE FROM CONTRACTS WITH CUSTOMERS	(Unaudited) December 31, 2022	(Unaudited) December 31, 2021
	-----Rupees-----	
Gross Revenue	1,144,465,002	1,704,309,600
Less:		
- Sales returns	<u>(47,966,168)</u>	(89,618,311)
- Sales tax	<u>(166,289,787)</u>	(247,989,124)
	<u>(214,255,955)</u>	(337,607,435)
	<u>930,209,047</u>	<u>1,366,702,165</u>
18 COST OF SALES		
Cost of goods manufactured	885,076,035	1,281,589,597
Opening stock of finished goods	203,595,332	80,561,987
Closing stock of finished goods	<u>(184,681,527)</u>	(101,900,806)
Cost of goods manufactured sold	<u>903,989,840</u>	<u>1,260,250,778</u>
19 OTHER EXPENSES		
Provision for Workers' Welfare Fund	-	582,158
Provision for Workers' Profits Participation Fund	-	1,382,517
Sales Tax Penalty	-	596,522
	<u>-</u>	<u>2,561,197</u>
20 INCOME TAX		
Current		
- for the period	11,874,258	20,759,282
- prior year	<u>(623,362)</u>	-
	<u>11,250,896</u>	<u>20,759,282</u>
20.1 The Company has computed current tax for the half year under section 113 of the Income Tax Ordinance, 2001 i.e Minimum Tax.		
	(Unaudited) December 31, 2022	(Unaudited) December 31, 2021
21 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		
(Loss) / profit after taxation attributable to ordinary shareholders (Rupees)	<u>(65,969,708)</u>	4,926,384
Weighted average number of shares in issue during the period	<u>11,472,529</u>	11,472,529
(Loss) / earnings per share - Basic (Rupees)	<u>(5.75)</u>	0.43
21.1 Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2022 and 2021 which would have any effect on the earnings per share if the option to convert is exercised.		
	(Unaudited) December 31, 2022	(Unaudited) December 31, 2021
	-----Rupees-----	
22. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before income tax	(54,718,812)	25,685,666
Adjustment for non-cash charges and other items		
Depreciation	10,104,005	11,511,765
Non-cash employee benefits expense	1,298,577	2,138,975
Gain on disposal of property, plant and equipment	(2,147,704)	-
Return on savings and deposit accounts	(330,982)	(215,755)
Dividend income	(1,365,625)	(1,725,000)
Government grant income	(559,745)	(1,966,104)
Mark-up on long-term loan	631,100	2,108,812
Mark-up on short-term financing	37,571,428	19,841,460
	<u>45,201,054</u>	<u>31,694,153</u>
	<u>(9,517,758)</u>	<u>57,379,819</u>
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(46,827,352)	16,752,152
Stock-in-trade	61,804,600	28,688,108
Trade receivables	35,090,269	(62,166,464)
Loans and advances	2,521,423	5,983,419
Trade deposits and short-term prepayments	(5,813,246)	(5,341,365)
Other receivables	(488,559)	1,301,747
Refunds due from the Government - Sales tax	5,055,152	6,376,049
	<u>51,342,287</u>	<u>(8,406,354)</u>
Increase in current liabilities		
Trade and other payables	16,409,154	8,713,454
Advance from customers	666,697	(1,155,637)
	<u>58,900,380</u>	<u>56,531,282</u>

	(Unaudited) December 31, 2022	(Unaudited) December 31, 2021
	-----Rupees-----	
23. CASH AND CASH EQUIVALENTS		
With banks on:		
- current accounts	3,351,129	17,586,891
- savings accounts	6,591,632	7,917,949
	9,942,761	25,504,840
Cash in hand	366,778	433,127
Short-term financing	(441,910,895)	(398,090,493)
	<u>(431,601,356)</u>	<u>(372,152,526)</u>

24. RELATED PARTY DISCLOSURES

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

Relationship with the Company	Nature of transactions	(Unaudited) December 31, 2022	(Unaudited) December 31, 2021
		-----Rupees-----	
Holding Company:			
- Millat Tractors Limited (MTL)	Sales of goods	883,662,371	1,301,883,679
	Purchase of goods	-	112,024
	Expenses incurred by MTL on behalf of the Company	-	8,178,085
Associated Company:			
- Millat Equipment Limited (MEL)	Sales of goods	314,112	22,016,670
	Expenses incurred by MEL on behalf of the Company	-	527,247
Employee benefit funds:			
- Provident fund	Contributions	2,133,306	2,074,535
- Executives' Gratuity fund	Contributions	144,434	191,531
- Executives' Gratuity fund	Benefits paid on behalf of the fund	2,161,921	3,584,789
- Key management personnel:			
	Salaries and other employee retirement benefits	13,220,654	16,675,069

25. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 09, 2023 by the Board of Directors of the Company.


Chief Executive


Director


Chief Financial Officer



**MF Tractor Chassis Assembly
is made of BCL Castings**



MF AXLE HOUSING 240 RH



MF CENTER HOUSING



MF CYLINDER HEAD



MF CYLINDER BLOCK



MF TRANSMISSION CASE



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