



Leading the Way

Annual Report 2022



Key Figures-2022



Dividend Per Share
Rs.65/-*
*Partially dividend



Net Profit After Tax
Rs.5,427 Million



Tractors Sold
35,005 Units

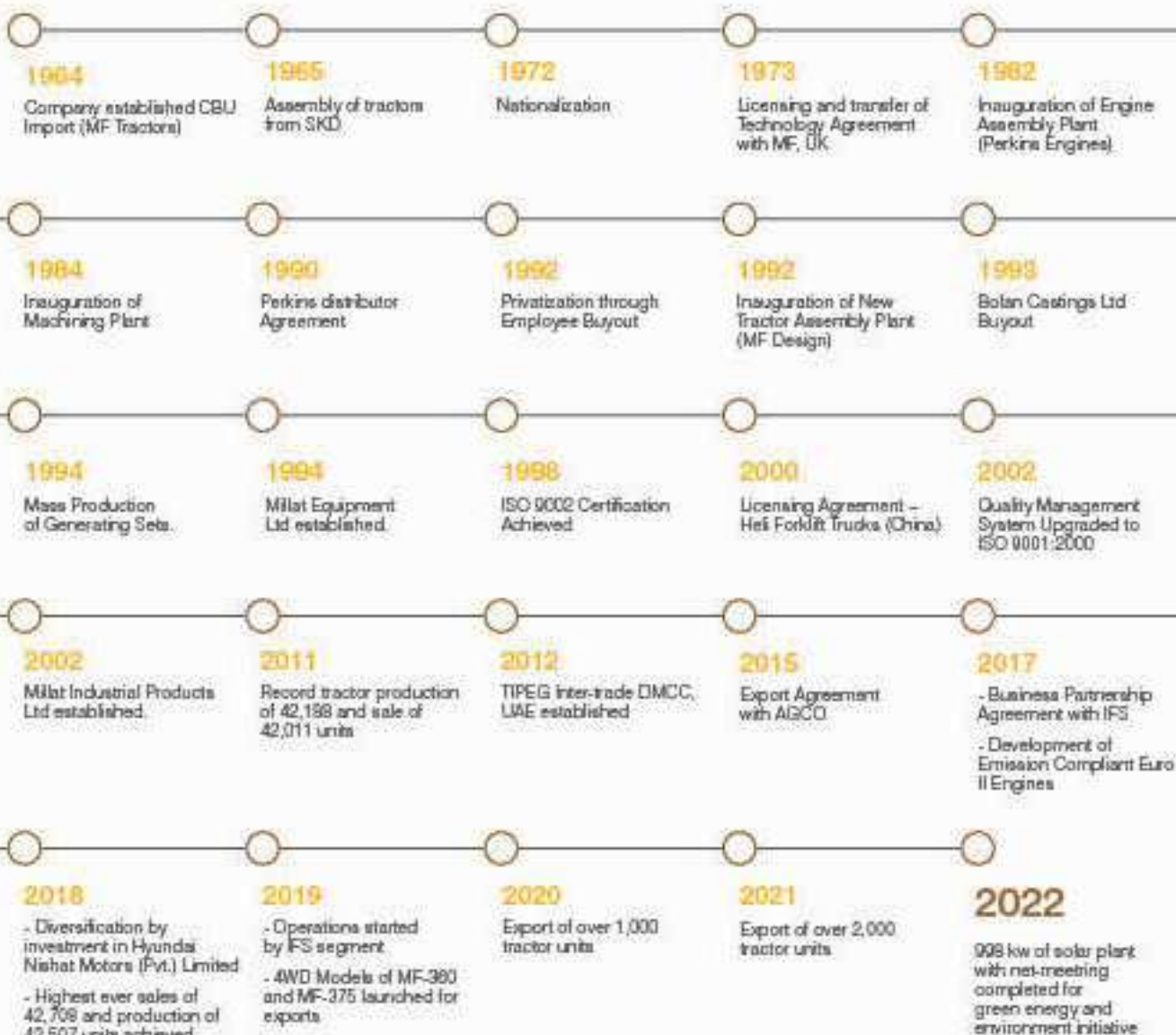


Earning Per Share
Rs.56.02/-



Net Revenues
Rs.53,374 Million

Chronicles



Contents

01 COMPANY OVERVIEW

07	Vision & Mission Statement
08	Company Overview
09	Group Structure
10	Financial Highlights
12	Corporate Information
13	Code of Conduct
14	Core Values
15	Health, Safety and Environment Policy
16	Position of the Organization within the Value Chain
18	PESTLE Analysis
20	SWOT Analysis
21	Composition of Local versus Imported Material and Sensitivity Analysis

02 STRATEGY AND RESOURCE ALLOCATION

24	Strategic Objectives
26	Key Performance Indicators
27	Resource Allocation Plans
27	Capital Structure of the Company

03 RISKS AND OPPORTUNITIES

30	Risks and Opportunities
----	-------------------------

04 Notice of Annual General Meeting

34	Notice of Annual General Meeting
49	اطلاع عام برائے سالانہ اجلاس عام

05 GOVERNANCE

52	Board of Directors
53	Board Committees
54	Chairman's Review
59	چیئرمین کا جائزہ
60	Directors' Report to the Shareholders
73	ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز
74	Corporate Social Responsibility Report
77	سی ایس آر رپورٹ
78	Organization Structure

06 PERFORMANCE AND POSITION

82	Summary of Cash Flows
83	Conflict of Interest Policy
84	Six Years at a Glance
85	Statement of Value Addition and its Distribution
86	Horizontal Analysis
88	Vertical Analysis
90	Commentary on Financial Analysis
91	Segmental Review of Business Performance
92	DuPont Analysis
93	Graphical Analysis of Statement of Financial Position

07 PERFORMANCE AND POSITION

96	Independent Auditor's Review Report
97	Statement of Compliance
99	Independent Auditor's Report to the Members
102	Statement of Financial Position
104	Statement of Profit or Loss and other Comprehensive Income
105	Statement of Changes in Equity
106	Statement of Cash Flows
107	Notes to the Financial Statements

08 GROUP FINANCIAL STATEMENTS

164	Group Directors' Report
169	گروپ ڈائریکٹرز رپورٹ
170	Independent Auditor's Report to the Members
174	Consolidated Statement of Financial Position
176	Consolidated Statement of Profit or Loss and other Comprehensive Income
177	Consolidated Statement of Changes In Equity
178	Consolidated Statement of Cash Flows
179	Notes to the Consolidated Financial Statements

09 OTHERS

249	Pattern of Shareholding
250	Category of Shareholders
251	Consolidated Pattern of Shareholding
252	Consolidated Category of Shareholders
253	Electronic Transmission Form
255	Form of Proxy (English)
256	فارم آف پراکسی





Company Overview



Vision & Mission Statement



Vision

“Millat to be a global group of companies, recognized for a range of quality products with innovative design capabilities.”



Mission

“To be market leader in agricultural tractors and machinery, building company’s image through innovation and competitiveness, grow by expanding market and investing into group companies, ensuring satisfaction to customer and stakeholders and to fulfill social obligations.”

Company Overview

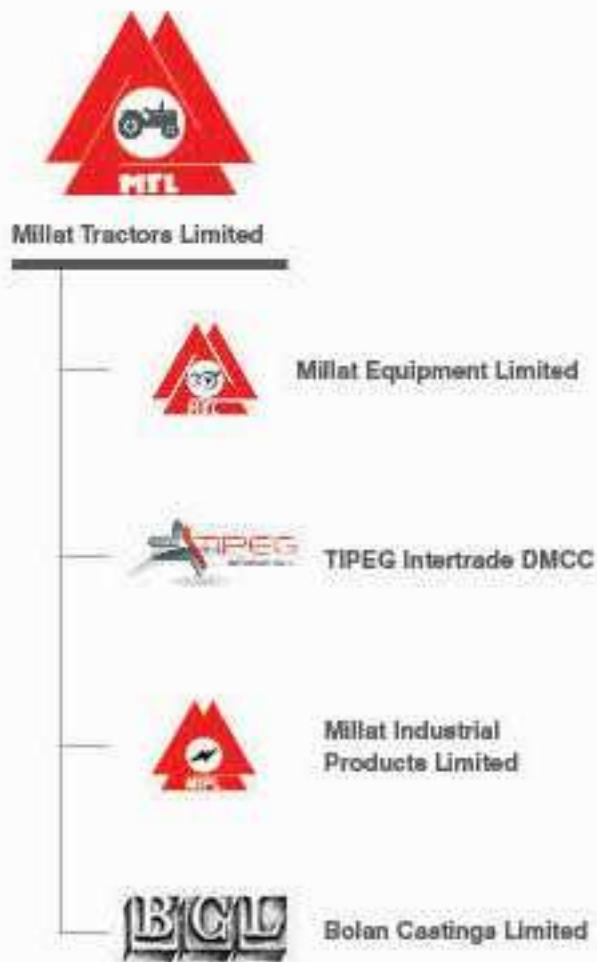
Millat Tractors Limited (MTL), an ISO 9001:2008 certified company is Pakistan's leading engineering concern in the automobile sector engaged in the manufacturing and marketing of the world renowned Massey Ferguson (MF) tractors under licensing agreement with AGCO Ltd. UK; Forklift Trucks under license from Anhui Forklift Trucks, China; Diesel Engines; Diesel Generating Sets and a range of allied agricultural and industrial implements.

Millat Tractors has played a pivotal role in transfer of technology and transformation of fledgling local light engineering sector into a robust, vibrant, quality conscious Auto Vending Industry. The Company is regarded as pioneers in setting up country's automotive vendor base. Today, a local content of more than 90% has been achieved in Massey Ferguson tractors. The company offers eight tractor models in the range of 50 hp -100 hp, diesel gen sets of capacities -12.5kVA to 150 kVA and a 3 ton forklift truck.

The Company is a partner agent in Pakistan of IFS applications, accordingly the company is engaged in the sale, implementation and support of IFS applications in Pakistan and abroad.



Group Structure



MILLAT EQUIPMENT LIMITED

Millat Equipment Limited, was incorporated as a private limited company under the repealed Companies Ordinance 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017), and was converted into an unlisted public limited company on April 20, 2004 is a subsidiary of Millat Tractors Limited which holds 45% of the company's equity. The Company is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles, parts and components thereof. The registered office of the Company is situated at Sheikhpura Road, Lahore and the manufacturing facility of is situated at 10 km Raiwind Road, Lahore.

TIPEG INTERTRADE DMCC

TIPEG Intertrade DMCC, a limited liability company registered with Dubai Multi Commodities Centre (DMCC) Authority, is a subsidiary of Millat Tractors Limited which holds 75% of the company's equity. The principal place of business of the company is located at Jumeirah Lake Towers, Dubai-UAE. The company is formed for trading of machinery and heavy equipment and registered office of the company is situated at Unit No.705, Fortune Executive Tower, Jumeirah lake Towers, Dubai. United Arab Emirates.

MILLAT INDUSTRIAL PRODUCTS LIMITED

"Millat Industrial Products Limited (MIPL), an unlisted public company registered under the Companies Ordinance 1984 (now the Companies Act, 2017), is a subsidiary of Millat Tractors Limited which holds 64.09% of the company's equity. MIPL is engaged in the business of manufacturing of industrial, domestic and vehicular batteries, cells and components. The geographical location and address of the Company's business units, including mills/plant is as under:

- The registered office of the company is situated at 8.8 km, Lahore- Sheikhpura Road, Shahdara, Lahore
- The manufacturing facility of the company is located at 49 km., off Multan Road, Bhai Pheru, Distt. Kasur."

BOLAN CASTINGS LIMITED

Bolan Castings Limited (BCL), a public limited company incorporated in Pakistan under the repealed Companies Ordinance 1984 (now the Companies Act), and listed on the Pakistan Stock Exchange, is a subsidiary of Millat Tractors Limited which holds 46.26% of the company's equity. BCL is engaged in the business of manufacturing of castings for tractors and automotive parts thereof. The geographical location and address of the Company's business unit, including plant is RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan.

Financial Highlights



Revenue from Contract with customers

2021	Rs. in Million
43,954	53,374



Profit After Tax

2021	Rs. in Million
5,781	5,427



No. of Outstanding Shares

2021	(000's)
56,058	96,868



Earning per Share Basic and Diluted

2021	Rs.
59.69	56.02



Dividend

2021	Rs. / Share
100	65



Dividend Payout

2021	Percentage
96.97	116.03



Long Term Investments

2021	Rs. in Million
6,199	4,218



Total Current Assets

2021	Rs. in Million
17,481	14,604



Shareholder's Equity

2021	Rs. in Million
9,093	7,067



Return on Capital Employed

2021	Rs. in Million
139.45	163.39



Current Ratio

2021	Times
1.20:1	1.20:1



Debt : Equity

2021	Times
0.03:100	0.02:100



Market Capitalization (Year End)

2021	Rs. in Million
60,521	84,526



Market Capitalization (Year End)

2021	US \$ in Million
382	410



Price to Earning Ratio

2021	Times
10.47	15.58



Net Assets per Share

2021	Rs.
162.20	72.96

Corporate Information

BOARD OF DIRECTORS

Chairman

Mr. Sikandar Mustafa Khan

Chief Executive

Syed Muhammad Irfan Aqueel

Directors

Mr. Sohail Bashir Rana
Mr. Laeeq Uddin Ansari
Mr. Qaiser Saleem
Mr. Saad Iqbal
Mr. Nasar Us Samad Qureshi
Mr. Muhammad Javed Rashid
Mrs. Ambreen Waheed

Company Secretary

Mr. Muhammad Faisal Azeem

Chief Financial Officer

Mr. Sohail A. Nisar

Auditors

M/s. A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Riaa Barker Gillete
Akhtar Ali & Associates
Ch. Law Associates Inn

Company Share Registrar

Karachi

CDC Share Registrar Services Limited.
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi-74400.
Tel: Customer Support Services (Toll Free)
0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

Lahore

Mezzanine Floor, South Tower, LSE Plaza,
Khayaban-E-Aiwan-E-Iqbal,
Lahore.
Tel: (92-42)- 36362061-66

Islamabad

Room # 410,
4th Floor, ISE Towers, 55-B, Jinnah Avenue,
Blue Area,
Islamabad.
Tel. (92-51) 2895456-9

Bankers

Bank Alfalah Limited.
Habib Bank Limited.
MCB Bank Limited.
Standard Chartered Bank (Pakistan) Limited.
United Bank Limited.
Allied Bank Limited.
Meezan Bank Limited.

REGISTERED OFFICE AND PLANT

9 - km Sheikhpura Road, Distt. Sheikhpura,
Tel: 042-37911021-25
UAN: 111-200-786
Fax: 042-37924166, 37925835
Website: www.millat.com.pk
E-mail: info@millat.com.pk

REGIONAL OFFICES

Karachi

3-A, Faiyaz Centre, Sindhi Muslim
Co-operative Housing Society, Karachi.
Tel: 021-34553752
UAN: 111-200-786
Fax: 021-34556321

Islamabad

H. No. 22, St. No. 41, Sector F-6/1, Islamabad.
Tel: 051-2271470
UAN: 111-200-786
Fax: 051-2270693

Multan Cantt.

Garden Town, (Daulatabad), Shershah Road,
Multan Cantt.
Tel: 061-6537371
Fax: 061-6539271

Sukkur

House No B/106, Akuwat Nagar Society,
Near Gol Masjid, Airport Road, Sukkur.
Tel: 071-5815041
Fax: 071-5815042

Code of Conduct

The Company's Code of Conduct conforms to the Millat Group Vision and the Company's mission Statement.

OBJECTIVE:

The Code of Conduct defines the expected behaviors for all the directors, senior management and all employees of Millat Tractors Limited (MTL). MTL will conduct its business fairly, impartially, in an ethical and proper manner, in full compliance with all applicable laws and regulations, and consistent with the values of the Company. Integrity must be ensured in all Company business relationships, including those with customers, suppliers, shareholders, other communities and among employees etc. The highest standards of ethical business conduct are required in the performance of responsibilities. The directors, senior management and other employees will not engage in any conduct or activity that may raise doubts to the honesty, impartiality and reputation of the organization or result in embarrassment to the Company.

APPLICABILITY:

This code is applicable to every director, senior management and other employees of the Company and they shall ensure that he/she:

- Shall not engage in any activity, either directly or indirectly, with a customer, vendor, supplier or any third party, which are inconsistent with, or contrary to, the business activities of the Company. Conflict of interest shall be disclosed where it exists and guidance sought.
- Shall not take advantage of his/her position for personal gain through the inappropriate use of Company name or non-public information or abuse his position.
- Shall refrain from insider trading and shall not use any material information pertaining to the Company, before it is made public, for financial or other personal benefit and also shall not provide such information to others.
- Shall follow all restrictions on use and disclosure of information. This includes protecting Company's information and ensuring that non-company proprietary information is used and disclosed only as authorized by the owner of the information or as otherwise permitted by law and abide by the employee non-disclosure & confidentiality undertaking already signed by him/her.
- Shall observe fair dealing in all of his/her transactions and interactions.
- Shall protect all assets of the Company and use them only for appropriate Company- approved activities.
- Without exception, shall comply with all statutory applicable laws, regulations, company policies and rules etc.

Core Values



Our Customers are
our first priority



Profitability for the
prosperity of our
stakeholders that
allows us to constantly
invest, improve and
succeed



Corporate Social
Responsibilities to
Enrich the Lives of
community where
we operate



Recognition and
Reward for the
talented and
high performing
employees



Excellence in every
thing we do



Integrity in all our
dealings



Respect for our
customers and
each other



Health, Safety & Environment Policy

SAFETY POLICY

All the employees have been provided appropriate safety equipment during performance of their duties.

An upgraded fire fighting system has been installed to cope with any mishap.

All the machinery has been fenced and guarded properly to avoid any type of accident causing injury to the employees as well as to the machinery.

Special arrangements have been made for the availability of filtered drinking water for the employees.

All the employees are insured under Group Life Insurance Scheme.

Regular safety inspections are carried out to improve the preparedness.

Safety fire drills & other exercises are carried out periodically to keep employees prepared for any unforeseen incident.

- To provide premises, plant, equipment and work instructions that are free from all kinds of health and safety risks
- To carry out comprehensive risk assessment and mitigate any potential threat to health and safety of employees
- To maintain high standards of health and safety wherever possible and keep measurable standards and improvement plans
- To comply with all applicable health & safety codes, National legislation and International regulatory requirements
- To evaluate risks before commencement of new activities or starting operations in new locations
- To communicate the health and safety policy to all stakeholders including employees, visitors, vendors and customers
- To train its employees on health and safety standards so that everyone takes the responsibility of safe operations and stands accountable for unsafe actions
- To investigate and report all incidents/ near misses and ensure corrective actions to avoid recurrence
- To drive safety culture emphasizing on collective participation and excellence

HEALTH POLICY

MTL is committed to managing its operations and ensuring the safety and health of its employees, visitors, contractors, customers, vendors and all those who are affected by its operations.

While striving to achieve health and safety excellence, MTL commits:

ENVIRONMENT POLICY

The Company has a separate horticulture department to make the environment pleasant, green and full of flowers. The Company also participates in various competitions on horticulture arranged by Government and other Institutions.

Position of the Organization within the Value Chain

Millat Tractors Limited is an assembler of agricultural tractors, implements, forklifts, generators and multi-application products. The raw material is procured from local and international vendors and the company employs around 346 permanent personnel.



Once the raw material is procured, value addition and assembly is done in-house to deliver the best tractors to its customers. Therefore, Pre Delivery Inspection (PDI) and continuous after-sales service are integral part of our operations.



Value Addition,
Assembly and
Quality Assurance



Pre - Delivery
Inspection



Hand-Over
to Dealers



After-Sales
Service

PESTLE Analysis



Political

Description	Change during the year 2021-22	Response
Political situation and its stability effect other factors which in turn effect your company	Political situation is not stabilized during the latter half of the year and accordingly uncertainty still persists for the Government which results in lack of long term planning and strategic innovations.	Periodical review of the situation to assess impact, If any and adjust its business policies to address these risks.



Economical

Description	Change during the year 2021-22	Response
Inflation , Currency devaluation, Economic growth and economic stability directly affect purchasing power of customers which can impact supply / demand factors	<ul style="list-style-type: none"> - Overall recovery in the economy from COVID era. - Increase in Minimum support price of agricultural products - Increase of agricultural output of major crops 	Attained the production of tractors to cope with the increased demand and increase its market share and also place its footprint in global market as well.



Social

Description	Change during the year 2021-22	Response
A change in brand perception, loyalty or how a customer sees a certain product can greatly affect performance of a company	Emphasis on quality and greater value for money	Free service campaigns and emphasis on "Right-First-Time" analogy to deliver quality products



Technological

Description	Change during the year 2021-22	Response
Rapid change in technological landscape requires constant upkeep otherwise product(s) may become obsolete or outdated	No significant change as farmers are usually content with proven technology and value proposition by local tractor manufacturers.	Continuous research and development coupled with launch of new products



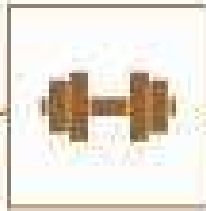
Legal

Description	Change during the year 2021-22	Response
Tax and regulatory measures can have a significant impact on how a company operates and presents its financial and legal information	Significant updates in tax and regulatory laws like; <ul style="list-style-type: none"> - Taxation laws - Labour related laws - SBP regulations 	Continuous review of compliance with legal, regulatory and reporting requirements



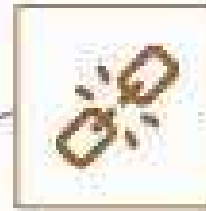
Ecological

Description	Change during the year 2021-22	Response
Global warming, availability of water and shift in seasons are impacting agriculture significantly which can have a significant impact on the company's performance	Crop yield has increased due to favorable conditions for the major crops and more focus of regulators towards environmental protection such as plantation drives.	Focus on sustainable and eco-friendly measures to reduce environmental impact and reduce its carbon footprint by installing 998 KW solar energy system



Strengths

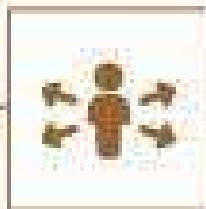
- Market leader
- Comprehensive 3S and 2S dealer network throughout the country
- Partnership with AGCO for technology and expertise sharing
- A vast vendor-ship network for procurement of supplies



Weaknesses

- Limited Diversification
- Quality and reliability of the Supply Chain

SWOT Analysis



Opportunities

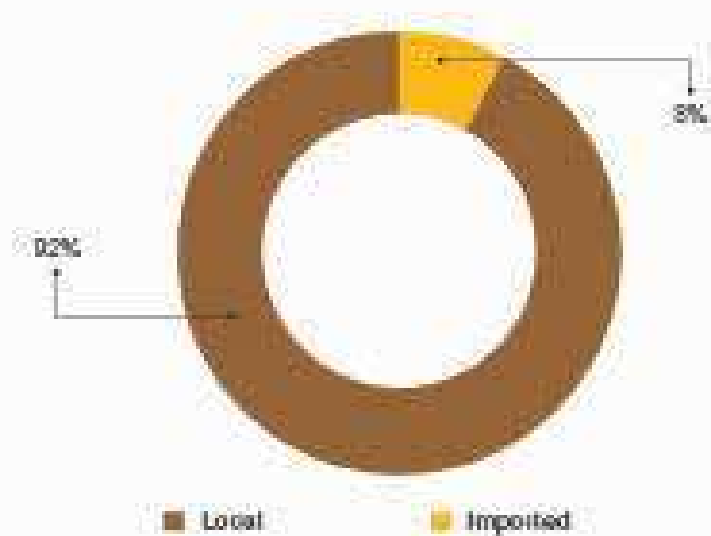
- Expand export market by increasing presence in Africa and Middle East
- Increase market share by expanding spare parts sales
- Farm mechanization



Threats

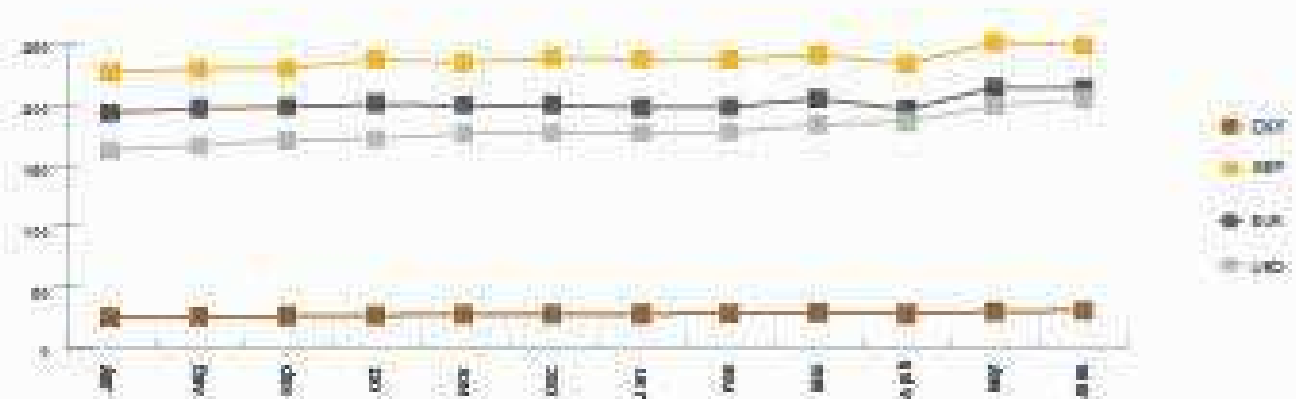
- Global warming
- Inflation and currency devaluation
- Inconsistent taxation policies

Composition of Local Versus Imported Material and Sensitivity Analysis



Average composition of raw material for products manufactured by the company is as above. However, most of the base raw materials for local components are indirectly imported by vendors resulting in exposure to foreign currency.

The fluctuation in major foreign currencies during the year is as presented in the below graph.



*Source – SBP DOMESTIC MARKETS AND MONETARY MANAGEMENT DEPARTMENT WEIGHTED AVERAGE CUSTOMER EXCHANGE RATES

The Company is actively monitoring its exposure and since no hedging options are available, selling prices will be adjusted as and when needed to maintain profitability.



A close-up photograph of a person's hand holding a small, light-colored wooden block. The hand is positioned on the left side of the frame, with the thumb and index finger gripping the block. The background is a rustic wooden surface made of horizontal planks. The lighting is soft and natural, highlighting the textures of the skin, the wood, and the fabric of the sleeve. The overall mood is calm and focused.

Strategy & Resource Allocation

Strategic Objectives

LONG TERM OBJECTIVES:

- Constantly endeavor to be market leader in terms of market share
- Technology pace-setters in areas of operations
- Continuously improve efficiency and competitive strength.
- Offer customers quality products and support services at competitive prices and customer satisfaction.
- Ensure sustainability of company returns to shareholders
- Enhance creativity and job satisfaction
- Provide employees opportunity for personal development.
- Be an integral part of national economy with a strong sense of responsibility to society and the environment.

MEDIUM AND SHORT-TERM OBJECTIVES

- Increase local and export market share
- Secure working capital requirements by effective cash flow management
- Ensure employee retention
- Safeguard shareholders' return

STRATEGIC PLAN

Millat Tractors Limited will ensure its facilities and operations are state of the art and enabled with latest technology to deliver quality products at optimum price point. In order to achieve this, the company will continue to invest in its employees and technology.

Support to vendor industry will continue even more so in these times. The company will continue to enable them through technological and financial support. The company also plans to work closely with those charged with governance of this country to ensure maximum wealth creation for all stakeholders.

LIQUIDITY ANALYSIS

Given the current situation under global pandemic of COVID-19 and floods in the country, it is important to discuss and assure our stakeholders of the company's liquidity position. During the year, sales of the Company has increased significantly which resulted in favorable cash flows to the Company. The Company has managed to effectively use these funds and also provide support to vending industry in these testing times.

However, during the year Sales tax refunds of the Company have ballooned up-to Rs 5.71 Billion which is creating problems for the Company with the increased activity level. Management of the Company is actively pursuing this matter at every possible forum so that operations of your Company are not disturbed.

SIGNIFICANT PLANS

The company aims to expand its global outreach by expanding its export operations and focus on diversification through providing IT-enabled solutions. The immediate goal is to keep the company secure with aspect to the global pandemic and ensure safety and well-being of all stakeholders and employees.

CHANGES IN OBJECTIVES

There has been no significant change in strategy and objectives from prior years other than those caused by the global pandemic.



Key Performance Indicators

QUANTITATIVE



Tractors
Units Sold



Export
Sales



Earnings
per Share



Market
Share

QUALITATIVE



Warranty
Claims



Employee
Retention



Right-First-Time
Build



Compliance of
Laws & Regulations

Resource Allocation Plans

Human Capital	Financial Capital	Manufactured Capital	Intangible Capital	Relationship Capital
<ul style="list-style-type: none"> Annual performance appraisals On-job training and development 	<ul style="list-style-type: none"> Continuous monitoring of working capital requirement Investment of surplus funds to generate additional income No long-term financing requirements 	<ul style="list-style-type: none"> Right-first-time manufacturing concept Strong affiliation with AGCO and Massey Ferguson to develop quality and cost effective tractors Diversification through other products such as forklifts, power generators, implements and multi-application products 	<ul style="list-style-type: none"> Development of in-house and independent IT-service provider Partnership with International Financial Solutions (IFS) to develop Oracle based ERP 	<ul style="list-style-type: none"> Cordial relationship with all supply chain stakeholders Liasion and co-operating with government Compliance with laws and regulations Sustainable growth of the Community by providing job opportunities for local population

The company periodically reviews its plans to effectively and efficiently utilize its available resources as outlined above. The senior management is aggressively involved in monitoring and supervision of day to day activities to ensure accurate and appropriate actions.

CAPITAL STRUCTURE OF THE COMPANY



The company relied completely on equity to finance its operations and does not hold any long-term loans except for State Bank of Pakistan (SBP) long term financing facilities of

- Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns and;
- renewable energy finance scheme





Risks & Opportunities

Risks and Opportunities

Risks	Source	Magnitude	Chance of occurrence	Plan to address
Liquidity Risk The Company is in net sales tax refund due to lower output tax rate on its products. Delay in the release of sales tax refunds may create liquidity issues for the Company which will hamper its operations.	External	High	Medium	1. Timely compliance of the requirements of laws and regulations to avoid delay in processing 2. Actively engaging with relevant tax authorities for release of sales tax refunds
Deterioration in quality of products Quality plays an important role in product image, market share and customer perception. Quality of MTL products may deteriorate due to following factors: <ul style="list-style-type: none"> Supply of low quality products by a single-source vendor Decrease in Right-First-Time assembly due to untrained staff Failure to detect procurement of low quality components This may result in loss of sales and reputation among prospective customers as well as reduction in market share	Internal	Medium	Low	1. Ensure proper quality checks of supplies from vendors by qualified and trained staff 2. Conduct periodical trainings of staff to ensure their competency 3. Strict vendor screening and monitoring process
Increase in costs due to currency devaluation and Inflation Inflation and devaluation of PKR against USD which will MTL directly as well as indirectly. Bill of imports is expected to increase for MTL; on the other hand, local vendors are likely to push for price increase as majority of their raw material is also imported which will impact profitability of MTL.	External	High	Medium	Continuous monitoring of costs and impact of currency devaluation to evaluate any change required in strategy and targets.

Information system / Enterprise Resource System failure ERP system in place may malfunction or stop working causing delays in operations and / or loss of sensitive information. Although there is a disaster recovery site in place, restoring of ERP database takes considerable time.	Internal	Medium	Low	1. Keep disaster recovery plan up to date and ensure its implementation in case of any event 2. Train relevant personnel with respect to disaster recovery plan 3. Ensure an effective business continuity plan is put up in concurrence with disaster recovery plan
High turnover of key employees resulting in loss of expertise There is a risk that employees at key position may leave the company for better opportunity elsewhere. This may result in diminishing of competitive manpower.				1. Train people to develop specialized skills and add width to their job description through role transition / job rotation 2. Develop and maintain an effective succession plan to minimize sudden loss of key personnel, if any
Opportunities	Source	Magnitude	Chance of occurrence	Plan to address
Export markets The company has increased its efforts in global markets, especially Africa, Middle East and Afghanistan to increase its global market share	External	High	Medium	1. Keep disaster recovery plan up to date and ensure its implementation in case of any event 2. Train relevant personnel with respect to disaster recovery plan 3. Ensure an effective business continuity plan is put up in concurrence with disaster recovery plan
Diversification The company had setup another retail outlet in Multan in addition to Badami Bagh Lahore to expand its spare parts sales. Based on performance of these ventures there is a large potential in establishing more retail outlets all over Pakistan to capture this market as well. Moreover, there is also huge potential for agricultural related accessories as customer awareness for new technology is enhancing.	Internal	Medium	Low	1. Educate customers about importance of usage of genuine spare parts 2. Expand spare parts dealer network 3. Introduction of new products of implements





Notice of Annual General Meeting

Notice of Annual General Meeting

Notice is hereby given that 59th Annual General Meeting of Millat Tractors Limited will be held at the Registered Office of the Company at 9 K.M. Sheikhpura Road, Shahdara, Lahore, on Thursday October 27, 2022 at 4:00 P.M to transact the following business:

A. ORDINARY BUSINESS

- 1) To confirm minutes of the Extra Ordinary General Meeting held on August 29, 2022.
- 2) To receive, consider and adopt the Financial Statements of the Company and the Group for the year ended June 30, 2022 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
- 3) To approve final cash dividend of Rs. 20.00 per share i.e., 200% in addition to the interim dividend of Rs. 45.00 per share i.e., 450% already paid making a total cash dividend of Rs. 65 per share i.e., 650%.
- 4) To appoint auditors and fix their remuneration for the year ending June 30, 2023.

B. SPECIAL BUSINESS

- 5) To ratify and approve transactions conducted with subsidiary/associated companies for the year ended June 30, 2022 by passing the following special resolution with or without modification.

"Resolved that the following transactions conducted with subsidiary/associated companies for the year ended June 30, 2022 be and are hereby ratified, approved and confirmed."

2022 (AMOUNTS IN RUPEES)				
Particulars	Tipeg Intertrade DMCC	Millat Industrial Products Limited	Bolan Castings Limited	Millat Equipment Limited
Purchase of components	833,065,275	389,472,191	2,632,330,268	6,182,363,586
Sale of components	630,000,854	-	112,232	3,373,446
Sale of Services	-	-	-	-

- 6) To authorize Chief Executive of the Company to approve transactions with subsidiary/associated companies for the year ending June 30, 2023 by passing the following special resolution with or without modification.

"Resolved that the Chief Executive of the Company be and is hereby authorized to approve all the transactions with subsidiary/associated companies on case to case basis in normal course of business during the period from 59th Annual General Meeting till the next Annual General Meeting of the Company."

"Further resolved that these transactions shall be placed before the shareholders in the next Annual General Meeting for their ratification/approval."

- 7) To approve investment of up to 15.86229335% in the equity of M/s. Nishat Motor (Pvt.) Limited by passing the following special resolution with or without modification, additions/deletions.

"Resolved that Millat Tractors Limited (the Company) be and is hereby authorized and empowered to make equity investment of up to Rs.1,427,606,402 (Rupees One thousand four hundred twenty seven million six hundred six thousand four hundred and two only) in phases from time to time being 15.86229335% equity in M/s. Hyundai Nishat Motor (Pvt.) Limited, a company incorporated under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017), by acquiring 142,760,641 shares of Rs. 10/- each.

Further resolved that the above said resolution shall be valid till such time the entire investment is made starting from the date of approval by members.

Further resolved that the Chief Executive of the Company be and is hereby authorized to make the aforesaid investment in shares as and when deemed appropriate and in the best interest of the Company.

Further resolved that the Chief Executive of the Company be and is hereby authorized and empowered to take any and all actions and to do all acts and things to make aforesaid investment including but not limited to filing of applications before any regulatory body for seeking necessary approvals from them and to complete all legal formalities including signing and execution of documents, instruments and other papers as may be required in connection therewith, which may be necessary under the laws of Pakistan and for carrying out the purposes aforesaid and giving full effect to and implement the above resolution."

- 8) To consider and if deemed appropriate to approve issuance of 20% Bonus Shares in addition to 40% Bonus Shares already issued by passing the following resolution as an ordinary resolution:

“RESOLVED THAT:

A sum of Rs. 193,735,586 out of the profit available for appropriations as at June 30, 2022 be capitalized and be applied to the issue of 19,373,558.6 (rounded to 19,373,558) ordinary shares of Rs.10 each allotted as fully paid Bonus Shares to the members whose names appear in the register of members as at the close of business on October 20, 2022 in the proportion of one share for every five ordinary shares held i.e., 20%.

These Bonus Shares shall rank pari passu in all respects with existing shares except that these shares shall not qualify for the final dividend declared for the year ended June 30, 2022.

The Directors be and are hereby authorized and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of Bonus Shares.”

“RESOLVED that the Directors be and are hereby authorized to consolidate all fractions of bonus shares and sell the same in the Stock Market and pay the proceeds of sales when realized to charitable institution(s).”

C. ANY OTHER BUSINESS

To transact any other business with the permission of the Chair.

By order of the Board

—SD—

Muhammad Faisal Azeem

Company Secretary

Lahore:

October 05, 2022

NOTES

1. The share transfer books of the Company will remain closed from October 21, 2022 to October 27, 2022 (both days inclusive) and no transfer will be accepted during this period. Transfers received, complete in all respect by the Shares Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275), Fax: (92-21) 34326053, Email: info@cdcsrsl.com, Website: www.cdcsrsl.com by the close of business on October 20, 2022 will be considered in time for the purpose of payment of final cash dividend, issuance of bonus shares and for the purpose of attending and voting at the meeting.
2. A member entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
3. Members, who have deposited their shares into Central Depository Company of Pakistan will further have to follow the under mentioned guidelines.

A. Attending of Meeting in Person:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC)/ original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

B. Appointment of Proxies:

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his/her original CNIC/original passport at the time of the meeting.

- iv) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the Company.

4. Participation in the Annual General Meeting

SECP, through its guidelines, has directed the listed companies to also arrange the provision of video link facility. Accordingly, in the best health interest of our valued shareholders and to ensure maximum participation, the Company has also arranged video link facility for attending this AGM. The shareholders interested in attending AGM through video link are requested to register their following particulars by sending an email at cdcsr@cdcsrsl.com or whatsapp no. 0321-8200864

Folio / CDC Account No.	Company Name	No. of shares held	Name	CNIC	Cell No.	Email Address
	Millat Tractors Limited					

The video link and login credentials will be shared with the shareholders whose emails, containing all the requested particulars, are received at the above email address by or before the close of business hours (5:00 P.M.) on Thursday, October 20, 2022.

5. Video Conference Facility

Without prejudice to the requirements and the arrangements as described in "Note 4" above, keeping in view the requirements of Section 132 of the Companies Act, 2017 read with SECP Circular 10 of 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the Annual General Meeting (AGM) through video conference at least seven days prior to the date of AGM, the Company will arrange a video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding the video conference facility venue at least 5 days before the date of the AGM along with the complete information needed to access the facility.

If you would like to avail video conferencing facility, as per above, please fill the following and submit to registered office of the Company at least 07 days before AGM.

I / We, _____ of _____ being a member of Millat Tractors Limited, holder of _____ Ordinary Share(s) as per Register Folio No / CDC Account No. _____ hereby opt for video conference facility at _____.

6. Postal Ballot

Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through e-voting in accordance with the requirements and procedure contained in the aforesaid regulations.

7. Non CDC Shareholders are requested to notify the change of address, if any, immediately and submit, if applicable, the CZ-50 Form (for non deduction of Zakat) to the Registrar of the Company M/s. CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275), Fax: (92-21) 34326053, Email: info@cdcsrsl.com, Website: www.cdcsrsl.com. All the shareholders holding shares through CDC are requested to update their addresses and Zakat status with their participants. This will assist in prompt receipt of Dividend.

8. Mandatory submission of CNIC

As per clause 6 of the Companies (Distribution of Dividends) Regulations, 2017 read with Section 242 of the Companies Act, 2017, the company has withheld and in future will also withhold cash dividend payment to shareholders who have not yet provided their valid CNIC number. In case your cash dividend is withheld due to aforesaid reason, you are requested to kindly provide legible copy of your valid CNIC to Company's Share Registrar if you hold shares in physical form or to the respective Participant/Investor Account Services if shares are held in book entry form.

9. Payment of Cash Dividend Electronically

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. Notices of the foregoing seeking information from shareholders for payment of dividend through electronic mode were sent earlier. The shareholders who have not submitted their details are now once again requested to provide their folio number, name and details of bank account consisting of bank name, branch name, branch code, Account number, Title of Account and IBAN in which they desire their dividend to be credited, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same at the earliest possible.

In case shares are held in CDC then the form must be submitted directly to shareholder's Participant/CDC Investor Account Services.

10. Deduction of Tax from Dividend Income

The rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 out of payments of dividend shall be as follows:

- (a) Members whose names are appearing in Active Taxpayers List (ATL) 15%
- (b) Members whose names are not appearing in Active Taxpayers List (ATL) 30%

To enable the Company to make tax deduction from cash dividend @15.00% instead of 30.00% all the members whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of cash dividend, otherwise tax on their dividend will be deducted @ 30.00% instead of 15.00%.

For members holding their shares jointly, as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on 'ATL / Non-ATL' status of principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts. Therefore all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to the Share registrar as follows.

			Principal shareholder		Joint shareholder	
Company Name	Folio/CDS Account#	Total Shares	Name and CNIC#	Shareholding Proportion(no. of Shares)	Name and CNIC#	Shareholding Proportion(no. of Shares)

The above required information must be provided to Share Registrar, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s). For any further query/problem/information, the investors may contact the Company Share Registrar: M/s. CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275), Fax: (92-21) 34326053, Email: info@cdcsrsl.com, Website: www.cdcsrsl.com. The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or the Shares Registrar. The shareholders while sending NTN certificates must quote company name and their respective folio numbers.

Valid Tax Exemption Certificate for Exemption from Withholding Tax

A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Income Tax Ordinance, 2001 and wish to seek an exemption must provide a copy of their valid tax exemption certificate to the Shares Registrar prior to the date of book closure otherwise tax will be deducted according to applicable law.

11. E-Dividend Registration

Central Depository Company (CDC) has developed a Centralized Cash Dividend Register (CCDR), an eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by company. counter foil of cash dividend showing details of dividend, tax withheld and Zakat deducted etc shall be available electronically via CCDR Web Portal. Shareholders can get the counterfoil and complete information of all cash dividends paid by the company by registering and accessing CCDR Web Portal at following link: <https://eservices.cdcaccess.com.pk/public/index.xhtml>

12. Placement of Accounts on website

The financial statements of the Company for the year ended June 30, 2022 along with reports have been placed at the website of the Company www.millat.com.pk.

13. Transmission of Annual Financial Statements through email

The Securities and Exchange Commission of Pakistan through SRO 787(I)/2014 dated September 08, 2014 has allowed companies to circulate annual financial statements, auditors' and directors' reports along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility can give their consent.

14. Transmission of Annual Financial Statements through CD

SECP through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the Annual Financial Statements, auditors' report and directors' report etc to its members through CD at their registered addresses. In view of the above the Company has sent its Annual Report-2022 to the shareholders in the form of CD. Any Member can send request for printed copy of the Annual Report-2022 to the Company on standard request form placed on its website.

15. Conversion of Physical Shares in to Book Entry Form

Securities and Exchange Commission of Pakistan (SECP) through its circular no. CSD/ED/Misc/2016-639-640 dated March 26, 2021 has advised the Listed Companies to adhere with the provisions of section 72 of the Companies Act, 2017 (the Act) by replacing shares issued by them in physical form with the shares to be issued in the Book entry Form. The shareholders having physical folios/share certificates are requested to convert their shares from physical form to book entry form at the earliest. The shareholders may contact any stock broker, CDC Participant (member of PSX) or CDC Investor Account services for assistance in opening of CDS Account and subsequent deposit of physical shares into the account in Book entry form.

The same would facilitate the shareholders in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for issuance of duplicate shares and readily available for sale and purchase in open market at prevailing better rates. The shareholders may contact our share registrar for details.

16. Mandatory Submission of Information by Physical Shareholders

According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are requested to provide their mandatory information such as CNIC number, address, email address (if available), contact mobile / telephone number, International Bank Account Number (IBAN), etc. to Company's Share Registrar immediately to avoid any non-compliance of law or any inconvenience in future.

STATEMENT U/S 134(3) OF THE COMPANIES ACT, 2017

AGENDA ITEM NO.5

Related Party Transactions (RPTs)

(As per Regulation 5(1) of The Companies (Related party Transactions and Maintenance of Related Records) regulations, 2018

During financial year ended on June 30, 2022, transactions with subsidiary/associated companies in the normal course of business were made by the Company. As per Regulation

15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, transactions carried out in normal course of business with subsidiary/associated companies (Related Parties) were required to be approved by the Board on quarterly basis duly recommended by the Audit Committee. Majority of directors were interested in these transactions due to their common directorship and holding of shares in the subsidiary/associated companies, the quorum of directors could not be formed for approval of these transactions, therefore the shareholders in their last Annual General Meeting had authorized the Chief Executive of the Company to approve these transactions in the normal course of business subject to final approval/ratification by the shareholders. Therefore, these transactions have to be approved/ratified by the shareholders in the Annual General Meeting.

It may be noted that principal activity of the company is assembly/ manufacture of Agri tractors for which components are procured from approximately 150 vending industries including group companies in the normal course of business. Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL) manufacture intricate tractor components i.e., major tractor castings and gears & shafts etc respectively for which limited sources are available in the country. Millat Industrial Products Limited (MIPL) manufactures tractor batteries while tractors and components are exported through TIPEG INTERTRADE DMCC (TIPEG). In addition, components are imported through TIPEG for in house use by the Company. During the year sale of scrap and swarf etc was also made to BCL for in house consumption.

The commercial reasons for entering into RPTs are the following.

- Availability of state of the art production facilities.
- Advanced Technical Know How.
- Dedicated production facilities.
- Elaborated testing facilities for MTL.
- Smooth supply chain

The Company has the following equity in the Subsidiary Companies.

TIPEG Inter Trade DMCC	75.00%
Millat Industrial Products Limited	64.09%
Bolan Castings Limited	46.26%
Millat Equipment Limited	45.00%

The common directors and their relatives have the following shareholding in the associated companies.

Sr. No.	Name of Director(s)	TIPEG	MIPL	BCL	MEL
		No. of Shares	No. of Shares	No. of Shares	No. of Shares
1	Mr. Sikandar Mustafa Khan & Relatives	100	543,750	166,369	1,625,001
2	Mr. Sohail Bashir Rana & Relatives	100	362,500	144,359	1,748,951
3	Mr. Laeeq Uddin Ansari & Relatives	100	362,500	3,120	2,164,801
4	Mr. Qaiser Saleem & Relatives	100	200,000	3,622	602,489
5	Syed Muhammad Irfan Aqueel (CEO, MTL and Director of MEL only)	-	-	2,500	100,000
	TOTAL	400	1,468,750	319,970	6,241,242
	Percentage Of Shareholding	20.00 %	16.40 %	2.78%	24.00 %

The information of the Related party transactions as required under Regulation 5(1) of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 is as under:-

Name of related party		TIPEG	MIPL	BCL	MEL
Names of interested or concerned persons or directors		Mr. Sikandar Mustafa Khan Mr. Sohail Bashir Rana (Not a Director in MEL & MIPL) Mr. Laeeq Uddin Ansari Mr. Qaiser Saleem (Not a Director in TIPEG) Syed Muhammad Irfan Aqueel (CEO, MTL & Director of MEL only)			
Nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in related party		Common Directorship & shareholding: Mr. Sikandar Mustafa Khan Mr. Sohail Bashir Rana (Not a Director in MEL & MIPL) Mr. Laeeq Uddin Ansari Mr. Qaiser Saleem (Not a Director in TIPEG) Syed Muhammad Irfan Aqueel (CEO, MTL & Director of MEL only)			
Detail, description, terms and conditions of transactions		1. Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders	1. Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders 3. Services	1. Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders 3. Services	1. Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders 3. Services
Amount of Transactions	Purchase of components/assets	833,065,275	389,472,191	2,632,330,268	6,182,363,586
	Sale of components	630,000,854	-	112,232	3,373,446
	Services	-	-	-	-
Time frame or duration of the transactions or contracts or arrangements.		01-07-2021 to 30-06-2022	01-07-2021 to 30-06-2022	01-07-2021 to 30-06-2022	01-07-2021 to 30-06-2022
Pricing Policy	Purchase of components	At Mutually Agreed price			
	Sale of components	At Mutually Agreed price			
	Services	As per Agreement			

The Directors are interested in the resolution to the extent of their common directorship and shareholding in the group Companies.

AGENDA ITEM NO.6

Authorization to CEO for Related Party Transactions (RPTs) [transactions with subsidiary/associated companies]

The Company shall be conducting Related Party Transactions (RPTs) with subsidiary/associated companies during the year ending June 30, 2023 in the normal course of business. Five

out of nine directors are interested in these transactions due to their common directorship and shareholding in the subsidiary/associated companies. After exclusion of interested directors and in case of absence of any uninterested director from the meeting, the remaining directors cannot form a valid quorum for the purpose of required approvals. Therefore, in order to satisfy the aforesaid requirement of approval by the Board on quarterly

basis and in the absence of formation of required quorum for the purpose, the transactions with subsidiary/associated companies will be presented in next AGM for seeking approval/ratification.

Further, in order to avoid non-compliance of any regulatory provision and to ensure routine approval of these transactions throughout the year, the shareholders may authorize the Chief Executive to approve the transactions carried out and to be carried out in normal course of business with subsidiary/associated companies during the period from 59th AGM to next AGM.

The Directors are interested in the resolution to the extent of their common directorships and shareholding in the subsidiary companies.

AGENDA ITEM NO.7

Investment in Associated Company

Nishat Group has established a green field project for manufacturing and sale of Hyundai Motor (Korea) products. For this purpose a company namely Hyundai Nishat Motor (Pvt.) Limited (HNMPL) was incorporated to undertake the project. Millat Tractors Limited (MTL) current shareholding in equity of HNMPL is 15.86229335% i.e., 167,542,301 shares. HNMPL had offered (through a letter of right) @ 85.20877423% (i.e., 142,760,741 shares) of current shares of HNMPL held by MTL.

The above right offer is being made to raise additional equity funds in order to avoid expensive debt servicing cost. The proceeds of the right shares shall be utilized in lieu of working capital loans and /or long term loans withdrawals.

The details as required under Regulation 3(1) (a) (b), 3(3), 3(4) and 4(1) of SRO 1240(I)/2017 Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 is as under.

3(1) (a) Disclosure for all types of Investments					
(A)	Regarding associated company or associated undertakings:-				
(i)	name of the associated company or associated undertaking		Hyundai Nishat Motor (Pvt.) Limited (HNMPL)		
(ii)	basis of relationship		Common Director		
(iii)	earnings per share for the last three years		31-Dec-21	31-Dec-20	31-Dec-19
			1.44	(2.96)	(1.18)
(iv)	break-up value per share, based on latest audited financial statements;		31-Dec-21	31-Dec-20	31-Dec-19
			8.22	6.71	8.94
(v)	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and		Year Ended Dec 31, 2021 (Audited)		Amounts in PKR
			Sales		34,298,694,455
			Gross Profit/(Loss)		2,845,270,499
			Profit/(Loss) before interest and tax		2,321,941,106
			Profit/(Loss) after tax		1,351,574,072
			Accumulated profit/(loss)		(1,686,329,533)
			Total assets		39,014,436,807
			Total liabilities		31,213,466,340
			Net equity		7,800,970,467
(B)	General disclosures:-				
(i)	maximum amount of investment to be made;		Rs. 1,427,606,402 (Rupees One thousand four hundred twenty seven million six hundred six thousand four hundred and two only)		
(ii)	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;		Dividend Income as well as prospective capital gains.		
(iii)	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,		Own Sources		
(l)	justification for investment through borrowings;		Not Applicable		

(II)	detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	Not Applicable
(III)	cost benefit analysis;	Not Applicable
(iv)	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	Not Applicable
(v)	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	NIL
(vi)	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	No indication of impairment or write off exists yet
(vii)	any other important details necessary for the members to understand the transaction;	NIL
3(1) (b) Disclosure for equity investment		
(i)	maximum price at which securities will be acquired	The price to be paid for the equity investment will be face value of Rs. 10/- per share
(ii)	in case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	Not applicable as shares are being acquired at face value of Rs. 10 each.
(iii)	maximum number of securities to be acquired;	142,760,641 Shares
(iv)	number of securities and percentage thereof held before and after the proposed investment	No. of Shares Before 167,542,301 No. of shares after 310, 303, 042 % age 15.86229335 %
(v)	current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	Not Applicable
(vi)	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;	An independent valuer has estimated a fair value of Rs. 25.15 per ordinary share as on August 04, 2022 through a valuation technique based on discounted cash flows

UNDERTAKING BY DIRECTORS

3(3) "We, the undersigned Directors of Millat Tractors Limited, do hereby undertake that we have duly carried out the necessary due diligence before making investment in the associated company namely Hyundai Nishat Motor (Pvt.) Limited.

The dividend from the investee company shall not only enhance the profitability of Millat Tractors but also open new avenue of business for the Company. The Board therefore recommends proposed investment in the associated company."

1. Sikandar Mustafa Khan, Chairman
2. Sohail Bashir Rana, Director
3. Laeeq Uddin Ansari, Director
4. Qaiser Saleem, Director
5. Mr. Saad Iqbal, Director
6. Syed Muhammad Irfan Aqueel, CEO
7. Mr. Nasar Us Samad Qureshi, Director
8. Mr. Muhammad Javed Rashid, Director
9. Mrs. Ambreen Waheed, Director

3(4) The Directors in their 187th meeting held on 23-09-2022 signed the above undertaking and the signed copy of which is available with the Company Secretary for inspection of the members.

4(1) Directors/sponsors interest

Mr. Sohail Bashir Rana who is also a director of Millat Tractors represents the Company as its nominee director on the Board of HNMPPL as approved by the Board.

AGENDA ITEM NO.8

Issuance of Bonus Shares

The Board of Directors is of the view that the Company's financial position and its reserves justify this capitalization for the issue of Bonus Shares. The Directors of the Company, directly or indirectly are not interested in the resolution except to the extent of their shareholding in the Company.

Disposal of Bonus Share Fractions

The Board in its 187th meeting held on September 23, 2022 has recommended that the fractions of bonus shares will be immaterial and of no significant financial disadvantage to the shareholders. Therefore the proceeds of the above may be donated to one or more charitable institutions (engaged in the welfare of human being) in line with the Company's policy of maximum participation in welfare.

ڈائریکٹرز کی جانب سے حلف نامہ:

(3) 3م، ملت ٹریکٹرز لمیٹڈ کے ذمہ دہ منتظمی، اس بات کا اقرار کرتے ہیں کہ ہم شرکت دار کمپنی تمام ہنڈل کی نشا ط موٹر (پرائیویٹ) لمیٹڈ میں یہ سرمایہ کاری کرنے کیلئے تمام مطلوبہ احتیاط اختیار کر چکے ہیں۔

سرمایہ دار کمپنی کی جانب سے حصص نام صرف ملت ٹریکٹرز کا منافع بڑھانے کا بلکہ کمپنی کیلئے کاروبار کی نئی راہیں بھی کھولے گا۔ اس لئے بورڈ شرکت دار کمپنی میں اس مجوزہ سرمایہ کاری کی سفارش کرتا ہے۔

1۔ سکندر مصطفیٰ خان، چیئرمین

2۔ سمیل بشیر رانا، ڈائریکٹر

3۔ لئیق الدین انصاری، ڈائریکٹر

4۔ قیصر سلیم، ڈائریکٹر

5۔ سعد اقبال، ڈائریکٹر

6۔ سید محمد عرفان عقیل، سی ای او

7۔ نصر احمد قریشی، ڈائریکٹر

8۔ جاوید رشید، ڈائریکٹر

9۔ محترمہ مہرین وحید، ڈائریکٹر

(4) ڈائریکٹرز مورخہ 23-09-2022 کو منعقدہ اپنے 187 ویں اجلاس عام میں اس مذکورہ بالا حلف نامہ پر دستخط کر چکے ہیں اور اس کی دستخط شدہ کاپی کمپنی سیکرٹری کے پاس ممبران کے معائنہ کیلئے دستیاب ہے

(1) ڈائریکٹرز اسپانسرز کی دلچسپی

مسٹر سمیل بشیر رانا جو کہ ملت ٹریکٹرز کے ڈائریکٹرز ہیں بورڈ کی منظوری کے مطابق HNMPPL کے بورڈ میں نامزدہ ڈائریکٹر کے طور پر کمپنی کی نمائندگی کرتے ہیں۔

ایجنڈا نمبر 8

بونس شیئر کا اجراء

بورڈ آف ڈائریکٹرز اس بات سے متفق ہیں کہ کمپنی کی مالی حالت اور اسکے ذخائر بونس شیئر کے اجراء کیلئے اس کی صلاحیت کا جائزہ لیں کرتے ہیں۔ کمپنی کے ڈائریکٹرز اس قرارداد میں باواسطہ یا بلاواسطہ اس سے زیادہ دلچسپی نہیں رکھتے کہ وہ کمپنی میں شیئر ہولڈنگ رکھتے ہیں۔

بونس شیئر ڈیفریکٹرز کا سپروزل:

بورڈ نے 23 ستمبر 2022 کو منعقدہ اپنے 187 ویں اجلاس میں یہ تجویز دی ہے کہ بونس شیئر کے فریکٹرز غیر مادی اور شیئر ہولڈرز کیلئے کسی نمایاں مالی نقصان سے پاک ہوں گے۔ اس لئے ایک یا دو اندر خیراتی اداروں (فلاح عامہ سے منسلک) میں تقسیم کی جائے جو کہ کمپنی کی فلاح عامہ کے کاموں میں زیادہ سے زیادہ شمولیت کی پالیسی کے متن مطابق ہے۔

(a) 3(1) تمام قسم کی سرمایہ کاری کی وضاحت		
v	مالی پوزیشن بشمول مالی پوزیشن کے گوشواروں کی بنیادی اشیاء اور حالیہ مالی گوشواروں کی بنیاد پر نفع و نقصان؛ اور	سال بختمہ 31 دسمبر، 2021 (ڈالز شدہ)
	رقم روپوں میں	ملین
	34,298,694,455	
	2,845,270,499	مجموعی منافع / (نقصان)
	2,321,941,106	منافع / (نقصان) قبل از سود اور ٹیکس
	1,351,574,072	منافع / (نقصان) بعد از ٹیکس
	(1,686,329,533)	مجموعی منافع / (نقصان)
	39,014,436,807	مجموعی اثاثہ جات
	31,213,466,340	مجموعی ادائیگیاں
	7,800,970,467	مجموعی ایکویٹی
p	عمومی وضاحت:	
i	سرمایہ کاری کی صورت	1,427,606,402 روپے
ii	ایسی سرمایہ کاری اور اس مدت کے دوران سرمایہ دار کھنی اور اسکے ممبران کو حاصل ہونے والے مقاصد وغیرہ	حصص کی آمدن کے ساتھ ساتھ مکمل نمائندگی کے فوائد
iii	ادوار کے لئے فنڈز کے وہاں سرمایہ کاری کی جائے گی اور سرمایہ کاری کیلئے استعمال ہونے والے فنڈز کے ذخائر	ذاتی ذرائع
i	ادوار کے ذریعے سرمایہ کاری کی وضاحت	قابل اطلاق نہیں ہے
ii	ان فنڈز کے حصول کیلئے ضمانت، گارنٹی اور گرومی رکھوائے گئے اثاثہ جات کی تفصیل	قابل اطلاق نہیں ہے
iii	کاسٹ پیفٹ انٹیکسٹ	قابل اطلاق نہیں ہے
iv	شرکت دار کھنی یا شرکت دار اقرار نامہ کے ساتھ اس مجوزہ سرمایہ کاری کیلئے معاہدے کے نمایاں عقد خالی (اگر کوئی ہوں تو)	قابل اطلاق نہیں ہے
v	شرکت دار کھنی یا شرکت دار اقرار نامہ یا زر فورٹائر یا شرکت میں ڈائریکٹرز، سپلائرز، زیادہ شیئر ہولڈرز اور ان کے احباب کے بالواسطہ یا بلاواسطہ مفادات (اگر کوئی ہوں تو)	NIL
vi	شرکت دار کھنی یا شرکت دار اقرار نامہ میں پہلے سے کی گئی سرمایہ کاری کی صورت میں اس سرمایہ کاری کی کارکردگی کا جائزہ بشمول کسی بھی خرابی یا منسوقی	خرابی یا منسوقی کا کوئی نشان نہیں
	کی معلومات، وضاحت، اور	
vii	فرازیشن کو سمجھنے کیلئے ممبران کیلئے کوئی بھی دیگر اہم معلومات	NIL
(b) 3(1) ایک نئی سرمایہ کاری کیلئے وضاحت:		
i	زیادہ سے زیادہ قیمت جس پر سیکورٹیز حاصل کی جائیں گی	ایک نئی سرمایہ کاری کیلئے ادائیگی کی قیمت کی ظاہری قدر 10 روپے فی شیئر ہوگی
ii	اسٹریٹجک سیکورٹیز کیلئے قیمت خرید مارکیٹ کی قدر سے زیادہ ہونے کی صورت میں اور ان اسٹریٹجک سیکورٹیز کی صورت میں جائزہ قدر اس کی وضاحت؛	لاگو نہیں ہے کیونکہ شیئر کی ظاہری قدر 10 روپے فی شیئر ہے
iii	زیادہ سے زیادہ حاصل کی جانے والی سیکورٹیز کی تعداد	142,760,641 شیئرز
iv	مجوزہ سرمایہ سے پہلے اور بعد میں سیکورٹیز کی تعداد اور شرح	شیئر کی تعداد (پہلے) 167,542,301 شیئر کی تعداد (بعد میں) 310,303,042 شرح 15.86229335 فیصد
v	اسٹریٹجک سیکورٹیز میں جہاں سرمایہ کاری کی جارہی ہے وہاں موجودہ اور 12 مہینے پہلے کی اوسط مارکیٹ قیمت؛ اور	Not Applicable
vi	غیر اسٹریٹجک سیکورٹیز میں سرمایہ کاری کیلئے ذیلی ریگولیشن (1) برائے ریگولیشن 5 برائے سرمایہ کاری کے مطابق نمونہ واپس کا تعین	ایک آزاد واپس لگانے والے نے مورخہ 04 اگست، 2022 تک 25.15 روپے فی عمومی شیئر کی نمونہ واپس کا تعین لگایا ہے اور یہ تخمینہ ڈسکاؤنڈڈ کمیشن ٹیڈ کی بنیاد پر ایک شخصیت تک کے ذریعے لگایا گیا ہے

رہنہ پارٹی کا نام	بائی ٹیک	ایم آئی بی ایل	بی بی ایل	ایم ای ایل
پارٹس/ اجازت جات	833,065,275	389,472,191	2,632,330,268	6,182,363,586
فرائز کھنڈی رقم کی خرید				
پارٹس کی فروخت	630,000,854	-	112,232	3,373,446
سروسز	-	-	-	-
فرائز کھنڈی معاہدات یا انتظامات کا دورانیہ	01-07-2021 تا 30-06-2022	01-07-2021 تا 30-06-2022	01-07-2021 تا 30-06-2022	01-07-2021 تا 30-06-2022
پارٹس کی خرید	At mutually agreed price			
پارٹس کی فروخت	At mutually agreed price			
سروسز	معاہدے کے مطابق			

اس قرارداد میں ڈائریکٹرز کی دلچسپی عمومی ڈائریکٹر شپ اور منسلک کمپنیوں میں شیئر ہولڈنگ تک ہے۔

ایجنڈا آئٹم نمبر 6

منسلک پارٹیوں سے لین دین (آر پی ٹی) کے لیے چیف ایگزیکٹو آفیسر کا اختیار

ہمیں بنیاد پر منظوری کی مذکورہ ضرورت کیلئے اور مطلوبہ کورم کی تشکیل نہ ہونے کی وجہ سے ذیلی/شرکت دار کمپنیوں کے ساتھ فرائز یکشر منظوری/توثیق کیلئے اگلے سالانہ اجلاس عام میں پیش کیے جائیں گے۔

سال بھر کی ریگولٹری پروویژن سے روگردانی سے بچنے اور فرائز یکشر کی روزمرہ منظوری کیلئے شیئر ہولڈرز ان فرائز یکشر پروکاروبار کے معمولات کے دوران عملدرآمد کیلئے چیف ایگزیکٹو کو 59 ویں سالانہ اجلاس عام سے اگلے سالانہ اجلاس عام تک ذیلی/شرکت دار کمپنیوں کے ساتھ فرائز یکشر کی اجازت دینے کا اختیار دے سکتے ہیں۔

اس قرارداد میں ڈائریکٹرز کی دلچسپی عمومی ڈائریکٹر شپ اور منسلک کمپنیوں میں شیئر ہولڈنگ تک ہے۔

کمپنی 30 جون، 2023 کو ختم ہونے والے سال کے دوران عمومی کاروباری اعزاز میں ذیلی/شرکت دار کمپنی کے ساتھ Related Party Transactions کا اہتمام کرے گی۔ کمپنی کے 9 ڈائریکٹرز میں سے پانچ ڈائریکٹرز مشترکہ ڈائریکٹر شپ اور ذیلی/شرکت دار کمپنیوں میں شیئرز رکھنے کی وجہ سے اس لین دین میں دلچسپی رکھتے ہیں۔ خواہشمند ڈائریکٹرز کو نکال کر اور اجلاس میں کسی بھی غیر دلچسپی رکھنے والے ڈائریکٹر کی عدم موجودگی کے بعد باقی ڈائریکٹرز اس مطلوبہ منظوری کیلئے مستحکم کورم تشکیل نہیں دے سکتے۔ اس لئے پورے سے۔

ایجنڈا آئٹم نمبر 7

شرکت دار کمپنیوں میں سرمایہ کاری:

نظام گروپ نے ہڈائی موٹر (کوریڈا) کی مصنوعات کی تیاری و فروخت کیلئے ایک گرین فیلڈ پراجیکٹ قائم کیا ہے۔ اس مقصد کیلئے ہڈائی نظام موٹر (پرائیویٹ) لمیٹڈ (HNMPPL) کے نام سے ایک کمپنی ان امور کیلئے قائم کی گئی تھی۔ HNMPPL کی انکوبینی میں ملت ٹریڈنگز لمیٹڈ (ایم ٹی ایل) کی شیئر ہولڈنگ 15.86229335 فیصد (167,542,301 شیئرز) ہے۔ HNMPPL نے ایم ٹی ایل کے پاس موجود HNMPPL کے موجودہ شیئرز میں سے 85.20877423 فیصد کے حساب سے (142,760,741 شیئرز) آفر کیے ہیں (بذریعہ لیٹر آف رائٹ)۔

مذکورہ بالا آفر اضافی انکوبینی فنڈز اکٹھا کرنے کیلئے دی گئی ہے تاکہ پہلے قرضہ کی سروسنگ لاگت سے بچا جاسکے۔ درآمدت شیئرز کا یہ عمل ورکنگ کپٹل قرضوں اور طویل مدتی قرضوں کی ادائیگی کیلئے استعمال کیا جائے گا۔

ایس آر اے 2017 (I)/1240 کمپنیز (ذیلی) اتھت کمپنی میں سرمایہ کاری (ریگولیشن 2017، کی ریگولیشن 3(4)، 3(3)، 3(1)(b) اور 4(1) کے مطابق تفصیل درج ذیل ہے۔

(5) 3(1) تمام قسم کی سرمایہ کاری کی وضاحت				
الف	شرکت دار کمپنی یا شرکت دار اقراموں سے متعلق:			
i	شرکت دار کمپنی یا شرکت دار اقرام کا نام			
ii	تعلق کی بنیاد			
iii	گزشتہ تین سال کیلئے فی شیئر آمدن			
	31 دسمبر، 2019	31 دسمبر، 2020	31 دسمبر، 2021	
	(1.18)	(2.96)	1.44	
iv	حالیہ آؤٹ شدہ مالی گوشواروں کی بنیاد پر فی شیئر بریک اپ ویلج			
	31 دسمبر، 2019	31 دسمبر، 2020	31 دسمبر، 2021	
	8.94	6.71	8.22	

رہنڈ پارٹنرز مائز یکسٹر کا حصہ بننے کی تمنا رکھنے والے افراد کی تعداد متعین ہے۔

(ا) سٹیٹ آف دی آرٹ پروڈکشن کی سہولیات کی دستیابی

(ب) جدید ٹیکنیکی کھوج

(پ) بہترین معیاری اور ہر وقت فعال پروڈکشن سہولیات

(ت) ملٹ ٹریکٹرز کے لیے ٹیکنیک کی ترقی کی سہولیات

(ث) بلا قفل ہوا سپلائی چین

مشترک ڈائریکٹرز کی فہرست کی فہرست میں شریک ہونے والے درج ذیل ہیں:

نمبر شمار	ڈائریکٹر (ر) کا نام	نالی چیک	ایم آئی پی ایل	بی سی ایل	ایم ای ایل
1	مسٹر سکندر مصطفیٰ خان صاحب	100	543,750	166,369	1,625,001
2	مسٹر سہیل بشیر رانا صاحب	100	362,500	144,359	1,748,951
3	مسٹر شعیب الدین انصاری صاحب	100	362,500	3,120	2,164,801
4	مسٹر قیصر سلیم صاحب	100	200,000	3,622	602,489
5	سیّد محمد عرفان قتیل (سی ای او ایم پی ایل اور ڈائریکٹر ایم ای ایل)	-	-	2,500	100,000
	کل	400	1,468,750	319,970	6,241,242
	شریک ہونے والے کی شرح	20.00 فیصد	16.40 فیصد	2.78 فیصد	24 فیصد

کلیئر (متعلقہ پارٹی سے لین دین اور متعلقہ ریکارڈ کی دیکھ بھال) کے لیے یکم اگست 2018 کے ریکولیشن (1) کے تحت لازم متعلقہ پارٹی لین دین کی معلومات حسب ذیل ہیں:

رہنڈ پارٹی کا نام	نالی چیک	ایم آئی پی ایل	بی سی ایل	ایم ای ایل
دو چکی رکھنے والوں کے نام یا متعلقہ افراد یا ڈائریکٹرز	مسٹر سکندر مصطفیٰ خان مسٹر سہیل بشیر رانا (ایم ای ایل اور ایم آئی پی ایل کے ڈائریکٹر ہیں) مسٹر شعیب الدین انصاری مسٹر قیصر سلیم (نالی چیک میں ڈائریکٹر ہیں) سیّد محمد عرفان قتیل (سی ای او ایم پی ایل اور ایم ای ایل کے ڈائریکٹر)			
تعلق کی نوعیت، دو چکی، یا واسطہ شمول کامل مالی آگاہی یا دیگر روایتی ڈائریکٹرز کا غیر یا بنیادی انتظامی لوگوں کا رہنڈ پارٹی کیساتھ واسطہ	کلین ڈائریکٹر شپ اور شریک ہونے والے مسٹر سکندر مصطفیٰ خان مسٹر سہیل بشیر رانا (ایم ای ایل اور ایم آئی پی ایل کے ڈائریکٹر ہیں) مسٹر شعیب الدین انصاری مسٹر قیصر سلیم (نالی چیک کے ڈائریکٹر ہیں) سیّد محمد عرفان قتیل (سی ای او ایم پی ایل اور ایم ای ایل کے ڈائریکٹر)			
کامل کوآف، تفصیل اور ڈائریکٹرز کے قواعد و ضوابط	1- طے شدہ آرڈرز کے مطابق پُر زہ جات کی خرید و فروخت 2- طے شدہ آرڈرز کے مطابق پُر زہ جات کی خرید و فروخت 3- ہر روز	1- طے شدہ آرڈرز کے مطابق پُر زہ جات کی خرید و فروخت 2- طے شدہ آرڈرز کے مطابق پُر زہ جات کی خرید و فروخت 3- ہر روز	1- طے شدہ آرڈرز کے مطابق پُر زہ جات کی خرید و فروخت 2- طے شدہ آرڈرز کے مطابق پُر زہ جات کی خرید و فروخت 3- ہر روز	1- طے شدہ آرڈرز کے مطابق پُر زہ جات کی خرید و فروخت 2- طے شدہ آرڈرز کے مطابق پُر زہ جات کی خرید و فروخت 3- ہر روز

ممبران اپنے انکم ٹیکس ایگزیمپشن سرٹیفکیٹ کی کاپی کھاتے بند ہونے کی تاریخ سے پہلے شیئر رجسٹرار کے پاس جمع کروائیں۔ بصورت دیگر منافع کی رقم پر قانون کے مطابق ٹیکس لاگو ہوگا۔

11- ای ڈیویڈنڈ رجسٹریشن:

سنٹرل ڈیویڈنڈ ٹری کیپی نے ایک سنٹرلائزڈ کیش ڈیویڈنڈ رجسٹر (CCDR) تیار کیا ہے جو ایک ای سروس ویب پورٹل ہے جس میں کیش ڈیویڈنڈ کی بابت تفصیلات رکھی جائیں گی آپ کی کیش ڈیویڈنڈ ادا کروایا گیا ہے، ادا نہیں کیا گیا یا کپنی کی طرف سے روک لیا گیا ہے۔ ڈیویڈنڈ ٹیکس کٹوتی اور زکوٰۃ کی ادا ہنگی وغیرہ کی تفصیلات کا حامل کیش ڈیویڈنڈ کا ایک کاؤنٹر فوئل محض الیکٹرونک CCDR ویب پورٹل کے ذریعے میسر ہے۔ شیئر ہولڈرز مندرجہ ذیل لنک کے ذریعے CCDR ویب پورٹل پر رجسٹریشن اور رسائی حاصل کر کے کاؤنٹر فوئل اور کپنی کی طرف سے ادا کیے گئے کل کیش ڈیویڈنڈ کی تمام معلومات حاصل کر سکتے ہیں۔

<https://eservices.cdcaccess.com.pk/public/index.xhtml>

12- ویب سائٹ پر اکاؤنٹس کی تفصیلات

کپنی کی سالانہ فیصلہ شملٹس (30 جون 2022 کو ختم ہونے والے سال کے لئے) پر پورس کے ممبرانہ کپنی کی ویب سائٹ www.millat.com.pk پر رکھ دی گئی ہیں۔

13- سالانہ مالیاتی تفصیلات بذریعہ ای میل

ایس ای سی پی نے اپنے SRO787(I)/2014 بتاریخ 08 ستمبر 2014 کپنیوں کو اجازت دی ہے کہ وہ سالانہ فیصلہ شملٹس، آڈیٹر کی رپورٹ اور ڈائریکٹرز رپورٹ مع اطلاع سالانہ اجلاس عام ای میل کے ذریعے ممبران کو بھیج سکتی ہیں۔ جو ممبران اس سہولت سے فائدہ اٹھانا چاہیں وہ اپنی رضامندی کا اظہار کر سکتے ہیں۔

14- سالانہ مالیاتی تفصیلات بذریعہ ڈی

ایس۔ ای۔ سی۔ پی نے اپنے 31 مئی 2016 کے جاری کردہ نوٹیفیکیشن (1) SRO 470 2016 میں کپنیوں کو اس بات کی اجازت دی ہے کہ سالانہ فیصلہ شملٹس، آڈیٹر رپورٹ اور ڈائریکٹرز رپورٹ وغیرہ تمام ممبران کو ان کے رجسٹرڈ پتے پر ڈی کے ذریعے ارسال کر سکتے ہیں۔ اس بات کے پیش نظر کپنی نے اپنی سالانہ رپورٹ برائے 2022 سی ڈی کی صورت میں ارسال کی ہے۔ سالانہ رپورٹ برائے 2022 کی برعکس کاپی کے لیے کوئی بھی ممبر کپنی کی ویب سائٹ پر دیکھنے کے درخواست فارم کے ذریعے درخواست کر سکتا ہے۔

15- فزیکل حصص کی بک انٹری فارم میں تبدیلی:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے اپنے سرکرٹر نمبر CSD/ED/Misc/2016-639-640 بتاریخ 26 مارچ 2021 کے ذریعے لکھنؤ کو ہدایت کی ہے کہ وہ ایکٹ 2017 (دی ایکٹ) کے سیکشن 72 پر عملدرآمد کرتے ہوئے فزیکل فارم میں جاری کردہ شیئر زکوٰۃ انٹری فارم میں جاری کردہ شیئر سے تبدیل کریں۔ فزیکل فوئیلز/شیئر سرٹیفکیٹس رکھنے والے شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے فزیکل شیئر زکوٰۃ انٹری فارم سے جلد از جلد تبدیل کروائیں۔ شیئر ہولڈرز سی ڈی ایس اکاؤنٹ کھولوانے

اور فزیکل شیئر اکاؤنٹ میں بک انٹری فارم میں جمع کروانے کیلئے کسی بھی شناک برادر سی ڈی سی پارٹنیشن (پاکستان شناک ایکسچینج کمیشن) ای سی ڈی سی انویسٹر اکاؤنٹ سرور سے رابطہ کر سکتے ہیں۔

یہ عمل شیئر ہولڈرز کو مختلف طریقوں مثلاً شیئر زکوٰۃ حفاظت، شیئر زکوٰۃ نقصان سے بچاؤ، ڈیویڈنڈ شیئر زکوٰۃ اجراء میں درج رہی کارروائی سے بچنے اور اوپن مارکیٹ میں اچھے داموں خرید و فروخت کیلئے بھی مددگار ثابت ہوگا۔ شیئر ہولڈرز تفصیلات کیلئے ہمارے شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔

16- فزیکل شیئر ہولڈرز کی طرف سے معلومات کا لازمی جمع کروانا

کپنی ایکٹ 2017 کے سیکشن 119 اور کپنی (جنرل پروڈیوزر اینڈ فارمز) ریگولیشنز 2018 کے ریگولیشن 19 کے مطابق، تمام فزیکل شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنی لازمی معلومات جیسے CNIC نمبر، ایڈریس، ای میل ایڈریس (اگر دستیاب ہو) فراہم کریں۔ موبائل فون نمبر، انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) وغیرہ کیلئے کپنی کے شیئر رجسٹرار سے فوری طور پر رابطہ کریں تاکہ قانون کی عدم تعمیل یا مستقبل میں کسی بھی قسم کی تکلیف سے بچا جاسکے۔

کپنی ایکٹ 2017 کے سیکشن (3) 134 کے مطابق اسٹینٹ

ایجنڈا آئٹم نمبر 5

ریٹیفیکیشن پارٹیز سے لین دین (آر پی ٹیز)

کپنی ریگولیشنز 2018 کے ریگولیشن (1) 05 (متعلقہ پارٹی ٹرانزیکشنز اور متعلقہ ریکارڈز کی دیکھ بھال) کے مطابق کپنی کی جانب سے سالانہ 30 جون 2022 کے دوران روزمرہ امور میں ذیلی اشراکت دار کپنیوں کے ساتھ لین دین کیا گیا۔ لکھنؤ کپنی (کوڈ آف کارپوریٹ گورنس) ریگولیشنز 2019 کی شق نمبر 15 کے مطابق لین دین آڈٹ کپنی کی سٹارٹ پر سرمایہ بنیادوں پر پوری کی جانب سے منظور ہوتا تھا۔ تاہم کپنی کے ڈائریکٹروں کی زیادہ تعداد مشترکہ ڈائریکٹر شپ اور ذیلی اشراکت دار کپنیوں میں شیئر زکوٰۃ کی وجہ سے ان ٹرانزیکشنز میں دلچسپی رکھتی ہے۔ ان ٹرانزیکشنز کی منظوری کے لیے ڈائریکٹرز کی مطلوبہ تعداد پوری نہ ہو سکی، اس لیے شیئر ہولڈرز کی جانب سے گزشتہ اجلاس عام میں کپنی کے چیف ایگزیکٹو آفیسر کو اختیار دیا گیا تھا کہ وہ روزمرہ کے امور کے دوران اس لین دین کی شیئر ہولڈرز سے حتمی منظوری/توثیق کے بعد منظوری دے سکیں اسی لیے ان ٹرانزیکشنز کی منظوری/توثیق اجلاس عام میں شیئر ہولڈرز سے لی جائے گی۔

اس بات کو مد نظر رکھا جائے کہ کپنی کا بنیادی کام انگریزی ٹریڈرز تیار کرنا یا پرزے جوڑ کر بنانا ہے۔ جس کے مختلف حصے تقریباً 150 ویڈنگ انڈسٹریز بشمول گروپ کپنی سے عام کاروباری طریقے سے حاصل کیے جاتے ہیں۔ بولان کاسٹنگ لمیٹڈ (بی سی ایل) اور ملت ایکسچینج لمیٹڈ (ایم ای ایل) ٹریڈرز کے مختلف اہم حصے، بالترتیب کاسٹنگ، گیمز، ڈور شافٹس وغیرہ تیار کرتے ہیں جن کی پیداوار کے لیے ملک میں بہت کم وسائل ہیں۔ ملت انڈسٹریل پراڈکٹس لمیٹڈ (ایم آئی پی ایل) ٹریڈروں کی بنیاد بناتا ہے جب کہ ٹریڈر اور ان کے پرزے جات ٹائی پیگ انٹر فیلڈرز سی ڈی ایس کے ذریعے برآمد کئے جاتے ہیں۔ مزید برآں ٹائی پیگ کے ذریعے ہی کپنی کی اندرونی ضروریات پوری کرنے کے لیے پرزے درآمد بھی کئے جاتے ہیں۔ اسی سال کے دوران ملکر پ اور سوارف بھی بولان کاسٹنگ لمیٹڈ کو بیچا گیا۔

میں اہم ----- آف ----- ملت فریکیز لیٹل کے ممبران ، جن کے عمومی شیئرز ----- رجسٹرڈ فوئو نمبر / سی ڈی سی اکاؤنٹ نمبر ----- ویڈیو کانفرنس کی سہولت ----- میں چاہتا ہوں / چاہتے ہیں۔

6۔ پوئل پلٹ:

کمپنیز (پوئل پلٹ) ریگولیشنز 2018 کے مطابق ڈائریکٹرز کے انتخاب اور کمپنیز ایکٹ 2017 کے سیکشن 143 اور 144 کے تحت ایجنڈا آفٹم کیلئے ممبران مذکورہ الیت اور طریقہ کار کے تحت مذکورہ قواعد کے مطابق بذریعہ ای ویٹنگ اپنا حق رائے دی استعمال کر سکتے ہیں۔

7۔

ٹان سی ڈی سی شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے پتہ میں تبدیلی کی صورت میں فوری طور پر مطلع کریں۔ اور قابل اطلاق ہو تو cz-50 فارم (ذکوۃ کوئی کی ممانعت) بھر کر کمپنی کے رجسٹرار میسرزی ڈی سی شیئر رجسٹرار سرورس لیٹل ڈی سی ہاؤس ، 99۔ بی، بلاک بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس، مین شاہراہ فیصل، کراچی۔ 74400 ہون: کسٹمر پورٹ سرورس (ٹال فری) (23275) CDCPL-0800 ٹیکس: 34326053 (21-92)، ای میل: info@cdcsrsl.com، ویب سائٹ: www.cdcsrsl.com کے دفتر میں جمع کرادیں۔ سی ڈی سی کے ذریعہ شیئر ہولڈرز حضرات سے درخواست کی جاتی ہے کہ وہ اپنے پتہ اور ذکوۃ کی موجودہ حیثیت سے شرکا کو مطلع رکھیں۔ اس عمل سے منافع کی برصورت ادائیگی میں مدد ملے گی۔

8۔ شناختی کارڈ کا لازمی جمع کرانا:

کمپنیز ریگولیشنز 2017 (برائے منافع مقصد)، جسے کمپنیز ایکٹ 2017 کے سیکشن 242 کے ساتھ پڑھا جائے، کی شق نمبر 6 کے تحت کمپنی نے ان حصص داران کی ادائیگیاں روک دی ہیں، اور آئندہ بھی روکے رکھے گی، جنہوں نے ابھی تک اپنا مصدقہ شناختی کارڈ نمبر جمع نہیں کروایا ہے۔ اگر مذکورہ وجہ سے آپ کا منافع مقصد روک لیا گیا ہے تو آپ سے درخواست ہے کہ ازراہ کمپنی کے شیئر رجسٹرار کو اپنے شناختی کارڈ کی مصدقہ نقل فراہم کر دیں اگر آپ کے حصص فونیکل ہیں یا اگر آپ ایک انٹری فارم میں متعلقہ شرکت دار / انویسٹر اکاؤنٹ سرورس کے پاس ہیں۔

9۔ یکیش ڈیویڈنڈ کی الیکٹرونک ادائیگی:

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت، یکیش کی صورت میں ادا کیا جانے والا منافع، صرف الیکٹرونک طریقہ کار سے ہی اہل شیئر ہولڈرز کے بتائے گئے اکاؤنٹ میں براہ راست ٹرانسفر کیا جائے گا۔ شیئر ہولڈرز کو اس سے قبل بھی الیکٹرونک طریقہ کار کے ذریعے منافع کی ادائیگی سے متعلق معلومات کے لیے فونمز جاری کیے جا چکے ہیں۔ اب ایک مرتبہ شیئر ہولڈرز سے ان کے فوئو نمبرز، نام اور بینک کی تفصیلات (جس میں بینک کے نام کے ساتھ، برانچ کا نام، برانچ کوڈ، اکاؤنٹ نمبر، اکاؤنٹ نمائل اور IBAN فراہم کرنے کی درخواست کی جاتی ہے۔ یہ معلومات نہ فراہم کرنے کی صورت میں کمپنی کسی اور طریقے سے منافع ادا نہیں کر پائے گی۔ کمپنی کی ویب سائٹ پر بھی شیئرز درخواست فارم فراہم کر دیا گیا ہے۔ ممبران سے درخواست ہے کہ یہ تمام معلومات کمپنی تک جلد جلد ہم پہنچا دیں۔

شیئرز CDC کی صورت میں موجود ہونے پر درخواست فارم شیئر ہولڈر کے شرکت دار / ایکٹو انویسٹر اکاؤنٹ سرورس کو جمع کروائے جائیں گے۔

10۔ ڈیویڈنڈ کی آمدن سے ٹیکس کی کوئی:

آگم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت کمپنیوں کی طرف سے ادا کی گئی منافع کی رقم پر دو ہولڈنگ ٹیکس کی کوئی کو مختلف شرح سے لاگو کیا جاسکتا ہے۔ یہ شرح مندرجہ ذیل ہیں۔

الف) ممبران جن کے نام ایکٹیو ٹیکس میٹر زسٹ (ATL) میں شامل ہیں 15.00 فیصد

ب) ممبران جن کے نام ایکٹیو ٹیکس میٹر زسٹ (ATL) میں شامل نہیں ہیں 30.00 فیصد

ایسے تمام شیئر ہولڈرز جو آگم ٹیکس ریٹرن فائل کرتے ہیں ممبران کا نام ایف بی آر کی ویب سائٹ پر ایکٹیو ٹیکس میٹر زسٹ (ای ٹی ایل) میں درج نہیں ہیں، انہیں مطلع کیا جاتا ہے کہ وہ اپنے منافع کی ادائیگی کی تاریخ سے پہلے پہلے اے ٹی ایل میں نام درج کروائیں ورنہ منافع پر دو ہولڈنگ ٹیکس کی کوئی 15.00 فیصد کی بجائے 30.00 فیصد ہوگی۔

مشترک شیئر ز رکھنے والے شیئر ہولڈرز کے لیے، ایف بی آر کی جانب سے جاری کی گئی وضاحت کے تحت (ATL/Non-ATL) کے ٹیکس کے مطابق، پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈر کے حصص کی مقدار کے تناسب سے دو ہولڈنگ ٹیکس لاگو کیا جائے گا۔ اس لیے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈر (ز) کے حصص میں تناسب کے بارے میں شیئر رجسٹرار کو درج ذیل طریقے سے آگاہ کریں۔

کمپنی کا نام	فونڈ ای ڈی	کل شیئرز	ہم اور شناختی	شیئر ہولڈنگ کا	نام اور شناختی	شیئر ہولڈنگ کا	نام اور شناختی	شیئر ہولڈنگ کا
ایس اکاؤنٹ نمبر	ایس اکاؤنٹ نمبر	ایس اکاؤنٹ نمبر	ایس اکاؤنٹ نمبر	ایس اکاؤنٹ نمبر	ایس اکاؤنٹ نمبر	ایس اکاؤنٹ نمبر	ایس اکاؤنٹ نمبر	ایس اکاؤنٹ نمبر

مندرجہ بالا معلومات شیئر رجسٹرار کو برصورت مہیا کریں ورنہ فرض کر لیا جائے گا کہ پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈرز برابر کے حصص دار ہیں۔ کسی مسئلہ، استفسار، یا معلومات کے لیے انویسٹرز کمپنی کے شیئر رجسٹرار میسرزی ڈی سی شیئر رجسٹرار سرورس لیٹل ڈی سی ہاؤس ، 99۔ بی، بلاک بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس، مین شاہراہ فیصل، کراچی۔ 74400 ہون: کسٹمر پورٹ سرورس (ٹال فری) (23275) CDCPL-0800 ٹیکس: 34326053 (21-92)، ای میل: info@cdcsrsl.com، ویب سائٹ: www.cdcsrsl.com سے رابطہ کریں۔ سی ڈی سی اکاؤنٹ رکھنے والے کارپوریٹ شیئر ہولڈرز کو چاہیے کہ وہ اپنے متعلقہ بروکر کو اپنے میٹل ٹیکس نمبر سے مطلع رکھیں جب کہ کارپوریٹ فونیکل شیئر ہولڈرز کو چاہیے کہ وہ این ٹی این سرٹیفکیٹ کمپنی یا شیئر رجسٹرار کو بھیجیں۔ شیئر ہولڈرز کو چاہیے کہ وہ این ٹی این سرٹیفکیٹ بھیجے وقت کمپنی کا نام اور متعلقہ فوئو نمبرز ضرور درج کریں۔

دو ہولڈنگ ٹیکس سے بچنے کے لیے مستحق ٹیکس ایگریمنٹ سرٹیفکیٹ کی فراہمی

آگم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت منافع کی رقم سے آمدنی ٹیکس سے استثنیٰ کے لیے ٹیکس ایگریمنٹ سرٹیفکیٹ لازمی ہے۔ آگم ٹیکس آرڈیننس 2001 کے تحت ٹیکس سے مستثنیٰ

سی) امور دیگر

صاحب صدر کی اجازت سے کوئی اور دوسری ٹرانزیکشن کرنا

تجملہ بورڈ

محمد فیصل عظیم

کینیڈین بکریٹری

لاہور:

105 اکتوبر 2022

نوٹس:

1- کینیڈین کی منتقلی حصص کی کتابیں 21 اکتوبر 2022 سے 27 اکتوبر 2022 تک (بشمول ہر دو ایام) بند رہیں گی۔ اور اس مدت کے دوران کوئی منتقلی قبول نہیں کی جائے گی۔ شیئرز رجسٹر، میسرز ڈی سی شیئرز رجسٹر اور سرسلیٹڈ سی ڈی سی ہاؤس، 99- بی، بلاک بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس، مین شاہراہ فیصل، کراچی۔ 74400، فون: کنسرپٹ سروسز (ٹال فری) 0800-CD CPL (23275)، فیکس: 34326053 (21-92)، ای میل: info@cdcsrsl.com، ویب سائٹ: www.cdcsrsl.com کے دفتر میں 20 اکتوبر 2022 کو بزنس کلوز ہونے تک وصول ہونے والی ہر لحاظ سے مکمل منتقلیاں حتمی منافع ادا کرنے، بونس شیئرز کے اجراء، اجلاس میں شریک ہونے اور ووٹ ڈالنے کے لیے بروقت تصور کی جائیں گی۔

2- اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اپنے بجائے کسی دوسرے ممبر کو اجلاس میں شرکت اور ووٹ دینے کے لیے پراکسی (اپنا نمندہ) مقرر کر سکتا ہے۔ ہر اور دستخط شدہ پراکسی یا آئندہ مشور ہوئیں کینیڈین کے رجسٹرڈ دفتر میں اجلاس سے کم از کم 48 گھنٹے قبل لازماً وصول ہونی چاہئیں۔

3- ممبران جو سنٹرل ڈیپازٹری کینیڈین آف پاکستان میں شریعت کرنا چاہتے ہیں، مندرجہ ذیل ہدایات پر عمل کریں۔

الف) انفرادی طور پر اجلاس میں شمولیت

(i) انفرادی شمولیت کی صورت میں اکاؤنٹ ہولڈر، سب اکاؤنٹ ہولڈر یا وہ افراد جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات کا ہدایات کے مطابق اندراج ہے، اجلاس میں حاضری کے وقت اپنا اصلی پاسپورٹ یا اصلی کمپیوٹرائزڈ شناختی کارڈ دکھا کر اپنی شناخت کی تصدیق کروائیں۔

(ii) کارپوریٹ اداروں کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد یا بورڈ آف انٹرنیٹ ناظرانہ کے دستخط کے نمونوں کے ہمراہ اجلاس میں پیش کئے جائیں۔

ب) پراکسیوں کا تقرر

(i) انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ افراد جن کے گروپ اکاؤنٹ میں سیکورٹیز موجود ہو اور قواعد کے تحت اپنی رجسٹریشن کی تفصیلات درج کرائی ہوں وہ درج بالا ضرورت کے تحت پراکسی قائم کر سکتے ہیں۔

(ii) تنظیمی ممالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپیاں اور پراکسی، پراکسی قائم کے ساتھ فراہم کی جائے گی

(iii) پراکسی افراد اجلاس کے وقت اصلی شناختی کارڈ یا پاسپورٹ پیش کریں گے۔

(iv) کارپوریٹ اداروں کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد یا بورڈ آف انٹرنیٹ ناظرانہ کے دستخط شدہ نمونے پراکسی قائم کے ہمراہ جمع کرائے جائیں گے۔

4- سالانہ اجلاس عام میں شمولیت:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے ہدایات نامہ میں ویڈیولنک کی سہولت فراہم کرنے کی بھی ہدایت کی ہے۔ اس لئے ہمارے معزز شیئرز ہولڈرز کے صحت مندانہ مفاد اور زیادہ سے زیادہ شمولیت یقینی بنانے کیلئے کمپنی نے سالانہ اجلاس عام میں شرکت کیلئے ویڈیولنک کی سہولت کا انتظام کیا ہے۔ سالانہ اجلاس عام میں بذریعہ ویڈیولنک شرکت کے خواہشمند شیئرز ہولڈرز سے درخواست ہے کہ وہ درج ذیل معلومات ای میل ایڈریس cdcsr@cdcsrsl.com یا ڈس ایپ نمبر 0321-8200864 پر ارسال کریں۔

ذیلی ای سی اکاؤنٹ نمبر	کینیڈین نام	موجودہ شیئرز کی تعداد	نام	شناختی کارڈ نمبر	سوال نمبر	ای میل ایڈریس

ایسے ممبران جن کی تمام مطلوبہ کوائف کی تفصیلات 20 اکتوبر 2022 بروز جمعرات کاروباری دورانہ کے اختتام تک (05:00 بجے شام) مذکورہ بالا ای میل ایڈریس پر موصول ہوں گی انکو ویڈیولنک اور لاگ ان کی معلومات شیئرز کر دی جائیں گی۔

5- ویڈیو کانفرنس کال کی سہولت:

مذکورہ "نوٹ 4" میں بیان کردہ ضروریات اور انتظامات کے مطابق بغیر تعصب کے کمپنیز ایکٹ 2017 کے سیکشن 132 سے ایس ای سی پی سرکر 10 آف 2014 کے ساتھ پراہم کیا ہے، اگر کینیڈین کے ممبران جن کے پاس مجموعی طور پر 10 فیصد یا اس سے زیادہ شیئرز ہوں، اگر کسی خاص جغرافیائی حدود (کسی خاص جگہ/شہر) میں موجود ہوں اور وہ سالانہ اجلاس سے 7 روز قبل میٹنگ میں ویڈیو کانفرنس کے ذریعے شرکت کی اطلاع دیں تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولیات مہیا کرنے کا انتظام کرے گی بشرطیکہ اس شہر میں اس طرز کی سہولیات میسر ہوں۔ کینیڈین اس بات کو یقینی بنائے گی کہ ویڈیو کانفرنس کی جگہ اور دیگر تمام تفصیلات سالانہ عمومی اجلاس سے 5 روز قبل تک ان ممبران تک پہنچ جائیں۔

اگر مندرجہ بالا تفصیلات کے تحت آپ بھی سالانہ میٹنگ میں ویڈیو کانفرنس کے ذریعے شرکت کرنا چاہتے ہیں تو براہ مہربانی اجلاس سے کم از کم 7 روز قبل ذیل میں دیا گیا فارم پُر کر کے کمپنی کے رجسٹرڈ دفتر میں جمع کروائیں۔

نوٹس برائے سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ ملت ٹریڈ لمیٹڈ 59کے واپس سالانہ اجلاس عام یکشنبی کے روز بروز دفتر برہمقام 9۔ کلومیٹر مشرقی
پورہ روڈ، شاہدرہ، لاہور بروز جمعرات 27 اکتوبر، 2022 بوقت 04:00 بجے شام مندرجہ ذیل امور کی انجام
دہی کے لیے منعقد ہوگا۔

(الف) امور عام

- 1- غیر معمولی اجلاس عام منعقدہ 29 اگست، 2022 کے منٹس کی تصدیق
- 2- 30 جون، 2022 کو ختم ہونے والے سال کیلئے کینیڈا اور گروپ کے مالی حسابات بشمول جیٹر مین جائزہ رپورٹ، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، ان پر غور و خوض اور منظوری۔
- 3- حتمی منافع منقسمہ 20 روپے فی شیئر یعنی 200 فیصد اور عبوری نقد منافع منقسمہ 45 روپے فی شیئر یعنی 450 فیصد (جو کہ پہلے سے ادا شدہ ہے)، جو کہ مجموعی نقد منافع منقسمہ 65 روپے فی شیئر جو کہ 650 فیصد بنتا ہے کی منظوری۔
- 4- 30 جون، 2023 کو ختم ہونے والے سال کے لیے آڈیٹرز کا تقرر اور ان کے مشاہروں کا تعین۔

(ب) امورِ خاص:

- 5۔ 30 جون 2022 کو ختم ہونے سال کیلئے درج ذیل قرارداد کی مع/بغیر ترامیم منظوری کے ساتھ ذیلی/بشراکت دار کمپنیوں کے ساتھ لین دین کی توثیق اور منظوری۔

”قرار پایا کہ:

سالِ چھترمہ 30 جون، 2022 کیلئے ذیلی/شراکت دار کمپنیوں کے ساتھ کیے گئے درج ذیل لین و دیں کی توثیق، منظوری اور تصدیق کی جاتی ہے۔"

(رقم روپوں میں) 2022					
چارجنگز	دہائی کیس اعزاز (ای ایم سی سی)	ملک اعظمی مل جل اسٹیشن لیجنڈ	برائین پاسنگو لیجنڈ	ملک انکمیکسٹ لیجنڈ	
پارٹنر کی خرید	833,065,275	389,472,191	2,632,330,268	6,182,363,586	
پارٹنر کی فروخت	630,000,854	-	112,232	3,373,446	
روز	-	-	-	-	

- 6۔ کوئٹہ کے چیف ایگزیکٹو کو مندرجہ ذیل قرارداد (تجدیلی کے ساتھ یا تبدیلی کے بغیر) کی منظوری کے ذریعے اختیار دیا کہ وہ 30 جون، 2023 کو ختم ہونے والے سال کے لیے ذیلی اشتراک دار کمپنیوں کے ساتھ لین دین کی منظوری دے سکیں گے۔

”مطے پاپا کہ کہنی کے چیف ایگزیکٹو ہیں اور ہیں جسے کہ 59 ویں سالانہ اجلاس عام سے کہنی کے اگلے سالانہ عمومی اجلاس تک، ذیلی شرکت وار کہنیوں کے ساتھ لیٹھ دین کی کہیں نو کہیں قیادوں پر کاروبار کے دوران منظوری دے کہیں گے۔“

"مزید طے پایا کہ لین دین کی یہ تفصیلات آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی توثیق و منظوری کے لیے پیش کی جائیں گی۔"

- 7- درج ذیل خصوصی قرارداد کی ترامیم، اضافے/اخذات کے ساتھ یا بغیر منظوری کے ذریعہ مہمراز نشاط موٹر (پرائیویٹ) لمیٹڈ کی ایکویٹی میں 15.86229335 فیصد سرمایہ کی منظوری

"قرار پایا کہ ملت ٹریڈنگ کمپنی (پرائیویٹ) لمیٹڈ، جو کہ ایک منسوخ شدہ کمپنیز آرڈیننس، 1984ء (حالیہ کمپنیز ایکٹ 2017ء) کے تحت قائم کی گئی کمپنی ہے، کی ایکویٹی میں 10 روپے فی شیئر مالیت کے 142,760,641 شیئرز کے حصول کے ذریعے مختلف مرحلوں میں متبادل 15.86229335 فیصد کے حساب سے 1,427,606,402 روپے کی سرمایہ کاری کرے گی۔"

مزید قرار پایا کہ ممبران کی جانب سے منظوری کی تاریخ سے مکمل سرمایہ کاری کے وقت تک یہ مذکورہ بالا قرار دو مستند رہے گی۔

مزید قرار پایا کہ کمیٹی کے چیف ایگزیکٹو جب مناسب اور کمیٹی کے مفاد میں بہتر خیال کریں مذکورہ بالا شیڈز کی صورت میں سرمایہ کاری کی منظوری دینے کیلئے با اختیار ہیں اور ہوں گے۔

مزید قراء پایا کہ کھیتی کے چنیفہ ایگریکولر مذکورہ بالا مقاصد اور قرارداد کے مطابق سرمایہ کاری پر مکمل طور پر عملدرآمد دینی چاہئے۔ کیلئے پاکستان کے قوانین کے تحت کسی بھی قسم کی کارروائی اور تمام اقدامات اور ایشیا، بشمول (مغربی محدود نہیں) کسی بھی مہاجر اور وہ کے سامنے اُن سے منظور کیلئے درخواستوں کی فائلنگ اور تمام قانونی کارروائیوں کی تکمیل بشمول دستاویزات، دانش و منتس اور دیگر کا کفایت جو اس سے متعلق ضروری ہوں بروستخط اور عملدرآمد کیلئے مہاجر اور اختیار رکھتے ہیں اور کبھی گئے۔ *

- 8۔ درج ذیل قرارداد کی بطور عمومی قرارداد منظور کی سے پہلے سے جاری کرو 40 فیصد بونس شیئرز کے ساتھ ساتھ 20 فیصد بونس شیئرز کے اجراء پر غور و خوض اور مناسب ہونے کی صورت میں منظوری۔

”قرار پایا کہ

30 جون 2022 تک انحصاسی لحاظ سے موجود مجموعی منافع میں سے 193,735,586 روپے 10 روپے مالیت کے 19,373,558.6 عوامی شیئرز (راؤ آف کر کے 19,373,558) کے اجراء کیلئے استعمال میں لائے جائیں گے جو کہ 20 اکتوبر 2022 تک کاروباری اختتام تک کمپنی کے رجسٹر میں موجود ممبران کو بطور مکمل ادائیگی پولس شیئرز ادا کیے جائیں گے (5 برہ عوامی شیئرز کیلئے ایک شیئر کے تناسب سے، جو کہ 20 فیصد ہے)۔

یہ پولیٹیشنرز موجودہ شیڈز کے ساتھ رہنما سے Pari Passu حضور ہوں گے ماسوائے اس کے کہ یہ 30 جون، 2022 کو اختتام پزیر ہونے والے سال کیلئے اعلان کردہ عبوری حقصرہ کیلئے اہل نہیں ہوں گے۔

ڈائریکٹران اس قرارداد کو مودو ثبات دے، یوئس شیئرز کے اجراء، الاٹمنٹ اور تقسیم کیلئے متعلقہ تمام امور کا مودو اور اشیاء کیلئے مکمل مجاز اور با اختیار ہوں۔"

”قرار پایا کہ ڈائریکٹر ان یونس شیئرز کی تمام فریکشنز کو یکجا کرنے اور انہیں شاگ مارکیٹ میں فروخت کرنے اور ان کا حاصل کو کھاناچی اداروں میں تقسیم کرنے کے مجاز ہیں“



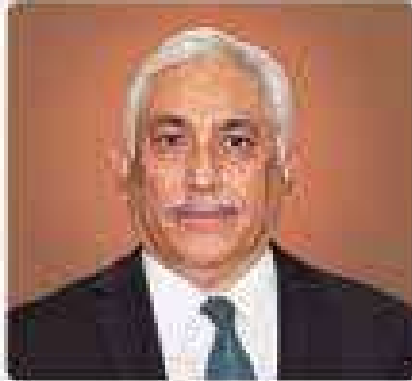


Governance

Board of Directors



Mr. Sikandar M. Khan
Chairman



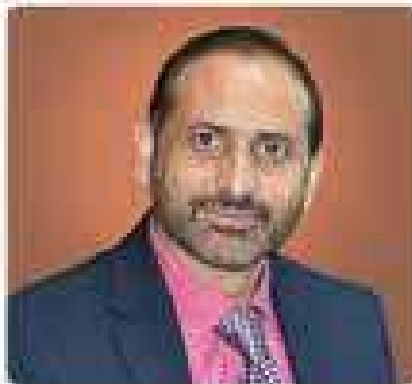
Syed Muhammad Irfan Aqueel
CEO



Mr. Sohail Bashir Rana
Executive Director



Mr. Laeeq Uddin Ansari
Non-Executive Director



Kaiser Saleem
Non-Executive Director



Mr. Saad Iqbal
Non-Executive Director



Mr. Nasar Us Samad Qureshi
Independent Director



Mr. Muhammad Javed Rashid
Independent Director



Mrs. Ambreen Waheed
Independent Director

Board Committees

AUDIT COMMITTEE

1. Mr. Nasar Us Samad Qureshi,	Chairman
2. Mr. Laeeq Uddin Ansari,	Member
3. Mr. Qaiser Saleem,	Member
4. Mr. Saad Iqbal,	Member
5. Mr. Muhammad Javed Rashid,	Member

The terms of reference are as per Listed Companies (Code of Corporate Governance) Regulations, 2019.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

1. Mr. Muhammad Javed Rashid,	Chairman
2. Mr. Laeeq Uddin Ansari,	Member
3. Mrs. Ambreen Waheed,	Member
4. Syed Muhammad Irfan Aqueel,	Member

The terms of reference of HR&R committee are as follows:

- Recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors).
- Recommending human resource management policies to the Board.
- Recommending to the Board regarding the appointment of chief financial officer, company secretary and head of internal audit.
- Keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

FINANCE COMMITTEE

1. Mr. Sohail Bashir Rana,	Chairman
2. Mr. Laeeq Uddin Ansari,	Member
3. Syed Muhammad Irfan Aqueel,	Member

The terms of reference are as follows:-

- Product(s) pricing including tractors.
- Approval of mutual funds for investment/disinvestment of Company funds.
- Capital Expenditure as per authority table.
- Review Budget proposals prior to finalization.
- Approval of Traveling Abroad up to Executive Grade.
- Retainer ship (approval and fixation of compensation).
- Any matter(s) brought to the notice of committee for consideration.

MARKETING COMMITTEE

1. Mr. Sohail Bashir Rana,	Chairman
2. Mr. Laeeq Uddin Ansari,	Member
3. Syed Muhammad Irfan Aqueel,	Member

The terms of reference of the Marketing Committee are as follows:

- Formulation of sales/marketing strategy.
- Appointment/termination of dealers including agreements.
- Allowing commission /discounts.
- Approval of priority for early delivery.
- Introducing of incentive schemes.
- Other matters relating to sales & marketing.

BOARD'S COMMITTEE FOR GROUP SUPERVISION (BCGS)

1. Mr. Sikandar Mustafa Khan,	Chairman
2. Mr. Sohail Bashir Rana,	Member
3. Mr. Laeeq Uddin Ansari,	Member
4. Mr. Qaiser Saleem,	Member

The terms of reference of the BCGS are as follows:

- Approve plan for future growth, expansion and new project of the Company.
- Review over all business performance of the group companies.
- Approve major projects including new investments of group companies.

ESG COMMITTEE

1. Mrs. Ambreen Waheed,	Chairman
2. Mr. Sohail Bashir Rana,	Member
3. Mr. Saad Iqbal,	Member
4. Syed Muhammad Irfan Aqueel,	Member

The terms of reference of the ESG committee are as follows:

- Represent the board in defining the Company's strategy relating to ESG matters.
- Review policies, practices and performance of the Company in line with ESG.
- Ensuring effectiveness and relevance with changing regulatory and industrial compliances.
- Assign responsibilities to MTL management for innovative compliance processes and reporting mechanisms.

A portrait of a middle-aged man with dark hair, a grey beard, and glasses. He is wearing a dark blue suit jacket, a light blue shirt, and a brown patterned tie. The background is a solid orange color.

Chairman's Review

I am pleased to present chairman's review in accordance with section 192 of Companies Act, 2017, on overall performance of the board and effectiveness of the role played by the board in achieving company's objectives.

During the financial year (FY)-2022, your Company managed to deliver 35,005 tractors compared to 35,515 tractors last year which shows strong foothold of the Company in the local market.

GOVERNANCE ROLE OF THE BOARD

Composition and dynamics of the Board

Board's role is to provide entrepreneurial leadership of the company within a framework of prudent effective controls, which enables risk to be assessed and managed. The Board performs three major roles in a company – it provides direction (i.e. sets the strategic direction of the company), monitors and provides support and advice to management (advisory role). These roles are in accordance with the vision and mission of the company for achieving the company's business objectives.

The composition of the Board is given below:

- Independent Directors:03
- Executive Directors:02
- Non-Executive Directors:04

In order to ensure stewardship and monitor direction of the company the Board has made sub-committees which in my opinion have significantly contributed in steering and managing the company. These committees ensure due compliance of Code of Corporate Governance and include:

- Audit Committee
- Human Resource and Remuneration Committee
- Finance Committee
- Marketing Committee
- Board Committee for Group Supervision
- Environmental Social Governance Committee (ESG)



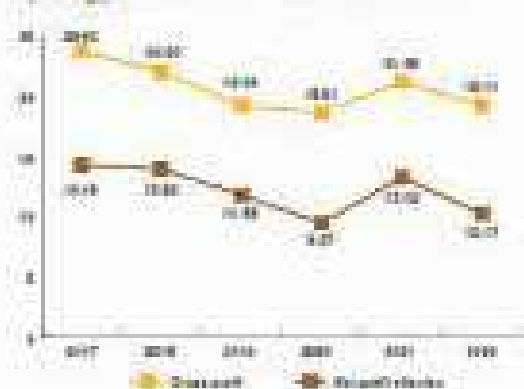
Board Evaluation

As required under the Code of Corporate Governance, a mechanism consisting of a comprehensive questionnaire was circulated to all directors of the Board for evaluation of performance of Board's own performance, members of the Board and of its committees. The key areas covered included:

- Strategy and planning
- Board operations and effectiveness
- Measuring and monitoring of performance
- Professional development

Individual feedback was obtained and on the basis of that feedback the average rating of the performance of the Board and role of Chairman regarding governing the BOD was found up to the mark as is evident by the performance of the company and its overall image.

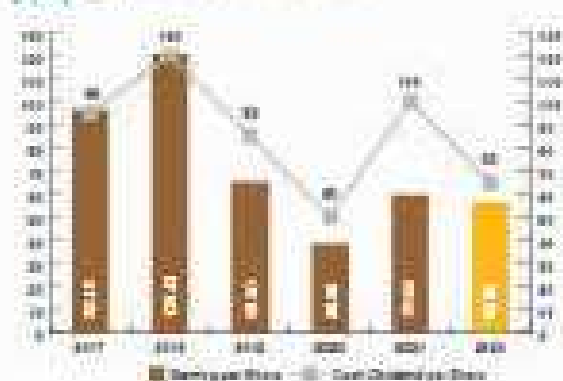
Gross Profit / Net Profit After Tax
(Percentage)



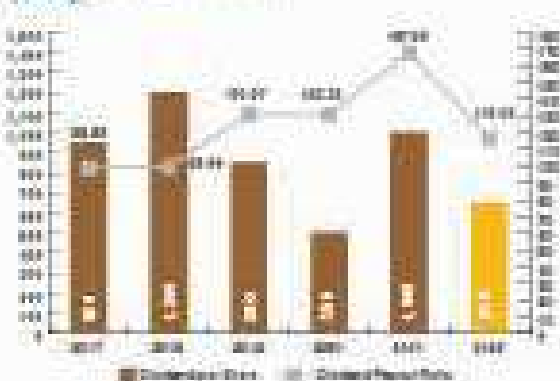
Break up / Market Value Per Share
(Rupees)



Earning / Dividend Per Share
(Rupees)



Dividend Payout Ratio
(Percentage)



Overall Economic and Industry Review

During financial year (FY)-2022, the economy of Pakistan rebounded from the pandemic and showed a V-shaped economic recovery. The GDP growth reached 5.97 percent. Still economy is facing underlying macroeconomic imbalances and associated domestic as well as international risks. Pressure on exchange rate intensified due to depleting foreign exchange reserves.

External factors like highly transmissible Omicron Variant, Russia-Ukraine conflict and resultant energy & food prices are upending the global economy. Commodity prices have fallen in recent weeks after hitting new heights. Growth in global economy is highly uncertain and is still struggling. The economic fallout from Russia-Ukraine conflict has created economic damage globally as well as locally. Despite falling commodity prices internationally the input prices of our local products are still high due to US Dollar appreciation against Pak Rupee. Fuel and food prices are increasing rapidly and disproportionately affecting vulnerable populations in Pakistan as well as other low-income countries.

Agriculture sector recorded a remarkable growth of 4.4 percent and surpassed the target of 3.5 percent. This was mainly due to 6.6 percent growth in crops and 3.3 percent in Livestock. Industrial sector recorded a growth of 7.2 percent in FY-2022 compared to 7.8 percent growth in FY-2021.

The production of farm tractors in the country increased to 58,880 units showing an increase of 16.01% during the FY-2022, against production of 50,751 units in same period of last year.

The tractor industry is on recovery trend and has shown growth as compared to the previous period despite increase in prices due to international commodity prices. Improved liquidity position of farmers and improvement in local demand has led to increase in sales of tractors.

Your Company faced some liquidity constraints during the FY-2022 due to nonpayment of Sales Tax refunds by FBR. Although, MTL has received partially the sales tax refunds but a considerable amount of refunds are still pending to be processed and paid at FBR end. Further to this, sharp decline in Rupee value against US Dollar resulted in increase in raw material prices and increased working capital requirements.

Accordingly in the context of international developments, the raw material prices are surging on daily basis which has resulted in highest inflation rate globally as well as locally. Pakistan Rupee (PKR) is continually struggling against US Dollar; Pakistan economy is also struggling hard to get back on recovery trail.

The recent floods in the country have played havoc with the farming community and our economics, looking ahead, outlook for tractor industry is highly dependent on the weather pattern amid climate change. The relief efforts by the Government for rehabilitation of the affected areas shall be a key to revert to normalcy and path to growth. Moreover, with the significant increase in minimum support price of agricultural commodities such as wheat and sugarcane, we expect demand for agricultural tractors and related products to grow for the next fiscal year.

Last, but not least, I would like to take this opportunity to extend my gratitude towards Board of Directors, shareholders, vendors, dealers and employees of MTL and would like to acknowledge their hard-work in such testing times.

I would like to end with a prayer that may we all stay safe during these testing times and may Allah pull us out of these testing times successfully.



Sikandar Mustafa Khan

Chairman

Millat Tractors Limited
Lahore: September 23, 2022

آخر میں، میں ملت ٹریکٹرزمینڈ کے بورڈ آف ڈائریکٹرز، شیئر ہولڈرز، وینڈرز، ڈیلرز اور ایجنٹس کو خراج تحسین پیش کرتا ہوں اور ان مشکل حالات میں ان کی سخت محنت کو سراہتا ہوں۔

میری دعا ہے کہ آپ سب خیر و عافیت سے رہیں اور اس مشکل وقت سے بحفاظت نجات کیلئے خدائے بزرگ و برتر کی رحمتیں ہر لمحہ ہمارے ساتھ رہیں۔



سید مصطفیٰ خان

چیئر مین

ملت ٹریکٹرزمینڈ

لاہور: 23 ستمبر، 2022

زرعی شعبہ میں 4.4 فیصد کی شاندار ترقی دیکھنے میں آئی اور یہ مطلوبہ ہدف یعنی 5.3 فیصد کی حدود کو گزری۔ اس میں 6.6 فیصد ترقی اجناس اور 3.3 فیصد ترقی لائیو سٹاک میں دیکھنے میں آئی۔ مالی سال 2022 کے دوران انڈسٹریل سیکٹر میں 7.2 فیصد ترقی ہوئی جو کہ مالی سال 2021 کے دوران 7.8 فیصد تھی۔

مالی سال 2022 کے دوران فارم ٹریکٹرز کی پیداوار میں 58,880 یونٹس تک اضافہ ہوا اور یوں اس میں 16.01 فیصد بڑھوتری دیکھنے میں آئی جبکہ گزشتہ مالی سال کے دوران یہ اعداد و شمار 50,751 یونٹس تک تھے۔

بین الاقوامی کموڈٹیز کی قیمتوں میں اضافے کے باوجود ٹریکٹر انڈسٹری گزشتہ سال کے مقابلہ میں بحالی کے راستے پر گامزن ہے۔ کسانوں کی بہتر لیکویٹی پوزیشن اور مقامی طلب میں اضافے نے ٹریکٹرز کی فروخت بڑھانے میں کلیدی کردار ادا کیا ہے۔

آپ کی کمپنی کو مالی سال 2022 کے دوران ایف بی آر کی جانب سے سیکرٹریس ری فنڈز کی عدم ادائیگی کی بدولت لیکویٹی رکاوٹوں کا سامنا ہوا۔ اگرچہ ملت ٹریکٹرزمینڈ کو بڑی طور پر سیکرٹریس ری فنڈز سے موصول ہو چکے ہیں تاہم ایف بی آر کی جانب سے ابھی بھی ایک خطیر رقم ان ری فنڈز کی صورت میں واجب الادا ہے۔ مزید برآں امریکی ڈالر کے مقابلے میں روپے کی قدر میں تیزی سے کمی کی وجہ سے خام مال کی قیمتیں بڑھ گئی ہیں اور ورکنگ کپٹل کی ضروریات میں اضافہ ہو چکا ہے۔

اسی طرح عالمی سطح پر ہونے والی ڈویلپمنٹ کے تناظر میں خام مال کی قیمتیں روزانہ بنیادوں پر بڑھ رہی ہیں جس کی وجہ سے بین الاقوامی سطح کے ساتھ ساتھ مقامی سطح پر بھی مہنگائی بلند یوں کو چھو رہی ہے۔ ڈالر کے مقابلہ میں پاکستانی روپیہ تاحال مشکل کا شکار ہے اور ملکی معیشت بحالی کے ٹریک پر واپس آنے کیلئے پورے جتن کر رہی ہے۔

ملک میں حالیہ سیلاب نے کاشتکار طبقہ کیلئے تباہی پیدا کر دی ہے اور مستقبل میں ہماری معیشت اور ٹریکٹر انڈسٹری کی ترقی کا دار و مدار ماحولیاتی تبدیلی کی وجہ سے موسموں کے رد و بدل پر ہے۔ متاثرہ علاقوں میں معمولات زندگی کی بحالی اور ترقی کیلئے حکومت کی جانب سے کی گئی بحالی کوششیں اہم کردار سرانجام دیں گی۔ اس کے علاوہ زرعی کموڈٹیز مثلاً گندم اور چینی کی سپورٹ پرائس میں نمایاں اضافہ کی وجہ سے اگلے مالی سال کے دوران زرعی ٹریکٹروں اور متعلقہ مصنوعات کی طلب میں اضافہ متوقع ہے۔

چیمبرمین کا جائزہ

میں کمپنیز ایکٹ، 2017 کے سیکشن 192 کے تحت بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول کے لئے بورڈ کے ممبروں کی جانب سے دیئے گئے جائزے کو پیش کرنے پر خوشی محسوس کرتا ہوں۔

مالی سال 2022 کے دوران آپ کی کمپنی مجموعی طور پر 35,005 ٹریکٹرز فروخت کر پائی جبکہ گزشتہ مالی سال کے دوران یہ سیکلر 35,515 ٹریکٹرز تھی۔ یہ اعداد و شمار مقامی مارکیٹ میں کمپنی کی مضبوط ساکھ کے عکاس ہیں۔

بورڈ کا انتظامی کردار

بورڈ کی تشکیل اور ساخت

کمپنی کو ایک محتاط مومکٹر کنٹرول کے فریم ورک میں رکھتے ہوئے منظم قیادت فراہم کرنا بورڈ کی ذمہ داریوں میں شامل ہے تاکہ کسی بھی قسم کے خطرے کا جائزہ لے کر باآسانی فیرو آزما ہوا جاسکے۔ بورڈ کمپنی میں تین اہم کردار ادا کرتا ہے۔ سمت کا تعین (کمپنی کی سٹرٹیجک ڈائریکشن کا تعین)، انتظامیہ کی نگرانی، انتظامیہ کو مشورے اور معاونت فراہم کرنا (مشاورتی کردار)۔ یہ کردار کمپنی کے نظریے اور مقصد سے مطابقت رکھتے ہیں تاکہ کمپنی کے کاروباری اہداف کو پورا کیا جاسکے۔

بورڈ کی ساخت درج ذیل ہے۔

- خود مختار ڈائریکٹرز 03
- ایگزیکٹو ڈائریکٹرز 02
- دیگر نان ایگزیکٹو ڈائریکٹرز 04

سٹیوارڈ شپ کی ضمانت اور کمپنی کی درست سمت کی نگرانی کیلئے بورڈ نے ڈیلی کیٹیاں تشکیل دی ہیں اور میری نظر میں ان کیٹیوں نے مطلوبہ مقاصد کے حصول کیلئے اہم کردار ادا کیا ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل یقینی بنانے والی یہ کیٹیاں درج ذیل ہیں:

- آڈٹ کمیٹی
- ہیومن ریسورس اور ریکرنیشن کمیٹی
- خالص کمیٹی
- مارکیٹنگ کمیٹی
- گروپ پروڈیمن کے لئے بورڈ کمیٹی
- انوائسمنٹل سوشل گورننس کمیٹی (ای ایس جی)

بورڈ کی کارکردگی کا جائزہ

جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت لازم ہے ایک وضع کردہ طریقہ کار کے مطابق بورڈ آف ڈائریکٹرز کی کارکردگی کو جانچنے کے لئے تمام ڈائریکٹرز کو ایک جامع سوالنامہ تقسیم کیا گیا ہے جو مندرجہ ذیل اہم شعبہ جات پر مشتمل ہے۔

- حکمت عملی اور منصوبہ بندی
- بورڈ کے آپریشنز اور اثر اندازی
- کارکردگی کا جائزہ اور نگرانی
- پرفیشنل ڈویلپمنٹ

انفرادی طور پر رائے کی گئی اور اس رائے کی بنیاد پر بورڈ کی اوسط کارکردگی اور بورڈ آف ڈائریکٹرز کی گورننگ کے حوالے سے چیمبرمین کی کارکردگی کو بہتر پایا گیا کیونکہ کمپنی کی مجموعی کارکردگی اور ساکھ میں بہتری نظر آئی ہے۔

مجموعی اقتصادی اور صنعتی جائزہ

مالی سال 2022 کے دوران وباء کے بعد پاکستان کی معیشت بحال ہوئی اور معاشی ترقی کے گراف میں V-shaped بحالی دیکھنے میں آئی۔ جی ڈی پی کی شرح 5.97 فیصد تک پہنچ گئی۔ تا حال معیشت کو بنیادی میکرو اکنامک عدم توازن اور منسلک مقامی و بین الاقوامی خطرات کا سامنا ہے۔ زرمبادلہ کے ذخائر میں کمی کی وجہ سے ایکسیچ ریٹ پر شدید دباؤ ہے۔

وہائی اوٹیکرون دیوینٹ، روس یوکرین تنازعہ اور توانائی و خوراک کی بڑھتی قیمتیں عالمی معیشت کو بے حد متاثر کر رہی ہیں۔ حالیہ ہفتوں کے دوران کموڈٹیز کی قیمتیں بلند ترین سطح پر پہنچنے کے بعد کم ہوئی ہیں۔ عالمی معاشی ترقی ابھی بھی غیر یقینی صورتحال سے دوچار ہے۔ روس یوکرین تنازعہ نے نہ صرف عالمی بلکہ مقامی سطح پر گہرے اثرات مرتب کیے ہیں۔ جس کی وجہ سے بین الاقوامی سطح پر کموڈٹیز کی قیمتیں گرنے کے باوجود مقامی مصنوعات کے خام مال کی قیمتیں بحال بلند سطح پر ہیں جس میں امریکی ڈالر کے مقابلہ میں پاکستانی روپے کی قدر میں کمی بنیادی وجہ ہے۔ تیل اور خوراک کی قیمتیں تیزی سے بڑھ رہی ہیں اور یہ بے حد مالی پاکستان اور دیگر کم آمدن والے ممالک میں مالی طور پر کمزور طبقے کو بہت متاثر کر رہی ہے۔

A portrait of an elderly man with white hair and a mustache, wearing a dark suit, white shirt, and a patterned tie. He is looking directly at the camera against a solid brown background.

Directors' Report

To The Shareholders

The Directors feel pleasure in presenting their 59th annual report together with audited financial statements of the Company for the year ended June 30, 2022.

APPROPRIATIONS

Your Directors recommended a payment of final cash dividend @ Rs.20 per share (200 %) and issuance of 20 % Bonus shares.

The aforesaid payout shall be in addition to the interim cash dividend of Rs. 45.00 per share (450%) and 20% Bonus shares (1st interim) & 20% Bonus shares (2nd interim) already issued, making a total of Rs. 65 per share (650%) as cash dividend and 60% Bonus shares.

The following appropriations were made during the year:

	General Reserve	Un-appropriated Profit
(Rupees in thousands)		
Opening balance	2,278,935	2,817,370
Less: Final dividend @ 500% of 2021	-	(2,802,888)
Less: Final Bonus Shares @20% of 2021	-	(112,116)
Transfer to general reserves	-	-
	2,278,935	(97,634)
Profit for the year ended June 30, 2022	-	5,627,484
Less: Interim dividend @ 450% of 2022	-	(3,027,119)
Less: 1st Interim Bonus shares @ 20% of 2022	-	(134,539)
Less: 2nd Interim Bonus shares @ 20% of 2022	-	(161,446)
Un-appropriated profit carried forward	2,278,935	2,206,746

EARNINGS PER SHARE

Earning per share for the year ended June 30, 2022 was Rs.56.02 as against Rs. 59.68 (restated) of the preceding year.

BOARD OF DIRECTORS

The Board comprises of nine directors as on June 30, 2022.

(a) Male:	08
(b) Female:	01
Composition:	
(i) Independent Directors:	03
(ii) Other Non-Executive Directors:	04
(iii) Executive Directors:	02

NAME(S) OF DIRECTORS

1. Mr. Sikandar M. Khan-Chairman (Non-Executive Director)	6. Mr. Saad Iqbal (Non-Executive Director)
2. Syed Muhammad Irfan Aqueel-CEO (Executive Director)	7. Mr. Nasar Us Samad Qureshi (Independent Director)
3. Mr. Sohail Bashir Rana (Executive Director)	8. Mr. Muhammad Javed Rashid (Independent Director)
4. Mr. Laeeq Uddin Ansari (Non-Executive Director)	9. Mrs. Ambreen Waheed (Independent Director)
5. Mr. Qaiser Saleem (Non-Executive Director)	

The present Board was constituted after election of directors in Annual General Meeting, held on October 30, 2021. Subsequent to election of directors there has been a change in the composition of the Board, Director, Mian Muhammad Saleem passed away on November 27, 2021 and Mr. Qaiser Saleem was appointed as director w.e.f February 23, 2022. The three years term of the present Board shall expire on October 30, 2024.

BOARD MEETINGS

The Board ensures that the Company achieves its strategic objectives. The Board discharges its responsibilities through a schedule of meetings. During the current fiscal year six meetings were held, which were also attended by the Chief Financial Officer and the Company Secretary.

BOARD COMMITTEES

The names of members of Board Committees as on June 30, 2022 are as follows:-

1. Audit Committee

Mr. Nasar Us Samad Qureshi,	Chairman
Mr. Laeeq Uddin Ansari,	Member
Mr. Qaiser Saleem,	Member
Mr. Saad Iqbal,	Member
Mr. Muhammad Javed Rashid	Member

2. Human Resource & Remuneration Committee

Mr. Muhammad Javed Rashid	Chairman
Mr. Laeeq Uddin Ansari,	Member
Mrs. Ambreen Waheed,	Member
Syed Muhammad Irfan Aqueel,	Member

3. Finance Committee

Mr. Sohail Bashir Rana,	Chairman
Mr. Laeeq Uddin Ansari,	Member
Syed Muhammad Irfan Aqueel,	Member

4. Marketing Committee

Mr. Sohail Bashir Rana,	Chairman
Mr. Laeeq Uddin Ansari,	Member
Syed Muhammad Irfan Aqueel,	Member

5. Board's Committee for Group Supervision

Mr. Sikandar Mustafa Khan,	Chairman
Mr. Sohail Bashir Rana,	Member
Mr. Laeeq Uddin Ansari,	Member
Mr. Qaiser Saleem,	Member

6. Environmental Social Governance Committee (ESG)

Mrs. Ambreen Waheed,	Chairman
Mr. Sohail Bashir Rana,	Member
Mr. Saad Iqbal,	Member
Syed Muhammad Irfan Aqueel,	Member

DIRECTORS' REMUNERATION POLICY

The Directors Remuneration policy of non-executive directors including independent directors as approved by the Board is as follows:-

i) Non-Executive Directors (Including Independent Directors)

Any fee / remuneration payable to the Independent and / or Non-Executive Directors of the Company shall be in following manner.

Meeting Fee

Independent and / or Non- Executive Director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee(s) thereof as per Articles of Association of the Company.

Performing Extra Service

The remuneration for performing extra service may be paid to Non- Executive Director(s) as may be decided by the Board of Directors of the Company from time to time, depending on the extra time and effort as may be devoted and contribution as may be made by the Non-Executive Director(s).

Reimbursement of actual expenses incurred

Independent and / or Non- Executive Director(s) may also be paid / reimbursed such sums either as fixed allowance and /or actual as fair compensation for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such Directors for attending Board / Committee Meetings.

AGGREGATE DIRECTORS' REMUNERATION

Details of the Directors' remunerations for the year ended June 30, 2022 are as under:

	Chief Executive Officer	Executive Director	Non Executive Directors	Independent Directors
Number of Persons	1	1	3	3
	Rupees			
Managerial remuneration	16,516,008	558,745	661,263	-
Cost of living allowance	-	558,745	661,263	-
Bonus	11,921,670	12,449,079	16,051,856	-
House rent	7,432,200	251,435	297,568	-
Contribution to Provident Fund	1,653,401	-	-	-
Medical Expenses	554,390	1,549,177	955,035	-
Utilities	453,108	746,403	1,061,302	-
Other allowances	3,038,814	1,105,888	1,412,564	-
Fees	-	-	900,000	2,100,000
Expenses reimbursed	-	-	1,094,684	-

PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS DURING FINANCIAL YEAR-2022

The Company is principally engaged in assembly and manufacture of agricultural tractors, farm equipment and multi-application products including forklift trucks and generators.

The financial statements of the Company truly reflect the state of Company's affairs and fair review of its business. The overall economy including tractor industry witnessed growth in output owing to improvement in domestic economic activity, higher agricultural output and significant growth in large scale manufacturing.

The Company faced liquidity constraints due to nonpayment of Sales Tax refunds. In addition to the foregoing, oil and material prices were increased due to Russia and Ukraine war.

Resultantly, overall tractor sales of the company reduced to 35,005 units compared to 35,515 units sold last year. Despite financial constraints and other economic issues the Company was able to achieve the production target due to efforts of employees, dealers, vendors and all stakeholders.

Gross profit margin remained at 19.11% due to decrease in sales volume.

Net profit for the period stood at 10.17% of sales versus 13.15% in previous year. The decrease is due to decrease in sales revenue.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

Effective risk management is the key to sustainable business. Our risk management framework, coupled with our internal control policies have helped us maintain our focus and mitigating principal risks affecting our Company. The internal control framework established by the Company ensures appropriate risk mitigation plans by assigning designated accountability and policy framework for upward

communication of any material issues and incidents. The Company is susceptible to the following principal risks which are mitigated via specific policies and plans:

Operational risks

Operational risks are those which hinder the entity from running its operations smoothly. Our main operational risks are:

Taxation regime of Pakistan

Extreme measures are required to rationalize tax laws and increase investors' confidence.

Environmental Risk

The effects of global warming increased during current fiscal year. Unexpected temperature shifts and water shortage require us to ramp up our efforts to address this risk quickly and effectively.

The unforeseen changes in environment have started to hamper the growth trajectory of the agricultural products, which is worrisome for our country that relies on it financially and economically. Our company is also directly linked with agriculture and any adverse impact severely affects company's performance as well.

Financial Risks

Financial risks may cause financial loss to the entity. Financial risk has been described in detail in note 47 of the attached financial statements that include market risks, credit risks and liquidity risk.

Compliance Risk

Non-compliance with applicable laws and regulations may result in imposition of punitive action. Therefore a comprehensive and effective compliance function is in place and Company's Code of Conduct clearly defines expectations from its employees. Further, there is zero tolerance policy for non-compliance activities and behaviours. The employees and business partners are encouraged to report compliance violations that they may encounter.

CHANGES DURING FINANCIAL YEAR CONCERNING THE NATURE OF THE BUSINESS OF THE COMPANY

There has been no change in the principal activity of the Company during the year. The Company continued to increase its efforts in retail and exports sector.

FUTURE PROSPECTS OF PROFIT

Tractor sales are expected to retain the same trajectory in upcoming fiscal year provided rupee devaluation. It is expected that tractor sales will increase to meet the growth targets set by the Government.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Millat Tractors Limited is responsible for the establishment and maintenance of the Company's system of internal control in order to identify and manage risks faced by the Company.

The System provides reasonable, though not absolute, assurance that:

- assets are safeguarded against unauthorized use or disposition;
- proper and reliable accounting records are available for use within the business; and
- adequate control mechanisms have been established within the operational businesses
- Internal financial controls deployed within the Company have been satisfactory throughout the year.

MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY'S BUSINESS

The major factors that are likely to affect the company's business are:

- Rupee parity
- Kharif and Rabi season crop output
- Supply chain performance
- Security situation in Afghanistan for export market
- Pace of CPEC and other development projects

Shift in any of these parameters will impact company's performance. It is anticipated that upcoming fiscal year will be on the same trajectory as current year.

DUTY & TAXES

Information about taxes and levies is given in the respective notes to the annexed financial statements.

AUDITORS

As required under regulation 33 (2) of Listed Companies (Code of Corporate Governance Regulations, 2019), Listed Companies other than financial sector shall at minimum rotate the engagement partner every five years. However, MTL usually changes audit firm after every five years. M/s. A. F. Ferguson & Co., Chartered Accountants have completed their five years term and therefore a new firm is to be appointed as external auditors of the Company for the year ending June 30, 2023.

The Board Audit Committee and Board have recommended the appointment of M/s. EY Ford Rhodes Co., Chartered Accountants at a remuneration of Rs. 3,300,000 for shareholders' consideration at the forthcoming Annual

General Meeting. They have been given satisfactory rating under the Quality Control Review of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan and being eligible offer themselves for appointment.

DIRECTORS' ORIENTATION PROGRAM

An orientation course was arranged for the Directors to acquaint them with the code, applicable laws, their duties and responsibilities to enable them to effectively manage affairs of the Company for and on behalf of the shareholders. Written material was also provided to them.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report except as disclosed in this report.

AUDITOR'S OBSERVATIONS

No adverse remark, observation was given by the auditors' in their report for the year ended June 30, 2022.

STATEMENT ON CORPORATE FINANCIAL REPORTING FRAME WORK

The Company has complied with all the requirements of the Code of Corporate Governance.

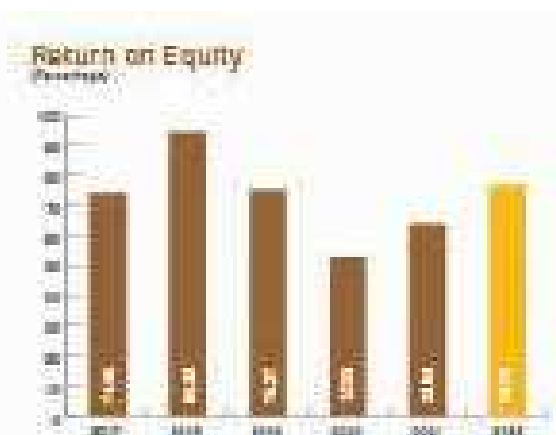
Accordingly, the Directors are pleased to confirm the following:

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- b) Proper books of accounts of the Company have been maintained.

- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements, except for the changes as disclosed in Note no. 4 of the financial statements, which conform to the International Accounting and Reporting Standards as applicable in Pakistan. The accounting estimates, wherever required are based on reasonable and prudent judgement.
- d) The International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance.
- h) The key operating and financial data for the last six years is annexed.
- i) The value of investments of provident, gratuity and pension funds based on their audited accounts as on June 30, 2022 were the following:
- | | |
|------------------|-------------------|
| - Provident Fund | Rs. 405,615,399 |
| - Gratuity Fund | Rs. 240,912,404 |
| - Pension Fund | Rs. 1,056,802,798 |

The value of investment includes accrued interest.

- j) The purchase and sale of shares by directors/executives during the year was as follows:-



Purchase of Shares

	No. of shares Purchased
Mr. Sikandar Mustafa Khan, Director	164,706
Mr. Sohail Bashir Rana, Director	131,480
Mr. Laeeq Uddin Ansari, Director	165,880
Mr. Kaiser Saleem, Director	34,664
Mr. Saad Iqbal, Director	10,000
Mr. Javed Rashid, Director	01
Mr. Nasar Us Samad Qureshi, Director	144
Mrs. Ambreen Waheed, Director	230
Mrs. Shireen Shah Aqueel (Spouse of S.M Irfan Aqueel, CEO)	5,450
Mr. Sohail Ahmed Nisar, CFO	3,510

Sale of Shares

	No. of shares Sold
Mrs. Ambreen Waheed, Director	05

CODE OF CONDUCT

In order to put in place professional standards and corporate values for promotion of integrity of the Board, senior management and other employees, the board has approved and disseminated a Code of Conduct, defining therein acceptable and unacceptable behaviors. The same has also been placed on the Company's website.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance, relevant for the year ended June 30, 2022 have been duly complied with. A statement to this effect is annexed separately with the report.

CHAIRMAN'S REVIEW

The Directors of your Company endorse the contents of the Chairman's Review.

RELATED PARTY TRANSACTIONS

The related party transactions conducted with group companies had to be approved by the board duly recommended by the audit committee periodically pursuant to regulation 15 of the Code of Corporate Governance. However, in the last Annual General Meeting, the shareholders had authorized the Chief Executive of the Company to approve these transactions in the normal course of business subject to final approval/ratification by the shareholders as majority of directors were interested in these transactions at the time of authorization. Therefore these transactions will be placed before the shareholders in next Annual General Meeting for final approval/ratification.

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed.

NUMBER OF EMPLOYEES

The numbers of permanent employees as on June 30, 2022 were 334 compared to 346 of last year.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements of the Company as on June 30, 2022 are annexed.

CORPORATE SOCIAL RESPONSIBILITY

Disclosure of Corporate Social Responsibility is annexed and forms part of this report.

WEB PRESENCE

Company's periodic financial statements for the current financial year including previous annual reports are available on the Company's website www.millat.com.pk for information of the investors.

For and on behalf of the Board



Chief Executive



Chairman

Lahore:
September 23, 2022

خریدے گئے شیئرز

خریدے گئے شیئرز کی تعداد

164,706

مسٹر سکندر مصطفیٰ خان (ڈائریکٹر)

131,480

مسٹر سہیل بشیر رانا (ڈائریکٹر)

165,880

مسٹر بلقی الدین انصاری (ڈائریکٹر)

34,664

مسٹر قیصر سلیم (ڈائریکٹر)

10,000

مسٹر سعد اقبال (ڈائریکٹر)

01

مسٹر جاوید رشید (ڈائریکٹر)

144

مسٹر نصر احمد قریشی (ڈائریکٹر)

230

محترمہ عزیزین وحید (ڈائریکٹر)

5,450

محترمہ شیریں شاہ عقیل
(ایس ایم عرفان عقیل، بی ای ای او کی شریک حیات)

3,510

مسٹر سہیل احمد ٹار (سی ایف او)

فروخت کردہ شیئرز

فروخت کردہ شیئرز کی تعداد

05

محترمہ عزیزین وحید (ڈائریکٹر)

ضابطہ اخلاق

پروفیشنل اسٹینڈرڈز اور کارپوریٹ اقدار کے فروغ، سینئر مینجمنٹ، دیگر ملازمین اور بورڈ کی سالمیت برقرار رکھنے کے لئے بورڈ نے ایک ضابطہ اخلاق کی منظوری دی ہے جس میں قابل قبول اور ناقابل قبول عمل کی وضاحت کی گئی ہے۔ یہ ضابطہ اخلاق کمپنی کی ویب سائٹ پر بھی موجود ہے۔

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کا بیان

30 جون، 2022 کو ختم ہونے والے سال کیلئے متعلقہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کی گئی ہے۔ اس سے متعلق ایک بیان رپورٹ کے ساتھ ملحقہ سے منسلک ہے۔

جیئر مین کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز جیئر مین کے جائزہ کی تائید کرتے ہیں۔

متعلقہ پارٹی کی ٹرانزیکشنز

گروپ کمپنیوں کے ساتھ کیے گئے متعلقہ فریق کے لین دین کو کوڈ آف کارپوریٹ گورننس کے ضابطہ 15 کے مطابق وقتاً فوقتاً آڈٹ کمیٹی کے تجویز کردہ بورڈ کے ذریعے منظور کیا جاتا تھا تاہم کچھ سالانہ جنرل میٹنگ میں شیئر ہولڈرز نے کمپنی کے چیف ایگزیکٹو کو اختیار دیا تھا کہ وہ ان لین دین کو معمول کے کاروبار میں منظور کریں تاکہ شیئر ہولڈرز کی طرف سے حتمی منظوری/توثیق ہو کیونکہ اس وقت ڈائریکٹرز کی اکثریت ان لین دین میں دلچسپی رکھتی تھی۔ اس لیے ان ٹرانزیکشنز کی حتمی منظوری/توثیق کے لیے اگلی سالانہ جنرل میٹنگ میں شیئر ہولڈرز کے سامنے رکھا جائیگا۔

شیئر ہولڈنگ کا پٹرین

شیئر ہولڈنگ کا پٹرین منسلک کیا گیا ہے۔

ملازمین کی تعداد

30 جون، 2022 کو ختم ہونے والے سال میں کمپنی کے مستقل ملازمین کی تعداد 346 تھی جبکہ گزشتہ سال یہ تعداد 334 تھی۔

مجموعی مالیاتی اسٹیٹمنٹ

30 جون، 2022 تک کی مجموعی مالیاتی اسٹیٹمنٹ منسلک کی گئی ہے۔

کارپوریٹ سماجی ذمہ داری

کارپوریٹ سماجی ذمہ داریوں کے متعلق بیان منسلک ہے اور اس رپورٹ کا لازمی حصہ بنایا گیا ہے۔

ویب سائٹ پر موجودگی

موجودہ مالی سال کے لئے کمپنی کی فنانشل اسٹیٹمنٹس بشمول گزشتہ سالانہ رپورٹس سرمایہ کاروں کی معلومات کیلئے کمپنی کی ویب سائٹ www.millat.com.pk پر موجود ہے۔

بجلم بورڈ



چیف ایگزیکٹو

لاہور، 23 ستمبر، 2022



چیرمین

آڈیٹرز

جیسا کہ کمپنی (کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019) کے ریگولیشن (2)33 کے مطابق لازم ہے کہ کمپنی ہر پانچ سال بعد انڈیکسڈ پارٹنر کی ریمیشن کرے تاہم ایم نی ایل عمومی طور پر ہر پانچ سال بعد آڈٹ فرم تبدیل کرتی ہے۔ میسرز اے۔ ایف۔ فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے اپنی پانچ سالہ مدت پوری کر لی ہے، اس لئے سال 30 جون، 2023 کیلئے نئے بیرونی آڈیٹر کی تقرری کی جاتی ہے۔

بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے میسرز ایم سی وائی کے فورڈ روڈ ز اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی 3,300,000 روپے معاوضے پر تقرری کی توثیق کی ہے اور آئندہ ہونے والے سالانہ اجلاس عام میں اسے شیئر ہولڈرز کی منظوری کیلئے پیش کیا جائے گا۔ ان کی انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول جائزہ کے تحت اطمینان بخش درجہ بندی کی گئی ہے اور وہ آڈٹ اور سائنس بورڈ آف پاکستان کے ساتھ رجسٹرڈ ہیں اور اہل ہونے کے ناطے اپنی تعیناتی کے خواہش مند ہیں۔

ڈائریکٹرز کا ترقی پر مگرام

ڈائریکٹرز کے لئے ایک اور ریمیشن کورس تکمیل دیا گیا جس میں انہیں مضابطہ، قابل اطلاق قوانین اور ان کی ذمہ داریوں و فرائض سے آگاہ کیا گیا تاکہ وہ مؤثر طریقے سے کمپنی اور شیئر ہولڈرز کی طرف سے معاملات سنبھال سکیں۔ انہیں تحریری مواد بھی فراہم کیا گیا۔

دیگر متعلقہ ایوش

کمپنی کے مالی سال کے اختتام سے موجودہ رپورٹ کی اشاعت کی تاریخ تک کمپنی کی مالی پوزیشن پر اثر انداز ہونے والی کوئی بھی تبدیلی رونما نہیں ہوئی۔ جبکہ ایسی کوئی بھی تبدیلی اس رپورٹ میں واضح کی گئی ہے۔

آڈیٹرز کا مشاہدہ

سال ختم 30 جون، 2022 کی سالانہ رپورٹ میں آڈیٹرز نے اپنی رپورٹ میں کسی قسم کی منفی رائے نہیں دی۔

کارپوریٹ فائٹل رپورٹنگ فریم ورک کی اشمنت

کمپنی نے کارپوریٹ گورننس کے ضابطہ اخلاق کی ضروریات کو مد نظر رکھتے ہوئے درج ذیل قواعد مرتب کئے ہیں۔

ڈائریکٹرز انتہائی سرت کے ساتھ تعہد ہی کرتے ہیں کہ:

ا۔ کمپنی کی طرف سے تیار کردہ مالی اسٹیٹمنٹس کمپنیز ایکٹ، 2017 کے مطابق ترتیب دی گئی ہیں اور اس میں درج مالیاتی گوشوارے، کمپنی کے معاملات، کاروباری سرگرمیوں کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

ب۔

کمپنی نے باضابطہ طور پر اکاؤنٹس کے کھاتوں کو تیار کر رکھا ہے۔

پ۔

ان مالیاتی گوشواروں کی تیاری میں ضروری اور مخصوص اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے ماسوائے مالیاتی گوشواروں کی شیڈول نمبر 4 میں واضح کردہ تبدیلیوں کے جو بین الاقوامی اکاؤنٹنگ اور پورٹنگ سٹینڈرڈز کے عین مطابق ہیں اور پاکستان میں قابل اطلاق ہیں۔ کبھی بھی مطلوب ہونے والے اکاؤنٹنگ کے تخمینے انتہائی منطقی اور محتاط اندازے پر مبنی ہیں۔

ت۔

ان مالیاتی گوشواروں کی تیاری میں بین الاقوامی فائٹل رپورٹنگ اسٹینڈرڈز (جہاں تک وہ پاکستان میں قابل اطلاق ہیں) کی پیروی کی گئی ہے۔

ث۔

اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا مؤثر اطلاق اور نگرانی کی جاتی ہے۔

ث۔

کمپنی کے مستقبل میں کام جاری رکھنے کی اہلیت پر کوئی شکوک و شبہات نہیں ہیں۔

ج۔

متعین شدہ اصول و ضوابط میں درج کارپوریٹ گورننس کے رہنما اصولوں سے انحراف نہیں کیا گیا۔

ج۔

گزشتہ 6 سالوں کے اہم کاروباری اور مالیاتی حسابات درج ہیں۔

ج۔

30 جون، 2021 کو آڈیٹ شدہ اکاؤنٹس کی بنیاد پر پراویڈنٹ، گریجویٹ اور پینشن فنڈز کی سرمایہ کاری کی مالیت درج ذیل ہے۔

پراویڈنٹ فنڈ	405,615,399 روپے
گریجویٹ فنڈ	240,912,404 روپے
پینشن فنڈ	1,056,802,798 روپے

سرمایہ کاری کی رقم میں وصول شدہ انٹرسٹ شامل ہے۔

ج۔

سال کے دوران ڈائریکٹرز کی جانب سے فروخت اور خریدے گئے شیئرز درج ذیل ہے۔

کافی مدد کی ہے۔ کمپنی کی جانب سے بنایا گیا داخلی کنٹرول کا یہ فریم ورک مقرر طے شدہ احتساب اور پالیسی فریم ورک کسی بھی مادی مسئلے یا واقعے کی نشاندہی کرتے ہوئے کسی بھی قسم کے نقصان کو کم کرنے میں معاون ثابت ہوتا ہے۔ کمپنی کو مندرجہ ذیل بنیادی خطرات کا سامنا ہے جنہیں کمپنی اپنی مخصوص پالیسیز اور تدابیر کے ذریعے کم کرتی ہے۔

اموری خطرات

اموری خطرات کا تعلق ایسے عوامل سے ہے جو آپریشنز کو باآسانی چلانے سے روکتے ہیں۔ ہمارے نمایاں اموری خطرات مندرجہ ذیل ہیں۔

پاکستان میں ٹیکس کا نظام

ٹیکس قوانین کو سو مندرجہ بنانے اور سرمایہ کاروں کا اعتماد حاصل کرنے کیلئے انتہائی اقدامات کرنا ہوں گے۔

ماحولیاتی خطرات

رواں مالی سال کے دوران گلوبل وارمنگ کے اثرات میں اضافہ ہوا۔ درجہ حرارت میں غیر متوقع تغیر اور پانی کی کمی اس حقیقت کی جانب واضح اشارہ ہے کہ ہمیں اس خطرے سے فوری اور موثر انداز میں تیرا آزمائے کیلئے کاوشوں میں تیزی لانا ہوگی۔

ماحول میں پہلی دفعہ رونما ہونے والی تبدیلیاں زرعی مصنوعات کی ترقی کی راہ میں رکاوٹ بننا شروع ہو چکی ہیں، جو کہ مالی اور اقتصادی طور پر زراعت پر انحصار کرنے والے ملک کیلئے تشویشناک ہے۔ چونکہ ہماری کمپنی بھی بالواسطہ زراعت سے منسلک ہے اور کسی بھی قسم کے منفی اثرات کمپنی کی کارکردگی کو بھی متاثر کرتے ہیں۔

مالیاتی خطرات

مالیاتی خطرات کمپنی کو مالی طور پر نقصان پہنچا سکتے ہیں۔ منسلک ذیلی ٹیبلٹس کے نوٹ نمبر (47) میں مالیاتی خطرات کے بارے میں تفصیل سے بیان کیا گیا ہے جس میں مارکیٹ، کریڈٹ اور لیکویڈٹی خطرات شامل ہیں۔

کمپلائنس خطرات

قواعد و ضوابط کی تعمیل نہ کرنے کی صورت میں انضباطی کارروائی کا احتمال ہو سکتا ہے۔ مزید برآں کمپنی میں ایسے خطرات کو کم کرنے کیلئے ایک انتہائی جامع اور موثر کمپلائنس فنکشن ترتیب دیا گیا ہے اور کمپنی کا ضابطہ اخلاق کمپنی کے ملازمین سے توقعات کو بھی واضح کرتا ہے۔ کمپنی اس بات کو سراہتی ہے کہ اس کے ملازمین اور برٹس پارٹنرز کسی بھی قسم کی قانونی خلاف ورزی کے بارے میں کمپنی کو آگاہ کریں۔

مالی سال کے دوران کمپنی برٹس کی قومیت میں تبدیلی

رواں سال کے دوران کمپنی کی بنیادی سرگرمی میں کوئی تبدیلی رونما نہیں ہوئی۔ کمپنی نے ریٹیل اور ایکسپورٹس سیکٹر کیلئے اپنی کوششوں میں اضافہ جاری رکھا۔

منافع کے مستقبل کے امکانات

روپے کی قدر میں کمی کی وجہ سے ٹریکٹرز کی فروخت کا ر.ت.ان اگلے مالی سال میں بھی اسی طرح رہنے کا امکان ہے۔ اس بات کی توقع ہے کہ حکومت کے طے کردہ اہداف تک رسائی کیلئے ٹریکٹر کی فروخت میں اضافہ ہوگا۔

موزوں داخلی مالیاتی کنٹرولز

ملٹ ٹریکٹرز لمیٹڈ کا بورڈ کمپنی کو پیش آنے والے خطرات سے نمٹنے کے لئے داخلی کنٹرول سسٹم کی تشکیل اور تصحیح کی ذمہ دار ہے۔

اگرچہ حتمی نہیں لیکن سسٹم مناسب ضمانت دیتا ہے کہ:

- اثاثے غیر متعلقہ استعمال کے خلاف محفوظ ہیں۔
- مکمل اور قابل اعتبار اکاؤنٹنگ ریکارڈز برٹس کے اندر رہتے ہوئے استعمال کیلئے دستیاب ہیں۔
- آپریشنل برٹس کے اندر ایک مناسب کنٹرول میکانزم تشکیل دیا گیا ہے۔
- کمپنی کے اندر ترتیب دیئے جانے والے داخلی مالیاتی کنٹرولز سال بھر اطمینان بخش رہے۔

مستقبل میں کمپنی کے کاروبار ترقی، کارکردگی اور پوزیشن کو متاثر کرنے والے عوامل

کمپنی کے کاروبار کو متاثر کرنے والے بڑے عوامل مندرجہ ذیل ہیں۔

- روپے کی قدر
- ریفنڈ و خریف کی فصل کی پیداوار
- سپلائی چین کی کارکردگی
- ایکسپورٹ مارکیٹ کیلئے افغانستان میں سکیورٹی کی صورتحال
- سی پیک اور دوسرے ترقیاتی منصوبوں کی رفتار
- مندرجہ بالا عوامل میں سے کسی ایک میں نمایاں تبدیلی کمپنی کی کارکردگی کو متاثر کرے گی۔ توقع کی جاتی ہے کہ آئندہ مالی سال بھی رواں مالی سال جیسا ہی ہوگا۔
- ڈیولپمنٹ اور سیکسز
- سیکسز اور لیویز کے بارے میں معلومات منسلک مالیاتی ٹیبلٹس کے متعلقہ نوٹس میں دی گئی ہیں۔

نان ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز)

کمپنی کے نان ایگزیکٹو یا آزاد ڈائریکٹرز کو کسی بھی معاوضہ یا فیس کی ادائیگی مندرجہ ذیل اصول کے مطابق کی جائیگی۔

مینگ فیس

کمپنی کے آریٹیکل آف ایسوسی ایشن کے مطابق نان ایگزیکٹو یا آزاد ڈائریکٹرز بورڈ یا کمیٹی کی میٹنگ میں شمولیت کے لئے فیس کی صورت میں معاوضہ وصول کریں گے۔

اضافی خدمات کی انجام دہی

اضافی خدمات کی انجام دہی کے لئے نان ایگزیکٹو ڈائریکٹرز کو پیش کئے جانے والا معاوضہ وقتاً فوقتاً کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے طے کیا جائے گا جس کا انحصار نان ایگزیکٹو ڈائریکٹرز کی اضافی کوشش اور اضافی وقت پر ہوگا۔

حقیقی اخراجات کی ادائیگی

نان ایگزیکٹو اور آزاد ڈائریکٹرز کو فیکسڈ الاؤنس کی مد میں یا پھر بورڈ / کمیٹی میٹنگز میں شرکت کے لئے سفری، رہائشی یا دیگر حقیقی اخراجات کے عوض معاوضہ دیا / تقویض کیا جائے گا۔

ڈائریکٹرز کا مجموعی معاوضہ

30 جون، 2022 کو ختم ہونے والے سال کیلئے ڈائریکٹرز کے معاوضہ کی تفصیل درج ذیل ہے:

ممبران کی تعداد	چیف ایگزیکٹو آفیسر	ایگزیکٹو ڈائریکٹر	نان ایگزیکٹو ڈائریکٹر	آزاد ڈائریکٹر
1	1	1	3	3
نوٹ				
انتظامی معاوضہ	16,516,008	558,745	661,263	-
کوسٹ آف لیونگ الاؤنس کے اخراجات	-	558,745	661,263	-
پنشن	11,921,670	12,449,079	16,051,856	-
گھر کا کرایہ	7,432,200	251,435	297,568	-
پروویڈنٹ فنڈ میں حصہ	1,653,401	-	-	-
طبی اخراجات	554,390	1,549,177	955,035	-
پولینیسر	453,108	746,403	1,061,302	-
دیگر الاؤنسز	3,038,814	1,105,888	1,412,564	-
فیس	-	-	900,000	2,100,000
قابل واپسی اخراجات	-	-	1,094,684	-

مالیاتی سال 2022 کے دوران کمپنی کی کارکردگی اور کاروبار میں ترقی سے متعلق

نمایاں سرگرمیاں

کمپنی بنیادی طور پر زرعی فریکٹرز اور فارم کے سامان کی مینوفیکچرنگ اور اسمبلنگ کے ساتھ ساتھ ملٹی ایپل کیلش پراڈکٹس جیسا کہ فوڈ لکٹ ٹرک اور جزیرہ بھی تیار کرتی ہے۔ کمپنی کی مالیاتی تفصیلات اس بات کی عکاسی کرتی ہیں کہ کمپنی کے کاروباری معاملات شفاف نوعیت کے ہیں۔ مجموعی طور پر معیشت بشمول فریکٹرز میں ترقی دیکھنے میں آئی جو کہ صریحاً مقامی معاشی سرگرمی، زیادہ زرعی پیداوار اور بڑے پیمانے کی مینوفیکچرنگ میں نمایاں بڑھوتری کی بدولت ممکن ہو سکا۔

کمپنی کو بیکلرٹس بری فنڈز کی عدم ادائیگی کی وجہ سے لکویڈیٹی مسائل کا سامنا رہا۔ مذکورہ بالا کے علاوہ روس اور یوکرین جنگ کی وجہ سے تیل اور سائزوسامان کی قیمتوں میں اضافہ ہوا۔

نتیجتاً کمپنی کے فریکٹرز کی مجموعی فروخت گزشتہ سال کے 35,515 فروخت شدہ یونٹس کے مقابلے میں 35,005 یونٹس تک محدود رہی۔ مالی رکاوٹوں اور دیگر معاشی مسائل کے باوجود یہ کامیابی ہمارے ایچ پی ایلز، ڈیلرز، ویڈوز اور ہر سٹیک ہولڈر کی انتھک محنت سے ممکن ہوئی۔

سیلز حجم میں کمی کی وجہ سے گراس مارجن 19.11 فیصد رہا۔

اس عرصے کے دوران سیلز کا خالص منافع 10.17 فیصد رہا جو گزشتہ سال 13.15 فیصد تھا۔ خالص منافع میں یہ کمی سیلز حجم میں کمی سے ہوئی۔

کمپنی کو درپیش خطرات اور غیر یقینی صورتحال

موثر رسک منیجمنٹ کسی بھی محکمہ کاروبار کا ایک لازمی جزو ہے۔ ہمارے خطرات سے نمٹنے کے نظام اور داخلی کنٹرول پالیسیز نے ہماری توجہ کمپنی کو درپیش بنیادی خطرات کے خلاف مرکوز رکھنے میں ہماری

ڈائریکٹرز کے نام

1-	مسٹر سکندر ایم خان۔ چیئرمین۔ (ٹان ایگزیکٹو ڈائریکٹر)
2-	سید محمد عرفان عقیل۔ سی ای او۔ (ایگزیکٹو ڈائریکٹر)
3-	مسٹر سہیل بشیر رانا۔ (ایگزیکٹو ڈائریکٹر)
4-	مسٹر بشیق الدین انصاری۔ (ٹان ایگزیکٹو ڈائریکٹر)
5-	مسٹر قیصر سلیم۔ (ٹان ایگزیکٹو ڈائریکٹر)
6-	مسٹر سعد اقبال۔ (ٹان ایگزیکٹو ڈائریکٹر)
7-	مسٹر ناصر احمد قریشی۔ (خود بخار ڈائریکٹر)
8-	مسٹر محمد جاوید رشید۔ (خود بخار ڈائریکٹر)
9-	محترمہ عہدین وحید۔ (خود بخار ڈائریکٹر)

موجودہ بورڈ 30 اکتوبر، 2021 کو منعقدہ سالانہ اجلاس عام میں ڈائریکٹرز کے انتخاب کے بعد تشکیل دیا گیا تھا۔ ڈائریکٹرز کے انتخاب کے بعد بورڈ کی ساخت میں تبدیلی واقع ہوئی۔ ڈائریکٹر میاں محمد سلیم مورخہ 27 نومبر، 2021 کو وقات پاگئے اور مسٹر قیصر سلیم مورخہ 23 فروری، 2022 کو بطور ڈائریکٹر منتخب ہوئے۔ موجودہ بورڈ کی تین سالہ مدت 30 اکتوبر، 2024 کو مکمل ہوگی۔

بورڈ مینٹنگ

بورڈ اس بات کی یقین دہانی کرتا ہے کہ کمپنی اپنے سٹرٹجک مقاصد کا حصول یقینی بنائے۔ بورڈ اپنی ذمہ داریاں شہید کر دہ اجلاسوں میں سرانجام دیتا ہے۔ موجودہ مالی سال کے دوران چھ اجلاس منعقد ہوئے جس میں چیف فنانشل آفیسر اور کمپنی سیکرٹری نے بھی شرکت کی۔

بورڈ کمیشنز

30 جون، 2022 تک بورڈ کمیشنز کے ممبران کے نام مندرجہ ذیل ہیں۔

1۔ آڈٹ کمیٹی

چیئرمین	مسٹر ناصر احمد قریشی،
ممبر	مسٹر بشیق الدین انصاری،
ممبر	مسٹر قیصر سلیم،
ممبر	مسٹر سعد اقبال،
ممبر	مسٹر محمد جاوید رشید،

2۔ ایومن ریسورس اینڈ ریکرٹیشن کمیٹی

چیئرمین	مسٹر محمد جاوید رشید،
ممبر	مسٹر بشیق الدین انصاری،
ممبر	محترمہ عہدین وحید،
ممبر	سید محمد عرفان عقیل،

3۔ فنانس کمیٹی

چیئرمین	مسٹر سہیل بشیر رانا،
ممبر	مسٹر بشیق الدین انصاری،
ممبر	سید محمد عرفان عقیل،

4۔ مارکیٹنگ کمیٹی

چیئرمین	مسٹر سہیل بشیر رانا،
ممبر	مسٹر بشیق الدین انصاری،
ممبر	سید محمد عرفان عقیل،

5۔ گروپ پروویژن کے لئے بورڈ کمیٹی

چیئرمین	مسٹر سکندر مصطفیٰ خان،
ممبر	مسٹر سہیل بشیر رانا،
ممبر	مسٹر بشیق الدین انصاری،
ممبر	مسٹر قیصر سلیم،

6۔ انوائرمینٹل سوشل گورننس کمیٹی (ای ایس جی)

چیئرمین	محترمہ عہدین وحید
ممبر	مسٹر سہیل بشیر رانا
ممبر	مسٹر سعد اقبال
ممبر	سید محمد عرفان عقیل

ڈائریکٹرز کی معاوضہ پالیسی

بورڈ کی منظوری کے مطابق ٹان ایگزیکٹو ڈائریکٹرز اور ڈاڈ ڈائریکٹرز کی معاوضہ پالیسی مندرجہ ذیل ہے۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹران سال بختمہ 30 جون، 2022 کیلئے کمپنی کی 59 ویں سالانہ رپورٹ مع مالیاتی گوشوارے پیش کرتے ہوئے انتہائی مختصر طور پر ہے جس

تفصیل

آپ کے ڈائریکٹرز نے حتیٰ کیش ڈیویڈنڈ 20 روپے فی شیئر (200 فیصد) اور بونس شیئرز 20 فیصد کے حساب سے تجویز کیا ہے۔ یہ رقم پہلے سے جاری کردہ عبوری کیش ڈیویڈنڈ 45 روپے فی شیئر (450 فیصد) اور 20 فیصد بونس شیئر (پہلے انٹیرم) اور 20 فیصد بونس شیئرز (دوسرا انٹیرم) کے علاوہ ہے۔ اس طرح بطور کیش ڈیویڈنڈ کل رقم 65 روپے فی شیئر (650 فیصد) ہوگی اور بونس شیئرز 60 فیصد کے حساب سے ہونگے۔

سال کے دوران رقم کی تفصیل درج ذیل ہے۔

نمبر تفصیل منافع	جنرل ریوز	
(رقم ہزاروں میں)		
2,817,370	2,278,935	اوپننگ بیلنس
(2,802,888)		منفی: سال 2021 کا حتیٰ ڈیویڈنڈ 500 فیصد
(112,116)		منفی: سال 2021 کے حتیٰ بونس شیئرز 20 فیصد
-	-	جنرل ریوز میں منتقلی
(97,634)	2,278,935	ختم ہونے والے مالی سال 30 جون، 2022 کا منافع
5,627,484	-	منفی: سال 2022 کا عبوری ڈیویڈنڈ 450 فیصد
(3,027,119)	-	منفی: سال 2022 کے پہلا انٹیرم بونس شیئرز 20 فیصد
(134,539)		منفی: سال 2022 کے دوسرا انٹیرم بونس شیئرز 20 فیصد
(161,446)		غیر تفصیل منافع گیری کا دورہ
2,206,746	2,278,935	

فی حصص آمدن

30 جون، 2022 کو ختم ہونے والے سال میں فی حصص آمدنی 56.02 روپے رہی جو کہ گزشتہ سال 59.68 روپے تھی۔

بورڈ آف ڈائریکٹرز

30 جون، 2022 تک بورڈ ڈائریکٹرز پر مشتمل ہے۔

8	(ا) مرد
1	(ب) عاتون
	ساخت:
3	i۔ خود بخود ڈائریکٹرز
4	ii۔ دیگر تان ایگزیکٹو ڈائریکٹرز
2	iii۔ ایگزیکٹو ڈائریکٹرز

Corporate Sustainability

MTL strongly believes in discharging its responsibilities as a corporate citizen of Pakistan and acts as a contributory member of the society. MTL recognizes the importance of its employees, their work life balances, safety & security, reducing carbon footprints for better atmosphere, community uplift programs for the underprivileged, customers & products, ethical behavior, contribution to the national exchequer and community welfare programs.

MTL fulfills its Corporate Social Responsibilities (CSR) in a manner that positively impacts its customers, employees, shareholders, community, and the environment. The company demonstrates active corporate citizenship by promoting and patronizing various activities under its philanthropic and non-philanthropic CSR programs

EDUCATIONAL PATRONAGE

MTL promotes and patronizes multiple activities in the field of education under its CSR program. Children Education Award Scheme is one of such activities where the Company recognizes better educational performance of Employees' Children and awards scholarships.

The Company also recognises the significance of continuous learning and its importance in career development of its employees which eventually lead to benefit the society. Therefore, the Company provides assistance in improvement of educational qualification that outlines the relaxation in working hours to support educational initiatives of its employees.

The Company has spent Rs. 222,222/- for Institute of Mechanical Engineers, Pakistan to sponsor the UAS (Unmanned Aerial Systems) Challenge Pakistan 2022 which was the first event to focus on the use of UAS in agriculture.

ENVIRONMENTAL PROTECTION MEASURES

To combat the looming threat of global warming and its effects on the environment, a tree plantation drive was organized during the year whereby employees of the Company were facilitated to plant a tree within factory premises and nurture it to sustainable growth. The Company also maintains in-house nurseries and vegetable farms to cultivate organic agricultural products and has also participated in various flower exhibitions throughout the year and spent Rs. 524, 894/- during the year as sponsorship for National Floral Show (Hope Lift Foundation).

COMMUNITY WELFARE SCHEMES

MTL's CSR program patronizes several measures to protect the environment. One of these measures is active participation in flower shows.

Various sports activities were encouraged by the Company to bring the people together from various communities. A sum of Rs. 1,127,532/- was spent to sponsor Governor Cup Golf, Polo Tournament and National Amateur Golf Championship.

The Company also sponsored Rs. 393,665 /- to Punjab Lawn Tennis Association for All Pakistan Junior National Tennis Championship.

An amount of Rs. 3,000,000/- was donated to Pakistan Centre for Philanthropy and Rs. 125,000/- was given as donation to Patient Welfare Association Mayo Hospital, Lahore.

MTL has also donated Rs. 2,500,000/- to SOS Children Village for repairing one shelter home and for Technical Training Institutes in Rawalpindi.

Youth Musical Festival was also sponsored by MTL by giving donation of Rs. 1,000,000/-

CONSUMER PROTECTION

The company has modern production facility with a manufacturing capacity to meet the local as well as export requirements. The company continuously strives to provide a wide range of products built on global standards and powerful after sales support to its customers.

MTL also conducts multiple awareness programs and carries out surveys to obtain feedback from the market to improve its products. There are defined rules for customers' convenience, to directly contact the company in case of dissatisfaction.

Additionally, the Company has partnered with its principal M/s AGCO for product improvement plans to exceed customers' expectations.

INDUSTRIAL RELATIONS

The Company is an equal opportunity employer and maintains a cordial relationship between the management and workforce. The management holds regular meetings with the labor union leaders to ensure all their needs are fulfilled and to provide a safe and friendly work environment. The Company also facilitates education of employees' children and also provides financial assistance to employees to fulfill their religious obligations like; Hajj under Company's Hajj Scheme.

In order to improve employee satisfaction and boost their morale, the company organizes various activities such as 'Annual Dinner' and 'Annual Gift Scheme'.

EMPLOYMENT OF PEOPLE WITH SPECIAL NEEDS

Since the company is an equal opportunity employer, it guarantees that its staffing process stays fair to physical disabilities subject to work requirements. Personnel with special physical needs are working in various capacities in Millat Tractors.

OCCUPATIONAL SAFETY AND HEALTH

MTL urges its workers to be vigilant and careful to ensure the wellbeing and safety of themselves and fellow workers. All employees are urged to follow strict health and safety protocols.

All of the personnel employed at factory premises are provided with appropriate PPEs and necessary safety apparatuses to ensure safe and secure working conditions.

ETHICS AND ANTI-CORRUPTION

MTL strongly believes in ethical business operation and condemns all sorts of unethical practices while doing business. The company actively discourages all forms of corruption and any form of conduct that violates principles of business ethics. The company is fully committed to be compliant with all principles of fairness, transparency and integrity.

To ensure compliance with professional, ethical and moral code as well as legal measures, the company has a formal Code of Conduct. It is an integral part of the formal governance regime in the company and is the key element in the Millat's way of doing business. The way company wants to achieve its ambitious goals, is elaborated in the Code which forms its ethical foundation, values for guiding the right behavior and leadership attitudes for driving corporate culture in the desired direction. The code defines the core principles and ethical standards that form the basis to create value in the company. The defined principles and standards are further incorporated in other governing documents as appropriate. The purpose of the code is to highlight the standards of behavior and conduct of employees while dealing with customers, suppliers, clients, co-workers, management and the general public. The code highlights expected behavior as well as punitive measures against violations.

CORPORATE PHILANTHROPY

Beyond commercial activities, company has also contributed to spread awareness and knowledge in agriculture sector by sponsoring and participating exhibitions including; Pakistan Auto Show, Dubai Expo, Duniya Kissan Mela, Pakistan Agri Expo, First Engineering and Health Care Show arranged by Trade Development Corporation of Pakistan.

ایم ٹی ایل مختلف آگہی پروگرامز اور سروے منعقد کرواتی رہتی ہے تاکہ مارکیٹ سے ملنے والی آراء کی بنیاد پر پراڈکٹس میں مزید بہتری لائی جاسکے۔ اس کے ساتھ ساتھ کسٹمرز کی سہولت کیلئے قوانین واضح کیے گئے ہیں اور انہیں کسی بھی غیر تسلی بخش صورت میں کمپنی سے رابطہ کرنے کے بارے میں بھی آگاہ کیا جاتا ہے۔

مزید برآں کمپنی نے صارفین کی توقعات پر پورا اترنے اور سال بھر کے دوران پراڈکٹ میں بہتری کی تدابیر کرنے کے لئے اپنے پرنسپل M/s AGCO سے شراکت داری قائم کر رکھی ہے۔

صنعتی تعلقات

کمپنی اپنے ملازمین کو برابری کی بنیاد پر ملازمت کے مواقع فراہم کرتی ہے اور انتظامیہ اور کام کرنے والے افراد کے درمیان ایک مضبوط تعلق یقینی بناتی ہے۔ کمپنی انتظامیہ لیبر یونین کے سربراہوں سے مستقل بنیادوں پر رابطے میں رہتی ہے اور ان کیلئے کام سے متعلق محفوظ اور بہترین ماحول فراہم کرنے کیلئے ہر یقین دہانی کرواتی ہے۔ کمپنی ملازمین کے بچوں کی تعلیمی سہولیات کیلئے ہر ممکن اقدام عمل میں لاتی ہے اور اس کے علاوہ مذہبی فرائض مثلاً حج وغیرہ کی انجام دہی کیلئے کمپنی کی جگہ سکیم کے تحت ملازمین کو مالی تعاون بھی فراہم کیا جاتا ہے۔ ملازمین کے اعتماد کو برقرار رکھنے اور آگہی مزید حوصلہ افزائی کے لئے کمپنی سالانہ فیملی ڈنر اور سالانہ گنٹ اسکیم جیسے اقدامات کا اہتمام کرتی رہتی ہے۔

معذور افراد کیلئے روزگار

چونکہ ایم ٹی ایل تمام افراد کو روزگار کے یکساں مواقع فراہم کرتی ہے۔ اس لئے یہ یقینی بنایا جاتا ہے کہ جسمانی معذور افراد کو بھی کام کرنے کے سازگار مواقع فراہم کئے جائیں۔ اس وقت ایم ٹی ایل میں مختلف شعبوں میں معذور افراد کام کر رہے ہیں۔

پیشہ ورانہ تحفظ اور صحت

ایم ٹی ایل کی یہ کوشش ہوتی ہے کہ اس کے ملازمین اپنی اور اپنے ساتھ موجود دیگر ورکرز کا خیال رکھیں۔ تمام ملازمین کو صحت اور حفاظت کے اصولوں پر عملدرآمد کی تلقین کی جاتی ہے۔ فیکٹری کے احاطہ میں کام کے ماحول کو محفوظ ترین بنانے کے لئے ملازمین کو مناسب پی پی ایز اور ضروری حفاظتی آلات مہیا کئے گئے ہیں۔

کرپشن فری ماحول اور بنیادی اخلاقیات

ایم ٹی ایل کاروبار سے متعلقہ تمام تر اخلاقی اقدار پر مکمل یقین رکھتے ہوئے کسی بھی قسم کی لاقانونیت اور بدعنوانی کی مذمت کرتی ہے۔ اس لئے کمپنی ہر طرح کی کرپشن اور کاروباری اقدار کی خلاف ورزی

کرنے والے امور کی حوصلہ شکنی کرتی ہے۔ کمپنی اس بات کے لئے پرعزم ہے کہ شفافیت، عدل اور دیانت داری کے تمام اصولوں کی پاسداری کی جائے۔

کاروباری اور اخلاقی اصولوں کی پاسداری اور تمام تر قانونی اقدامات کو یقینی بنانے کے لئے کمپنی نے ایک باقاعدہ اور قانونی ضابطہ اخلاق ترتیب دیا ہے۔ یہ ضابطہ اخلاق کمپنی کی قابل گورنس اور ملت کے طرز کار و بار کا بنیادی جزو ہے۔ اس ضابطہ اخلاق میں یہ بھی واضح کیا گیا ہے کمپنی اپنے تمام تر عزائم اور مقاصد کو پورا کرنا چاہتی ہے کیونکہ کارپوریٹ کلچر کو مطلوبہ سمت میں لے جانے کے لئے درست طرز کار اور بہترین لیڈرشپ رو یہ بنیادی کردار ادا کرتا ہے۔ یہ ضابطہ اخلاق اس معیار اور ان بنیادی اصولوں کی وضاحت بھی کرتا ہے جن کی بنیاد پر ہم اپنی کمپنی میں اہم اقدار کو اجاگر کرتے ہیں۔ ان اصولوں اور معیارات کو دیگر انتظامی دستاویزات میں بھی شامل کیا گیا ہے۔ اس ضابطہ اخلاق کی ترتیب کا مقصد ملازمین کو یہ سکھانا ہے کہ وہ کس طرح اپنے کسٹمرز، سپلائرز، کلائینٹس، کو ورکرز، مینجمنٹ اور عام لوگوں کے ساتھ تعلقات استوار کریں۔ ضابطہ اخلاق میں بہترین رویہ رکھنے اور خلاف ورزی پر جرمانے کے بارے میں بھی ملازمین کو آگاہ کیا گیا ہے۔

کارپوریٹ سوشل ریسپانسیبلٹی

کسٹمرل سرگرمیوں کے ساتھ ساتھ کمپنی نے زرعی شعبے میں آگہی اور معلومات کے فروغ کیلئے بھی اپنا بھرپور کردار ادا کیا ہے۔ اس سلسلے میں کمپنی نے پاکستان آئو شو، ویئی ایکسپو، یونیا کسان میلہ، پاکستان ایگری ایکسپو اور ریڈ ڈیولپمنٹ کارپوریشن آف پاکستان کی جانب سے منعقدہ پہلے انجینئرنگ اینڈ میٹیل کونفرنس میں شمولیت اور پانسرشپ یقینی بنائی۔

سی ایس آر رپورٹ

کارپوریٹ منصوبوں کو برقرار رکھنا

ایم ٹی ایل پاکستان کا ایک کارپوریٹ شہری اور معاشرے کا ایک مستحکم ممبر ہونے کی حیثیت سے اپنی ذمہ داریاں نبھانے پر یقین رکھتا ہے۔ ایم ٹی ایل اپنے ملازمین کی اہمیت کو تسلیم کرتا ہے، اسی لئے وہ ان کے کام سے متعلق زندگی میں توازن، سہولتی اور یکپارہگی، بہترین ماحول کے لئے کارکن کے اثرات میں کمی، سوسائٹی میں موجود محروم طبقات کی ترقی کے لئے ہر دم کوشاں رہتا ہے۔ اس کے علاوہ ایم ٹی ایل معاشرے میں کسٹمرز اور پراڈکٹس سے متعلق اخلاقی اقدار کو فروغ دے کر قومی سرمایہ میں حصہ داری اور فلاح و بہبود کے پروگراموں کی تشکیل پر بھی یقین رکھتا ہے۔

ایم ٹی ایل اپنی کارپوریٹ سماجی ذمہ داریوں کو ایسے مثبت انداز میں نبھاتا ہے تاکہ اس کے کسٹمرز، ملازمین، شیئر ہولڈرز، کمیونٹی اور ماحول پر اس کا مثبت اثر ہو۔ کمپنی اپنے سی ایس آر پروگرامز جس میں رقاعی و غیر رقاعی سرگرمیاں شامل ہیں، میں کارپوریٹ سٹیزن شپ کے حوالے سے ایک فعال کردار ادا کر رہی ہے۔

تعلیمی خدمات

ایم ٹی ایل اپنے سی ایس آر پروگرام کے تحت تعلیمی شعبے میں گراں قدر خدمات کی انجام دہی اور ترویج یقینی بناتی رہی ہے۔ چلڈرن ایجوکیشن ایوارڈز اسکیم بھی ان اقدامات میں سے ایک ہے جس کے ذریعے کمپنی ملازمین کے بچوں کی بہتر کارکردگی کو سراہتی ہے اور انکی تعلیم کے لئے ایوارڈز کا ریشہ میا کرتی ہے۔

کمپنی اس بات پر بھی یقین رکھتی ہے کہ سیکھنے کا مسلسل عمل ملازمین کی تعمیر و ترقی میں اہم کردار ادا کر کے معاشرے کے لئے فائدے مند ثابت ہو سکتا ہے۔ اس لئے کمپنی اپنے ملازمین کے اوقات کار میں نرمی پیدا کر کے تعلیمی قابلیت میں بہتری کیلئے انکی معاونت کرتی ہے۔

کمپنی نے انسٹی ٹیوٹ آف مینیجمنٹل انجینئرز پاکستان پر - 222, 222 روپے (Unmanned Aerial Systems) UAS چیلنج پاکستان 2022 کو سپانسر کرنے کیلئے خرچ کیے جو کھزراعت کے شعبہ میں UAS کے استعمال پر توجہ مرکوز کرنے کیلئے پہلا ایونٹ تھا۔

ماحولیاتی تحفظ سے متعلق اقدامات

گلوبل وارمنگ کے بڑھتے ہوئے خطرے اور ماحول پر اس کے اثرات کے پیش نظر سال بھر کے دوران کمپنی کی جانب سے درخت لگانے کی مہم کا اہتمام کیا گیا۔ جس کے تحت کمپنی ملازمین کو یہ موقع فراہم کیا گیا کہ وہ نہ صرف فیکٹری کے احاطہ میں پودے لگائیں بلکہ انکی افزائش کے لئے مکمل دیکھ بھال بھی کریں۔

اسکے ساتھ ساتھ کمپنی نے نامیاتی کاشتکاری کے لئے ان ہاؤس نرسریز اور سٹیکبیل فارمز بھی بنائے ہیں جبکہ کمپنی نے سال بھر پھولوں کی مختلف نمائشوں میں بڑھ چڑھ کر حصہ لیا اور اس سال ٹینٹل فلورل شو (ہوٹل لفٹ فوٹویشن) کو سپانسر کرنے کیلئے 524,894 روپے خرچ کیے۔

کیونٹی ویلفیئر سکیس

ایم ٹی ایل اپنے سی ایس آر پروگرام کے تحت ماحولیاتی تحفظ کے لئے کئی مفید اقدامات کو فروغ دیتی ہے۔ اس کا ایک عملی ثبوت پھولوں کی نمائشوں میں فعال شمولیت ہے۔

مختلف کیونٹی ویلفیئر کے لوگوں کو ایک پلیٹ فارم پر اکٹھا کرنے کیلئے کیلوں کی مختلف سرگرمیوں کی حوصلہ افزائی کی جاتی ہے۔ اسکے علاوہ کمپنی نے گورزپ گالف، پولو ٹورنامنٹ اور ٹینٹل امپیر گالف ٹیمپین شپ کو سپانسر کرنے کے لئے 1,127,532 روپے خرچ کیے۔

کمپنی نے آل پاکستان جونیئر ٹینٹل ٹینس ٹیمپین شپ کیلئے پنجاب لان ٹینس ایسوسی ایشن کو 393,665 روپے فراہم کیے۔

پاکستان سنٹر فار ٹیلن تھراپی کو 3,000,000 روپے عطیہ کیے اور پینٹل ویلفیئر ایسوسی ایشن میڈیہسپتال، لاہور کو 125,000 روپے دیے۔

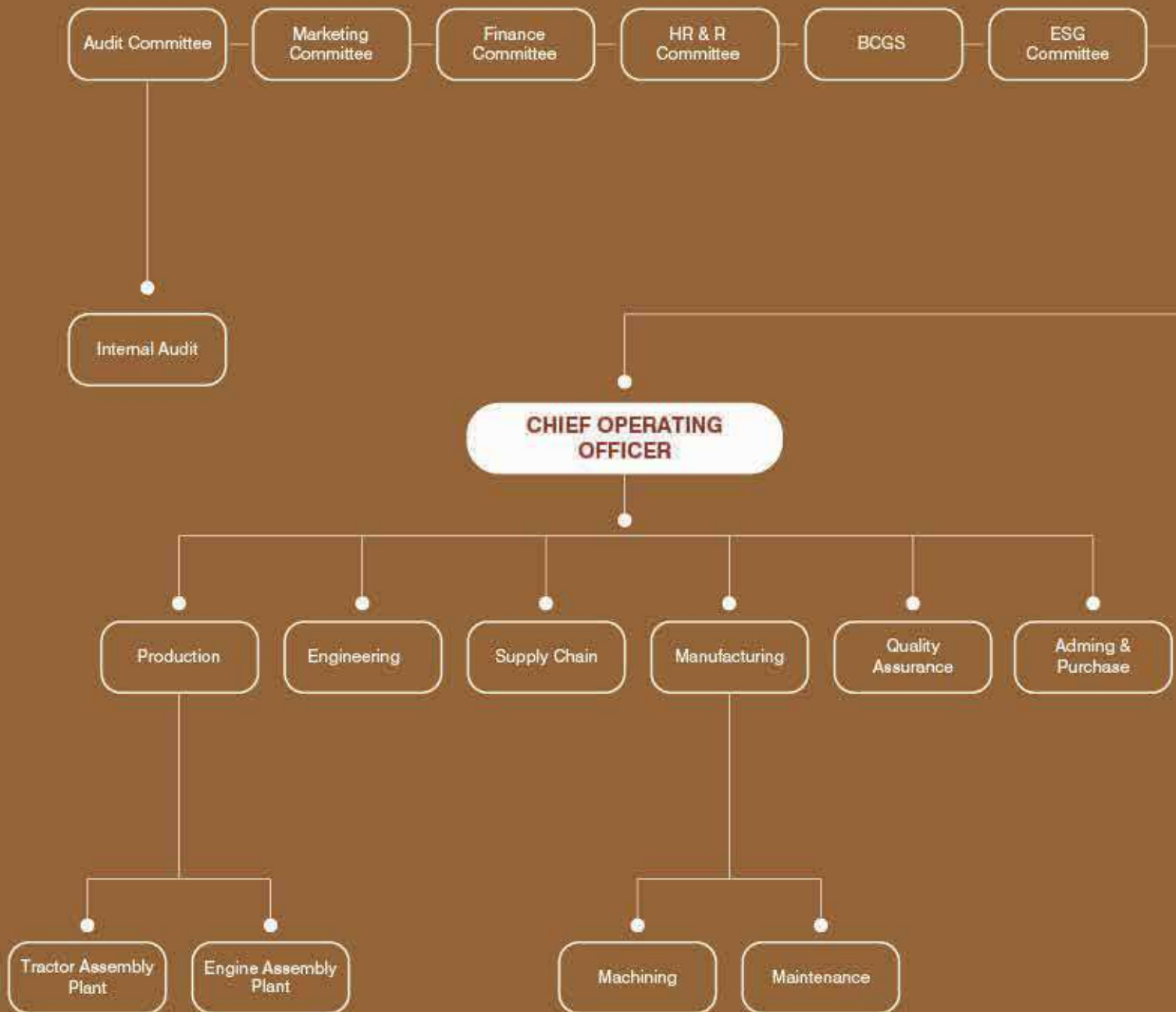
ایس او ایس چلڈرن ویلج میں ایک شیلڈ ہوم کی مرمت اور راولپنڈی میں ٹیکنیکل ٹریننگ انسٹی ٹیوٹ کیلئے 2,500,000 روپے عطیہ دیا گیا۔

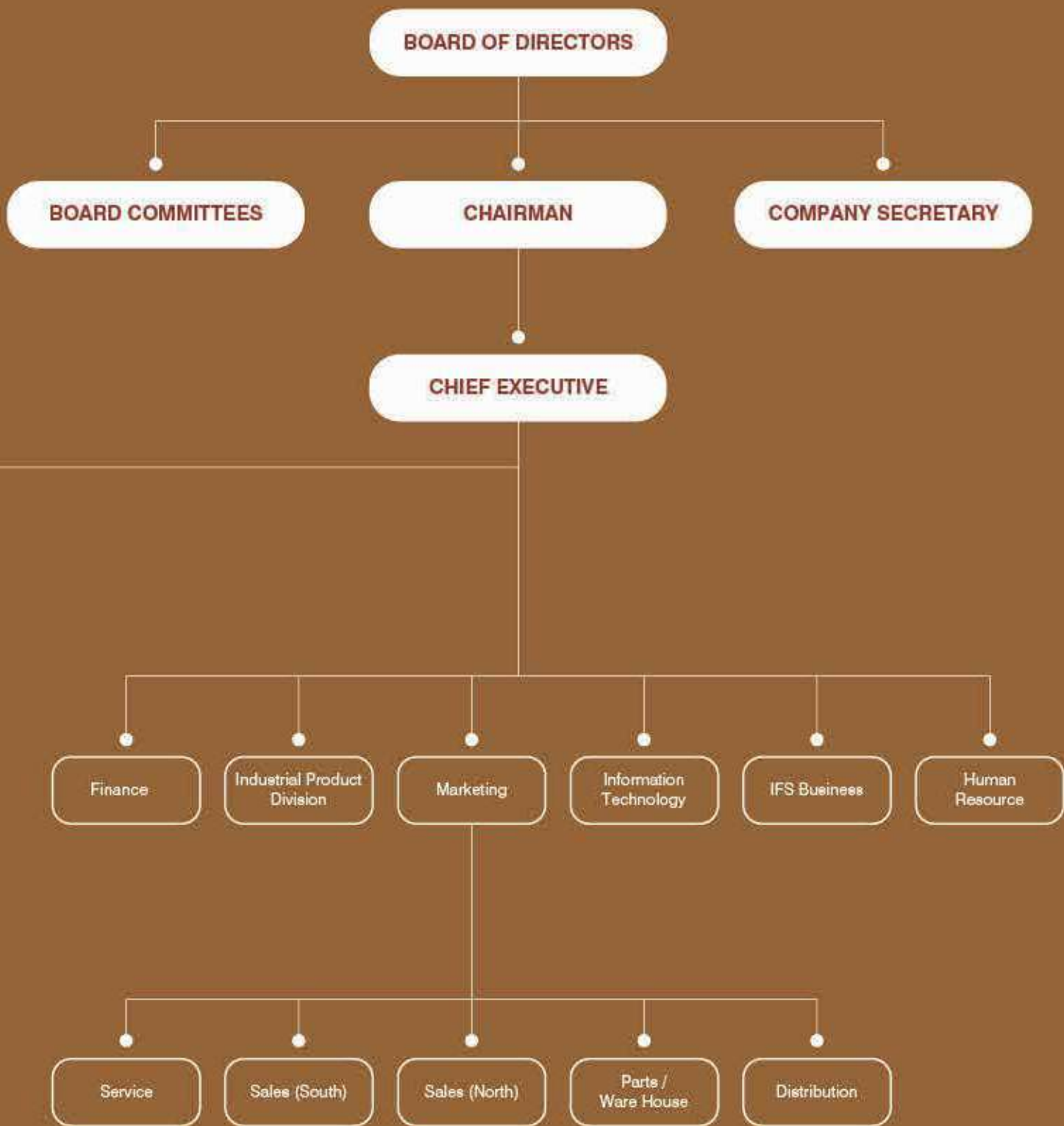
جبکہ ایم ٹی ایل کی جانب سے پتھ میوزیکل فیٹیول کیلئے 1,000,000 روپے کی سپانسر شپ دی گئی۔

سارنگ کا تحفظ

کمپنی مقامی اور برآمدی ضروریات پوری کرنے کیلئے پیداواری صلاحیت کی حامل جدید پروڈکشن کی سہولیات رکھتی ہے۔ کمپنی مسلسل بنیادوں پر اپنے صارفین کو عالمی معیار کے مطابق پراڈکٹس پہنچا رہی ہے جس میں سبز کے بعد بھی سروسز کی فراہمی کا موثر نظام شامل ہے۔

Organization Structure





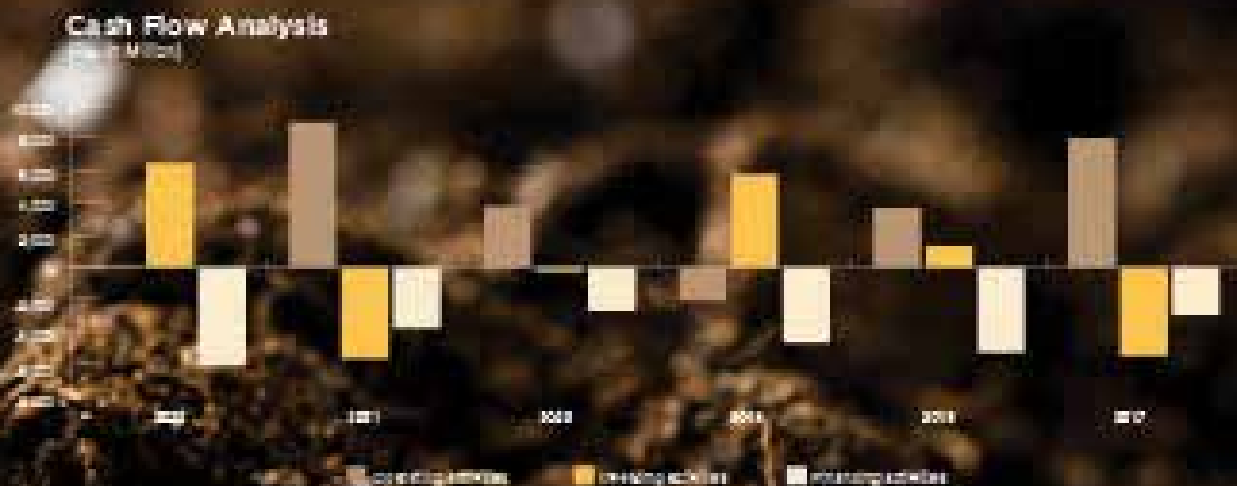
Performance & Position





Summary of Cash Flows

	2022	2021	2020	2019	2018	2017
					(Rupees in thousand)	
Net Cash from / (Used in)						
Operating activities	(98,985)	8,903,236	3,788,057	(2,030,323)	3,655,560	7,900,148
Investing activities	6,438,272	(5,667,833)	(238,376)	5,734,138	1,296,563	(5,483,184)
Financing activities	(6,033,201)	(3,755,263)	(2,682,207)	(4,611,967)	(5,252,986)	(2,918,213)
Net increase / (decrease) in cash and cash equivalent	306,086	(519,860)	867,474	(908,152)	(300,863)	(501,249)
Cash and cash equivalent at the beginning of the year	1,199,602	1,719,462	851,988	1,760,140	2,061,003	2,562,252
Cash and cash equivalent at the end of the year	1,505,688	1,199,602	1,719,462	851,988	1,760,140	2,061,003





Conflict of Interest Policy

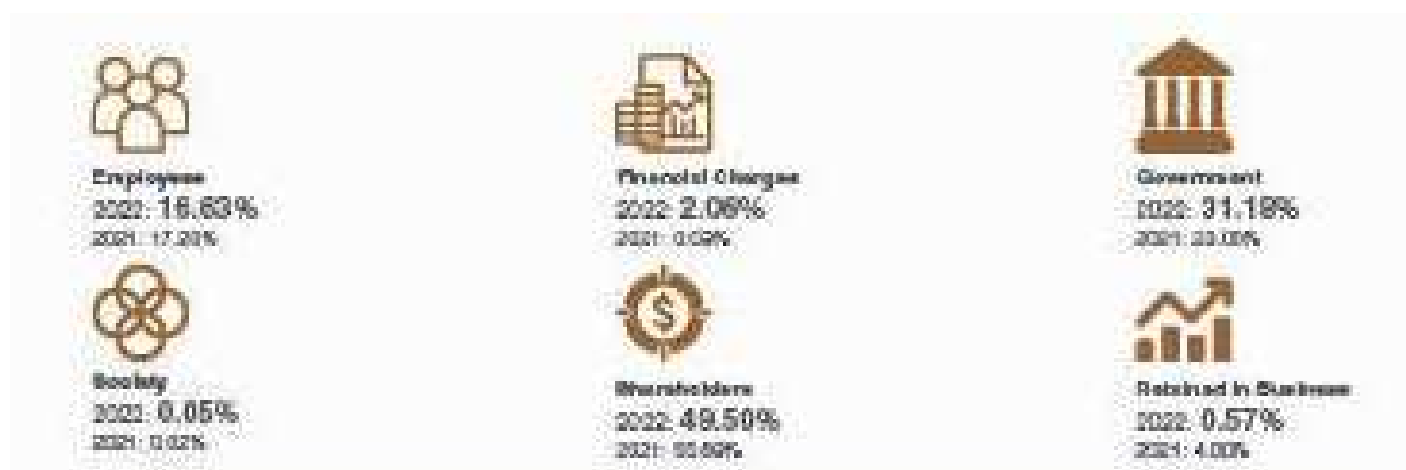
The Board of Directors has an approved conflict of interest policy. The policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between Millat Tractors Limited and any of its Related Parties in compliance with applicable laws and regulations as may be amended from time to time.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

Six Years at a Glance

		2022	2021	2020	2019	2018	2017
Statement of Profit or Loss Summary							
Revenue from contract with customers	Rs thousand	53,374,415	43,953,778	22,942,275	31,144,057	38,517,147	30,013,921
Gross profit	Rs thousand	10,197,475	9,271,094	4,245,596	5,946,367	8,434,775	7,097,329
Operating profit	Rs thousand	8,912,150	7,888,338	3,187,471	5,124,905	7,782,358	6,244,414
Profit before tax	Rs thousand	8,684,731	7,879,074	2,969,635	5,082,861	7,779,868	6,242,233
Profit after tax	Rs thousand	5,426,626	5,780,927	2,150,548	3,638,045	5,334,362	4,257,533
Earning before interest, tax, depreciation & amortization (EBITDA)	Rs thousand	9,002,322	7,965,475	3,267,847	5,205,787	7,864,556	6,315,879
Statement of Financial Position Summary							
Share capital	Rs thousand	968,679	560,578	498,292	442,926	442,926	442,926
General reserves	Rs thousand	2,278,935	2,278,935	2,278,935	2,278,935	2,278,935	2,278,935
Property, plant & equipment-Operating FA	Rs thousand	775,150	777,638	667,980	718,559	700,763	717,873
Other Non current assets	Rs thousand	4,686,859	6,547,172	2,354,967	1,891,604	994,243	790,395
Current assets	Rs thousand	14,604,316	17,481,439	7,781,665	7,964,021	14,876,359	15,622,341
Current liabilities	Rs thousand	12,123,350	14,543,064	6,400,770	5,728,286	10,822,231	11,350,121
Net working capital	Rs thousand	2,480,966	2,938,375	1,380,895	2,235,735	4,054,128	4,272,220
Long term / deferred liabilities	Rs thousand	875,713	1,170,415	331,766	12,731	94,310	30,635
Profitability Ratios							
Gross profit	%	19.11	21.09	18.51	19.09	21.90	23.65
Operating profit	%	16.70	17.95	13.89	16.46	20.20	20.81
Profit before tax	%	16.27	17.93	12.94	16.32	20.20	20.80
Net profit after tax	%	10.17	13.15	9.37	11.68	13.85	14.19
EBITDA margin	%	16.87	18.12	14.24	16.72	20.42	21.04
Operating leverage	%	0.61	1.61	1.44	1.79	0.87	1.77
Return on equity	%	76.79	63.58	52.81	75.27	94.33	74.05
Return on capital employed	%	163.39	139.45	84.44	107.52	165.35	112.08
Return on assets	%	43.28	31.76	27.48	48.07	46.95	36.44
Liquidity Ratios							
Current	Times	1.20:1	1.20:1	1.22:1	1.39:1	1.37:1	1.38:1
Quick / Acid test	Times	0.63:1	0.82:1	1.06:1	0.81:1	0.98:1	1.04:1
Cash to current liabilities	Times	0.12:1	0.05:1	0.27:1	0.15:1	0.05:1	0.18:1
Cash flow from operations to sales	Times	-0.001:1	0.20:1	0.17:1	0.07:1	0.09:1	0.26:1
Activity / Turnover Ratios							
Inventory turnover ratio	Times	6.41	6.62	4.32	6.10	7.36	7.14
No. of Days in Inventory	Days	57	55	85	60	50	51
Debtor turnover ratio	Times	283.53	361.35	308.61	555.08	310.12	127.99
No. of Days in Receivables	Days	1.29	1.01	1.18	0.66	1.18	2.85
Creditor turnover ratio	Times	14.50	14.74	9.61	18.13	32.17	23.44
No. of Days in Creditors	Days	25	25	38	20	11	16
Total assets turnover ratio	Times	2.38	1.77	2.12	2.95	2.32	1.75
Fixed assets turnover ratio	Times	65.69	53.42	34.19	42.58	52.95	41.41
Operating cycle	Days	33	31	48	40	39	38
Investment / Market Ratios							
Earning per share (after tax)	Rs	56.02	59.68	38.36	64.90	120.43	96.12
Price earning	Times	15.58	18.09	18.41	13.29	9.86	14.30
Price to book value	Times	11.96	11.50	8.64	10.00	9.31	10.59
Dividend yield	%	6.87	9.89	7.21	8.96	9.58	9.59
Dividend payout ratio (after tax)	%	116.03	167.56	130.34	130.97	99.64	98.83
Dividend cover	Times	1.09	1.09	0.86	0.97	1.00	1.13
Cash Dividend per share (includes final dividend)	Rs	65	100	50	85	120	95
Bonus per share (includes final bonus shares)	%	60.00	32.50	-	12.50	-	-
Market value per share:							
Year end	Rs	872.59	1,079.61	706.16	862.38	1,188.06	1,374.44
During the year:							
Highest	Rs	1,120.94	1,298.75	863.58	1,254.39	1,430.00	1,575.99
Average	Rs	945.58	1,011.30	693.59	948.36	1,253.16	991.10
Lowest	Rs	746.46	698.74	468.49	751.75	1,050.00	538.00
Break-up value per share (With surplus on revaluation of investments)	Rs	72.96	93.87	81.72	86.22	127.67	129.82
Capital Structure Ratios							
Debt to Equity ratio	Times	0.02 : 100	0.03 : 100	0.03 : 100	0 : 100	0 : 100	0 : 100
Financial charges coverage	Times	39	1,943	14	132	149,614	29,726

Statement of Value Addition & its Distribution



VALUE ADDITION	2022 Rs. in ('000)	2021 Rs. in ('000)
Revenue from contract with customers	53,374,415	43,953,778
Material and services	(43,297,493)	(34,801,064)
Other income	940,576	667,309
	11,017,498	9,820,023

Value Distribution

	2022 Rs. ('000)	%	2021 Rs. ('000)	%
Employees				
Salaries wages and ammenities	1,365,339	12.39	1,265,441	12.89
Worker's profit participation fund	466,419	4.23	423,151	4.31
	1,831,758	16.63	1,688,592	17.20
Government				
Tax	3,258,105	29.57	2,098,147	21.37
Workers welfare fund	177,239	1.61	160,797	1.64
	3,435,344	31.18	2,258,944	23.00
Share holders				
Cash Dividend	4,964,477	45.06	5,294,346	53.91
Bouns Shares	489,721	4.44	174,402	1.78
	5,454,198	49.50	5,468,748	55.69
Financial Charges				
Finance Cost	227,419	2.06	9,264	0.09
	227,419	2.06	9,264	0.09
Society				
Donation	5,625	0.05	1,893	0.02
	5,625	0.05	1,893	0.02
Retained in business				
Depreciation	90,726	0.82	80,403	0.82
Retained profit / (Over Drawn)	(27,572)	(0.25)	312,179	3.18
	63,154	(4.26)	392,582	4.00
	11,017,498	100.00	9,820,023	100.00

Horizontal Analysis

	2022		2021	
	Increase/(Decrease) from last year		Increase/(Decrease) from last year	
	Rs. ('000)	%	Rs. ('000)	%
Statement of Financial Position				
Property, plant and equipment	775,150	(0.32)	777,638	16.42
Capital work in progress	27,030	(40.15)	45,166	1,433.65
Right-of-use assets	1,123	(77.06)	4,896	100.00
Intangible assets	39,300	(0.41)	39,462	(4.69)
Investment property	255,708	-	255,708	-
Long term investments	4,218,235	(31.96)	6,199,458	203.94
Long term loans	2,412	(2.82)	2,482	10.21
Deferred tax asset - net	-	-	-	-
Employee benefits	143,051	100.00	-	-
Stores, spares parts and loose tools	182,625	13.20	161,329	2.50
Stock in trade	6,758,898	25.80	5,372,584	39.29
Trade debts	235,269	66.58	141,234	38.41
Loans and advances	39,565	(29.80)	56,359	8.66
Trade deposits and prepayments	58,440	(10.47)	65,273	50.46
Balance with statutory authorities	5,707,842	24.30	4,592,169	344.69
Other receivables	115,989	7.15	108,253	179.65
Tax refunds due from Government	-	-	-	(100.00)
Short term investments	-	(100.00)	6,134,636	100.00
Cash and bank balances	1,505,688	77.22	849,602	(50.59)
Total Assets	20,066,325	(19.11)	24,806,249	129.59
Share holder's equity	7,067,262	(22.28)	9,092,770	123.30
Non Current Liabilities	875,713	(25.18)	1,170,415	252.78
Current Liabilities	12,123,350	(16.64)	14,543,064	127.21
Total Liabilities and Equity	20,066,325	(19.11)	24,806,249	129.59
Statement of Profit or Loss				
Revenue from contract with customers	53,374,415	21.43	43,953,778	91.58
Cost of sales	43,176,940	24.49	34,682,684	85.50
Gross profit	10,197,475	9.99	9,271,094	118.37
Distribution and marketing expenses	928,162	8.60	854,630	50.51
Administrative expenses	648,456	11.92	579,369	29.27
Other operating income	940,576	40.95	667,309	163.04
Other operating expenses	649,283	5.39	616,066	108.27
Operating profit	8,912,150	12.98	7,888,338	147.48
Finance costs	227,419	2,354.87	9,264	(95.75)
Profit before tax	8,684,731	10.23	7,879,074	165.32
Taxation	3,258,105	55.28	2,098,147	156.16
Profit after tax	5,426,626	(6.13)	5,780,927	168.81

2020		2019		2018		2017	
Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year	
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
667,980	(7.04)	718,559	2.54	700,763	(2.38)	717,873	60.2
2,945	(77.04)	12,827	(51.87)	26,648	282.10	6,974	(96.9)
12,931	100.00	-	-	-	-	-	-
41,405	922.85	4,048	100.00	-	(100.00)	897	(72.8)
255,708	-	255,708	-	255,708	-	255,708	-
2,039,726	47.39	1,383,879	95.10	709,300	46.47	484,279	22.0
2,252	(20.31)	2,826	9.24	2,587	0.47	2,575	73.6
-	(100.00)	12,797	100.00	-	-	-	-
-	(100.00)	219,519	100.00	-	(100.00)	39,962	100.0
157,399	4.38	150,799	14.88	131,266	10.84	118,431	5.8
3,857,166	22.50	3,148,589	(24.26)	4,157,062	14.00	3,646,581	43.3
102,044	118.80	46,637	(28.88)	65,578	(66.25)	194,311	(32.1)
51,869	(54.45)	113,876	191.76	39,031	(28.37)	54,488	(24.4)
43,382	(6.63)	46,461	185.35	16,282	(16.98)	19,611	(19.5)
1,032,656	(54.11)	2,250,219	17.83	1,909,792	(24.41)	2,526,588	113.4
38,710	(55.52)	87,023	97.25	44,118	(54.63)	97,246	(7.2)
778,977	(38.59)	1,268,429	74.85	725,454	290.27	185,886	(70.5)
-	-	-	(100.00)	7,267,636	8.18	6,718,196	739.4
1,719,462	101.82	851,988	63.80	520,140	(74.76)	2,061,003	(19.6)
10,804,612	2.18	10,574,184	(36.19)	16,571,365	(3.26)	17,130,609	77.5
4,072,076	(15.75)	4,833,167	(14.53)	5,654,824	(1.65)	5,749,853	38.8
331,766	2,505.97	12,731	(86.50)	94,310	207.85	30,635	(70.0)
6,400,770	11.74	5,728,286	(47.07)	10,822,231	(4.65)	11,350,121	109.9
10,804,612	2.18	10,574,184	(36.19)	16,571,365	(3.26)	17,130,609	77.5
22,942,275	(26.33)	31,144,057	(19.14)	38,517,147	28.33	30,013,921	77.5
18,696,679	(25.80)	25,197,690	(16.24)	30,082,372	31.27	22,916,592	68.8
4,245,596	(28.60)	5,946,367	(29.50)	8,434,775	18.84	7,097,329	112.8
567,838	(1.93)	579,004	(8.06)	629,779	17.38	536,522	53.2
448,178	0.41	446,327	(9.33)	492,280	4.40	471,550	10.9
253,694	(68.31)	800,474	(23.51)	1,046,461	71.53	610,091	124.1
295,803	(50.42)	596,605	3.43	576,819	26.79	454,934	131.5
3,187,471	(37.80)	5,124,905	(34.15)	7,782,358	24.63	6,244,414	136.9
217,836	418.11	42,044	1,588.51	2,490	14.17	2,181	(85.7)
2,969,635	(41.58)	5,082,861	(34.67)	7,779,868	24.63	6,242,233	138.2
819,087	(43.31)	1,444,816	(40.92)	2,445,506	23.22	1,984,700	128.0
2,150,548	(40.89)	3,638,045	(31.80)	5,334,362	25.29	4,257,533	143.2

Vertical Analysis

	2022		2021	
	Rs. ('000)	%	Rs. ('000)	%
Statement of Financial Position				
Property, plant and equipment	775,150	3.9	777,638	3.1
Capital work in progress	27,030	0.1	45,166	0.2
Right-of-use assets	1,123	0.0	4,896	0.0
Intangible assets	39,300	0.2	39,462	0.2
Investment property	255,708	1.3	255,708	1.0
Long term investments	4,218,235	21.0	6,199,458	25.0
Long term loans	2,412	0.0	2,482	0.0
Deferred tax asset - net	-	-	-	-
Employee benefits	143,051	0.7	-	-
Stores, spares parts and loose tools	182,625	0.9	161,329	0.7
Stock in trade	6,758,898	33.7	5,372,584	21.7
Trade debts	235,269	1.2	141,234	0.6
Loans and advances	39,565	0.2	56,359	0.2
Trade deposits and prepayments	58,440	0.3	65,273	0.3
Balance with statutory authorities	5,707,842	28.4	4,592,169	18.5
Other receivables	115,989	0.6	108,253	0.4
Tax refunds due from Government	-	-	-	-
Short term investments	-	-	6,134,636	24.7
Cash and bank balances	1,505,688	7.5	849,602	3.4
Total Assets	20,066,325	100.0	24,806,249	100.0
Share holder's equity	7,067,262	35.2	9,092,770	36.7
Non Current Liabilities	875,713	4.4	1,170,415	4.7
Current Liabilities	12,123,350	60.4	14,543,064	58.6
Total Liabilities and Equity	20,066,325	100.0	24,806,249	100.0
Statement of Profit or Loss				
Revenue from contract with customers	53,374,415	100.0	43,953,778	100.0
Cost of sales	43,176,940	80.9	34,682,684	78.9
Gross profit	10,197,475	19.1	9,271,094	21.1
Distribution and marketing expenses	928,162	1.7	854,630	1.9
Administrative expenses	648,456	1.2	579,369	1.3
Other operating expenses	649,283	1.2	616,066	1.4
Other operating income	940,576	1.8	667,309	1.5
Operating profit	8,912,150	16.7	7,888,338	17.9
Finance costs	227,419	0.4	9,264	0.0
Profit before tax	8,684,731	16.3	7,879,074	17.9
Taxation	3,258,105	6.1	2,098,147	4.8
Profit after tax	5,426,626	10.2	5,780,927	13.2

2020		2019		2018		2017	
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
667,980	6.2	718,559	6.8	700,763	4.2	717,873	4.2
2,945	0.0	12,827	0.1	26,648	0.2	6,974	0.0
12,931	0.1	-	-	-	-	-	-
41,405	0.4	4,048	0.0	-	-	897	0.0
255,708	2.4	255,708	2.4	255,708	1.5	255,708	1.5
2,039,726	18.9	1,383,879	13.1	709,300	4.3	484,279	2.8
2,252	0.0	2,826	0.0	2,587	0.0	2,575	0.0
-	-	12,797	0.1	-	-	-	-
-	-	219,519	2.1	-	-	39,962	0.2
157,399	1.5	150,799	1.4	131,266	0.8	118,431	0.7
3,857,166	35.7	3,148,589	29.8	4,157,062	25.1	3,646,581	21.3
102,044	0.9	46,637	0.4	65,578	0.4	194,311	1.1
51,869	0.5	113,876	1.1	39,031	0.2	54,488	0.3
43,382	0.4	46,461	0.4	16,282	0.1	19,611	0.1
1,032,656	9.6	2,250,219	21.3	1,909,792	11.5	2,526,588	14.7
38,710	0.4	87,023	0.8	44,118	0.3	97,246	0.6
778,977	7.2	1,268,429	12.0	725,454	4.4	185,886	1.1
-	-	-	-	7,267,636	43.9	6,718,196	39.2
1,719,462	15.9	851,988	8.1	520,140	3.1	2,061,003	12.0
10,804,612	100.0	10,574,184	100.0	16,571,365	100.0	17,130,609	100.0
4,072,076	37.7	4,833,167	45.7	5,654,824	34.1	5,749,853	33.6
331,766	3.1	12,731	0.1	94,310	0.6	30,635	0.2
6,400,770	59.2	5,728,286	54.2	10,822,231	65.3	11,350,121	66.3
10,804,612	100.0	10,574,184	100.0	16,571,365	100.0	17,130,609	100.0
22,942,275	100.0	31,144,057	100.0	38,517,147	100.0	30,013,921	100.0
18,696,679	81.5	25,197,690	80.9	30,082,372	78.1	22,916,592	76.4
4,245,596	18.5	5,946,367	19.1	8,434,775	21.9	7,097,329	23.6
567,838	2.5	579,004	1.9	629,779	1.6	536,522	1.8
448,178	2.0	446,327	1.4	492,280	1.3	471,550	1.6
295,803	1.3	596,605	1.9	576,819	1.5	454,934	1.5
253,694	1.1	800,474	2.6	1,046,461	2.7	610,091	2.0
3,187,471	13.9	5,124,905	16.5	7,782,358	20.2	6,244,414	20.8
217,836	0.9	42,044	0.1	2,490	0.0	2,181	0.0
2,969,635	12.9	5,082,861	16.3	7,779,868	20.2	6,242,233	20.8
819,087	3.6	1,444,816	4.6	2,445,506	6.3	1,984,700	6.6
2,150,548	9.4	3,638,045	11.7	5,334,362	13.8	4,257,533	14.2

Commentary on Financial Results

PROFITABILITY

Gross profit margin has decreased by 198 basis points owing to slight decrease in sales volume and high input cost.

Decrease in operating profit margin by 125 basis points is due to decrease in sales volumes and high costs.

Resultantly, profit before tax margin was lower as compared to last year. Finance cost has increased due to decrease in liquidity. Net profit after tax margin decreased by 298 basis points, owing to super tax by Government (10%).

LIQUIDITY

The company's short-term liquidity remained healthy as current ratio remained above 1:1 which is a healthy sign. Net operating cycle of 33 days has just increased by 2 days since last year, due to the effective inventory management during the current year's economic challenges.

However, Sales tax refunds due from Government have increased during the year and stand at Rs. 5.7 billion at year end due to delay in sales tax refunds, and issuance of SRO 563 dated 29th April, 2022 which has been challenged in the court of law.

Overall, the balance sheet remains healthy and no short-term or long-term issues are envisaged.

SOLVENCY

The company relied completely on equity to finance its operations and does not hold any long-term loans except for long term financing facilities from SBP in respect of,

- Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns and;
- renewable energy finance scheme

These loans carry nominal interest rate which will not impact profitability.

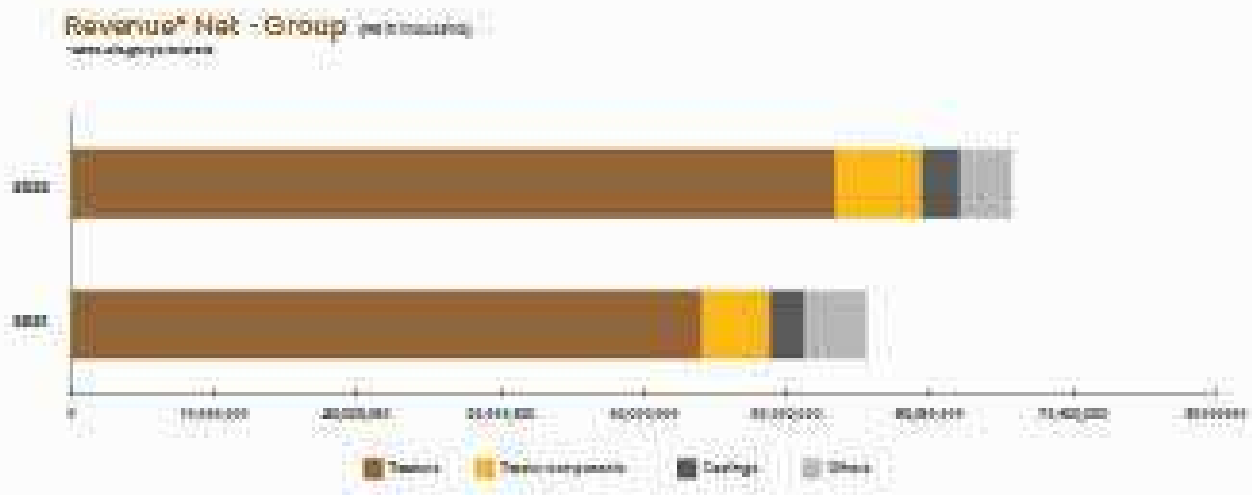
INVESTOR

EPS slightly decreased because of decrease in net profits. The Company has already disbursed interim payout of Rs.45 per share cash dividend and 40% interim bonus shares during the year. The market price of the share showed strong confidence of investors in the Company's Fundamentals.



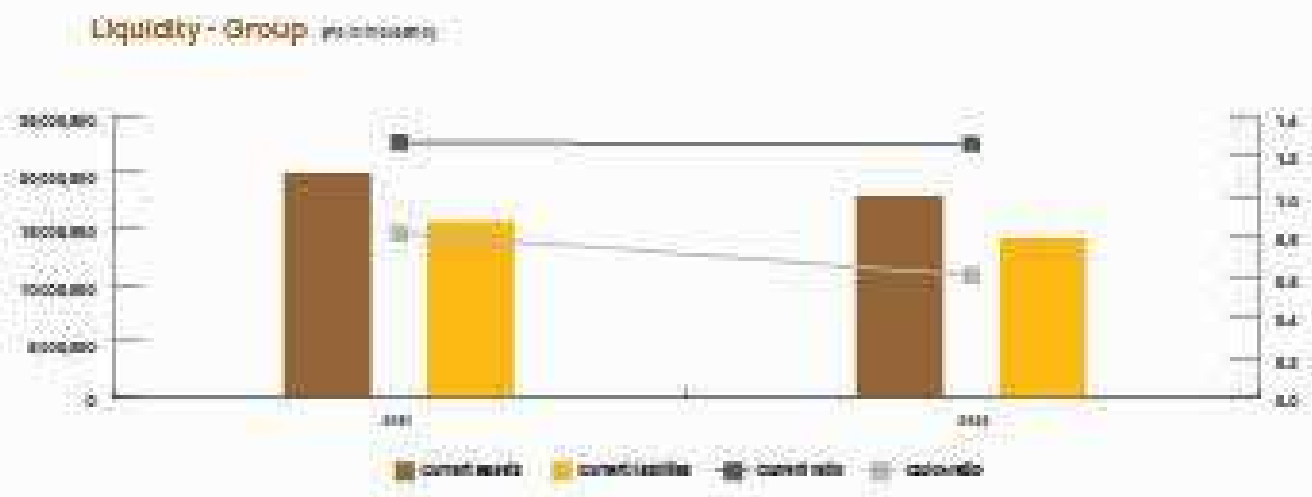
Segmental Review of Business Performance

Millat group of companies are closely integrated with one another where subsidiary companies supply valuable input to the parent entity. The operating segment information is given in Note 49 to the consolidated financial statements. A brief analysis of the same is presented below:



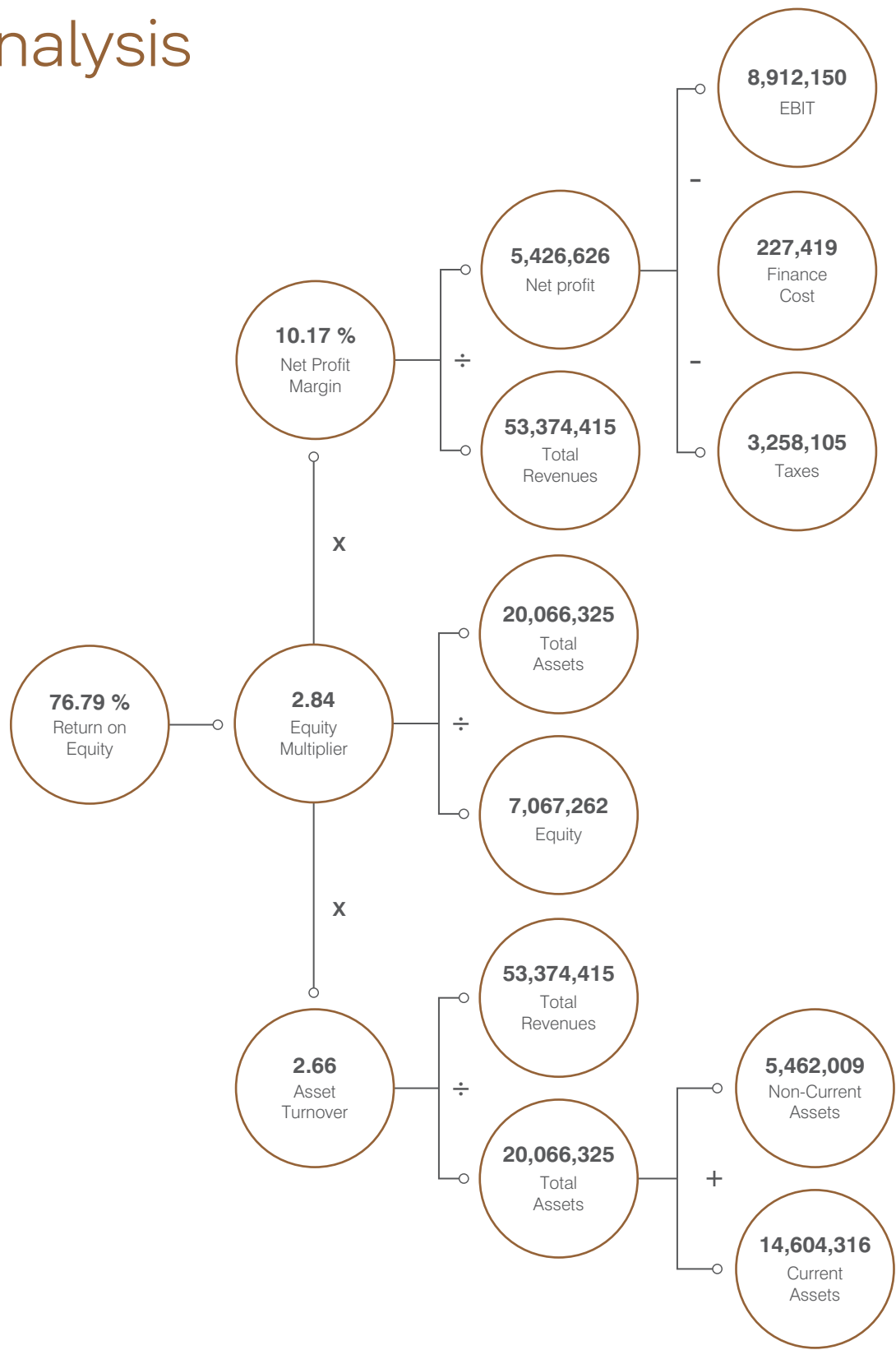
Due to consistency in tractor sales, and other segments also showed increase in revenue earned during the year.

Since the group is vertically integrated, performance of tractor segment directly impacts other operating segments as evident above. Resultantly, profitability moved in the same direction as that of revenue.



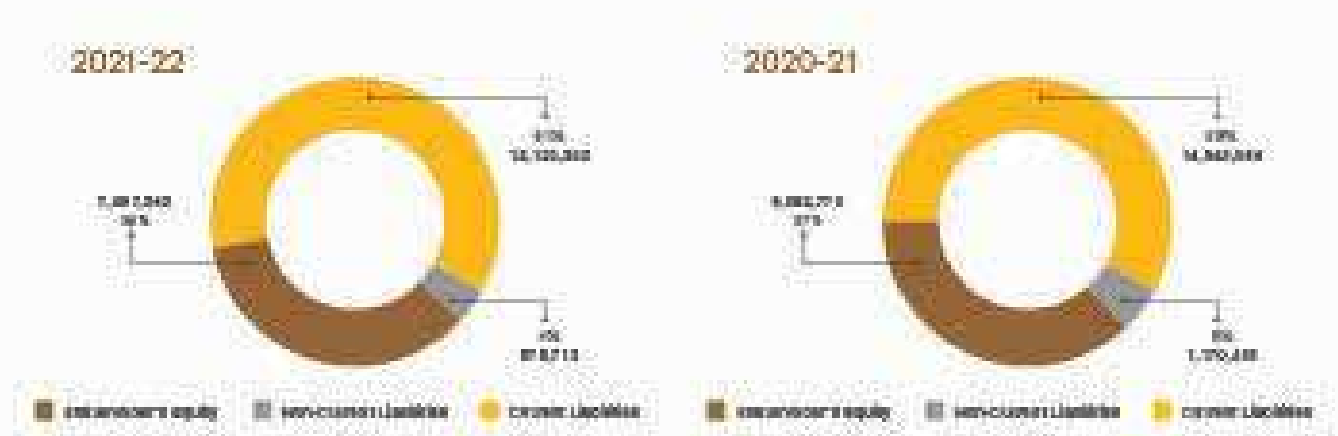
Overall current ratio of the group has remained stable despite significant increase in operations of the Group. This was achieved by effective management of resources which is also depicted by the improvement in quick ratio of the Group. Overall liquidity position of the Group is stable.

DUPONT Analysis

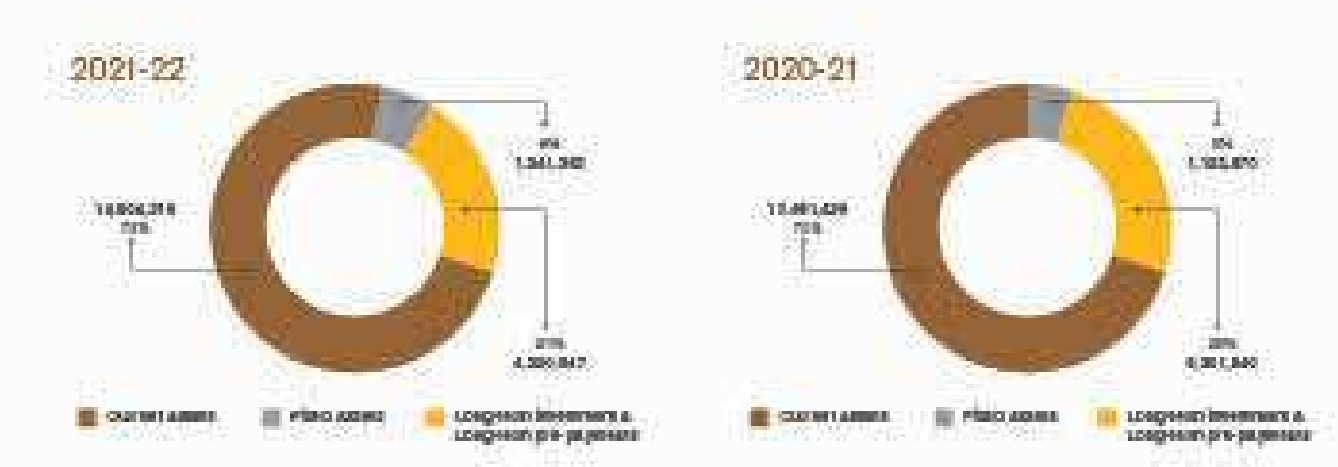


Graphical Analysis of Statement of Financial Position

EQUITY AND LIABILITIES



ASSETS



CORPORATE COMPLIANCE AND FINANCIAL STATEMENTS

Independent Auditor's Review Report To the Members of Millat Tractors Limited

Review Report on the Statement of Compliance Contained in Listed Companies (Code Of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Millat Tractors Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.



A. F. Ferguson & Co
Chartered Accountants
Lahore
Date: September 28, 2022

UDIN: CR202210092kMySRrglt

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are nine as per the following:

- a. Male: eight
- b. Female: one

2. The composition of board is as follows:

Category	Names
i) Independent Directors	Mr. Nasar Us Samad Qureshi Mr. Muhammad Javed Rashid Mrs. Ambreen Waheed (Female Director)
ii) Non-executive Directors	Mr. Sikandar Mustafa Khan Mr. Laeeq Uddin Ansari Mr. Qaiser Saleem* Mr. Saad Iqbal
iii) Executive Directors	Mr. Sohail Bashir Rana Syed Muhammad Irfan Aqueel, CEO

*the member replaced Mian Muhammad Saleem in February, 2022.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company; (excluding the listed subsidiaries of listed holding companies)
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board Has ensured that complete record of particulars of significant policies along with the date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. During the year two directors and a female executive completed the Directors' Training Program arranged by the Company. Consequently now all directors have either acquired the prescribed certification or meet exemption criteria as contained in these regulations;

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Nasar Us Samad Qureshi,
(Chairman - Independent Director)
Mr. Laeeq Uddin Ansari, Member
Mr. Qaiser Saleem*, Member
Mr. Saad Iqbal, Member
Mr. Muhammad Javed Rashid, Member


*the member replaced Mian Muhammad Saleem in February, 2022.

b) HR and Remuneration Committee

Mr. Muhammad Javed Rashid,
(Chairman - Independent Director)
Mr. Laeeq Uddin Ansari, Member
Mrs. Ambreen Waheed, Member
Syed Muhammad Irfan Aqueel, Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:-
- a) Audit Committee 04 meetings
- b) HR and Remuneration Committee 01 meeting
15. The Board has set up and effective internal audit function, the staff is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative(spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below;

Sr. No.	Requirement	Explanation for Non-Compliance	Reg. No.
1.	Representation of Minority shareholders The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest election as director representing minority shareholders.	5
2.	Responsibilities of the Board and its members Adoption of the corporate governance practices.	Non-mandatory provisions of the CCG Regulations are partially complied.	10(1)
3.	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The Board and the HR and Remuneration Committee, collectively perform all the functions of the Nomination committee.	29(1)
4.	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board reviews the overall business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders. Consequently, the Board itself performs all the functions of the Risk Management Committee.	30(1)



SIKANDAR MUSTAFA KHAN
Chairman

Lahore:
September 23, 2022

Independent Auditor's Report

To the members of Millat Tractors Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Millat Tractors Limited (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

Sr. #	Key audit matter	How the matter was addressed in our audit
1	Investment measured at Fair Value (Refer note 4.9, 22.2 and 48.1 to the annexed financial statements) The Company holds investment in the equity instrument of Hyundai Nishat Motor (Private) Limited ('HNMPL'). Due to HNMPL being a non-listed company, their shares do not have a quoted price in an active market. Therefore, fair value of their shares has been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flow of the business and related discount rate.	Our audit procedures included the following: <ul style="list-style-type: none"> understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations; evaluated the cash flow forecast by obtaining an understanding of respective businesses of HNMPL; obtained an understanding of the work performed by the management's expert on the models for the purpose of valuations;

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan
 Tel: +92 (42) 3571 5868-71 / 3577 5747-50; Fax: +92 (42) 3577 5754 www.pwc.com/pk

■ KARACHI ■ LAHORE ■ ISLAMABAD

Sr. #	Key audit matter	How the matter was addressed in our audit
	Due to the significant level of judgment and estimation required to determine the fair value of the investment, we consider it to be a key audit matter.	<ul style="list-style-type: none"> examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; obtained corroborating evidence relating to the values as determined by the management by challenging key assumptions for the growth rates in the cash flow forecast by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data; performed sensitivity analysis around key assumptions to ascertain the extent of change individually in the value of the investment; and assessed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

Information Other than the Separate and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the separate and consolidated financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



A. F. Ferguson & Co

Chartered Accountants

Lahore

Date: September 28, 2022

UDIN: AR202210092NcExu4SIO

Statement of Financial Position

As at June 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 200,000,000 (2021: 75,000,000) ordinary			
shares of Rs. 10/- each		2,000,000	750,000
Issued, subscribed and paid up capital	5	968,679	560,578
Reserves	6	6,098,583	8,532,192
		7,067,262	9,092,770
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term deposits	7	13,833	13,433
Deferred tax liabilities - net	8	811,291	962,984
Employees' defined benefit plan	9	—	50,256
Lease liabilities against right-of-use assets	10	—	1,442
Long term finance- secured	11	36,162	128,815
Deferred grant	13	14,427	13,485
		875,713	1,170,415
CURRENT LIABILITIES			
Accumulating compensated absences		108,527	110,670
Trade and other payables	14	4,683,108	3,661,499
Contract liabilities	15	6,685,800	9,919,342
Current portion of lease liabilities against right-of-use assets	10	1,331	4,386
Current portion of long term finance- secured	11	88,134	162,797
Current portion of deferred grant	13	5,604	15,602
Taxation- net		225,825	322,770
Unclaimed dividend		297,326	271,595
Unpaid dividend		27,695	74,403
		12,123,350	14,543,064
CONTINGENCIES AND COMMITMENTS	16		
		20,066,325	24,806,249

The annexed notes from 1 to 55 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	2022 (Rupees in thousand)	2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	17	775,150	777,638
Capital work in progress	18	27,030	45,166
		802,180	822,804
Right-of-use assets	19	1,123	4,896
Intangible assets	20	39,300	39,462
Investment property	21	255,708	255,708
Long term investments	22	4,218,235	6,199,458
Long term loans	23	2,412	2,482
Employees' defined benefit plan	9	143,051	–
		5,462,009	7,324,810
CURRENT ASSETS			
Stores, spare parts and loose tools	24	182,625	161,329
Stock in trade	25	6,758,898	5,372,584
Trade debts	26	235,269	141,234
Loans and advances	27	39,565	56,359
Trade deposits and short term prepayments	28	58,440	65,273
Balances with statutory authorities	29	5,707,842	4,592,169
Other receivables	30	115,989	108,253
Short term investments	31	–	6,134,636
Cash and bank balances	32	1,505,688	849,602
		14,604,316	17,481,439
		20,066,325	24,806,249



Chairman

Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
Revenue from contracts with customers	33	53,374,415	43,953,778
Cost of sales	34	43,176,940	34,682,684
Gross profit		10,197,475	9,271,094
Distribution and marketing expenses	35	928,162	854,630
Administrative expenses	36	648,456	579,369
Other operating expenses	37	649,283	616,066
		2,225,901	2,050,065
Other income	38	940,576	667,309
Operating profit		8,912,150	7,888,338
Finance cost	39	227,419	9,264
Profit before tax		8,684,731	7,879,074
Taxation	40	3,258,105	2,098,147
Profit after tax for the year		5,426,626	5,780,927
Other comprehensive income / (loss):			
Items not to be reclassified to profit or loss in subsequent periods:			
Unrealized (loss) / gain on revaluation of investments at fair value through other comprehensive income	22	(2,000,843)	4,004,349
Less: Deferred tax - net		177,858	(865,851)
		(1,822,985)	3,138,498
Remeasurement gain on employees' defined benefit plan		200,858	87,598
Total other comprehensive (loss) / income		(1,622,127)	3,226,096
Total comprehensive income for the year		3,804,499	9,007,023
			Restated
Earnings per share - basic and diluted (Rupees)	43	56.02	59.68

The annexed notes from 1 to 55 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Statement of Changes in Equity

For the year ended June 30, 2022

	Issued, subscribed and paid up capital	Capital reserves	Revenue reserves		Total
		Fair value reserves	General reserves	Unappropriated Profit	
(Rupees in thousand)					
Balance as on June 30, 2020	498,292	297,389	2,278,935	997,460	4,072,076
Final dividend for the year ended					
June 30, 2020 @ Rs. 30 per share	–	–	–	(1,494,873)	(1,494,873)
Interim bonus shares issued for the year ended					
June 30, 2021 @ 12.5% per share	62,286	–	–	(62,286)	–
Interim dividend for the year ended					
June 30, 2021 @ Rs. 50 per share	–	–	–	(2,491,456)	(2,491,456)
Total comprehensive income for					
the year ended June 30, 2021	–	3,138,498	–	5,868,525	9,007,023
Balance as on June 30, 2021	560,578	3,435,887	2,278,935	2,817,370	9,092,770
Final dividend for the year ended					
June 30, 2021 @ Rs. 50 per share	–	–	–	(2,802,888)	(2,802,888)
Final bonus shares issued for the year ended					
June 30, 2021 @ 20% per share	112,116	–	–	(112,116)	–
Interim dividend for the year ended					
June 30, 2022 @ Rs. 45 per share	–	–	–	(3,027,119)	(3,027,119)
Interim bonus shares issued for the year					
ended June 30, 2022 @ 20% per share	134,539	–	–	(134,539)	–
Interim bonus shares issued for the year					
ended June 30, 2022 @ 20% per share	161,446	–	–	(161,446)	–
Total comprehensive (loss) / income for					
the year ended June 30, 2022	–	(1,822,985)	–	5,627,484	3,804,499
Balance as on June 30, 2022	968,679	1,612,902	2,278,935	2,206,746	7,067,262

The annexed notes from 1 to 55 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Statement of Cash Flows

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	44	5,096,189	13,969,033
Finance cost paid		(93,071)	(20,264)
Receipt against / (payment of) long term loans to employees - net		70	(230)
Workers' Profit Participation Fund paid	14.3	(485,151)	(432,070)
Workers' Welfare Fund paid		(157,581)	(60,674)
Taxes paid - net		(4,444,558)	(4,536,444)
Employee benefits paid - net		(15,283)	(16,905)
Long term security deposits received		400	790
		(5,195,174)	(5,065,797)
Net cash flows (used in) / generated from operating activities		(98,985)	8,903,236
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(100,511)	(258,878)
Proceeds from disposal of property, plant and equipment	17.4	29,310	23,216
Short term investments redeemed / (made) - net		5,805,411	(5,717,876)
Long term investments made		–	(159,403)
Profit on bank deposits received		38,107	58,407
Dividend received		665,955	386,701
Net cash flows generated from / (used in) investing activities		6,438,272	(5,667,833)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(5,850,984)	(3,927,448)
Principal payment against lease liabilities		(4,914)	(3,781)
Long term financing (paid) / received including finance cost - net		(177,303)	175,966
Net cash flows used in financing activities		(6,033,201)	(3,755,263)
Net increase / (decrease) in cash and cash equivalents		306,086	(519,860)
Cash and cash equivalents at the beginning of the year		1,199,602	1,719,462
Cash and cash equivalents at the end of the year	45	1,505,688	1,199,602

The annexed notes from 1 to 55 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

Notes to The Financial Statements

For the year ended June 30, 2022

1. Legal status and nature of business

- 1.1** Millat Tractors Limited (the Company) is a public limited company and was incorporated in Pakistan in 1964 under the Companies Act, 1913 (now the Companies Act, 2017), and is listed on the Pakistan Stock Exchange Limited. The registered office and factory of the Company is situated at 9 km Sheikhpura Road, District Sheikhpura. The Company also has regional offices located in Karachi, Multan, Sukkur and Islamabad.

The Company is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products. The Company is also involved in the sale, implementation and support of IFS applications in Pakistan and abroad.

2. Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions and directives issued under the Companies Act, 2017.

Where the provisions of the directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Basis of preparation

These financial statements represent the separate financial statements of Millat Tractors Limited, in which investments in the subsidiary companies, namely Millat Equipment Limited (MEL), Bolan Castings Limited (BCL), Millat Industrial Products Limited (MIPL) and TIPEG Intertrade DMCC have been accounted for at cost less accumulated impairment losses, if any. The consolidated financial statements of the Group are being issued separately.

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for valuation of certain financial instruments at fair value or amortised cost. In addition, obligations in respect of certain employees' retirement benefit plan and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

3.2 Critical accounting estimates and judgments

The Company's significant accounting policies are stated in note 4 to these financial statements. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of accounting policies are as follows:

3.2.1 Employees' retirement benefits and other obligations

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations i.e. employees' defined benefit plan and other obligations. The valuation is based on assumptions as mentioned in note 4.2 to these financial statements.

Notes to The Financial Statements

For the year ended June 30, 2022

3.2.2 Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Pending instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law and the outcome is expected in favor of the Company, are shown as contingent liabilities.

3.2.3 Estimated useful lives, residual values and method of depreciation of property, plant and equipment

The Company reviews the useful lives, residual value and method of depreciation of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.2.4 Provision for inventories and stores

The Company regularly reviews the inventories for impairment. Provision for obsolete and slow-moving inventories is based on management's estimate of the condition and usability of inventories and stores.

3.2.5 Impairment of trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3.2.6 Fair value of unquoted investments

Fair value of unquoted investments is determined by using valuation techniques. The Company uses the valuation performed by an independent valuation expert to determine the fair value of its unquoted investments. The Company has used discounted cash flow analysis for this purpose as fully explained in note 22.2 to these financial statements.

3.2.7 Lease term of right of use asset and lease liability

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees (PKR or Rupee) which is the Company's functional and presentation currency

4 Summary of significant accounting policies

The significant accounting policies which have been adopted in the preparation of financial statements of the Company are consistent with previous year except as mentioned in note 4.1 to these financial statements, and which are as follows:

4.1 Changes in accounting standards, interpretations and pronouncements

a) Interpretations and amendments to published approved accounting standards that became effective during the year but are not 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 statements.

b) Interpretations and amendments to published approved accounting standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation	Effective Date (Annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 01, 2022
Cost of Fulfilling an Onerous Contracts – Amendments to IAS 37	January 01, 2022
Updating a Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Amended by Definition of Accounting Estimates – Amendments to IAS 8	January 01, 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12	January 01, 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 01, 2024

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in previous years. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022 and January 01, 2023 respectively. The Company expects that such improvements to the standards will not have any significant impact on the Company's financial statements in the period of initial application.

4.2 Employees' retirement benefits and other obligations

The main features of the schemes operated by the Company for its employees are as follows:

4.2.1 Defined benefit plan

4.2.1.1 Pension

The Company operates a funded defined benefit pension scheme for all its eligible employees. Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Contributions under the scheme are made to this fund on the basis of actuarial recommendation and are charged to profit or loss. The latest actuarial valuation for the scheme was carried out as at June 30, 2022.

The amount recognized in the statement of financial position represents the present value of the plan assets reduced by value of defined benefit obligation. Any charge or credit arising as a result of remeasurements are recognized in the other comprehensive income of the Company in the period in which they occur.

Notes to The Financial Statements

For the year ended June 30, 2022

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, based on the following significant assumptions, is used for valuation of this scheme:

	2022	2021
Expected rate of increase per annum in salary level	12.25%	9.00%
Discount rate per annum used for interest cost in profit or loss	10.00%	8.50%
Discount rate per annum used for year end obligation	13.25%	10.00%
Average expected remaining working life of employees	6 years	8 years
Expected mortality rates	SLIC 2001 - 2005	SLIC 2001 - 2005
	Setback 1 Year	Setback 1 Year

The Board Members of the Millat Tractors Limited Employees' Pension Fund Trust are managing the Pension Fund as per the applicable Pension Fund Deed, Rules and Regulations of the fund.

4.2.2 Defined contribution plans

4.2.2.1 Gratuity

The Company operates an approved defined contribution funded gratuity scheme for permanent employees who joined the Company before July 01, 2004. Under the scheme, based on the graduated scale, the contributions are calculated with reference to last drawn salary of the employees and are paid over to the Employees' Gratuity Fund Trust.

The Board Members of the Millat Tractors Limited Employees' Gratuity Fund Trust are managing the Gratuity Fund as per the applicable Gratuity Fund Deed, Rules and Regulations of the fund."

4.2.2.2 Provident fund

The Company operates an approved defined contribution provident fund for all permanent employees. Equal contributions are made by employees and the Company at the rate of 10 percent of basic salary per month.

The Board Members of the Millat Tractors Limited Employees' Provident Fund Trust ('the Trust') are managing the Provident Fund as per the applicable Provident Fund Deed, Rules and Regulations of the fund."

4.2.3 Accumulating compensated absences

The Company provides for various forms of accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences and are charged to profit or loss.

4.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the profit or loss, except in the case of items credited or charged to other comprehensive income.

4.4 Property, plant and equipment

Property, plant and equipment except for freehold and leasehold land are stated at cost less accumulated depreciation and any identified impairment loss, if any. Freehold and leasehold land is stated at cost less any identified impairment loss, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation on all items of property, plant and equipment is charged to profit or loss applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation is being charged at the rates given in note 17. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

The Company continually assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit or loss for the year. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, and the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

4.5 Right-of-use asset and Lease liability

At inception of a lease contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Notes to The Financial Statements

For the year ended June 30, 2022

The Company applies a practical expedient and, does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets, if any. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

For lease contracts other than the aforementioned, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate and amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the statement of profit and loss account if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses.

4.6 Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period including advances to suppliers and contractors are carried under this head. These are transferred to specific assets as and when these assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss, if any.

4.7 Intangible assets

Expenditure incurred to acquire and developing computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite life are amortised using the straight line method over a period of three years and Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortization on additions to finite intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

The Company assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.8 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises land and is valued using the cost method i.e. at cost less any identified impairment loss.

The Company assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss on disposal or retirement of an investment property represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in profit or loss.

4.9 Investments and other financial assets

4.9.1 Subsidiary and associated undertakings

A subsidiary is an entity controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not having control or joint control over those policies.

Investments in subsidiary and associated undertakings are carried at cost less impairment loss, if any.

At each reporting date, the Company reviews the carrying amounts of the investments in subsidiary and associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future dividend stream and an estimate of the terminal value of these investments. Impairment losses are recognized as expense in the profit or loss.

4.9.2 Financial assets other than investments in subsidiary and associated undertakings

4.9.2.1 Classification

The Company classifies its financial assets in the following measurement categories:

- at Fair Value through Profit or Loss ("FVPL"),
- at Fair Value through Other Comprehensive Income ("FVOCI"), or
- at amortised cost.

Notes to The Financial Statements

For the year ended June 30, 2022

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

4.9.2.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date i.e. the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.9.2.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value through Profit or Loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are Solely Payment of Principal and Interest (SPPI).

a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(operating expenses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

ii) Financial assets at Fair Value through Other Comprehensive Income

Assets that are held for both collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/(operating expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(operating expenses).

iii) Financial assets at Fair Value through Profit or Loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income/(operating expenses) in the period in which it arises.

b) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income/(operating expenses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.9.2.4 Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and fair value through other comprehensive income, trade receivables, contract assets recognised and measured under IFRS 15 and that are not measured at fair value through profit or loss.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company therefore concludes that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

A distinction is made between, financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1). Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2). Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Company considers that there is evidence of impairment, if any, of the indicators were present i.e. significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or late payments.

Notes to The Financial Statements

For the year ended June 30, 2022

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments past due date. Impairment losses on trade receivables and contract assets are presented as net impairment losses in the profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

4.10 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of net realizable value or moving average cost. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon.

Provision for obsolete and slow-moving stores, spare parts and loose tools is based on management estimate of the condition and usability of such stores.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision for obsolete and slow moving stores and spares is based on management estimate.

4.11 Stock in trade

Stock of raw materials, except for those in transit, work in process and finished goods are valued principally at the lower of moving average cost and net realizable value.

Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

Cost of raw materials and trading stock comprises the invoice value plus other charges paid thereon.

Cost of work in process and finished goods include direct material, labor and appropriate portion of manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision for obsolete and slow-moving stock in trade is based on management estimate.

4.12 Trade debts

Trade debts are carried at original invoice amount less any expected credit losses based on review of outstanding amounts at the year end in accordance with the simplified approach as mentioned in note 4.9.2.4. Bad debts are written off when identified.

4.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Short term finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

4.14 Revenue recognition

4.14.1

Revenue from sale of tractors, implements and multi-application products, along with the provision of after market services. Revenue is recognized when performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. If the consideration promised in a contract includes a

variable amount, the Company determines the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties, or other similar item.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any related discounts or rebates on the contract price are generally allocated to the separate elements, respectively.

4.14.2 a) Sale of goods

Revenue from contracts for sale of tractors, implements, multi-application products and trading goods is recognized upon delivery and acknowledgement of the good by the customer i.e. at a point-in-time when the performance obligation of the Company is satisfied. Since there is only one performance obligation the revenue is recognized at full amount. Payments for sale of tractors are received in advance from customers, while in the case of implements and multi-application products credit periods are provided as per Company policy on a case to case basis. The credit term does not include any financing component. Any rebate / markup on account of delayed delivery of tractor is deducted from the transaction price upon satisfaction of the performance obligation.

b) Sale of service

– Warranties

The Company provides various types of warranties. When determining the nature of warranty-related promises, the Company considers:

- whether the customer has the option to separately purchase the warranty; and
- whether all or part of the warranty provides the customer with an additional service beyond the basic assurance that it will perform in accordance with published specifications.

Standard-type warranties of free repair, parts replacement, assurance and major rectification to the customer along with free service after specific intervals are not offered separately for any consideration by the Company and rather are embedded in the sale price of the good. Accordingly, the same are not considered to be separate performance obligations and are accounted for under IAS 37.

For extended-type warranties or separate after sale services offered by the Company the same are treated as separate performance obligations. Revenue from such warranties or after sale services contracts is recognized over time i.e. duration of the contract.

Notes to The Financial Statements

For the year ended June 30, 2022

- IFS services

Revenue from IFS services includes contracts for software implementation / customization services along with post implementation consultancy / maintenance services. Revenue from implementation / customization services is recognized at a point-in-time i.e. when the performance obligation of the Company for implementation/ customization is satisfied whereas revenue from post implementation consultancy / maintenance services is recognized over-time i.e. duration of the Service Level Agreement.

Others

- Dividend is recognized as income when the right to receive dividend is established.
- Profit on bank deposits is recognized on effective rate of interest method.
- Investment income is recognized when right to receive the income is established.

4.15 Research cost

These costs are charged to profit or loss when incurred.

4.16 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.17 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.18 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.19 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. Foreign exchange gains and losses on translation are recognized in the profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.20 Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the obligation specified in the contract is discharged, cancelled or expired. The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, substantially modified or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

An exchange between the Company and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

"All financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial liabilities are subsequently measured at Fair Value through Profit and Loss ("FVPL") or at amortised cost, as the case may be. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVPL. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Where management has opted to recognise a financial liability at FVPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVPL.

The accounting policy for financial assets other than investments in subsidiary and associated undertakings is disclosed in note 4.9.2 to the financial statements above.

4.21 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.22 Reserves

Reserve are classified into two categories as follows:

4.22.1 Revenue reserve

Revenue reserve is the reserve which is regarded as available for distribution through the profit or loss including general reserves and other specific reserves created out of profit and un-appropriated or accumulated profits of previous years.

4.22.2 Capital reserve

Capital reserve includes all the reserves other than reserve which are classified as revenue reserve.

4.23 Earning per share

The company presents basic and diluted Earning Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Notes to The Financial Statements

For the year ended June 30, 2022

4.24 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.25 Dividend and appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the these are approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

4.26 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

In subsequent periods, the grant shall be recognized in statement of profit or loss , in line with the recognition of interest expense the grant is compensating.

5 Issued, subscribed and paid up capital

2022 (Number of shares in thousand)		2021 (Rupees in thousand)	
		Ordinary shares of Rs.10 each	
2,543	2,543	fully paid in cash	25,429
		Ordinary shares of Rs.10 each issued as fully paid bonus shares	
53,514	47,286	- Opening balance	535,149
		- Issued during the year	
		Interim bonus shares issued - June 30, 2021 @12.5% per share	62,286
		Final bonus shares issued - June 30, 2021 @20% per share	
11,211	–	Interim bonus shares issued - June 30, 2022 @20% per share	134,539
13,454	–	Interim bonus shares issued - June 30, 2022 @20% per share	161,446
16,145	–		
94,324	53,514		535,149
96,867	56,057		560,578

	2022	2021
	(Rupees in thousand)	
6 Reserves		
Capital reserve		
Fair value reserve - Investments measured at FVOCI	1,612,902	3,435,887
	1,612,902	3,435,887
Revenue reserve		
General reserve	2,278,935	2,278,935
Unappropriated profit	2,206,746	2,817,370
	4,485,681	5,096,305
	6,098,583	8,532,192

7 Long term deposits

These represent security deposits received from dealers which, by virtue of agreement, are interest free. These are repayable on cancellation of dealership contract with dealers and cannot be utilized for the purpose of the business. These have been kept in separate bank account in accordance with the requirements of the section 217 of the Companies Act, 2017.

	Note	2022	2021
		(Rupees in thousand)	
8 Deferred tax liabilities - net			
The liability for deferred tax comprises temporary differences relating to:			
Taxable temporary differences:			
Accelerated tax depreciation		71,004	63,247
Changes in fair value of investments		752,376	930,976
		823,380	994,223
Deductible temporary differences:			
Unused tax losses	8.1	—	(20,615)
Provision for impaired / doubtful receivables		(12,089)	(10,624)
		(12,089)	(31,239)
Net deferred tax liability at the year end		811,291	962,984

- 8.1** Deferred tax asset on unused tax losses represents the minimum tax available for carry forward under the Income Tax Ordinance, 2001 and is recognised to the extent that the realization of related tax benefits through future taxable profits of the Company is probable. The projections are based on management's best estimates of key production, sales and economic assumptions.

Notes to The Financial Statements

For the year ended June 30, 2022

8.2 Reconciliation of deferred tax liabilities - net

	Deferred tax liability		Deferred tax asset			Net liability / (asset)
	Accelerated tax depreciation	Change in fair value of investments	Unused tax losses	Accumulating compensated absences	Provision for impaired/doubtful receivables	
	(Rupees in thousand)					
Balance as at June 30, 2020	56,014	64,382	(29,886)	–	(12,846)	77,664
Tax (income) / expense during the year recognised in						
- profit or loss	7,233	–	9,271	–	2,222	18,726
- Other comprehensive income	–	866,594	–	–	–	866,594
Balance as at June 30, 2021	63,247	930,976	(20,615)	–	(10,624)	962,984
Tax (income) / expense during the year recognised in						
- profit or loss	7,757	(742)	20,615	–	(1,465)	26,165
- Other comprehensive income	–	(177,858)	–	–	–	(177,858)
Balance as at June 30, 2022	71,004	752,376	–	–	(12,089)	811,291

8.3 Under the Finance Act 2023, a corporate tax rate of 29% has been fixed with an additional super tax of 4% of persons having income more than Rs. 300 million. Therefore, deferred tax assets and liabilities have been recognized and remeasured accordingly using the enacted applicable rate i.e. 33%.

	Note	2022 (Rupees in thousand)	2021
9 Employees' defined benefit plan			
9.1 Present value of defined benefit obligation	9.3	960,430	1,160,998
Fair value of plan assets	9.4	(1,103,481)	(1,110,743)
(Asset) / liability recognized in the statement of financial position		(143,051)	50,256
9.2 For the year			
Salaries, wages and amenities include the following in respect of employees' pension scheme:			
Current service cost		11,124	13,387
Interest cost		110,912	100,667
Expected return on plan assets		(106,308)	(90,577)
		15,728	23,477
9.3 The movement in present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of year		1,160,998	1,232,563
Current service cost		11,124	13,387
Interest cost		110,912	100,667
Benefits paid		(103,502)	(96,491)
Benefits due but not paid		(254)	–
Actuarial gain due to financial assumptions, including experience adjustments		(218,848)	(89,128)
Present value of defined benefit obligation at end of year		960,430	1,160,998

	2022	2021
	(Rupees in thousand)	
9.4 The movement in fair value of plan assets is as follows:		
Fair value of plan assets at beginning of year	1,110,743	1,109,534
Expected return on assets	106,308	90,577
Contributions	8,176	8,653
Benefits paid	(103,502)	(96,491)
Benefits due but not paid	(254)	–
Return on plan assets	(17,990)	(1,530)
Fair value of plan assets at end of year	1,103,481	1,110,743
Actual return on plan assets	88,318	89,047
9.5 Plan assets comprise of :		
Term Deposit Receipts:		
United Bank Limited	–	295,500
Bank Alfalah Limited	400,000	–
Zarai Taraqati Bank Limited	280,000	421,129
Special Bank account:		
NAFA Capital Protected Fund	373,167	353,747
Accrued interest and bank balance:		
Bank balances	45,155	38,604
Accrued interest	3,636	–
Advance income tax	1,777	1,777
Less: payables	(254)	(14)
	1,103,481	1,110,743

Investments out of fund have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

9.6 Comparison of present value of defined benefit obligation, the fair value of plan assets and the resulting surplus or deficit of pension fund is as follows:

	2022	2021	2020	2019	2018
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	960,430	1,160,998	1,232,563	848,495	1,109,824
Less: Fair value of plan assets	1,103,481	1,110,743	1,109,534	1,068,014	1,085,220
Surplus/ (deficit)	143,051	(50,255)	(123,029)	219,519	(24,604)
Experience adjustment on obligation	(218,848)	(89,128)	345,900	(292,128)	(23,087)
Return on plan assets, excluding interest income	(17,990)	(1,530)	(28,095)	(41,191)	(85,687)

Notes to The Financial Statements

For the year ended June 30, 2022

Sensitivity analysis

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase as disclosed in note 4.2.1.1. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2022	2021
	(Rupees in thousand)	
Discount rate + 100 bps	904	1,079
Discount rate - 100 bps	1,024	1,255
Salary increase + 100 bps	968	1,172
Salary increase - 100 bps	953	1,151
Indexation rate + 100 bps	1,028	1,258

9.7 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

Final Salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in risk free investments of Term deposit Certificates. However, instruments in Open-ended Mutual Funds is subject to adverse fluctuation as a result of change of market price.

Discount rate fluctuation - The plan liabilities are calculated using discount rate set with reference to market yields on government bonds. A decrease in market yields on government bonds will Increase plan liabilities, although this will be partially offset by increase in the value of the current plan's bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contribution to the fund as advised by the actuary.

9.8 In case of the funded plans, the Company ensures that the investment positions are managed within an Asset-Liability Matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the Retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2022 and 2021 consists of government bonds and mutual funds. The Company believes that government bonds and mutual funds offer the best returns over the long term with an acceptable level of risk.

9.9 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

The Company's net-refund from the pension fund for the year ending June 30, 2023 is expected to be Rs. 12,491 thousand.

Expense of the defined benefit plan is calculated by the actuary.

	Note	2022 (Rupees in thousand)	2021
10	Lease liabilities against right-of-use assets		
Lease liabilities at year end	10.1	1,331	5,828
Less: current portion of lease liabilities		(1,331)	(4,386)
Non current lease liabilities		—	1,442

10.1 Commitments in relations to leases recognised under IFRS 16 are payable as follows:

	Note	2022 (Rupees in thousand)	2021
Payable not later than one year		1,634	4,667
Payable later than one year but not later than five years		—	1,634
Payable later than five years		—	—
		1,634	6,301
Future finance charges		(303)	(473)
Total lease liabilities	10	1,331	5,828
11	Long term finance- secured		
Long term loan	11.1	124,296	291,612
Less: Current portion shown under current liabilities	11.1	(88,134)	(162,797)
		36,162	128,815

11.1 The reconciliation of carrying amount is as follows

Opening balance		291,612	128,935
Loan received during the year	11.2 & 11.3	5,000	262,042
Modification during the year	11.3	(3,646)	—
Repayments during the year		(182,303)	(87,007)
Transferred to deferred grant	13	(1,491)	(35,315)
Unwinding of interest cost		15,124	22,957
	11	124,296	291,612
Less: Current portion shown under current liabilities	11	(88,134)	(162,797)
		36,162	128,815

11.2 This represents amount of loan against facility of Rs 400,000 thousand (2021: Rs 400,000 thousand) under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan (SBP) to mitigate the effect of COVID-19 on employment in Pakistan. The loan is repayable in 8 equal quarterly installments commencing from January 31, 2021 and carry markup from the rate of 0.15% to 0.4% per annum which is payable quarterly. The loan was initially recognized at amortized cost using prevailing market rate of mark-up for similar instruments. The average discount rate used ranges from 7.41% to 7.66% per annum. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant. This facility is secured by first charge on plant and machinery and joint pari passu hypothecation charge over current assets and book debts of the Company.

Notes to The Financial Statements

For the year ended June 30, 2022

11.3 This represents amount of loan against facility of Rs 100,000 thousand (2021: Rs 100,000) obtained under renewable energy finance scheme announced by State Bank of Pakistan (SBP) to promote renewable energy use in Pakistan. They carry standard markup of 2.5% per annum which is payable on quarterly basis. The loan was previously repayable in 40 equal quarterly installments starting from September 30, 2021, however during the year, the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022. The modification is considered to be non-substantial and resulting impacts has been recognized in these financial statements accordingly. The discount rate used is 11.47% per annum (2021: 7.95% per annum). The difference between cash received and present value of cash outflows upon initial recognition and subsequent modification has been recognized as deferred grant. This facility is secured by specific and exclusive charge on the purchased machinery and ranking charge over current assets of the Company.

12 Short term borrowing facilities

12.1 The Company has obtained short term borrowing facilities from various banks against aggregate sanctioned limit of Rs. 6,839,426 thousand (2021: Rs. 5,305,000 thousand). The rates of mark up range from KIBOR minus 0.05% to KIBOR plus 0.25% (2021: KIBOR plus 0.04% to KIBOR plus 0.25%) per annum.

12.2 Out of the above mentioned authorized limit, an amount of Rs. 1,015,000 thousand (2021:Rs. 500,000 thousand) has been obtained under Islamic mode of financing.

12.3 The Company has facilities for opening of letters of credit and guarantees aggregating to Rs. 4,919,449 thousand (2021: Rs. 5,082,433 thousand) out of which Rs. 585,000 thousand (2021: Rs. 400,000 thousand) has been obtained under Islamic mode of financing.

12.4 Out of the authorized limited of letter of credit and guarantees Rs. 2,596,462 thousand (2021: Rs. 2,211,403 thousand) remained unutilized at the end of the year.

12.5 These facilities are secured by pari passu hypothecation charge over current assets and book debts of the Company, lien over import documents and counter guarantees of the Company.

	Note	2022 (Rupees in thousand)	2021
13 Deferred grant			
At start of year		29,087	15,798
Received during the year		1,491	35,315
Transferred to profit or loss during the year	39	(14,193)	(22,026)
Modification during the year	11.3	3,646	—
At end of year	13.1	20,031	29,087
Represented by:			
Non-current portion		14,427	13,485
Current portion		5,604	15,602
		20,031	29,087

13.1 Government grants have been recognized against loans obtained under the SBP refinance scheme of salaries and wages and SBP refinance scheme for renewable energy in lieu of below market-interest rate payable on these loans. There are no unfulfilled conditions or contingencies attached to these grants effecting its recognition at the reporting date.

	Note	2022 (Rupees in thousand)	2021
14 Trade and other payables			
Trade creditors	14.1	3,210,150	2,744,914
Accrued liabilities		280,412	232,546
Bills payable		341,626	366,805
Security deposits	14.2	14,713	16,420
Trademark fee payable		290,522	58,918
Workers' Profit Participation Fund	14.3	–	5,151
Workers' Welfare Fund		142,860	123,202
Accrued markup on running finance		133,000	–
Payable against sale tax withheld		140,785	19,679
Others	14.4	129,040	93,864
		4,683,108	3,661,499

14.1 These include balances due to related parties amounting Rs. 692,189 thousand (2021: Rs.552,612 thousand).

14.2 These represent security deposits from dealers and contractors against short term agreements for goods to be delivered or sold to the dealers which, by virtue of the agreements, are interest free, repayable on demand and are used in the Company's business. As at year end the Company has utilized these security deposits for business operations of the Company in accordance with the terms of the contract in writing.

	Note	2022 (Rupees in thousand)	2021
14.3 Workers' Profit Participation Fund			
Balance (payable) / receivable at start of year		(5,151)	(14,070)
Payments made during the year		485,151	432,070
		480,000	418,000
Charge for the year	37	(466,419)	(423,151)
Balance receivable / (payable) at end of year	30	13,581	(5,151)

14.4 These include deposits by employees under car and motorcycle scheme amounting to Rs. 37,977 thousand (2021: Rs. 38,224 thousand) and carry no markup.

15 Contract liabilities

15.1 These represent amount received in advance from customers against performance obligations / sales made in subsequent periods i.e. sale of tractors, and are unsecured. This includes advances received from related parties of Rs. 55,717 thousand (2021: Rs 44,126 thousand). Further, as referred in note 32 to these financial statements, these also include an amount of Rs. 123,312 thousand (2021: Rs.144,720 thousand) representing cheques in hand at the reporting date.

Customers who have given these advances, are entitled to discount at the rate of Karachi Inter Bank Offered Rate ('KIBOR') plus 3% per annum, from the date of advance payment to the date of delivery exceeding 60 days of initial booking, subject to certain other conditions.

15.2 Revenue recognised during the year that was included in the contract liability balance at the beginning of the year amounted to Rs. 9,876,925 thousand (2021: Rs.3,094,220 thousand).

Notes to The Financial Statements

For the year ended June 30, 2022

16 Contingencies and commitments

16.1 Contingencies

- 16.1.1** Income tax returns for the years from 2007 to 2021 have been filed by the Company under the provisions of section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

The Income tax department has disputed the Company's treatment on certain tax matters relating to certain tax years from 2013 till 2021, entailing a possible additional tax liability of Rs. 1,776,707 thousand (2021: 678,595 thousand). These primarily include disallowances made by tax authorities in respect of tax refunds / adjustments claimed by the Company, consumption of stock and consequently value of closing stock claimed by the Company, apportionment of expenses to export sales, etc. Both the Company and the Income tax department are currently in appeal at the Commissioner Inland Revenue Appeals and Appellate Tribunal level regarding the tax matters, while certain tax matters have been remanded back to the Commissioner Inland Revenue level for reassessment. Decisions regarding these tax matters are still pending. The management in consultation with their tax advisor is confident that all the tax matters will eventually be decided in the favor of the Company; therefore no provision has been deemed necessary and / or made in these financial statements.

- 16.1.2** The Company is defending a demand of Rs 289,430 thousand from the Additional Commissioner Inland Revenue, Lahore and later upheld by the Deputy Commissioner Inland Revenue (Appeals) against the Company regarding the reduced payment of sales tax on sale of tractors by the Company to its customers in the period June to November 2016.

The Company filed the appeal in 2017 against the aforementioned orders, to the Appellate Tribunal Inland Revenue (ATIR) which was ruled in favour of the Company and later challenged by the Commissioner Inland Revenue, Lahore in the High Court, Lahore. The High Court, Lahore remanded back the case to the ATIR, which was decided during the period in which certain points were raised against which they filed an appeal in Lahore High Court for the decision of the ATIR to be examined.

The management and the legal advisor are confident that outcome of the case would be in the Company's favor and no payment in this regard would be required, hence no provision there against has been made in these financial statements.

- 16.1.3** The Income tax department has disputed the Company's payment against Workers' Welfare Fund for years 2014 to 2020 and thereby created a demand of Rs. 657,509 thousand under section 4(9) of Workers Welfare Fund Ordinance, 1971.

The Company has submitted its response on the aforementioned order to the Income tax department which is currently pending a response. No further proceedings has been initiated to date by the department. The management in consultation with their tax advisor is confident that the matter will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

- 16.1.4** The Deputy Commission Inland Revenue has issued withholding tax assessment orders u/s 161/205 of the Ordinance for the tax year 2011 creating an initial demand of Rs. 176,000 thousand. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIR(A)). The CIR(A) passed an order dated January 21, 2015 remanding back the issue to Deputy Commissioner. Reassessment proceedings after being finalized on January 25, 2016 reduced the demand to Rs. 51,000 thousand. Which was further reduced to Rs.332 thousand by ATIR on May 21, 2022. All other relief secured from CIR(A) was confirmed. No further liability is anticipated in re-assessment proceedings. The management in consultation with their tax advisor are confident that the above matter will eventually be decided in favor of the Company; therefore no provision has been created in these financial statements.

- 16.1.5** The Company is defending a suit for Rs.19,579 thousand, filed in previous years by an ex-vendor on account of damages and inconvenience. Previously, the case was pending before the Civil Court, Lahore. However it was held by the Civil Court that the damages of Rs. 15,000 thousand has been awarded in favor of vendor for the aforementioned inconvenience. In addition to that the Company is also required to pay the amount of parts already supplied by the vendor which amounts to Rs 4,579 thousand along with mark up @ 7% per annum till its realization. However the Company has filed an appeal in the Honorable High Court, Lahore against the aforesaid order of Civil Court. The management and the legal advisor are confident that outcome of the case would be in the Company's favor and no payment in this regard would be required, hence no provision there against has been made in these financial statements.
- 16.1.6** The Company is defending a demand of Rs. 3,944 thousand from the Additional Commissioner Inland Revenue, Lahore, regarding non payment of sales tax on replacements of warranty parts supplied by the Company to its customers. The Company filed the appeal in 2010 against the aforementioned order passed, to Commissioner of Inland Revenue, Lahore. Which held that the Company is liable to pay the amount of sales tax on warranty parts which amounts to Rs 3,944 thousand along with default surcharge and penalty @ 5% under section 33 of Sales Tax Act, 1990. The Company has filed an appeal against the aforementioned order in the Honorable High Court, Lahore which has been now remanded back to the ATIR. The management and the legal advisor are confident of favorable outcome of the case, hence no provision in this regard has been made in these financial statements.
- 16.1.7** Officials of the Competition Commission of Pakistan (CCP) visited the Company's factory premises during the period and obtained various information and documents in connection with certain alleged violations of the Competition Act, 2010. In this regard CCP initiated an inquiry proceedings against MTL. The Company filed a writ petition before the Islamabad High Court for obtaining restraining order to hold the inquiry proceedings which was granted by the court. The CCP issued a show cause notice to the Company. Now the case is pending for arguments. If the Company is found in breach of the 2010 Act, and involved in anticompetition practices, the CCP may impose a penalty of an amount not exceeding Rs.75 million rupees or an amount not exceeding 10% of the annual turnover. The management and the legal advisor are confident of favorable outcome of the case, hence no provision in this regard has been made in these financial statements.

16.2 Commitments

- 16.2.1** The Company has provided guarantee amounting to Rs. 5,000 thousand (2021: Rs.5,000 thousand) to banks for repayment of loan by employees. An amount of Rs. 899 thousand (2021: Rs. 1,133 thousand) was utilized by employees as at June 30, 2022.
- 16.2.2** Guarantees issued by the banks on behalf of the Company in the normal course of business amount to Rs. 963,476 thousand (2021: Rs.1,039,465 thousand).
- 16.2.3** Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs. 1,359,511 thousand (2021: Rs. 1,831,565 thousand) at the reporting date.

Notes to The Financial Statements

For the year ended June 30, 2022

17 Operating fixed assets

(Rupees in thousand)											
Net book value basis											
Year ended June 30, 2022											
Opening Net Book Value	17.2 & 17.3	58,308	8	221,894	-	239,557	33,601	184,633	27,787	11,851	777,638
Additions (at cost)		-	-	1,101	-	26,741	7,580	76,144	3,038	4,043	118,647
Disposals (at NBV)	17.4	-	-	-	-	-	-	(28,870)	-	(440)	(29,310)
Adjustments	44	-	-	-	-	-	-	(674)	-	(22)	(696)
Write offs		-	-	-	-	(183)	(14)	-	-	(206)	(403)
Depreciation charge	17.1	-	-	(11,740)	-	(24,280)	(4,647)	(41,143)	(4,332)	(4,584)	(90,726)
Closing Net Book Value		58,308	8	211,255	-	241,835	36,520	190,090	26,493	10,642	775,150
Gross book value basis											
As at June 30, 2022											
Cost		58,308	8	442,581	2,900	644,583	91,285	359,635	106,200	58,851	1,764,350
Accumulated depreciation		-	-	(231,326)	(2,900)	(402,748)	(54,765)	(169,545)	(79,707)	(48,209)	(989,200)
Net Book Value		58,308	8	211,255	-	241,835	36,520	190,090	26,493	10,642	775,150
Depreciation rate % per annum		-	-	5-10	5	10	10-20	20	10-15	33	
Net book value basis											
Year ended June 30, 2021											
Opening Net Book Value	17.2 & 17.3	58,308	8	233,430	-	175,879	36,220	122,625	27,415	14,096	667,980
Additions (at cost)		-	-	851	-	83,537	3,077	120,460	5,324	3,408	216,657
Disposals (at NBV)	17.4	-	-	-	-	-	-	(22,837)	-	(360)	(23,197)
Adjustments		-	-	-	-	-	-	(355)	-	(1)	(356)
Write offs		-	-	-	-	(1,583)	(964)	-	(341)	(155)	(3,043)
Depreciation charge	17.1	-	-	(12,387)	-	(18,276)	(4,732)	(35,260)	(4,611)	(5,137)	(80,403)
Closing Net Book Value		58,308	8	221,894	-	239,557	33,601	184,633	27,787	11,851	777,638
Gross book value basis											
As at June 30, 2021											
Cost		58,308	8	441,480	2,900	620,557	83,808	352,212	103,162	56,028	1,718,462
Accumulated depreciation		-	-	(219,586)	(2,900)	(381,000)	(50,207)	(167,579)	(75,375)	(44,177)	(940,824)
Net Book Value		58,308	8	221,894	-	239,557	33,601	184,633	27,787	11,851	777,638
Depreciation rate % per annum		-	-	5-10	5	10	10-20	20	10-15	33	

	Note	2022 (Rupees in thousand)	2021
17.1	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	34	44,107
	Distribution and marketing expenses	35	9,302
	Administrative expenses	36	37,317
			80,403

17.2 Freehold land and building on owned land represents 202,343 square meters of factory land situated at Sheikhpura Road; Sheikhpura, 759 square meters at Khera Gali District Abbottabad; 697 square meters in sector F-6/1 Islamabad; and Corporate office floors in Tricon Corporate Centre Lahore.

17.3 Leasehold property represents Igloo hanger / godown measuring total area of 6,662 square meters situated near Brooke Bond factory SITE area, Karachi.

17.4 Disposal of operating fixed assets

Particulars of asset	Sold to	Cost	Book value	Sale proceeds	Gain/(Loss) on disposal	Mode of disposal
(Rupees in thousand)						
Fixed assets sold having book value greater than Rs. 500,000						
Directors :						
Vehicle	Mr. Sikandar Mustafa Khan - a related party	9,000	1,442	1,442	-	As approved by the BOD
Ex-Directors (deceased):						
Vehicle	Mr. Latif Khalid Hashmi - a related party	7,500	1,990	1,990	-	As approved by the BOD
Vehicle	Mr. Latif Khalid Hashmi - a related party	8,000	2,605	2,605	-	As approved by the BOD
Vehicle	Mr. Mian Muhammad Saleem - a related party	6,500	1,988	1,988	-	As approved by the BOD
Vehicle	Mr. Mian Muhammad Saleem - a related party	7,114	6,639	6,639	-	As approved by the BOD
Employees :						
Vehicle	Mr. Muhammad Furqan	1,078	547	547	-	Company car scheme
Vehicle	Mr. Khaleeq Ur Rehman	2,076	1,157	1,157	-	Company car scheme
Vehicle	Mr. Muhammad Basit	1,078	633	633	-	Company car scheme
Vehicle	Mr. Khalid Sandhu	2,136	1,167	1,167	-	Company car scheme
Vehicle	Mr. Khalid Sandhu	2,758	2,071	2,071	-	Company car scheme
Vehicle	Mr. Zafar Ali Sheikh	1,078	670	670	-	Company car scheme
Vehicle	Mr. Abdul Zaheer	1,398	990	990	-	Company car scheme
Vehicle	Mr. Ihtisham Ullah	1,355	1,242	1,242	-	Company car scheme
Vehicle	Mr. Usman Sheikh	1,380	767	767	-	Company car scheme
Fixed assets sold having book value less than Rs. 500,000						
		16,885	5,402	5,402	-	
Year ended: June 30, 2022		69,336	29,310	29,310	-	
Year ended: June 30, 2021		62,634	23,197	23,216	19	

Notes to The Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
18 Capital work in progress			
Plant and machinery		10,377	21,146
Office equipment		42	154
Advance for tools and equipment		1,744	1,613
Advance for vehicles	18.2	14,867	22,253
		<u>27,030</u>	<u>45,166</u>
18.1 Movement in capital work in progress is as follows:			
Opening balance		45,166	2,945
Additions during the year		85,231	124,898
Capitalized during the year		(103,367)	(82,677)
		<u>27,030</u>	<u>45,166</u>
18.2 This includes balance with the following related party:			
Hyundai Nishat Motors (Private) Limited		3,500	–
19 Right-of-use assets			
Opening net book value		4,896	12,931
Derecognition during the year		–	(3,978)
Depreciation charged during the year	35	(3,773)	(4,057)
Closing net book value		<u>1,123</u>	<u>4,896</u>

	Note	Software with definite life	Licenses with indefinite life – Note 20.1	Total
20 Intangible assets				
Net carrying value basis:				
Opening net book value as at June 30, 2021		162	39,300	39,462
Amortization charge	36	(162)	–	(162)
As at June 30, 2022		<u>–</u>	<u>39,300</u>	<u>39,300</u>
Gross carrying value basis:				
As at June 30, 2022				
Cost		5,992	39,300	45,292
Accumulated amortization		(5,992)	–	(5,992)
		<u>–</u>	<u>39,300</u>	<u>39,300</u>

	Note	Software with definite life	Licenses with indefinite life - Note 20.1	Total
Opening net book value as at June 30, 2020		2,105	39,300	41,405
Amortization charge	36	(1,943)	–	(1,943)
As at June 30, 2021		162	39,300	39,462
Gross carrying value basis:				
As at June 30, 2021				
Cost		5,992	39,300	45,292
Accumulated amortization		(5,830)	–	(5,830)
		162	39,300	39,462
Rate of amortization		33%	–	

20.1 Intangible asset with indefinite useful life

Intangible asset with indefinite life having carrying value of Rs. 39,300 thousand (2021: 39,300 thousand) represents lifetime Oracle based user licenses for functioning of Company's ERP system. The Company has performed its annual impairment review for these licenses with indefinite life and noted no indicator of impairment. Moreover, these licenses are also covered with upgradation over time and are not susceptible to technological obsolescence in near future.

	Note	2022 (Rupees in thousand)	2021
21 Investment property			
Land		258,444	258,444
Provision for impairment	21.5	(2,736)	(2,736)
		255,708	255,708

21.1 This represents residential plots stated at cost. As at June 30, 2022 and June 30, 2021, the fair values of these properties were Rs.400,000 thousand and Rs. 355,200 thousand, respectively. The valuations were performed by an independent valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that considers sales of similar properties that have been transacted in open market.

21.2 The valuation method used by the independent valuer was based on market approach method.

21.3 The level of hierarchy for fair value disclosed falls in level 2 i.e. inputs other than quoted prices included within level 1 that are observable for real estate properties either directly or indirectly.

21.4 Management of the Company believes that holding on to these properties for appreciation in their market value is the highest and best use of these investment properties.

21.5 This represents provision for impairment against land measuring 12 kanals and 14.5 marlas located at Raiwind Road having gross value of Rs. 2,736 thousand (2021: 2,736 thousand) at the reporting date.

Notes to The Financial Statements

For the year ended June 30, 2022

		2022		2021	
		Equity % held	Amount	Equity % held	Amount
		(Rupees in thousand)			
22	Long term investments				
	Investment in related parties				
	In subsidiary undertaking - at cost				
	Unquoted				
	Millat Industrial Products Limited				
	5,737,500 (2021: 5,737,500) fully paid ordinary shares of Rs.10/- each	64.09	57,375	64.09	57,375
	TIPEG Intertrade DMCC				
	1,500 (2021: 1,500) fully paid ordinary shares of AED 1,000/- each	75.00	84,525	75.00	64,905
	Millat Equipment Limited				
	11,700,000 (2021: 11,700,000) fully paid ordinary shares of Rs. 10/- each	45.00	117,000	45.00	117,000
	Quoted				
	Bolan Castings Limited				
	5,306,979 (2021: 5,306,979) fully paid ordinary shares of Rs. 10/- each	46.26	76,610	46.26	76,610
	Other investment - at FVOCI				
	Unquoted				
	Arabian Sea Country Club Limited				
	500,000 (2021: 500,000) fully paid ordinary shares of Rs. 10/- each	6.45	5,000	6.45	5,000
	Less: Impairment loss		(5,000)		(5,000)
			-		-
	Hyundai Nishat Motors (Private) Limited*				
	150,490,300 (2021: 150,490,300) fully paid ordinary shares of Rs. 10/- each	15.86	1,504,903	15.86	1,504,903
	Surplus on fair valuation of investment - note 22.2 & 48.1 (Level -3)		2,279,927		4,276,935
			3,784,830		5,781,838
	Investment other than related parties- at FVOCI				
	Quoted				
	Baluchistan Wheels Limited				
	1,282,825 (2021: 1,282,825) fully paid ordinary shares of Rs. 10/- each		12,145		12,145
	Surplus on fair valuation of investment - note 48.1 (Level -1)		85,350		89,185
			97,495		101,330
	Unquoted				
	TCC Management Services (Private) Limited				
	40,000 (2021: 40,000) fully paid ordinary shares of Rs. 10/- each - note 48.1 (Level-3)		400		400
			4,218,235		6,199,458

* as approved in the Company's Extra Ordinary General Meeting dated August 29, 2022, subsequent to the financial year ended June 30, 2022, the Company has acquired an additional 17,051,965 shares of Rs. 10/- each via right issue amounting to Rs. 170,520 thousand.

22.1 Subsidiaries incorporated outside Pakistan

Information about the related party incorporated outside the Pakistan in which the Company has a long term investment and/ or with whom the company had entered into transactions during the year is as follows:

- Name of Company:	TIPEG Intertrade DMCC
- Registered office of the Company (location):	Unit No. 705, Fortune Executive Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates
- Company of incorporation:	United Arab Emirates
- Basis of association:	Subsidiary
- Aggregate percentage of shareholding:	75%
- Managing Director / Principal Officer:	Mr. Sohail Bashir Rana
- Operational status:	Operational
- Details of litigation status (as on June 30, 2022):	None
- Auditors opinion on latest financial statements (December 31, 2021):	Unmodified opinion
- Default / breach relating to foreign investment:	None

- The unconditional amount of equity investment in the foreign subsidiary is AED 1,500 thousand which is equivalent to Rs. 84,525 thousand as on June 30, 2022 (2021: Rs. 64,905 thousand), as disclosed in note 22 to these financial statements.
- The foreign subsidiary has remitted back dividend / return of Rs. 186,169 thousand (2021: Rs. 56,902 thousand) during the year.

22.2 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs 25.15 per ordinary share as at June 30, 2022 (2021: Rs.38.42 per ordinary share) through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 48.1 to these financial statements. The fair value loss of Rs 1,997,008 thousand (2021: Rs. 3,980,925 thousand i.e. fair value gain) is included in the fair value loss recognised during the year in other comprehensive income.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rate is determined using a Capital Asset Pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.
- Long term growth rate is estimated based on historical performance of HNMPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 20.94% per annum.
- Long term growth rate of 4% per annum for computation of terminal value; and
- Annual growth in costs are linked to inflation and currency devaluation at 10% per annum and revenues are linked to currency devaluation at 10% per annum.

Notes to The Financial Statements

For the year ended June 30, 2022

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows, with all other variables held constant as at June 30, 2022:

	Impact on fair value gain	
	Increased by 1%	Decreased by 1%
	(Rupees in thousand)	
Significant assumptions		
- Discount rate	(186,608)	207,677
- Long term growth rate	90,294	(79,760)
- Inflation rate per annum	(1,318,295)	1,229,506
- Interest rate	55,681	(54,177)

	Note	2022	2021
		(Rupees in thousand)	
23 Long term loans - considered good			
Loan to employees:			
Company loan	23.1	5,068	6,241
Motor cycle loan	23.2	1,517	1,104
	23.3	6,585	7,345
Less: Current portion included in current assets	27	(4,173)	(4,863)
		2,412	2,482

23.1 These represent interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly installments over a period of twenty four months for Executives and thirty six months for workers.

23.2 These represent interest free loans to employees for purchase of motor cycles secured by joint registration of motor cycles in the name of the Company and employees. These loans are repayable in monthly installments over a period of sixty months.

23.3 None of the above loans are sharia-compliant or based on Islamic mode of financing.

	2022	2021
	(Rupees in thousand)	
Opening balance	7,345	5,844
Disbursement during the year	5,799	7,535
Repayments during the year	(6,559)	(6,034)
Closing balance	6,585	7,345

		2022 (Rupees in thousand)	2021
24	Stores, spare parts and loose tools		
	Stores, spare parts and loose tools	182,625	161,329
	Less: Provision for obsolescence	–	–
		<u>182,625</u>	<u>161,329</u>

- 24.1** Most of the items of stores, spare parts and loose tools are of inter-changeable nature and can be consumed as stores or used as machine spares against capital expenditure. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

	Note	2022 (Rupees in thousand)	2021
25	Stock in trade		
	Raw material 25.1 & 25.2	6,316,773	4,844,926
	Work-in-process	22,975	15,661
	Finished goods:		
	Manufacturing	224,455	333,558
	Trading	194,695	178,439
		<u>419,150</u>	<u>511,997</u>
		<u>6,758,898</u>	<u>5,372,584</u>

- 25.1** This includes stock in transit amounting to Rs. 873,620 thousand (2021: Rs. 678,678 thousand).

- 25.2** This includes raw materials and components held with third parties amounting to Rs. 31,698 thousand (2021: Rs. 32,031 thousand).

	Note	2022 (Rupees in thousand)	2021
26	Trade debts		
26.1	Trade debts from contracts with customers		
	- considered good 26.3	<u>235,269</u>	<u>141,234</u>

- 26.2** The maximum aggregate amount of trade debts / receivable from related parties at the end of any month during the year was Rs.7,833 thousand (2021: Rs.10,654 thousand).

		2022 (Rupees in thousand)	2021
26.3	This includes amount due from following related parties:		
	- Millat Equipment Limited	4,044	–
	- Millat Industrial Products Limited	–	–
	- Hyundai Nishat Motors (Private) Limited	3,789	525
		<u>7,833</u>	<u>525</u>

Notes to The Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
27	Loans and advances		
	Current portion of long term loans to employees	23	4,173
	Advances to employees - considered good	27.1	2,276
	Advances to suppliers - considered good	27.2	32,951
			39,400
			56,359
	Advances to suppliers - considered doubtful		2,485
	Less: provision for doubtful advances	(2,485)	(2,485)
			—
	Letter of credit opening charges	165	—
		39,565	56,359

27.1 These represent interest free advances to employees for the purpose of the expenses, tour and salary as per company's approved Human resource policy.

27.2 These represent interest free advances given to suppliers as per mutually agreed terms.

	Note	2022 (Rupees in thousand)	2021
28	Trade deposits and short term prepayments		
	Security deposits	28.1	20,172
	Prepayments		38,268
			58,440
			65,273

28.1 These represents interest free security deposits made for tender placement.

	2022 (Rupees in thousand)	2021
29	Balances with statutory authorities	
	Excise duties (payable) / receivable	(1,051)
	Sales tax recoverable	5,743,040
	Less: provision for doubtful claims	(34,147)
		5,708,893
		5,707,842
		4,590,532
		4,592,169

	Note	2022 (Rupees in thousand)	2021
30 Other receivables			
Claims receivable from suppliers	30.1	102,088	107,648
Interest accrued		320	605
Workers' Profit Participation Fund	14.3	13,581	–
		115,989	108,253
30.1 This includes amount due from following related parties:			
- Millat Equipment Limited		1,659	4,795
- Millat Industrial Products Limited		79	65
- Bolan Casting Limited		15,602	18,217
		17,340	23,077
31 Short term investments			
Mutual funds - at FVPL		–	5,784,636
Equity investments designated - at FVOCI		–	–
Term Deposit Receipt		–	350,000
		–	6,134,636
32 Cash and bank balances			
In hand:			
cash		1,915	2,343
cheques	15.1	123,312	144,720
		125,227	147,063
At banks:			
current accounts		132,058	320,932
deposit accounts	32.2	1,248,403	381,607
		1,380,461	702,539
		1,505,688	849,602

32.1 This includes cheques in hand from a related party amounting Rs. 131 thousand (2021: Nil).

32.2 These deposits are made under conventional arrangements and carry mark-up at the rate ranging from 6% to 6.8% (2021: 6 % to 6.8%) per annum.

Notes to The Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
33 Revenue from contracts with customers			
Disaggregation of revenue	Timing of revenue recognition		
Local:			
Tractors	Point-in-time	53,838,874	42,610,262
Implements	Point-in-time	205,892	171,293
Multi-application products	Point-in-time	445,554	381,948
Trading goods	Point-in-time	1,355,005	1,034,654
IFS services	Point-in-time/ Over time	6,380	5,453
		55,851,705	44,203,610
Less:			
- Trade discount		(131,063)	(99,772)
- Delayed delivery charges	15.1	(108,961)	-
- Sales tax and special excise duty		(2,389,223)	(2,552,413)
- Provincial sales tax on services		(1,223)	(603)
		(2,630,470)	(2,652,788)
		53,221,235	41,550,822
Export:			
Tractors	Point-in-time	778,485	2,863,256
Implements	Point-in-time	2,301	-
Trading goods	Point-in-time	102,519	109,041
IFS services	Point-in-time/ Over time	10,303	7,642
		893,608	2,979,939
		54,114,843	44,530,761
Less: Commission		(740,428)	(576,983)
	33.1	53,374,415	43,953,778

33.1 Revenues earned are from Shariah compliant business segments.

	Note	2022	2021
		(Rupees in thousand)	
34 Cost of sales			
Components consumed		40,863,560	32,729,316
Salaries, wages and amenities	34.1	412,154	373,257
Contract services		394,896	367,036
Fuel and power		170,591	124,099
Communication		769	140
Travelling and vehicle running		15,597	10,479
Printing and stationery		5,890	5,146
Insurance		27,908	25,984
Repairs and maintenance		79,416	68,445
Stores and spares consumed		120,443	121,405
Depreciation	17.1	44,107	34,576
Other expenses		58,442	31,850
		42,193,773	33,891,733
Add: Opening work-in-process		15,661	30
Less: Closing work-in-process		(22,975)	(15,661)
		(7,314)	(15,631)
Cost of goods manufactured		42,186,459	33,876,102
Add: Opening finished goods		333,558	420,195
Less: Closing finished goods		(224,455)	(333,558)
		109,103	86,637
Cost of sales - manufactured		42,295,562	33,962,739
Cost of sales - trading	34.2	881,378	719,945
		43,176,940	34,682,684
34.1 This includes the following staff retirement benefit (income) / expense:			
Defined benefit plan - pension		5,976	8,921
Defined contribution plan - gratuity		2,863	3,537
Defined contribution plan - provident fund		8,021	7,447
Provision for compensated absences		(836)	2,241
		16,024	22,146
34.2 Cost of sales - trading			
Opening stock		178,439	160,280
Purchases		897,634	738,104
		1,076,073	898,384
Closing stock		(194,695)	(178,439)
		881,378	719,945

Notes to The Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
35	Distribution and marketing expenses		
	Salaries and amenities	151,985	136,455
	Contract services	53,433	46,272
	Fuel and power	10,103	9,861
	Communication	898	857
	Travelling and vehicle running	21,705	23,517
	Printing and stationery	2,762	4,701
	Insurance	19,521	13,946
	Trademark fee	466,708	372,513
	Advertisement and sales promotion	28,034	8,084
	Depreciation	9,302	7,574
	Depreciation charge for the right-of-use assets	3,773	4,057
	After sales support	66,071	42,343
	Carriage, sea freight and wharfage	54,549	159,589
	Other expenses	39,318	24,861
		928,162	854,630
35.1	This includes the following staff retirement benefit (income) / expense:		
	Defined benefit plan - pension	3,774	5,634
	Defined contribution plan - gratuity	2,679	2,919
	Defined contribution plan - provident fund	4,006	3,750
	Provision for compensated absences	(300)	804
		10,159	13,107

35.2 Trademark fee is incurred under a trademark agreement between the Company and M/s Massey Ferguson Corp., having its registered office situated at 4205 River Green Parkway, Duluth, Georgia 30096, United States of America.

Under the trademark agreement M/s Massey Ferguson grants exclusive rights to the Company for use of its brand name with certain terms and conditions.

	Note	2022 (Rupees in thousand)	2021
36 Administrative expenses			
Salaries and amenities	36.1	282,002	283,172
Contract services		70,869	59,249
Fuel and power		17,361	16,823
Communication		4,376	3,410
Travelling and vehicle running		28,978	19,819
Insurance		14,329	8,843
Repairs and maintenance		35,939	21,719
Security		20,436	20,788
Legal and professional	36.2	35,999	17,153
Depreciation	17.1	37,317	38,253
Amortization of intangible asset	20	162	1,943
Rent, rates and taxes		6,979	20,025
Fee and subscription		6,291	4,999
Entertainment		6,124	6,019
Property, plant and equipment written off		–	504
Other expenses		81,294	56,650
		648,456	579,369
36.1 This includes the following staff retirement benefit (income) / expense:			
Defined benefit plan - pension		5,976	8,921
Defined contribution plan - gratuity		1,564	1,797
Defined contribution plan - provident fund		8,451	8,276
Provision for compensated absences		(1,007)	2,701
		14,984	21,695
36.2 Legal and professional expenses include following in respect of auditors' services:			
Statutory audit		2,079	1,890
Half year review		221	197
Special reports and sundry certifications		405	377
Out of pocket expenses		105	105
		2,810	2,569
37 Other operating expenses			
Workers' Profit Participation Fund	14.3	466,419	423,151
Workers' Welfare Fund		177,239	160,797
Loss on translation of foreign investment - TIPEG		–	4,020
Donations	37.1 & 37.2	5,625	1,893
Bad debts written off		–	3,932
Exchange (gain) / loss - net		–	22,273
		649,283	616,066

Notes to The Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
37.1 The particulars of the donation exceeding Rs 1,000 thousand are as follows:			
Name of donee			
SOS Children's Villages Pakistan	37.2	2,500	–
Pakistan Centre for Philanthropy	37.2	3,000	–

37.2 The Company's Directors and / or their spouse have no interest in the donees at the reporting dates.

	Note	2022 (Rupees in thousand)	2021
38 Other income			
Income from financial assets			
Dividend income from Baluchistan Wheels Limited	38.1	7,697	1,924
Return on bank deposits and TDRs		37,822	58,645
Gain on sale of short term investments net- at FVPL	38.2	20,775	61,807
Fair value gain on short term investments - at FVPL	38.3	–	4,953
Dividend income from short term investments - at FVPL	38.4	101,458	70,475
Gain on translation of foreign investment - TIPEG		19,620	–
Interest received on early payments and advances		78,464	70,370
		265,836	268,174
Income from investment in subsidiary			
Dividend income from Millat Equipment Limited		327,600	257,400
Dividend income from Millat Industrial Products Limited		43,031	–
Dividend income from TIPEG Intertrade DMCC		186,169	56,902
	38.1	556,800	314,302
Income from assets other than financial assets			
Rental income		30,696	27,174
Scrap sales		20,214	43,769
Exchange gain		35,793	–
Gain on disposal of property, plant and equipment	17.4	–	19
Insurance claims recovered		21,956	–
Sundry income	38.5	4,808	9,716
Multiapp products service income		4,216	3,988
Lab income		257	167
		117,940	84,833
		940,576	667,309

38.1 Dividend income is earned from investments in non-Shariah-compliant companies.

	2022	2021
	(Rupees in thousand)	
38.2 Gain / (loss) on sale of short term investments - at FVPL		
ABL Cash Fund	3,833	7,747
ABL Islamic Income Fund	–	709
Alfalah GHP Money Market Fund	–	2,466
Atlas Money Market Fund	4,438	1,413
Faysal Money Market Fund	536	–
HBL Money Market Fund	2,341	13,882
JS Cash Fund	2,386	–
Lakson Money Market Fund	2,970	12,044
MCB Cash Management Optimizer Fund	3,250	23,754
NIT Government Bond Fund	–	(835)
UBL Liquidity Income Plus Fund	1,021	627
	20,775	61,807
38.3 Fair value gain on short term investments - at FVPL		
ABL Cash Fund	–	199
Atlas Money Market Fund	–	1,902
Faysal Money Market Fund	–	25
HBL Money Market Fund	–	793
JS Cash Fund	–	29
Lakson Money Market Fund	–	501
MCB Cash Management Optimizer Fund	–	1,057
UBL Liquidity Plus Fund	–	447
	–	4,953
38.4 Dividend income from short term investments - at FVPL		
ABL Cash Fund	1,058	17,788
Atlas Money Market Fund	22,907	11,332
Faysal Money Market Fund	3,504	108
HBL Money Market Fund	–	2,189
JS Cash Fund	–	425
Lakson Money Market Fund	26,365	11,032
MCB Cash Management Optimizer Fund	26,295	20,139
UBL Liquidity Plus Fund	21,329	7,462
	101,458	70,475

38.5 This includes income received as tender money in case of auctions and late delivery charges from suppliers.

Notes to The Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
39 Finance cost			
Bank charges and mark-up on short term borrowings - secured	39.1 & 39.2	217,534	367
Interest expense on long term financing - net	39.3	4,979	2,427
Interest expense against lease liability		417	1,261
Mark-up on Workers Profit Participation Fund		821	1,359
Bank charges		3,668	3,850
		<u>227,419</u>	<u>9,264</u>

39.1 This represents markup and profit paid under conventional and Islamic mode of financing arrangements respectively having mark up and profit rates ranging from KIBOR minus 0.05% to KIBOR plus 0.25% (2021: KIBOR plus 0.04% to KIBOR plus 0.25%) per annum.

39.2 This includes an amount of Rs. 34,143 thousand (2021: Rs.46 thousand) paid as markup under Islamic mode of financing.

39.3 This represents interest expense against long term financing net of unwinding of Government grant income for the year recognised as per IAS-20, amounting to Rs. 14,193 thousand (2021: 22,026 thousand).

	Note	2022 (Rupees in thousand)	2021
40 Taxation			
For the year charge			
- Current		3,204,012	2,066,556
- Deferred		26,164	19,470
		<u>3,230,176</u>	<u>2,086,026</u>
Prior years:			
- Current		27,929	12,121
	40.1	<u>3,258,105</u>	<u>2,098,147</u>

	2022 %	2021 %
40.1 Numerical reconciliation between average effective tax rate and the applicable tax rate.		
Applicable tax rate	29.00	29.00
- Effect of change in prior year	0.32	0.15
- Income chargeable to tax at different rates	(1.66)	(2.49)
- Tax effect of super tax	9.74	-
- Effect on opening deferred taxes on Increase of rate	0.05	-
- Others	0.07	(0.03)
	<u>8.52</u>	<u>(2.37)</u>
Average effective tax rate	<u>37.52</u>	<u>26.63</u>

40.2 The current tax expense has been computed using the tax rate enacted for the tax year 2022, which includes an additional 10% Super Tax levied via the Finance Act, 2023.

41 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate remuneration recognized in these financial statements including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Directors				Executives	
	2022	2021	2022		2021		2022	2021
			Non Executive Director	Executive Director	Non Executive Director	Executive Director		
Number of persons	1	1	1	1	1	1	39	35
(Rupees in thousand)								
Managerial remuneration	16,516	14,558	661	559	1,116	873	86,025	73,601
Cost of living allowance	–	–	661	559	1,116	873	25,053	24,693
Bonus	11,922	8,603	16,052	12,449	6,380	4,948	90,376	49,754
House rent	7,432	6,551	298	251	502	393	36,020	30,824
Contribution to provident fund and gratuity funds	1,653	1,458	–	–	–	–	12,833	11,483
Pension contribution	–	–	–	–	–	–	4,259	4,154
Medical expenses	554	222	955	1,549	1,166	993	6,205	5,817
Utilities	453	390	1,061	746	899	834	9,905	8,216
Other allowances and reimbursable expenses	3,039	2,256	1,413	1,106	746	686	14,532	12,666
	41,569	34,038	21,101	17,219	11,925	9,600	285,208	221,208

41.1 The Company has also provided the Chief Executive Officer, Directors and certain employees with free use of Company maintained cars and residential utilities.

41.2 Executive means an employee whose basic salary exceeds Rs. 1.2 million (2021: Rs. 1.2 million) during the year.

41.3 Aggregate amount charged to profit or loss for the year in respect of meeting fee to five Directors (2021: two Directors) was Rs. 3,000 thousand (2021: Rs. 1,800 thousand) and travelling expenses Rs. 1,095 thousand (2021: Rs. 48 thousand).

42 Transactions with related parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Amounts due from and to related parties are shown under respective notes to the financial statements. Amounts of operating assets sold during the year are mentioned in note 17.4 Amounts due from Directors and key management personnel are shown under receivables and remuneration of Directors and key management personnel is disclosed in note 41. Other significant transactions with related parties are as follows:

Notes to The Financial Statements

For the year ended June 30, 2022

Relation with undertaking	Nature of transaction	2022 (Rupees in thousand)	2021
Subsidiaries	Sale of goods	633,487	1,966,482
	Purchase of components	10,037,231	7,936,266
	Payment of compensation to staff	25,087	18,779
	Dividend income	556,800	314,302
	Cheques in hand	131	–
Associates	Sale of services	6,076	4,850
	Purchase of fixed assets	19,192	14,608
	Advance for purchase of vehicle	3,500	–
	Investment made	–	159,403
Directors and Key Management Personnel	Sale of assets	15,325	1,573
Employees' defined benefit plan	Contribution to employees' defined benefit plan	8,176	8,653
Defined contribution plans	Contribution to defined contribution plan	7,106	8,253
Provident Fund	Amount contributed	20,478	19,473

42.1 The Company intends to take the approval of the transactions with subsidiaries from the shareholders in General Meeting.

42.2 Transactions with related parties are carried out on mutually agreed terms and conditions.

42.3 The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the year:

Name of the related party	Basis of relationship	shareholding (%)
Millat Equipment Limited	Subsidiary	45.00
Millat Industrial Products Limited	Subsidiary	64.09
Bolan Castings Limited	Subsidiary	46.26
TIPEG Intertrade DMCC	Subsidiary	75.00
Arabian Sea Country Club Limited	Common Directorship	6.45
Hyundai Nishat Motors (Private) Limited	Common Directorship	15.86

43 Earnings per share – Basic and diluted

43.1 Basic earnings per share

Earnings per share are calculated by dividing the profit after tax for the year by weighted average number of shares outstanding during the year as follows:

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Profit after tax for the year		5,426,626	5,780,927
(Number of shares in thousand)			
Weighted average number of ordinary shares			restated
outstanding during the year	5	96,867	96,867
(Rupees)			
Earnings per share	43.2	56.02	restated 59.68

43.2 As disclosed in note 5 to these financial statements, the Company has approved and issued 40,810 thousand (2021: 6,228 thousand) bonus shares during the year. The effect of these has been accounted for in these financial statements and the prior year EPS has been restated as per requirements of the applicable financial reporting framework.

43.3 Diluted earnings per share

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

Notes to The Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
44 Cash generated from operations			
Profit before taxation		8,684,731	7,879,074
Adjustment for:			
Depreciation on property, plant and equipment	17.1	90,726	80,403
Depreciation charged to related parties	17	696	356
Depreciation charge for the right-of-use assets	35	3,773	4,057
Amortization of intangible assets	20	162	1,943
Bad debts written off	37	–	3,932
Reversal / (provision) for accumulating compensated absences		(2,143)	5,746
Profit on bank deposits	38	(37,822)	(58,645)
Dividend income from long term investments	38	(564,497)	(316,226)
Dividend income from short term investments	38.4	(101,458)	(70,475)
Charged to employees' defined benefit plan		15,728	23,477
Provision for gratuity		7,106	8,253
Gain on disposal of property, plant and equipment	17.4	–	(19)
Property, plant and equipment written off	17	403	3,043
Gain on sale of short term investments - at FVPL	38.2	(20,775)	(61,807)
Fair value gain on short term investments - at FVPL	38	–	(4,953)
(Gain) / loss on translation of foreign investment	38	(19,620)	4,020
Finance costs	39	227,419	9,264
Exchange (gain) / loss	38	(35,793)	22,273
Provision for Workers' Profit Participation Fund	37	466,419	423,151
Provision for Workers' Welfare Fund	37	177,239	160,797
Working capital changes - net	44.1	(3,796,105)	5,851,369
		<u>5,096,189</u>	<u>13,969,033</u>
44.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(21,296)	(3,930)
Stock in trade		(1,386,314)	(1,515,418)
Trade debts		(94,035)	(43,122)
Loans and advances		16,794	(4,490)
Trade deposits and short term prepayments		6,833	(21,891)
Other receivables		(8,021)	(69,305)
		<u>(1,486,039)</u>	<u>(1,658,156)</u>
Increase/ (decrease) in current liabilities:			
Trade and other payables		923,476	710,784
Contract liabilities		(3,233,542)	6,798,741
Net working capital changes		<u>(3,796,105)</u>	<u>5,851,369</u>

	Note	2022 (Rupees in thousand)	2021
45 Cash and cash equivalents			
Cash and bank balances	32	1,505,688	849,602
Short term investments - Term Deposit Receipt (TDR)	31	–	350,000
		<u>1,505,688</u>	<u>1,199,602</u>

46 Operating segments

46.1 These financial statements have been prepared on the basis of a single reportable segment

46.2 Revenue from contracts with customers relating to sale of tractors represents 96% (June 30, 2021: 96%) of the gross revenue from contracts with customers of the Company.

46.3 98.4% (June 30, 2021: 93%) of the revenue from contracts with customers of the Company relates to customers in Pakistan.

46.4 All non-current assets of the Company at the respective reporting dates are located in Pakistan.

47 Financial risk management

Financial instruments comprise loans and advances, trade deposits, trade debts, other receivables, short term investments, cash and bank balances, short term borrowings, long term deposits, interest/mark-up accrued on short term borrowings, long term loans, lease liabilities and trade and other payables.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

47.1 Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Notes to The Financial Statements

For the year ended June 30, 2022

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit or loss. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from/payable to the foreign entities. The Company's exposure to currency risk is as follows:

	Currency	2022 (FCY in thousand)	2021
Receivables	GBP	–	1
	USD	184	110
	EUR	10	31
	CNY	45	19
Trade and other payables	GBP	882	521
	USD	339	1,414
	EUR	185	–
	CNY	–	780

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

	Changes in rate	Effects on profit before tax 2022 (Rupees in thousand)	Effects on profit before tax 2021
Receivables/ (Trade and other payables) - GBP	+1	(882)	(520)
	-1	882	520
Receivables/ (Trade and other payables) - USD	+1	(155)	(1,304)
	-1	155	1,304
Receivables/ (Trade and other payables) - EUR	+1	(175)	31
	-1	175	(31)
Trade and other payables - CNY	+1	45	(761)
	-1	(45)	761

	2022 (Rupees)	2021
Reporting date rate per:		
GBP to PKR	249.92	219.28
USD to PKR	206.00	158.30
EUR to PKR	215.75	188.71
CNY to PKR	30.93	24.76

(b) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers. The long-term equity instrument held by the Company does not trade on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Pakistan Stock Exchange (PSX). Therefore, it is not possible to measure the impact of increase / decrease in the PSX Index on the Company's profit after taxation for the year and on equity (fair value reserve).

(c) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term and long term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	Note	2022 (Rupees in thousand)	2021
Fixed rate instruments			
Financial liabilities			
Long term finance- secured	11	124,296	291,612
Financial assets			
Term Deposit Receipt	31	–	350,000
Floating rate instruments			
Financial assets			
Bank balances - deposit accounts	32	1,248,403	381,607

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Notes to The Financial Statements

For the year ended June 30, 2022

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

		Changes in interest rate	Effects on profit before tax
		(Rupees in thousand)	
Bank balances - deposit accounts	2022	+1%	12,484
		-1%	(12,484)
	2021	+1%	3,816
		-1%	(3,816)

47.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 5,755,123 thousand (2021: Rs.13,142,939 thousand), the unsecured financial assets which are subject to credit risk amounted to Rs. 1,861,622 thousand (2021: Rs. 7,247,753 thousand).

For trade receivables, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. Further the Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2022 (Rupees in thousand)	2021
47.2.1			
Trade debts	47.2.2	235,269	141,234
Trade deposits		20,172	16,371
Other receivables		102,408	108,253
Short term investments		—	6,134,636
Bank balances and cheques in hand		1,503,773	847,259
		1,861,622	7,247,753
47.2.2 The aging of trade receivables at the reporting date is:			
Past due 1 - 3 Months		178,805	107,338
Past due 4 - 6 Months		44,701	26,834
Past due one year		11,763	7,062
		235,269	141,234

Based on management's assessment of the expected credit loss no material impairment is necessary in respect of trade receivables past due, as some receivables have been recovered subsequent to the year end and for other receivables, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and short term investment held with some major counterparties at the reporting date:

Balances with banks	Rating			2022	2021
	Short term	Long term	Agency	(Rupees in thousand)	
Allied Bank Limited	A1+	AAA	PACRA	21,650	4,613
Bank Alfalah Limited	A1+	AA+	PACRA	23,497	19,423
Habib Bank Limited	A-1+	AAA	VIS	47,815	221,188
MCB Bank Limited	A1+	AAA	PACRA	1,198,901	317,231
Meezan Bank Limited	A-1+	AAA	VIS	1,833	3,840
MCB Islamic Bank Limited	A1	A	PACRA	1,992	1,492
National Bank of Pakistan	A-1+	AAA	VIS	8,276	5,000
Sindh Bank Limited	A-1	A+	VIS	2,194	2058
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,184	5,587
United Bank Limited	A-1+	AAA	VIS	49,211	98,178
Zarai Taraqati Bank Limited	A-1+	AAA	VIS	19,909	23,929
				1,380,462	702,539

Short term investments	Rating	Agency	2022	2021
			(Rupees in thousand)	
a) Mutual funds				
ABL Cash Fund	Not applicable		–	966,673
Atlas Money Market Fund	Not applicable		–	1,012,093
Faysal Money Market Fund	Not applicable		–	100,117
HBL Money Market Fund	Not applicable		–	452,654
JS Cash Fund	Not applicable		–	150,390
Lakson Money Market Fund	Not applicable		–	1,010,667
MCB Cash Management Optimizer Fund	Not applicable		–	1,035,981
UBL Liquidity Plus Fund	Not applicable		–	1,056,061
b) Term Deposit Receipts				
MCB Bank Limited	Not applicable		–	350,000
			–	6,134,636

Notes to The Financial Statements

For the year ended June 30, 2022

47.2.3 Reconciliation of movements in liabilities to cash flows arising from financing activities

	Long term Financing	Dividends	Lease liabilities against Right of Use Asset	Total
(Rupees in thousand)				
Balance at July 01, 2021	291,612	345,998	5,828	643,438
Changes in liabilities				
Dividend announced during the year	–	5,830,007	–	5,830,007
Modifications	(3,646)	–	–	(3,646)
Deferred grant recognised	(1,491)	–	–	(1,491)
Derecognition	–	–	–	–
Finance cost	15,124	–	417	15,541
Total liability related changes	9,987	5,830,007	417	5,840,411
Changes from financing cash flows				
Finance cost paid	(1,300)	–	–	(1,300)
Principal payment against lease liabilities	–	–	(4,914)	(4,914)
Long term financing received	5,000	–	–	5,000
Long term financing repaid	(181,003)	–	–	(181,003)
Dividend paid during the year including unclaimed / unpaid balances	–	(5,850,984)	–	(5,850,984)
Total changes from financing cash flows	(177,303)	(5,850,984)	(4,914)	(6,033,201)
Balance at June 30, 2022	124,296	325,021	1,331	450,648
Balance at July 01, 2020	128,935	287,117	13,587	429,639
Changes in liabilities				
Dividend announced during the year	–	3,986,329	–	3,986,329
Modifications	–	–	–	–
Deferred grant recognised	(35,315)	–	–	(35,315)
Derecognition	–	–	(5,239)	(5,239)
Finance cost	22,957	–	1,261	24,218
Total liability related changes	(12,358)	3,986,329	(3,978)	3,969,993
Changes from financing cash flows				
Finance cost paid	–	–	–	–
Principal payment against lease liabilities	–	–	(3,781)	(3,781)
Long term financing received	262,042	–	–	262,042
Long term financing repaid	(87,007)	–	–	(87,007)
Dividend paid during the year including unclaimed / unpaid balances	–	(3,927,448)	–	(3,927,448)
Total changes from financing cash flows	175,035	(3,927,448)	(3,781)	(3,756,194)
Balance at June 30, 2021	291,612	345,998	5,828	643,438

47.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2022, the Company had Rs. 6,839,426 thousand (2021: Rs.5,305,000 thousand) available borrowing limits from financial institutions and Rs. 1,505,688 thousand (2021: Rs. 849,602 thousand) cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2022:

	Carrying amount	Contractual cash flows	Less than one year	More than one year
(Rupees in thousand)				
Trade and other payables	4,521,153	4,521,153	4,521,153	–
Unclaimed dividend	297,326	297,326	297,326	–
Unpaid dividend	27,695	27,695	27,695	–
Long term finance- secured	124,296	153,658	94,551	59,107
Lease liabilities against right-of-use assets	1,331	1,331	1,331	–
Long term deposits	13,833	13,833	–	13,833
	4,985,634	5,014,996	4,942,056	72,940

The following are the contractual maturities of financial liabilities as at June 30, 2021:

	Carrying amount	Contractual cash flows	Less than one year	More than one year
(Rupees in thousand)				
Trade and other payables	3,527,703	3,527,703	3,527,703	–
Unclaimed dividend	271,595	271,595	271,595	–
Unpaid dividend	74,403	74,403	74,403	–
Long term finance- secured	291,612	329,332	180,441	148,891
Lease liabilities against right-of-use assets	5,828	5,828	4,386	1,442
Long term deposits	13,433	13,433	–	13,433
	4,184,574	4,222,294	4,058,528	163,766

Notes to The Financial Statements

For the year ended June 30, 2022

47.4 Financial instruments by categories

	FVOCI		FVPL		At amortised cost		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)							
Financial assets								
Long term investments	3,882,725	5,883,568	-	-	-	-	3,882,725	5,883,568
Loans and advances	-	-	-	-	8,861	9,275	8,861	9,275
Trade debts	-	-	-	-	235,269	141,234	235,269	141,234
Trade deposits	-	-	-	-	20,172	16,371	20,172	16,371
Other receivables	-	-	-	-	102,408	108,253	102,408	108,253
Short term investments	-	-	-	5,784,636	-	350,000	-	6,134,636
Cash and bank balances	-	-	-	-	1,505,688	849,602	1,505,688	849,602
	3,882,725	5,883,568	-	5,784,636	1,872,398	1,474,735	5,755,123	13,142,939
Comprised of:								
Total current							1,869,986	7,256,889
Total non-current							3,885,137	5,886,050
							5,755,123	13,142,939

	FVOCI		FVPL		At amortised cost		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)							
Financial liabilities								
Trade and other payables	-	-	-	-	4,521,153	3,527,703	4,521,153	3,527,703
Unclaimed dividend	-	-	-	-	297,326	271,595	297,326	271,595
Unpaid dividend	-	-	-	-	27,695	74,403	27,695	74,403
Term finance	-	-	-	-	124,296	291,612	124,296	291,612
Lease liabilities against right-of-use assets	-	-	-	-	1,331	5,828	1,331	5,828
Long term deposits	-	-	-	-	13,833	13,433	13,833	13,433
	-	-	-	-	4,985,634	4,184,574	4,985,634	4,184,574
Comprised of:								
Total current							4,912,694	4,020,808
Total non-current							72,940	163,766
							4,985,634	4,184,574

47.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders. The capital structure of the Company is equity based with minimal long term financing. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or other measures commensurate to the circumstances.

48 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of the fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

48.1 Fair value hierarchy

IFRS 13 "Fair Value Measurement requires the Company to classify fair value measurement and fair value hierarchy that reflects the significance of the inputs used in making the measurement of fair value hierarchy, which has the following levels:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable.

Level 3: If one or more of the significant inputs is not based on observable market data. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest Rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying values of all financial and liabilities reflected in the financial statements approximate their fair values.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred, if any. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes between various levels of fair value hierarchy are analyzed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the management of investee company. As part of this discussion, the investee company presents a report that explains the reason for the fair value movement, if any. There have been no transfers between various levels of the fair value hierarchy during the respective reporting periods.

Notes to The Financial Statements

For the year ended June 30, 2022

As at June 30, 2022, the Company held the following financial instruments carried at fair value:

	Note	Total 2022	Level 1	Level 2	Level 3
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long term investments - Equity shares	22	3,882,725	97,495	—	3,785,230
Financial assets measured - FVPL					
Investment in mutual funds	31	—	—	—	—
		<u>3,882,725</u>	<u>97,495</u>	<u>—</u>	<u>3,785,230</u>

Date of valuation : June 30, 2022

There were no financial liabilities measured at fair value as at June 30, 2022.

As at June 30, 2021, the Company held the following financial instruments carried at fair value:

	Note	Total 2021	Level 1	Level 2	Level 3
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long term investments - Equity shares	22	5,883,568	101,330	—	5,782,238
Financial assets measured - FVPL					
Investment in mutual funds	31	5,784,636	5,784,636	—	—
		<u>11,668,204</u>	<u>5,885,966</u>	<u>—</u>	<u>5,782,238</u>

Date of valuation : June 30, 2021

There were no financial liabilities measured at fair value as at June 30, 2021.

Movement / reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

	Note	2022	2021
(Rupees in thousand)			
Opening balance		5,782,238	1,641,910
Investment made during the year		—	159,403
(Deficit) / surplus on fair valuation of investment		(1,997,008)	3,980,925
	22	<u>3,785,230</u>	<u>5,782,238</u>

49 Provident fund trust

49.1 The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder. Details regarding investments of the provident fund trust are as follows:

	Note	2022 (Rupees in thousand)	2021
Size of the fund		574,696	577,083
Cost of investment made	49.2	405,346	432,728
Percentage of investment made		70.53%	74.99%
Fair value of investment		614,214	589,193

	2022		2021	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
49.2 Breakup of investment - cost				
Investment in shares (listed securities)	1,481	0.26%	1,975	0.35%
Term Deposit Receipts (TDR)	403,865	70.27%	430,753	74.64%
	405,346	70.53%	432,728	74.99%

49.3 The above information is based on audited financial statements of the provident fund.

49.4 Cost of ordinary shares of the Company held by the provident fund trust as at year end amounts to Rs. 1,481 thousand (2021: Rs. 1,975 thousand).

	2022	2021
	Units per annum	
50 Capacity and production		
Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	34,887	35,529

The Company has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the excess production over normal capacity is due to working on overtime schedules to meet the higher demand.

	2022	2021
51 Number of employees		
Total number of employees at the end of the year	334	346
Total number of factory employees at the end of the year	136	119
Average number of employees during the year	340	353
Average number of factory employees during the year	128	127

The number of employees mentioned above does not include third party contractual employees.

Notes to The Financial Statements

For the year ended June 30, 2022

52 Subsequent events

The Board of Directors of the Company in its meeting held on September 23, 2022 has proposed a final cash dividend of Rs. 20 per share (2021: Rs. 50 per share) and 20% bonus shares (2021: 20%) in respect of the year ended June 30, 2022. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

53 Date of authorization for issue

These financial statements were authorized for issue by Board of Directors of the Company in the meeting held on September 23, 2022.

54 Corresponding figures

Other than as disclosed in note 43.2, there has been no significant re-classifications or rearrangement of corresponding figures in these financial statements.

55 General

55.1 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Chief Financial Officer



Chief Executive Officer



Chairman

CONSOLIDATED FINANCIAL STATEMENTS

Group Directors' Report

The Directors are pleased to present their report together with the audited Group Consolidated Financial Statements for the year ended June 30, 2022.

THE GROUP

The Group comprises Millat Tractors Limited (MTL) (Holding Company) and its subsidiaries i.e., Millat Industrial Products Limited (MIPL), TIPEG INTERTRADE DMCC, Dubai, U.A.E., Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL).

MILLAT INDUSTRIAL PRODUCTS LIMITED

a. BOARD OF DIRECTORS

The present Board consists of seven directors. During the year casual vacancies were created which were filled by appointment of Mr. Muhammad Mustafa Khan, Mr. Muhammad Mustafa Sohail, Mr. Shehryar Ansari and Mr. Qaiser Saleem. The present directors of the company are: M/s. Sikandar Mustafa Khan, Laeeq Uddin Ansari, Muhammad Mustafa Khan, Muhammad Mustafa Sohail, Shehryar Ansari, Qaiser Saleem. Mr. Javed Aslam is CEO of the company.

b. PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS

The Company is engaged in the business of manufacture and sale of vehicular, industrial and domestic batteries. Sales during the year were Rs. 2,092.493 million and net profit after tax was Rs. 151.754 million. Earning per share for the year was Rs. 16.95.

Solar batteries with enhanced backup time are being made to meet the requirement of solar customers. Sale of deep cycle batteries also increased during the year. Keeping in view the market requirement, maintenance free battery has been successfully marketed. Motorcycle batteries will be launched very soon.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The major risks and uncertainties being faced by the Company are fluctuation in prices of raw material, increased cost of imported raw material due to unprecedented devaluation of Rupee and entry of new competitors in the market. During the year, increase in prices of both local and imported raw materials has adversely affected the profit margin. No changes have occurred during the financial year concerning the nature of the business of the company.

d. FUTURE PROSPECTS OF PROFIT

The Company aims to increase profit by setting a challenging sales target in the next financial year. New entrant and changing market dynamics will be countered by quality and cost control.

e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place and are being meticulously observed by concerned persons and being monitored by internal audit department on regular basis.

TIPEG INTERTRADE DMCC

a. BOARD OF DIRECTORS

The Directors of the Company are: M/s. Sikandar Mustafa Khan, Sohail Bashir Rana and Laeeq Uddin Ansari. During the year a casual vacancy was created due to death of Mian Muhammad Saleem.

b. PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS

TIPEG Intertrade DMCC, Dubai, U.A.E is a Limited Liability Company registered with Dubai Multi Commodities Centre Authority. Millat Tractors Limited holds 75% equity of the Company. The principal activity of the Company is trading in machinery and heavy equipment and parts thereof. The Company office is located at Jumeirah Lake Towers, Dubai, UAE. TIPEG earned a net profit of AED 1.443 million and registered sale of AED 30.968 million for the period. Earnings per share were AED 721.39. Company has performed well and business will likely expand after increase in exports of tractors from Pakistan.

c. PRINCIPAL RISKS AND UNCERTAINTIES

Currently no apparent risk or uncertainty is likely to affect the performance of the Company. No changes have occurred during the period concerning the nature of the business of the company.

d. FUTURE PROSPECTS OF PROFIT

The Company aims to enhance its revenue by marketing products of MTL and other group companies in African and other international markets.

e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place and are being observed.

BOLAN CASTINGS LIMITED

a. BOARD OF DIRECTORS

The present Board consists of seven directors who were elected in the Annual General Meeting of the Company held on October 28, 2020. During the year a casual vacancy was created due to death of Mian Muhammad Saleem which was filled by appointment of Mr. Qaiser Saleem. The Directors of the company are: M/s. Sikandar Mustafa Khan, Sohail Bashir Rana, Laeeq Uddin Ansari, Qaiser Saleem, Aamir Amin, Tabassum Rana, Abdul Hamid Ahmed Dagia.

b. PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS

BCL is a public limited company listed on Pakistan Stock Exchange. BCL manufactures intricate tractor components i.e., major tractor castings for MTL. MTL holds 46.26% shares of the total paid up capital of the Company. 9,437 M.T of casting has been produced during the fiscal year against 10,674 M.T of last year resulting in a decrease of 11.58%, while 9,269 M.T of casting has been sold against 10,334 M.T sold last year i.e., a decrease of 10.30%.

During the fiscal year 2021-22, the agriculture sector recorded a significant growth of 4.40 percent mainly driven by high yields, attractive output prices, supportive government policies and agriculture credit i.e., tractors loan scheme. The production of farm tractors in the country also witnessed an increase of 16.01 percent during the fiscal year 2021-22. Consequently the revenue of BCL increased by 13.70% from Rs. 2,418.800 million to Rs. 2,750.181 million. However, cost of sales also increased from Rs. 2,115.499 million to Rs. 2,534.973 million i.e., 19.83% mainly due to the increase in raw materials prices, logistic and energy cost, fuel prices, adverse currency exchange rate and negative cash flows.

During the year sales revenues amounted to Rs. 2,750.181 million against Rs. 2,418.800 million of last year. The gross profit was Rs. 215.208 million against gross profit of Rs. 303.301 million of last year. The selling, distribution and administrative expenses were Rs. 130.698 million against Rs. 150.868 million of last year. The financial cost was Rs. 51.712 million against Rs. 52.822 million of last year. Profit before tax was Rs. 54.725 million against profit before tax of Rs. 171.092 million of last year. The profit after tax was Rs. 15.321 million against profit after tax of Rs. 132.380 million of last year. Earnings per share were Rs. 1.34

c. PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management is the key to sustainable business. Risk management framework, coupled with internal control policies have helped the company to maintain focus and mitigating principle risks affecting the company. However, overall risks arising from the Company's financial instruments are limited as there is no significant exposure to market risk in respect of such instruments. Internal Audit department provides independent report to Board of Directors on the effectiveness of risk management and control processes.

d. FUTURE PROSPECTS OF PROFIT

BCL aims to perform better in the next financial year by achieving higher production and sales targets, reduction in cost of production by improving yield, controlling rejections, increasing value addition and better utilization of available manpower resources.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

BCL maintains a system of internal controls, which is designed to identify, evaluate and manage risks that may affect the achievement of business objectives rather than to eliminate these risks and can, therefore, provide only reasonable assurance against material misstatement or loss. Audit Committee is responsible for reviewing the effectiveness of the system of internal controls.

MILLAT EQUIPMENT LIMITED

a. BOARD OF DIRECTORS

The Directors of the Company are: M/s. Sikandar Mustafa Khan, Laeeq Uddin Ansari, Muhammad Mustafa Khan, Muhammad Mustafa Sohail, Murad Naseer uddin Ansari, Qaiser Saleem and Syed Muhammad Irfan Aqueel. They were elected in EOGM held on June 30, 2021. Mr. Ahsan Imran is CEO of the company who was appointed on July 01, 2021.

b. PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS

MEL is a non listed public limited company and is engaged in manufacturing of gears, shafts and other related parts for MTL. The shareholding of MTL in the paid up capital of MEL is 45%. The Company's principal activities are producing a range of transmission shafts and gears for the various models of Massey Ferguson tractors in Pakistan. Financial performance of the company during the year was exceptional. MEL earned an after tax profit of Rs. 758.904 million and registered sale of Rs. 5,977.8 million for the year. Earnings per share were Rs. 29.19.

c. PRINCIPAL RISKS AND UNCERTAINTIES

Other than being a single customer company and the risk associated with it, there appears no cause that may have any material adverse effect on Company's business in a foreseeable future. No changes have occurred during the financial year concerning the nature of the business of the company.

d. FUTURE PROSPECTS OF PROFIT

Despite the current economic hardships along with pandemic situation being faced, the tractor demand will increase significantly as economic activity in the country has geared up during current year. Therefore, profitability of company is expected to improve in the upcoming financial year.

e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are already in place and Board's Audit Committee ensures complete and satisfactory implementation of the same.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Group Companies have occurred between the end of the financial year of the Companies and the date of this report except as disclosed in their respective annual reports.

CHANGE IN NATURE OF BUSINESS

During the year there has been no major change in the nature of business of any group company.

AUDITOR'S OBSERVATIONS

No adverse remark, observation was given by the auditors' of any group company in their reports for the year/period ended June 30, 2022.

FUTURE PROSPECTS

There is no significant doubt about the group companies' ability to continue as going concerns and therefore future prospects are positive.

PATTERN OF SHAREHOLDING

The pattern of shareholding of MTL is annexed to the Directors' Report and the shareholding pattern of MIPL, TIPEG, BCL and MEL is enclosed.

EARNINGS PER SHARE

Earnings per share of the group for the year ended June 30, 2022 was Rs. 60.56 as against Rs. 67.78 (restated) of the preceding year.



Chief Executive Officer
Lahore:
September 23, 2022



Chairman

بنیادی سرگرمیوں میں پاکستان میں میفرمکن ٹریڈرز کے مختلف ماڈلز کے گیزرڈ اور ٹریڈیشن شافٹس کی تیاری شامل ہے۔ سال کے دوران کمپنی کی کارکردگی شاندار رہی۔ ایم ای ایل کی اس سال کی رجسٹرڈ سیلز 5,977.8 ملین روپے رہی جبکہ منافع بعد از ٹیکس 758,904 ملین روپے رہا۔ فی حصص آمدنی 29.19 روپے رہی۔

مستقبل کے امکانات

گروپ کمپنیز کی صلاحیتوں پر کسی کو کوئی بھی شک نہیں اس لئے مستقبل میں ترقی کے امکانات روشن ہیں۔

شیر ہولڈنگ (پیٹرن)

ایم ای ایل کی شیر ہولڈنگ (پیٹرن) کے طریقے کو ڈائریکٹرز رپورٹ کے ساتھ منسلک کیا گیا ہے جبکہ ایم آئی پی ایل، ٹائی پیگ، بی سی ایل اور ایم ای ایل کی شیر ہولڈنگ (پیٹرن) کا طریقہ بھی منسلک ہے۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

ظاہری طور پر ایک مشکل کسٹمر کمپنی اور اس سے منسلک خدشات کے علاوہ اور کوئی دیگر وجوہات نہیں جو مستقبل میں کمپنی کے کاروبار کو متاثر کریں۔ کمپنی کے کاروبار کی نوعیت کے حوالے سے مالیاتی سال کے دوران کوئی تبدیلی نہیں آئی۔

فی حصص آمدنی

سال ختمہ 30 جون، 2022 کیلئے گروپ کی فی حصص آمدنی 60.56 روپے رہی جو گزشتہ برس 67.78 روپے تھی۔

ج۔ مستقبل میں منافع کے امکانات

موجودہ معاشی مشکلات کے ساتھ وبائی امراض کا سامنا کرنے کے باوجود ٹریڈرز کی مانگ میں نمایاں اضافہ ہوگا۔ کیونکہ رواں سال کے دوران ملک میں معاشی سرگرمیاں تیز ہوئی ہیں۔ اس لیے آئندہ مالی سال میں کمپنی کے منافع میں بہتری کی توقع ہے۔

CPE

چیرمین

چیف ایگزیکٹو آفیسر

لاہور: 23 ستمبر، 2022

د۔ موزوں داخلی مالیاتی کنٹرولز

موزوں داخلی مالیاتی کنٹرولز پہلے سے اپنی جگہ پر ہیں جبکہ بورڈ کی آڈٹ کمیٹی انکے مکمل اور تسلی بخش عملدرآمد کا یقین دلاتی ہے۔

بعد میں پیش آنے والے واقعات

گروپ کمپنیز کے مالیاتی سال ختمہ اور اس رپورٹ کی تاریخ کے درمیان نہ ہی کوئی عوامی کئے گئے اور نہ ہی کوئی واضح تبدیلی ہوئی جس سے گروپ کمپنیز کی مالیاتی پوزیشن اثر انداز ہو سوائے جن کو متعلقہ سالانہ رپورٹس میں بیان کیا گیا ہے۔

کاروبار کی نوعیت میں تبدیلی

سال کے دوران کسی بھی گروپ کمپنی کے کاروبار کی نوعیت میں کوئی اہم تبدیلی نہیں ہوئی۔

آڈیٹرز کا مشاہدہ

سال ختمہ 30 جون، 2022 کی سالانہ آڈٹ رپورٹ میں کسی بھی گروپ کمپنی کے بارے میں آڈیٹرز نے اپنی رپورٹ میں کسی قسم کی منفی رائے نہیں دی۔

و۔ موزوں داخلی مالیاتی کنٹرولز

موزوں داخلی مالیاتی کنٹرولز اپنی جگہ پر ہیں اور ان کا مشاہدہ کیا جا رہا ہے۔

بولان کا سنگٹور لیٹڈ

ا۔ بورڈ آف ڈائریکٹرز

موجودہ بورڈ 7 ڈائریکٹرز پر مشتمل ہے جن کا انتخاب 28 اکتوبر 2020 کو ہونے والی کمپنی کی سالانہ جنرل میٹنگ میں کیا گیا۔ سال کے دوران میاں محمد سلیم کی وفات کے بعد ایک اتفاقیہ آسامی خالی ہوئی جو کہ مسٹر قیصر سلیم کی تعیناتی سے پُر کی گئی۔ کمپنی کے ڈائریکٹرز ہیں: مسٹر سکندر مصطفیٰ خان، سہیل بشیر رانا، بشیق الدین انصاری، قیصر سلیم، عامر امین، نسیم رانا اور عبدالحمید احمد ڈاگہ۔

ب۔ کمپنی کا روپار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

بی سی ایل پاکستان اسٹاک ایکسچینج میں لسٹڈ ایک پبلک لیٹڈ کمپنی ہے۔ بی سی ایل ٹریکٹرز کے پیچیدہ پرنڈ جات بناتی ہے جیسا کہ ایم ٹی ایل کیلئے میجر ٹریکٹر کاسٹنگ وغیرہ۔ ایم ٹی ایل کمپنی کے کل ادا شدہ سرمائے میں 46.26 فیصد کے شیئرز رکھتی ہے۔ اس مالیاتی سال کے دوران کمپنی نے 19,437 ایم ٹی کاسٹنگز بنائی ہیں جو گزشتہ سال 10,674 ایم ٹی تھیں۔ یوں اس میں 11.58 فیصد کمی ہوئی۔ جبکہ اس سال 19,269 ایم ٹی کاسٹنگ سٹور کی گئیں جبکہ گزشتہ سال یہ مقدار 10,334 ایم ٹی تھیں یوں اس میں 10.30 فیصد کمی ہوئی۔

و۔ موزوں داخلی مالیاتی کنٹرولز

بی سی ایل کے پاس داخلی کنٹرولز کا ایک منظم سسٹم ہے جسے ایسے خطرات کی شناخت اور نشاندہی کے لئے تیار کیا گیا ہے جو کمپنی کے کاروباری اہداف میں رکاوٹ بن سکتے ہیں۔ اس لئے یہ سسٹم کسی بنیادی غلط بیانی یا نقصان کے حوالے سے ایک معقول اور یقینی حل پیش کرتا ہے۔ آڈٹ کمپنی داخلی کنٹرول سسٹم کی افادیت کو جانچنے کی ذمہ دار ہے۔

ملٹ ایکوینٹس لیٹڈ

الف۔ بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز مسٹر سکندر مصطفیٰ خان، بشیق الدین انصاری، محمد مصطفیٰ خان، محمد مصطفیٰ سہیل، مراد نصیر الدین انصاری، قیصر سلیم اور سید محمد عرفان عقیل ہیں جو 30 جون 2021 کو منعقد ہونے والی EOGM میں منتخب ہوئے تھے۔ مسٹر احسن عمران کمپنی کے سی ای او ہیں جن کو 01 جولائی 2021 کو تعینات کیا گیا۔

ب۔ کمپنی کا روپار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

ایم ای ایل ایک ٹان لسٹڈ پبلک لیٹڈ کمپنی ہے جو ایم ٹی ایل کے لئے گھیر، شافٹس اور دیگر متعلقہ پارٹس بناتی ہے۔ ایم ای ایل کے کل ادا شدہ سرمائے میں ایم ٹی ایل 45% شیئرز رکھتی ہے۔ کمپنی کی

قبل از ٹیکس منافع 54.725 ملین روپے تھا جبکہ گزشتہ سال یہ 171.092 ملین روپے تھا۔ رواں سال منافع بعد از ٹیکس 15.321 ملین روپے تھا جبکہ گزشتہ سال یہ 132.380 ملین روپے تھا۔ فی شیئر آمدن 1.34 روپے تھی۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

مؤثر رسک منجمنٹ کا روپار کی استحکام کیلئے انتہائی لازم و ملزوم ہے۔ رسک منجمنٹ فریم ورک (جو داخلی کنٹرول پالیسیز سے منسلک ہے) سے بنیادی خطرات کم کرنے اور توجہ مرکوز رکھنے میں کافی مدد ملتی ہے۔ تاہم مجموعی طور پر کمپنی کو مالیاتی اعتبار سے محدود خطرات کا سامنا کرنا پڑ سکتا ہے کیونکہ مارکیٹ میں اس طرح کی صورتحال میں خطرے کا اندیشہ کم رہتا ہے۔ انٹرنل آڈٹ ڈیپارٹمنٹ بورڈ آف ڈائریکٹرز کو رسک منجمنٹ اور کنٹرول کے طریقہ کار کے موثر ہونے کی آرا و رائے رپورٹ پیش کرتا ہے۔

ج۔ مستقبل میں منافع کے امکانات

بی سی ایل زیادہ پیداوار اور سٹیز اہداف تک رسائی، پروڈکشن کی لاگت میں کمی لاکر پیداوار کی بہتری، مسٹر دی کے امکانات پر کنٹرول، ویلویو ایڈیشن میں اضافہ اور دستیاب افرادی قوت کے بہتر استعمال سے اگلے مالی سال کیلئے بہتر کارکردگی دکھانے کیلئے پرعزم ہے۔

رواں مالی سال 2021-22 کے دوران زرعی شعبہ نے 4.40 فیصد کی نمایاں ترقی کی جس کی بنیادی وجہ زیادہ پیداوار، اجناس کی اچھی قیمتیں، معاون حکومتی پالیسیز اور ایگریکلچرل کریڈٹ (ٹریکٹر قرضہ سکیم) جیسے اقدامات تھے۔ اس سال ملک میں فارم ٹریکٹرز کی پیداوار میں بھی 16.01 فیصد اضافہ مشاہدے میں آیا۔ نتیجتاً بی سی ایل کے ریونیو میں 13.70 فیصد اضافہ ہوا اور یہ 2,418,800 ملین روپے سے بڑھ کر 2,750,181 ملین روپے تک پہنچ گیا۔

تاہم سٹور کی لاگت 2,115,499 ملین روپے سے بڑھ کر 2,534,973 ملین روپے تک پہنچ گئی اور یوں اس میں 19.83 فیصد اضافہ ہوا۔ اس کی بنیادی وجہ خام مال، لاجسٹک اور توانائی، تیل کی قیمتوں میں اضافہ، تشویشناک کرنسی ایکسچینج ریٹ اور منفی کیش فلوز تھے۔

سال کیلئے کمپنی کا سٹور ریونیو 181,750.1 ملین روپے رہا جبکہ گزشتہ سال یہ سٹور 2,418,800 ملین روپے رہا۔ مجموعی منافع 215,208 ملین روپے تھا جبکہ گزشتہ سال یہ 303,301 ملین روپے تھا۔ فروخت، ڈسٹری بیوٹن اور انتظامی اخراجات 130,698 ملین روپے تھے جو کہ گزشتہ سال 868,150 ملین روپے تھے۔ مالی لاگت گزشتہ سال کی 52,822 ملین روپے کے مقابلہ میں اس سال 51,712 ملین روپے تھی۔

گروپ ڈائریکٹرز رپورٹ

ڈائریکٹرز کی جانب سے گروپ کی 30 جون، 2022 کو ختم ہونے والے سال کی رپورٹ ہمراہ گروپ کی آڈٹ شدہ مجموعی فنانسل سٹیمینٹس بخوشی پیش کی جاتی ہیں۔

گروپ

گروپ جو کرپٹ ٹریڈرز لیٹڈ (ایم آئی ایل) (ہولڈنگ کمپنی) اور اس کی ذیلی کمپنیاں جیسے کرپٹ انڈسٹریل پراڈکٹس لیٹڈ (ایم آئی پی ایل)، ٹائی پیگ انٹرٹریڈ ڈی ایم سی سی، دینی، یو اے ای، بولان کاسٹمیر لیٹڈ (بی سی ایل) اور کرپٹ ایکویٹیٹ لیٹڈ (ایم آئی ایل) پر مشتمل ہے۔

ملٹ انڈسٹریل پراڈکٹس لیٹڈ

الف۔ بورڈ آف ڈائریکٹرز

موجودہ بورڈ 7 ڈائریکٹرز پر مشتمل ہے۔ سال کے دوران عارضی اسامیاں خالی جوئیں جن پر مسٹر محمد مصطفیٰ خان، مسٹر محمد مصطفیٰ سہیل، مسٹر شہریار انصاری اور مسٹر قیصر سلیم کی تعیناتی ہوئی۔ کمپنی کے موجودہ ڈائریکٹرز درج ذیل ہیں: میسرز سکندر مصطفیٰ خان، شعیب الدین انصاری، محمد مصطفیٰ خان، محمد مصطفیٰ سہیل، شہریار انصاری اور قیصر سلیم شامل ہیں۔ مسٹر جاوید اسلم کمپنی کے چیف ایگزیکٹو آفیسر ہیں۔

ب۔ بنیادی سرگرمیاں، کمپنی کا کاروبار کی کارکردگی اور ترقی

کمپنی گاڑیوں، فیکٹریوں اور گھروں میں استعمال ہونے والی بیٹریاں بنانے کے کام سے وابستہ ہے۔ کمپنی نے رواں سال کے دوران 2,092,493 ملین روپے کی بیٹریاں اور خالص منافع بعد از ٹیکس 151.754 ملین روپے رہا۔ سال کیلئے مجموعی منافع فی شیئر کے حساب سے 16.95 روپے رہا۔

کمپنی خوش توانائی استعمال کرنے والے صارفین کے لیے زیادہ سے زیادہ بیک اپ ٹائم کی حامل سولر بیٹریز بناتی ہے۔ سال کے دوران ڈیپ سائیکل بیٹریز کی فروخت میں بھی اضافہ ہوا۔ مارکیٹ کی ضروریات پر نظر رکھتے ہوئے کمپنی مرمت سے آزاد (Maintenance Free) بیٹریاں بھی کامیابی سے متعارف کروا چکی ہے جبکہ بہت جلد موٹر سائیکل بیٹریز بھی لاچ کی جائیں گی۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو درپیش اہم مسائل اور خطرات میں خام مال کی قیمتوں میں تبدیلی، روپے کی غیر معمولی گراوٹ کی وجہ سے درآمد شدہ خام مال کی لاگت میں اضافہ اور مارکیٹ میں نئے مقابلہوروں کی آمد شامل ہیں۔ رواں سال کے دوران مقامی اور بین الاقوامی سطح پر خام مال کی قیمتوں میں اضافے نے منافع کی شرح کو بے حد متاثر کیا۔ کمپنی کے کاروبار کی نوعیت کی بابت اس مالی سال میں کوئی تبدیلی وقوع پذیر نہیں ہوئی۔

ج۔ مستقبل میں منافع کے امکانات

کمپنی آئندہ مالی سال فروخت کے نئے اہداف مقرر کر کے اپنے منافع میں اضافہ کرنے کے لئے پرعزم ہے۔ اس کے ساتھ ساتھ کوالٹی اور کاسٹ کنٹرول کے ذریعے مارکیٹ میں رولنا ہونے والی تبدیلیوں اور نئے رجحانات کا ڈٹ کر مقابلہ کیا جائے گا۔

د۔ موزوں داخلے مالیاتی کنٹرولز

داخلے مالیاتی کنٹرولز اپنی جگہ پر ہیں اور انٹرنل آڈٹ ڈیپارٹمنٹ کے متعلقہ افراد کی جانب سے ان کا مستقل بنیادوں پر باریک بینی سے مشاہدہ کیا جا رہا ہے۔

ٹائی پیگ انٹرٹریڈ ڈی ایم سی سی

ا۔ بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز میسرز سکندر مصطفیٰ خان، سہیل بشیر رانا اور شعیب الدین انصاری ہیں۔ سال کے دوران میاں محمد سلیم کی وفات کے بعد ایک اتفاقاً آسانی خالی ہوئی۔

ب۔ کمپنی کے کاروبار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

ٹائی پیگ انٹرٹریڈ ڈی ایم سی سی، دینی، یو اے ای میں ایک لیٹڈ لیمیٹڈ کمپنی ہے جو کہ دینی ٹائی کوڈ شیئر سینٹر اتھارٹی کے ساتھ رجسٹرڈ ہے۔ ملٹ ٹریڈرز لیٹڈ کمپنی کی ایکویٹی میں 75% کا منسلک حصہ رکھتی ہے۔ کمپنی کی بنیادی سرگرمیوں میں مشینری اور بھاری ایکویپمنٹ اور پارٹس کی ٹریڈنگ شامل ہے۔ کمپنی کے کاروبار کی جگہ جو میرہ لیک ٹاورز (Jumeirah Lake Towers) دینی، یو اے ای ہے۔ ٹائی پیگ کی اس عرصہ کے دوران خالص منافع 1.443 ملین (اے ای ڈی) رہا اور رجسٹرڈ سیلز 30.968 ملین (اے ای ڈی) رہی۔ فی حصص آمدنی 721.39 (اے ای ڈی) رہی۔ اب تک کمپنی کی کارکردگی اطمینان بخش رہی اور پاکستان سے ٹریڈرز کی زیادہ برآمدات کے بعد برنس کو مزید فروغ ملے گا۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

فی الوقت کمپنی کو ایسے کسی بھی خطرے یا غیر یقینی صورتحال کا سامنا نہیں ہے جو کمپنی کی کارکردگی کو متاثر کرے۔ کمپنی کے کاروبار کی نوعیت کے حوالے سے مالیاتی سال میں کوئی تبدیلی نہیں آئی۔

ج۔ مستقبل میں منافع کے امکانات

کمپنی کا یہ عزم ہے کہ ایم آئی ایل اور دیگر گروپ کمپنی کی مارکیٹنگ پراڈکٹس کو افریقہ اور دیگر بین الاقوامی مارکیٹس تک رسائی دے کر بیٹریز میں اضافہ کیا جائے۔

Independent Auditor's Report

To the members of Millat Tractors Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Millat Tractors Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

Sr. #	Key audit matter	How the matter was addressed in our audit
1	Investment measured at Fair Value Refer note 4.11, note 22.1 and note 48.1 to the annexed consolidated financial statements) The Group holds investment in the equity instrument of Hyundai Nishat Motor (Private) Limited ('HNMP'). Due to HNMP being a non-listed company, their shares do not have a quoted price in an active market.	Our audit procedures included the following: <ul style="list-style-type: none"> understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations; evaluated the cash flow forecast by obtaining an understanding of respective businesses of HNMP;

Sr. #	Key audit matter	How the matter was addressed in our audit
	<p>Therefore, fair value of their shares has been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flow of the business and related discount rate.</p> <p>Due to the significant level of judgment and estimation required to determine the fair value of the investment, we consider it to be a key audit matter.</p>	<ul style="list-style-type: none"> • obtained an understanding of the work performed by the management's expert on the models for the purpose of valuations; • examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; • obtained corroborating evidence relating to the values as determined by the management by challenging key assumptions for the growth rates in the cash flow forecast by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data; • performed sensitivity analysis around key assumptions to ascertain the extent of change individually in the value of the investment; and • assessed the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards

Information Other than the Consolidated and Separate Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



A. F. Ferguson & Co

Chartered Accountants

Lahore

Date: September 28, 2022

UDIN: AR202210092wENaBRX04

Consolidated Statement of Financial Position

As at June 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (2021: 75,000,000) ordinary shares of Rs. 10/- each		2,000,000	750,000
Issued, subscribed and paid up capital	5	968,679	560,578
Reserves	6	6,999,994	9,471,014
		7,968,673	10,031,592
Non-controlling interest		1,084,666	1,049,532
Total equity		9,053,339	11,081,124
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term deposits	7	28,719	30,025
Deferred tax liabilities - net	8	796,379	938,586
Employees' defined benefit plan	9	26,004	85,072
Lease liabilities against right-of-use assets	10	–	1,442
Long term finance- secured	11	69,262	227,511
Deferred grant	12	18,106	21,085
		938,470	1,303,721
CURRENT LIABILITIES			
Accumulating compensated absences		145,916	146,256
Trade and other payables	13	4,895,782	4,064,135
Contract liabilities	14	6,739,316	9,920,662
Current portion of lease liabilities against right-of-use assets	10	1,331	4,386
Current portion of long term finance- secured	11	162,341	280,925
Current portion of deferred grant	12	8,239	26,424
Current portion of long term deposits	7	929	1,572
Short term borrowings	15	1,594,845	530,655
Taxation - net		226,573	372,038
Unclaimed dividend		353,895	284,291
Unpaid dividend		55,378	78,297
		14,184,545	15,709,641
CONTINGENCIES AND COMMITMENTS	16		
		24,176,354	28,094,486

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	2022 (Rupees in thousand)	2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	17	1,790,846	1,793,993
Capital work in progress	18	41,920	49,828
		1,832,766	1,843,821
Right-of-use assets	19	1,123	4,896
Intangible assets	20	52,510	63,838
Goodwill		18,572	18,572
Investment property	21	255,708	255,708
Long term investments	22	3,904,575	5,906,278
Long term loans	23	3,349	3,347
Long term deposits	24	12,227	49,644
Employees' defined benefit plan	9	161,421	13,384
		6,242,251	8,159,488
CURRENT ASSETS			
Stores, spare parts and loose tools	25	601,629	585,931
Stock in trade	26	8,658,755	6,489,318
Trade debts	27	405,421	307,921
Loans and advances	28	205,866	198,623
Trade deposits and short term prepayments	29	72,952	77,120
Balances with statutory authorities	30	5,786,297	4,612,098
Other receivables	31	96,502	89,378
Tax refunds due from the Government		67,743	73,299
Short term investments	32	283,856	6,368,491
Cash and bank balances	33	1,755,082	1,132,819
		17,934,103	19,934,998
		24,176,354	28,094,486



Chairman

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
Revenue from contracts with customers	34	55,009,913	45,665,237
Cost of sales	35	42,813,921	34,323,267
Gross profit		12,195,992	11,341,970
Distribution and marketing expenses	36	1,078,943	1,079,163
Administrative expenses	37	1,049,023	953,373
Other operating expenses	38	753,042	722,035
		2,881,008	2,754,571
Other income	39	604,933	567,434
Operating profit		9,919,917	9,154,833
Finance cost	40	355,916	79,287
Profit before tax		9,564,001	9,075,546
Taxation	41	3,697,604	2,509,419
Profit after tax for the year		5,866,397	6,566,127
Other comprehensive income / (loss):			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		28,656	(7,936)
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain on employees' defined benefit plan - net of tax		207,561	63,098
Unrealized (loss)/ gain on revaluation of investments at fair value through other comprehensive income		(2,001,703)	4,009,599
Less: Deferred tax		177,858	(865,851)
		(1,616,284)	3,206,846
Total other comprehensive (loss) / income		(1,587,628)	3,198,910
Total comprehensive income for the year		4,278,769	9,765,037
Attributable to:			
- Equity holders of the holding Company			
Profit after tax		5,365,020	6,021,909
Other comprehensive (loss) / income for the year		(1,597,932)	3,211,239
		3,767,088	9,233,148
- Non-controlling interests			
Profit after tax		501,377	544,218
Other comprehensive income / (loss) for the year		10,304	(12,329)
		511,681	531,889
		4,278,769	9,765,037
Earnings per share - basic and diluted (Rupees)	44	60.56	Restated 67.78

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Consolidated Statement of Changes in Equity

For the year ended June 30, 2022

	Issued, subscribed and paid up capital	Capital reserves		Revenue reserves		Total	Non- controlling interest	Total equity
		Exchange translation reserve	Fair value reserve	General reserves	Unappropri- ated profit			
(Rupees in thousand)								
Balance as on June 30, 2020	498,292	60,785	341,043	2,475,309	1,409,344	4,784,773	851,210	5,635,983
Final dividend for the year ended								
June 30, 2020 @ Rs. 30 per share	-	-	-	-	(1,494,873)	(1,494,873)	-	(1,494,873)
Interim bonus shares issued for the year ended								
June 30, 2021 @ 12.5% per share	62,286	-	-	-	(62,286)	-	-	-
Interim dividend for the year ended								
June 30, 2021 @ Rs. 50 per share	-	-	-	-	(2,491,456)	(2,491,456)	-	(2,491,456)
Dividend payment to non controlling interest	-	-	-	-	-	-	(333,567)	(333,567)
Net profit for the year	-	-	-	-	6,021,909	6,021,909	544,218	6,566,127
Other comprehensive (loss) / income								
for the year	-	(5,952)	3,140,927	-	76,264	3,211,239	(12,329)	3,198,910
Total comprehensive income / (loss)	-	(5,952)	3,140,927	-	6,098,173	9,233,148	531,889	9,765,037
Balance as on June 30, 2021	560,578	54,833	3,481,970	2,475,309	3,458,902	10,031,592	1,049,532	11,081,124
Final dividend for the year ended								
June 30, 2021 @ Rs. 50 per share	-	-	-	-	(2,802,888)	(2,802,888)	-	(2,802,888)
Bonus shares issued for the year ended								
June 30, 2021 @ 20% per share	112,116	-	-	-	(112,116)	-	-	-
Interim dividend for the year ended								
June 30, 2022 @ Rs. 45 per share	-	-	-	-	(3,027,119)	(3,027,119)	-	(3,027,119)
Interim bonus shares issued for the year ended								
June 30, 2022 @ 20% per share	134,539	-	-	-	(134,539)	-	-	-
Interim bonus shares issued for the year ended								
June 30, 2022 @ 20% per share	161,446	-	-	-	(161,446)	-	-	-
Dividend payment to non controlling interest	-	-	-	-	-	-	(476,547)	(476,547)
Net profit for the year	-	-	-	-	5,365,020	5,365,020	501,377	5,866,397
Other comprehensive income / (loss) for								
the year	-	21,492	(1,823,383)	-	203,959	(1,597,932)	10,304	(1,587,628)
Total comprehensive income / (loss)	-	21,492	(1,823,383)	-	5,568,979	3,767,088	511,681	4,278,769
Balance as on June 30, 2022	968,679	76,325	1,658,587	2,475,309	2,789,773	7,968,673	1,084,666	9,053,339

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

Consolidated Statement of Cash Flows

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	45	6,178,435	15,316,759
Finance cost paid		(378,963)	(104,207)
Payment of long term loans to employees - net		(2)	(266)
Workers' Profit Participation Fund paid	13.2	(620,811)	(448,228)
Workers' Welfare Fund paid		(183,415)	(66,844)
Taxes paid - net		(4,976,061)	(4,579,705)
Retirement benefits paid - net		(24,233)	(93,325)
Long term security deposits received / (paid)		35,468	(34,086)
		(6,148,017)	(5,326,661)
Net cash flows generated from operating activities		30,418	9,990,098
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		(253,121)	(388,912)
Proceeds from disposal of property, plant and equipment		49,190	38,920
Payments for intangibles		—	(13,908)
Short term investments - net		5,521,555	(5,717,876)
Long term investments made - net		—	(101,960)
Profit on bank deposits received		49,798	69,013
Dividend received		111,958	72,829
Net cash flows generated from / (used in) investing activities		5,479,380	(6,041,894)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to non controlling interests		(476,547)	(333,567)
Principal payment against lease liabilities		(4,914)	(3,781)
Short term financing received - net		670,485	—
Long term financing (paid) / received including finance cost - net		(299,453)	304,967
Dividends paid to equity holders of the holding company		(5,783,322)	(3,921,668)
Net cash used in financing activities		(5,893,751)	(3,954,049)
Net decrease in cash and cash equivalents		(383,953)	(5,845)
Cash and cash equivalents at the beginning of the year		1,186,019	1,199,800
Foreign exchange difference		28,656	(7,936)
Cash and cash equivalents at the end of the year	46	830,722	1,186,019

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

1 Legal status and nature of business

1.1 Holding company:

Millat Tractors Limited – (MTL)

Millat Tractors Limited (the Company) is a public limited company and was incorporated in Pakistan in 1964 under the Companies Act, 1913 (now the Companies Act, 2017), and is listed on the Pakistan Stock Exchange Limited. The registered office and factory of the Company is situated at 9 km Sheikhupura Road, District Sheikhupura. The Company also has regional offices located in Karachi, Multan, Sukkur and Islamabad.

The Company is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products. The Company is also involved in the sale, implementation and support of IFS applications in Pakistan and abroad.

Subsidiary companies:

a) Millat Industrial Products Limited (MIPL)

Millat Industrial Products Limited (MIPL), an unlisted public company registered under the Companies Ordinance 1984 (now the Companies Act, 2017), is a subsidiary of Millat Tractors Limited which holds 64.09% of the MIPL's equity. MIPL is engaged in the business of manufacturing of industrial, domestical and vehicular batteries, cells and components. The geographical location and address of the MIPL's business units, including mills/plant is as under:

- The registered office of MIPL is situated at 8.8 km, Lahore- Sheikhupura Road, Shahdara, Lahore
- The manufacturing facility of MIPL is located at 49 km., off Multan Road, Bhai Pheru, Distt. Kasur.

b) TIPEG Intertrade DMCC

TIPEG Intertrade DMCC, a limited liability company registered with Dubai Multi Commodities Centre (DMCC) Authority, is a subsidiary of Millat Tractors Limited which holds 75% of the TIPEG Intertrade DMCC's equity. The principal place of business of the TIPEG Intertrade DMCC is located at Jumeirah Lake Towers, Dubai-UAE. TIPEG Intertrade DMCC is formed for trading of machinery and heavy equipment and its registered office is situated at Unit No.705, Fortune Executive Tower, Jumeirah lake Towers, Dubai, United Arab Emirates.

c) Millat Equipment Limited (MEL)

Millat Equipment Limited, was incorporated as a private limited company under the repealed Companies Ordinance 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017), and was converted into an unlisted public limited company on April 20, 2004 is a subsidiary of Millat Tractors Limited which holds 45% of the MEL's equity. MEL is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles, parts and components thereof. The registered office of MEL is situated at Sheikhupura Road, Lahore and the manufacturing facility of is situated at 10 km Raiwind Road, Lahore.

d) Bolan Castings Limited (BCL)

Bolan Castings Limited (BCL), a public limited company incorporated in Pakistan under the repealed Companies Ordinance 1984 (now the Companies Act), and listed on the Pakistan Stock Exchange, is a subsidiary of Millat Tractors Limited which holds 46.26% of the BCL's equity. BCL is engaged in the business of manufacturing of castings for tractors and automotive parts thereof. The geographical location and address of BCL's business unit, including plant is RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions and directives issued under the Companies Act, 2017.

Where the provisions of the directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 Basis of preparation

3.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for valuation of certain financial instruments at fair value or amortised cost. In addition, obligations in respect of certain employees' retirement benefit plan and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

3.2 Critical accounting estimates and judgments

The Group's significant accounting policies are stated in note 4 to these consolidated financial statements. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in the application of accounting policies are as follows:

3.2.1 Employees' retirement benefits and other obligations

The Group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations i.e. employees' defined benefit plan and other obligations. The valuation is based on assumptions as mentioned in note 4.4 to these consolidated financial statements.

3.2.2 Provision for taxation

The Group takes into account the current income tax law and the decisions taken by appellate authorities. Pending instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature are in accordance with law and the outcome is expected in favour of the Group are shown as contingent liabilities.

3.2.3 Estimated useful lives, residual values and method of depreciation of property, plant and equipment

The Group reviews the useful lives of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.2.4 Provision for inventories and stores

The Group regularly reviews the inventories for impairment. Provision for obsolete and slow-moving inventories is based on management's estimate of the condition and usability of inventories and stores.

3.2.5 Impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3.2.6 Fair value of unquoted investments

Fair value of unquoted investments is determined by using valuation techniques. The Group uses the valuation performed by an independent valuation expert to determine the fair value of its unquoted investments.. The Group has used discounted cash flow analysis for this purpose as fully explained in note 22.1 to these consolidated financial statements.

3.2.7 Recording and impairment of goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss account.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash-Generating Units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.2.8 Lease term of right of use asset and lease liability

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

3.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees (PKR or Rupee) which is the Company's functional and presentation currency

4 Summary of significant accounting policies

The significant accounting policies which have been adopted in the preparation of financial statements of the Group are consistent with previous year except as mentioned in note 4.1 to these financial statements, and which are as follows:

4.1 Changes in accounting standards, interpretations and pronouncements

a) Interpretations and amendments to published approved accounting standards that became effective during the year but are not relevant

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

b) Interpretations and amendments to published approved accounting standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation	Effective Date (Annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 01, 2022
Cost of Fulfilling an Onerous Contracts – Amendments to IAS 37	January 01, 2022
Updating a Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12	January 01, 2023
Amended by Definition of Accounting Estimates – Amendments to IAS 8	January 01, 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 01, 2024

The management is in the process of assessing the impact of changes laid down by these standards on its consolidated financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in previous years. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022 and January 01, 2023 respectively. The Group expects that such improvements to the standards will not have any significant impact on the Group's consolidated financial statements in the period of initial application.

4.2 Principles of consolidation

4.2.1 Subsidiaries

A subsidiary is an entity controlled by the holding company. The holding company controls an investee when the holding company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss. The assets, liabilities, income and expenses of subsidiaries are consolidated on a line by line basis and the carrying amount of investments held by the holding company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements. Inter-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies used in preparation of consolidated financial statements of the holding company are consistent with accounting policies of its subsidiaries. When necessary, adjustments are made to bring the accounting policies in line with that of the holding company.

All significant intra-group transactions and balances between Group enterprises, and unrealised profits are eliminated on consolidation.

4.2.2 Non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the profit or loss. Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets on fair value.

4.3 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (the CEO) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Accordingly, for reporting purposes, the Group has been organised into business units based on its products and services and has three separate reportable segments, as follows:

The "tractors segment", which deals with assembling and manufacturing of agricultural tractors, implements and multi-application products.

The "tractor components segment" i.e. equipment and parts, which is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles parts and components thereof.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

The "castings segment", which is engaged in the business of manufacturing of castings for tractors and automotive parts thereof.

Other business activities of the Group have been presented under "others segment". Accordingly, no operating segments have been aggregated to form the above reportable operating segments.

4.4 Employees' retirement benefits and other obligations

The main features of the schemes operated by the Group for its employees are as follows:

4.4.1 Defined benefit plan

4.4.1.1 Pension

MTL operates, while BCL previously operated a funded defined benefit pension scheme for all eligible employees. A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Contributions under the scheme are made to this fund on the basis of actuarial recommendation and are charged to profit or loss. The latest actuarial valuation for the scheme was carried out as at June 30, 2021.

The amount recognized in the consolidated statement of financial position represents the present value of the plan assets reduced by value of defined benefit obligation. Any charge or credit arising as a result of remeasurements are recognized in the other comprehensive income of the Group in the period in which they occur.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

	Pension scheme	
	Millat Tractors Limited	
	2022	2021
Expected rate of increase in salary level	12.25%	9.00%
Discount rate used for interest cost in profit and loss	10.00%	8.50%
Discount rate used for year end obligation	13.25%	10.00%
Average expected remaining working life of employees	6 years	8 years
	SLIC 2001 -	SLIC 2001 -
	2005	2005
Expected mortality rates	Setback 1 Year	Setback 1 Year

4.4.2 Defined contribution plans

4.4.2.1 Gratuity

MTL operates an approved defined contribution funded gratuity scheme for permanent employees who joined the Company before July 01, 2004. Under the scheme, based on the graduated scale, the contributions are calculated with reference to last drawn salary of the employees and are paid over to the Employees Gratuity Fund Trust.

BCL operates an approved funded defined benefit executives' gratuity scheme for all eligible executive employees and unfunded defined benefit non-executive gratuity scheme for all eligible non-executive employees.

4.4.2.2 Provident fund

The Group operates an approved defined contribution provident funds for all permanent employees. Equal contributions are made by employees and the Group at the rate of 10 percent of basic salary per month and charged to profit or loss account.

4.4.3 Accumulating compensated absences

MTL, BCL and MEL provide for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences and are charged to profit and loss.

4.5 Taxation

4.5.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

4.5.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit or loss, except in the case of items credited or charged to other comprehensive income in which case it is included in equity.

4.6 Property, plant and equipment

Property, plant and equipment except for freehold and leasehold land are stated at cost less accumulated depreciation and accumulated impairment loss. Freehold and leasehold land is stated at cost less any accumulated impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation on all items of property, plant and equipment except for leasehold office building is charged to profit or loss applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation on leasehold office building is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the asset. Depreciation is being charged at the rates given in note 17. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

The Group continually assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit or loss for the year. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, and the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

4.7 Right-of-use asset and Lease liability

At inception of a lease contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group applies a practical expedient and, does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets, if any. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

For lease contracts other than the aforementioned, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate and amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the statement of profit and loss account if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses.

4.8 Capital work-in-progress

All expenditure connected with specific assets i.e. property, plant and equipment or intangible assets incurred during installation and construction period including advances to suppliers and contractors are carried under this head. These are transferred to specific assets as and when these assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss, if any.

4.9 Intangible assets

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method over a period of three years.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite life are amortised using the straight line method over a period of three years and Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortization on additions to finite intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

The Group assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.10 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Group comprises land and is valued using the cost method, at cost less any accumulated impairment loss.

The Group assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

4.11 Investments and other financial assets

4.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- at Fair Value through Profit or Loss ("FVPL"),
- at Fair Value through Other Comprehensive Income ("FVOCI"), or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date i.e. the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are Solely Payment of Principal and Interest (SPPI).

a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

i) Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(operating expenses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

ii) Financial assets at fair value through other comprehensive income

Assets that are held for both collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/(operating expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(operating expenses).

iii) Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income/(operating expenses) in the period in which it arises.

b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income/(operating expenses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.11.4 Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and fair value through other comprehensive income, trade receivables, contract assets recognised and measured under IFRS 15 and that are not measured at fair value through profit or loss.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group therefore concludes that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

A distinction is made between, financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1). Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2). Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment, if any, of the indicators were present i.e. significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or late payments.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments past due date. Impairment losses on trade receivables and contract assets are presented as net impairment losses in the profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

4.12 Stores, spare parts and loose tools

Stores and spares are valued at lower of net realizable value or moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon.

Provision for obsolete and slow-moving stores, spare parts and loose tools is based on management estimate of the condition and usability of such stores.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision for obsolete and slow-moving stores and spares is based on management estimate as to the condition and usability of such stores, spare parts and loose tools.

4.13 Stock in trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued principally at the lower of moving average cost and net realizable value.

Cost of raw materials and trading stock comprises the invoice value plus other charges paid thereon.

Cost of work-in-process and finished goods include direct material, labour and appropriate portion of manufacturing overheads.

Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision for obsolete and slow-moving stock-in-trade is based on management estimate.

4.14 Trade debts

Trade debts are carried at original invoice amount less any expected credit losses based on review of outstanding amounts at the year end in accordance with the simplified approach as mentioned in note 4.11.4. Bad debts are written off when identified.

4.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Short term finance facilities availed by the Group, which are payable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

4.16 Revenue recognition

Revenue from the sale of goods along with provisions of after market services is recognised when performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. If the consideration promised in a contract includes a variable amount, the Group determines the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties, or other similar item.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any related discounts or rebates on the contract price are generally allocated to the separate elements, respectively.

4.16.1 a) Sale of goods

Revenue from contracts for tractors, implements and tractor components, multi-application products, trading goods, batteries and casting is recognized upon delivery and acknowledgement of the good by the customer i.e. point in time when the performance obligation of the Group is satisfied. Since there is only one performance obligation the revenue is recognized at full amount. Payments for sale of goods are either received in advance or made with credit terms as per Group policy on a case to case basis. The credit term does not include any financing component. Any rebate / markup on account of delayed delivery of tractor is deducted from the transaction price upon satisfaction of the performance obligation.

b) Sale of service

- Warranties

The Group provides various types of warranties. When determining the nature of warranty-related promises, the Group considers:

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

- whether the customer has the option to separately purchase the warranty; and
- whether all or part of the warranty provides the customer with an additional service beyond the basic assurance that it will perform in accordance with published specifications.

Standard-type warranties of free repair, parts replacement, assurance and major rectification to the customer along with free service after specific intervals are not offered separately for any consideration by the Group and rather are embedded in the sale price of the good. Accordingly, the same are not considered to be separate performance obligations and are accounted for under IAS 37.

For extended-type warranties or separate after sale services offered by the Group the same are treated as separate performance obligations. Revenue from such warranties or after sale services contracts is recognized over time i.e. duration of the contract.

- IFS services

Revenue from IFS services includes contracts for software implementation / customization services along with post implementation consultancy / maintenance services. Revenue from implementation / customization services is recognized at a point-in-time i.e. when the performance obligation of the Group for implementation/ customization is satisfied whereas revenue from post implementation consultancy / maintenance services is recognized over-time i.e. duration of the Service Level Agreement.

Others

- Dividend is recognized as income when the right to receive dividend is established.
- Profit on bank deposits is recognized on effective rate of interest method.
- Investment income is recognized when right to receive the income is established.

4.17 Research cost

These costs are charged to profit and loss when incurred.

4.18 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.19 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

4.20 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.21 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. Foreign exchange gains and losses on translation are recognized in the profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

On consolidation, the assets and liabilities of foreign operations are translated into Pak Rupees at the rate of exchange prevailing at the reporting date and their profit or loss are translated at average rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

4.22 Financial liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument and de-recognized when the obligation specified in the contract is discharged, cancelled or expired. The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

All financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial liabilities are subsequently measured at fair value through profit and loss ("FVPL") or at amortised cost, as the case may be. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVPL. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Where management has opted to recognise a financial liability at FVPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVPL.

4.23 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.24 Reserves

Reserve are classified into two categories as follows:

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

4.24.1 Revenue reserve

Revenue reserve is the reserve which is regarded as available for distribution through the profit or loss including general reserves and other specific reserves created out of profit and un-appropriated or accumulated profits of previous years.

4.24.2 Capital reserve

Capital reserve includes all the reserves other than reserve which are classified as revenue reserve.

4.25 Earning per share

The Group presents basic and diluted Earning Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.26 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.27 Dividend and appropriations

Dividend distribution to the Group's shareholders is recognized as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the consolidated financial statements are authorized for issue, they are disclosed in the notes to the consolidated financial statements.

4.28 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

In subsequent periods, the grant shall be recognized in statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

4.29 Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when:

- i) When the sale is highly probable.
- ii) The asset is available for immediate sale in its present condition.
- iii) Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.
- iv) Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

5 Issued, subscribed and paid up capital

2022 (Number of shares in thousand)		2021 (Rupees in thousand)	
		Ordinary shares of Rs 10 each	
2,543	2,543	fully paid in cash	25,429
		Ordinary shares of Rs 10 each issued as	
		fully paid bonus shares	
53,514	47,286	- Opening balance	535,149
		- Issued during the year	
		Interim bonus shares issued - June 30,	
-	6,228	2021 @12.5% per share	-
		Final bonus shares issued - June 30,	
11,211	-	2021 @20% per share	112,116
		Interim bonus shares issued - June 30,	
13,454	-	2022 @20% per share	134,539
		Interim bonus shares issued - June 30,	
16,145	-	2022 @20% per share	161,446
94,324	53,514		943,250
96,867	56,057		968,679
			535,149
			560,578

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousand)	
6 Reserves		
Capital reserve		
Fair value reserve - Investments measured at FVOCI	1,658,587	3,481,970
Exchange translation reserve	76,325	54,833
	1,734,912	3,536,803
Revenue reserve		
General reserve	2,475,309	2,475,309
Unappropriated profit	2,789,773	3,458,902
	5,265,082	5,934,211
	6,999,994	9,471,014

7 Long term deposits

These represent security deposits received from dealers which, by virtue of agreement, are interest free. These are repayable on cancellation of dealership contract with dealers and cannot be utilized for the purpose of the business. These have been kept in separate bank account in accordance with the requirements of the section 217 of the Companies Act, 2017.

These also represent interest free deposits received from employees. The amount is adjustable within a period of six years against book value of motor vehicles and five years against book value of motor cycles provided to them as per the Company policy.

	Note	2022	2021
		(Rupees in thousand)	
8 Deferred tax liabilities - net			
The liabilities / (asset) for deferred tax comprises temporary differences relating to:			
Taxable temporary differences:			
Accelerated tax depreciation		191,105	173,643
Change in fair value of investments		752,376	930,976
		943,481	1,104,619
Deductible temporary differences:			
Accumulating compensated absences		(11,868)	(10,318)
Provision for impaired / doubtful receivables		(12,089)	(10,624)
Non current assets classified as held for sale		—	—
Provision for warranty		(4,760)	(3,985)
Unused tax losses	8.1	(98,724)	(117,803)
Provision for impairment of intangible		(2,367)	(2,367)
Provision for retirement benefit obligations		(16,939)	(20,581)
Provision for slow moving stores		(355)	(355)
		(147,102)	(166,033)
Net deferred tax liability at the year end		796,379	938,586

- 8.1** Deferred tax asset on unused tax losses represents the minimum tax available for carry forward under the Income Tax Ordinance, 2001 and is recognised to the extent that the realization of related tax benefits through future taxable profits of the Group is probable. The projections are based on management's best estimates of key production, sales and economic assumptions.

	Note	2022 (Rupees in thousand)	2021
9 Employees' defined benefit plan			
Staff retirements benefit plan- Liability			
Holding company	9.1	–	50,255
Subsidiary	9.2	26,004	34,817
		26,004	85,072
Staff retirements benefit plan- Asset			
Holding company	9.1	(143,051)	–
Subsidiary	9.2	(18,370)	(13,384)
		(161,421)	(13,384)
9.1 Present value of defined benefit obligation		960,430	1,160,998
Fair value of plan assets		(1,103,481)	(1,110,743)
Asset / (liability) recognized in the statement of financial position		(143,051)	50,255
9.1.1 For the year			
Salaries, wages and amenities include the following in respect of employees' pension scheme:			
Current service cost		11,124	13,387
Interest cost		110,912	100,667
Expected return on plan assets		(106,308)	(90,577)
		15,728	23,477
9.1.2 The movement in present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of year		1,160,998	1,232,563
Current service cost		11,124	13,387
Interest cost		110,912	100,667
Benefits paid		(103,502)	(96,491)
Benefits due but not paid		(254)	–
Actuarial gain		(218,848)	(89,128)
Present value of defined benefit obligation at end of year		960,430	1,160,998
9.1.3 The movement in fair value of plan assets is as follows:			
Fair value of plan assets at beginning of year		1,110,743	1,109,534
Expected return on assets		106,308	90,577
Contributions		8,176	8,653
Benefits paid		(103,502)	(96,491)
Benefits due but not paid		(254)	–
Return on plan assets		(17,990)	(1,530)
Fair value of plan assets at end of year		1,103,481	1,110,743
Actual return on plan assets		88,318	89,047

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousand)	
9.1.4 Plan assets comprise of :		
Term deposit receipts :		
United Bank Limited	-	295,500
Bank Alfiah Limited	400,000	-
Zarai Taraqiat Bank Limited	280,000	421,129
Special Bank account:		
NAFA Capital proceeds	373,167	353,747
Accrued interest and bank balance:		
Bank balances	45,155	38,604
Accrued interest	3,636	-
Advance income tax	1,777	1,777
Less: payables	(254)	(14)
	<u>1,103,481</u>	<u>1,110,743</u>

Investments out of fund have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

9.1.5 Comparison of present value of defined benefit obligation, the fair value of plan assets and the resulting surplus or deficit of pension fund is as follows:

	2022	2021	2020	2019	2018
	(Rupees in thousand)				
As at June 30					
Present value of defined					
benefit obligation	960,430	1,160,998	1,232,563	848,495	1,109,824
Less: Fair value of plan assets	1,103,481	1,110,743	1,109,534	1,068,014	1,085,220
Surplus/ (deficit)	<u>143,051</u>	<u>(50,255)</u>	<u>(123,029)</u>	<u>219,519</u>	<u>(24,604)</u>
Experience adjustment on obligation	<u>(218,848)</u>	<u>(89,128)</u>	<u>345,900</u>	<u>(292,128)</u>	<u>(23,087)</u>
Return on plan assets,					
excluding interest income	<u>(17,990)</u>	<u>(1,530)</u>	<u>(28,095)</u>	<u>(41,191)</u>	<u>(85,687)</u>

Sensitivity analysis

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase and disclosed in note 4.4.1.1. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2022 (Rupees in thousand)	2021
Discount rate + 100 bps	904	1,079
Discount rate - 100 bps	1,024	1,255
Salary increase + 100 bps	968	1,172
Salary increase - 100 bps	953	1,151
Indexation rate + 100 bps	1,028	1,258

9.2 Subsidiary staff retirement benefit plan - BCL

Employees' defined benefit plan- liability	26,004	34,817
Employees' defined benefit plan- asset	(18,370)	(13,384)

	2022			2021		
	Funded		Un-funded	Funded		Un-funded
	Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity
	(Rupees in thousand)					
Balance sheet reconciliation						
Present value of defined benefit obligation at end of year	–	20,501	26,004	–	26,205	34,817
Less: Fair value of plan assets at end of year	–	38,871	–	–	39,589	–
Surplus / (deficit)	–	(18,370)	26,004	–	(13,384)	34,817
Movement in the present value of defined benefit obligation						
Balances at beginning of year	–	26,205	34,817	187,627	25,978	29,841
Benefits paid by the plan	–	(6,959)	(7,667)	(12,804)	(3,042)	(3,694)
Settlement paid	–	–	–	(115,857)	–	–
Current service costs	–	823	1,450	1,342	936	1,360
Past service cost	–	–	–	–	–	–
Interest cost	–	2,273	3,098	11,961	2,079	2,379
Remeasurement	–	(1,841)	(5,694)	(7,114)	254	4,932
Employee contributions	–	–	–	652	–	–
Gain on curtailment & settlement	–	–	–	(65,807)	–	–
Balance at end of year	–	20,501	26,004	–	26,205	34,817
Movement in the fair value of plan assets						
Balance at beginning of year	–	39,589	–	127,508	51,279	–
Contributions paid into the plan	–	358	–	1,448	416	–
Benefits paid by the plan	–	(6,959)	–	(12,804)	(3,042)	–
Settlement paid	–	–	–	(115,857)	–	–
Interest income	–	3,977	–	8,258	4,376	–
Remeasurement	–	1,906	–	(9,205)	(13,441)	–
Employee contributions	–	–	–	652	–	–
Balance at end of year	–	38,871	–	–	39,588	–

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	2022			2021		
	Funded		Un-funded	Funded		Un-funded
	Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity
	(Rupees in thousand)					
Expense / (income) recognised in profit and loss account						
Current service costs	–	823	1,450	1,342	936	1,360
Gain on curtailment & settlement	–	–	–	(65,806)	–	–
Net Interest (income) / cost	–	(1,704)	3,098	3,702	(2,298)	2,379
Expense / (income) recognised in profit or loss	–	(881)	4,548	(60,762)	(1,362)	3,739
Remeasurement recognised in other comprehensive income						
Experience (gains) / losses	–	(1,841)	(5,694)	(7,114)	254	4,932
Remeasurement of fair value of plan assets	–	(1,906)	–	9,205	13,441	–
Remeasurements	–	(3,747)	(5,694)	2,091	13,695	4,932
Net recognised liability / (asset)						
Net recognised liability / (asset) at beginning of year	–	(13,384)	34,817	60,119	(25,301)	29,840
(Income) / expense recognised in profit or loss	–	(881)	4,548	(60,762)	(1,362)	3,740
Contribution made during the year to the Fund	–	(358)	(7,667)	(1,448)	(416)	(3,694)
Remeasurements recognised in other comprehensive (loss) / income	–	(3,747)	(5,694)	2,091	13,695	4,932
Recognised liability / (asset) at end of year	–	(18,370)	26,004	–	(13,384)	34,818
Plan assets comprise of following:						
Debt instruments	–	30,000	–	–	39,000	–
Equity and mutual funds	–	8,800	–	–	–	–
Cash at Bank	–	71	–	–	589	–
Total as at June 30	–	38,871	–	–	39,589	–
Actuarial assumptions						
Discount rate at June 30		13.25%	13.25%		10.00%	10.00%
Future salary increases		12.00%	12.00%		10.00%	10.00%

Mortality was assumed to be SLIC (2001-2005) table.

	2022	2021
	(Rupees in thousand)	
Maturity profile of the defined benefit obligation		
Distribution of timing of benefit payments		
One year	5,265	5,607
Two years	14,587	13,003
Three years	7,763	17,564
Four years	3,595	8,279
Five years	2,864	5,108
Six years to ten years	27,199	33,370

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Sensitivity analysis for actuarial assumptions			
Discount rate at June 30	1.00%	(1,702)	1,926
Future salary increases	1.00%	2,339	(2,127)

There is no significant change in the obligation if life expectancy increases by 1 year.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liabilities recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

	2022	2021	2020	2019	2018
	(Rupees in thousand)				
Pension fund					
Fair value of plan assets	–	–	127,508	114,416	114,262
Present value of the defined benefit obligation	–	–	(187,627)	(131,839)	(165,840)
(Surplus) / deficit	–	–	(60,119)	(17,423)	(51,578)
Experience adjustments on plan liabilities	–	(7,114)	47,137	(42,401)	(10,757)
Experience adjustments on plan assets	–	(9,205)	6,478	(3,845)	(4,719)

For the year ended June 30, 2022

	2022	2021
	Number of years	
The weighted average duration of the plans are as follows:		
Executives' gratuity fund	2.21	2.50
Non-executives' gratuity	7.37	6.98

Risks on account of defined benefit plan

Final Salary risk - The risk that the final salary at the time of cessation of service is greater than what the Group has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in risk free investments of Term deposit Certificates. However, instruments in Open-ended Mutual Funds is subject to adverse fluctuation as a result of change of market price.

Discount rate fluctuation - The plan liabilities are calculated using discount rate set with reference to market yields on government bonds. A decrease in market yields on government bonds will increase plan liabilities, although this will be partially offset by increase in the value of the current plan's bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contribution to the fund as advised by the actuary.

9.4 In case of the funded plans, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the Retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2021 and 2020 consists of government bonds and mutual funds. The Company believes that government bonds and mutual funds offer the best returns over the long term with an acceptable level of risk.

9.5 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The Group's contribution to the pension fund for the year ending June 30, 2023 is expected to be Rs. 12,491 thousand.

Expense of the defined benefit plan is calculated by the actuary.

	2022	2021
	(Rupees in thousand)	
10 Lease liabilities against right-of-use assets		
Lease liabilities at year end	1,331	5,828
Less: current portion of lease liabilities	(1,331)	(4,386)
Non current lease liabilities	—	1,442

10.1 Commitments in relations to finance leases recognised under IFRS 16 are payable as follows:

	Note	2022	2021
		(Rupees in thousand)	
Payable not later than one year		1,634	4,667
Payable later than one year but not later than five years		—	1,634
Payable later than five years		—	—
		1,634	6,301
Future finance charges		(303)	(473)
Total lease liabilities		1,331	5,828
11 Long term finance- secured			
Long term loan	11.1	231,603	508,436
Less: Current portion shown under current liabilities	11.1	(162,341)	(280,925)
		69,262	227,511

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
11.1 The reconciliation of carrying amount is as follows			
Opening balance		508,436	223,434
Loan received during the year	11.2 & 11.3	9,931	436,535
Modification during the year		(3,646)	–
Repayments during the year		(309,384)	(137,909)
Transferred to deferred grant	12	(1,491)	(53,252)
Unwinding of interest cost		27,757	39,628
	11	231,603	508,436
less: Current portion shown under current liabilities		(162,341)	(280,925)
		69,262	227,511

- 11.2** This represents amount of loan against facility of Rs 637,500 thousand (2021: Rs 637,500 thousand) under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan (SBP) to mitigate the effect of COVID-19 on employment in Pakistan. The loan is repayable in 8 equal quarterly installments commencing from January 31, 2021 and carry markup from the range of 0.15% to .04% per annum which is payable quarterly. The loan was initially recognized at amortized cost using prevailing market rate of mark-up for similar instruments. The average discount rate used ranges from 7.41% to 8.28% per annum. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant.

In case of Millat Tractors Limited, this facility is secured by first charge on plant and machinery and joint pari passu hypothecation charge over current assets and book debts of the Company, in the case of Bolan Castings Limited it is secured by way of hypothecation of plant and machinery and current assets of the Company, while in the case of Millat Equipment Limited it is secured by way of first charge on plant and machinery of the Company.

- 11.3** This represent amount of loan against facility of Rs 160,000 thousand (2021: Rs 160,000 thousand) obtained under renewable energy finance scheme announced by State Bank of Pakistan (SBP) to promote renewable energy use in Pakistan. The average discount rate used is 11.47% per annum (2021; 7.95%). The amount is repayable ranging from 20 to 40 equal quarterly installments starting from September 30, 2021 and carry markup of 2.5% per annum which is payable quarterly. This facility is secured by specific and exclusive charge on the purchased machinery in case of Millat Tractors Limited, and first charge over the current assets of Millat Equipment Limited.

In case of Millat Tractors Limited the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022. The modification is considered to be non-substantial and resulting impacts has been recognized in these financial statements accordingly. The difference between cash received and present value of cash outflows upon initial recognition and subsequent modification has been recognized as deferred grant.

	2022	2021
	(Rupees in thousand)	
12 Deferred grant		
At start of year	47,509	27,544
Received during the year	1,491	53,252
Transferred to profit or loss during the year	(24,596)	(33,287)
Modification during the year	1,941	–
At end of year	26,345	47,509
Represented by:		
Non-current	18,106	21,085
Current	8,239	26,424
	26,345	47,509

- 12.1** Government grants have been recognized against loans obtained under the SBP refinance scheme of salaries and wages and SBP refinance scheme for renewable energy in lieu of below market-interest / return rate payable on these loans. There are no unfulfilled conditions or contingencies attached to these grants effecting its recognition at the reporting date.

	Note	2022	2021
		(Rupees in thousand)	
13 Trade and other payables			
Trade creditors		3,271,292	2,868,328
Accrued liabilities		351,471	333,946
Bills payable		341,626	366,805
Security deposits	13.1	16,113	18,020
Trademark fee payable		290,522	58,918
Income tax deducted at source		1,581	552
Sales tax payable		–	30,452
Workers' Profit Participation Fund - net	13.2	–	80,815
Workers' Welfare Fund		176,109	153,527
Accrued Markup On Running Finance		151,510	–
Payable against sale tax withheld		140,785	19,679
Others	13.3	154,773	133,093
		4,895,782	4,064,135

- 13.1** These represent security deposits from dealers and contractors against short term agreements for goods to be delivered or sold to the dealers which, by virtue of the agreements, are interest free, repayable on demand and are used in the Company's business. As at year end the Company has utilized these security deposits for business operations of the Company in accordance with the terms of the contract in writing.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
13.2 Workers' Profit Participation Fund – net			
Balance (payable) at start of year		(80,815)	(30,231)
Allocation for the year	38	(539,825)	(498,812)
		(620,640)	(529,043)
Payments made during the year		620,811	448,228
Balance receivable / (payable) at end of year	31	171	(80,815)

13.3 These include deposits by employees under car and motorcycle scheme amounting to Rs. 41,325 thousand (2021: Rs. 40,930 thousand) and carry no markup.

14 Contract liabilities

14.1 These represent amount received in advance from customers against performance obligations / sales made in subsequent periods and carry no mark-up and are unsecured. Further, as referred in note 33 to these consolidated financial statements, these also include an amount of Rs. 123,312 thousand (2021: Rs. 144,720 thousand) representing cheques in hand at the reporting date.

Customers who have given advances for tractor sales, are entitled to discount at the rate of Karachi Inter Bank Offered Rate ('KIBOR') plus 3% per annum, from the date of advance payment to the date of delivery exceeding 60 days of initial booking, subject to certain other conditions.

14.2 Revenue recognised during the year that was included in the contract liability balance at the beginning of the year amounted to Rs. 9,911,290 thousand (2021: 3,182,935 thousand).

	Note	2022 (Rupees in thousand)	2021
15 Short term borrowings			
Short term running finance	15.1	750,579	455,655
Invoice bill discounting	15.2	170,485	–
Short term finance	15.4	500,000	–
Musharika / Musawammah facility	15.5	98,781	–
Istisna Cum Wakala arrangement	15.6	75,000	75,000
		1,594,845	530,655

15.1 The Group has obtained short term borrowing facilities from various banks having an aggregate sanctioned limit of Rs. 8,239,426 thousand (2021: Rs. 6,545,000 thousand) out of which Rs. 1,015,000 thousand (2021: Rs. 500,000 thousand) represents facilities obtained under Islamic mode of financing. The rates of mark up range from KIBOR minus 0.05% to KIBOR plus 2% (2021: KIBOR plus 0.4% to KIBOR plus 1.6%) per annum. At year end, the unutilized facility aggregated to Rs. 6,644,581 thousand (2021: Rs. 6,014,345 thousand). Facilities amounting to Rs. 100,000 thousand (2021: Rs. 100,000 thousand) are secured against first charge of PKR 133,400 thousand on land, building, plant & machinery and current assets of the Group. While facilities amounting to Rs. 350,000 thousand (2021: Rs. 400,000 thousand) are secured by way of hypothecation over plant and machinery and current assets of the Group. The remaining portion of the borrowing facilities is secured by pari passu hypothecation charge over current assets and book debts of the Group, lien over import documents and counter guarantees.

These running finance facilities have been obtained by the Group from various financial institutions for meeting working capital requirements of the Company, under mark-up arrangements with aggregate sanctioned limit of Rs. 950 million (2021: Rs. 740 million). The rates of mark-up on short term running finance facilities range from 7.86% to 14.71% per annum (2021: 7.14% to 7.56% per annum) on the outstanding balance and mark-up is payable quarterly. Out of the aggregate sanctioned limit of Rs. 950 million (2021: Rs. 740 million), facilities amounting to Rs. 444.5 million (2021: 128.2 million) were utilized as at the reporting date. The aggregate short term running finance facilities are secured by way of pari passu hypothecation charge over current assets of the Company.

- 15.2** This facility has been obtained by the Group from the Habib Bank Limited for the purpose of discounting invoices accepted by Millat Tractors Limited, a major customer, to facilitate in managing cash flows of the Company. Total sanctioned limit under the facility is Rs. 200 million out of which, Rs. 170.49 million was utilized as at the reporting date. The rates of mark-up on this facility range from 13.64% to 17.55% per annum on the discounted invoice amount.
- 15.3** This short term finance facility has been obtained by the Group from the MCB Bank Limited for meeting working capital requirements of the Company. The rates of mark-up on this facility range from 7.94% to 14.5% per annum on the outstanding balance. The mark-up is serviced at the time of settlement/maturity of the principal tranche which are settled within a period of 30 to 90 days.
- 15.4** The Group has also obtained finance under Istisna cum Wakala arrangement from Dubai Islamic Bank Pakistan Limited amounting to Rs. 75 million (2021: Rs. 75 million) and Istisna / Musawammah arrangement from Meezan Bank Limited amounting to Rs. 100 million (2021: Nil). The profit rates on these facilities are 6 months KIBOR plus 2% (2021: 6 months KIBOR plus 2%) and 6 month KIBOR plus 1% (2021: nil) per annum respectively. They are 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 June 30, 2022 is Rs. 75 million (2021: Rs. 75 million) and Rs. 98.78 million (2021: Nil) respectively.
- 15.5** The Group has facilities for opening of letters of credit and guarantees aggregating to Rs. 5,823,309 thousand (2021: Rs. 5,786,293 thousand) out of which Rs. 400,000 thousand (2021: Rs. 400,000 thousand) has been obtained under Islamic mode of financing. This include a facility for opening letter of credits of Rs. 1,050,000 thousand that is a sub-facility of the short term borrowings facilities as disclosed in note 16. At year end, the unutilized portion of the group-wide facilities for opening of letters of credit and guarantees aggregated to Rs. 3,146,842 thousand (2021: Rs. 2,437,563 thousand). These facilities are secured by pari passu hypothecation charge over current assets and book debts of the respective subsidiary company, lien over import documents and counter guarantees.

16 Contingencies and commitments

16.1 Contingencies

16.1.1 Holding company

- 16.1.1.1** Income tax returns for the years from 2007 to 2021 have been filed by the Company under the provisions of section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

The Income tax department has disputed the Company's treatment on certain tax matters relating to certain tax years from 2013 till 2021, entailing a possible additional tax liability of Rs. 1,776,707 thousand (2021: 678,595 thousand). These primarily include disallowances made by tax authorities in respect of tax refunds / adjustments claimed by the Company, consumption of stock and consequently value of closing stock claimed by the Company, apportionment of expenses to export sales, etc. Both the Company and the Income tax department are currently in appeal at the

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

Commissioner Inland Revenue Appeals and Appellate Tribunal level regarding the tax matters, while certain tax matters have been remanded back to the Commissioner Inland Revenue level for reassessment. Decisions regarding these tax matters are still pending. The management in consultation with their tax advisor is confident that all the tax matters will eventually be decided in the favor of the Company; therefore no provision has been deemed necessary and / or made in these consolidated financial statements.

- 16.1.1.2** The Company is defending a demand of Rs 289,430 thousand from the Additional Commissioner Inland Revenue, Lahore and later upheld by the Deputy Commissioner Inland Revenue (Appeals) against the Company regarding the reduced payment of sales tax on sale of tractors by the Company to its customers in the period June to November 2016.

The Company filed the appeal in 2017 against the aforementioned orders, to the Appellate Tribunal Inland Revenue (ATIR) which was ruled in favour of the Company and later challenged by the Commissioner Inland Revenue, Lahore in the High Court, Lahore. The High Court, Lahore remanded back the case to the ATIR, which was decided during the period in which certain points were raised against which they filed an appeal in Lahore High Court for the decision of the ATIR to be examined.

The management and the legal advisor are confident that outcome of the case would be in the Company's favor and no payment in this regard would be required, hence no provision there against has been made in these consolidated financial statements.

- 16.1.1.3** The Income tax department has disputed the Company's payment against Workers' Welfare Fund for years 2014 to 2020 and thereby created a demand of Rs. 657,509 thousand under section 4(9) of Workers Welfare Fund Ordinance, 1971.

The Company has submitted its response on the aforementioned order to the Income tax department which is currently pending a response. No further proceedings has been initiated to date by the department. The management in consultation with their tax advisor is confident that the matter will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

- 16.1.1.4** The Deputy Commission Inland Revenue has issued withholding tax assessment orders u/s 161/205 of the Ordinance for the tax year 2011 creating an initial demand of Rs. 176,000 thousand. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIR(A)). The CIR(A) passed an order dated January 21, 2015 remanding back the issue to Deputy Commissioner. Reassessment proceedings after being finalized on January 25, 2016 reduced the demand to Rs. 51,000 thousand. Which was further reduced to Rs.332 thousand by ATIR on May 21, 2022. All other relief secured from CIR(A) was confirmed. No further liability is anticipated in re-assessment proceedings. The management in consultation with their tax advisor are confident that the above matter will eventually be decided in favor of the Company; therefore no provision has been created in these consolidated financial statements.

- 16.1.1.5** The Company is defending a suit for Rs.19,579 thousand, filed in previous years by an ex-vendor on account of damages and inconvenience. Previously, the case was pending before the Civil Court, Lahore. However it was held by the Civil Court that the damages of Rs. 15,000 thousand has been awarded in favor of vendor for the aforementioned inconvenience. In addition to that the Company is also required to pay the amount of parts already supplied by the vendor which amounts to Rs 4,579 thousand along with mark up @ 7% per annum till its realization. However the Company has filed an appeal in the Honorable High Court, Lahore against the aforesaid order of Civil Court. The management and the legal advisor are confident that outcome of the case would be in the Company's favor and no payment in this regard would be required, hence no provision there against has been made in these consolidated financial statements.

16.1.1.6 The Company is defending a demand of Rs. 3,944 thousand from the Additional Commissioner Inland Revenue, Lahore, regarding non payment of sales tax on replacements of warranty parts supplied by the Company to its customers. The Company filed the appeal in 2010 against the aforementioned order passed, to Commissioner of Inland Revenue, Lahore. Which held that the Company is liable to pay the amount of sales tax on warranty parts which amounts to Rs 3,944 thousand along with default surcharge and penalty @ 5% under section 33 of Sales Tax Act, 1990. The Company has filed an appeal against the aforementioned order in the Honorable High Court, Lahore which has been now remanded back to the ATIR. The management and the legal advisor are confident of favorable outcome of the case, hence no provision in this regard has been made in these consolidated financial statements.

16.1.1.7 Officials of the Competition Commission of Pakistan (CCP) visited the Company's factory premises during the period and obtained various information and documents in connection with certain alleged violations of the Competition Act, 2010. In this regard CCP initiated an inquiry proceedings against MTL. The Company filed a writ petition before the Islamabad High Court for obtaining restraining order to hold the inquiry proceedings which was granted by the court. The CCP issued a show cause notice to the Company. Now the case is pending for arguments. If the Company is found in breach of the 2010 Act, and involved in anticompetition practices, the CCP may impose a penalty of an amount not exceeding Rs. 75 million or an amount not exceeding 10% of the annual turnover. The management and the legal advisor are confident of favorable outcome of the case, hence no provision in this regard has been made in consolidated financial statements.

Subsidiaries

16.1.2 a) Bolan Casting Limited

16.1.2.1 In a suit filed against the Company before the Senior Civil Judge at Hub Balochistan, Altaf Hussain Agha (the Plaintiff) claims that in the year 2004 the Company allegedly encroached upon the land measuring 5 acres - 2 roads - 34 poles belonging to him that he purchased in year 2003. The Plaintiff has also sought mesne profits from the Company for such alleged encroachment. The Company claims ownership to the said piece of land and disputes the alleged encroachment claim whatsoever. The written statement of the Company was filed, the issues were framed and the Plaintiff had produced his witnesses. However, suit was decreed against the Company by the Senior Civil Judge. The original order was challenged by the Company before Balochistan High Court, which suspended the said order. In November, 2019, the Government of Balochistan enhanced the limit of session courts from claims of Rs. 50 million to Rs. 100 million. Hence, the case of the Company was transferred to Session Court, Hub on November 21, 2019. The Company's appeal was dismissed by Senior Civil Judge on August 18, 2020. The Company decided to file an appeal against the order in Balochistan High Court Quetta on September 08, 2020 for revision and suspension of the order. The case is pending for hearing. The exposure on account of profits claimed under the suit amounts to Rs. 54 million (2021: Rs. 51 million). The management of the Company based on the views of its legal advisor is confident that decision will be given in favour of the Company and therefore, no provision has been made in these consolidated financial statements.

16.1.3 b) Millat Industrial Products Limited

16.1.3.1 Demand of Rs.5,436 thousands was created vide order dated 29.06.2021 u/s 124/129/122 for the year 2013. CIR(A) vide appellate order dated 28.04.2022 has deleted the addition and directed to adjust carried forward refunds against demand as claimed in the return. Appeal effect order has not yet been issued. Prima facie no tax demand is anticipated.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

- 16.1.3.2** Proceeding finalized u/s 122(5A) by Additional Commissioner vide order dated 05-05-2021 creating demand Rs.17,937 thousands. The Company had filed appeal to CIR(A) who vide order dated 03.12.2021 deleted the material addition and set aside partial issue. On the basis of appeal effect / re-assessment, Rs. 6 thousands tax liability is anticipated.
- 16.1.3.3** Proceeding finalized u/s 122(1)/177 vide order dated 01-06-2021 creating demand Rs.173,761 thousands The Company had filed appeal to CIR(A) who vide order dated 09.12.2021 deleted the material additions and set aside partial issues. The Company has filed appeal to ATIR against partial set-aside order of CIR(A). On the basis of available records and history of assessment, prima facie the re assessment is expected in favor of the company.
- 16.1.3.4** Proceeding finalized u/s 122(1)/177/214C vide order dated 25-06-2021 creating demand Rs.184,515 thousands. The Company had filed appeal to CIR(A) who vide order dated 03.01.2022 deleted the material additions and set aside partial issues. On the basis of available records and history of assessment, prima facie the re-assessment is expected in favor of the Company. No tax liability is anticipated.
- 16.1.3.5** Tax Years 2018 & 2019 were selected u/s 177 for audit by the Commissioner altogether in March 2021 under the Income Tax Ordinance, 2001 by the Commissioner. In continuation, Audit Observation notices u/s 177(6) were issued and complied for both the years. Show cause notices u/s 122(9) have been abstained from compliance due to writ petition pending in Lahore High Court.
- 16.1.3.6** The Company received notice from the Directorate of Intelligence and Investigation – Federal Board of Revenue (FBR), Karachi on April 28, 2017. In the said notice it was alleged that the Company had purchased goods from a dummy / fake supplier who got registered with the Regional Tax Officers at Karachi and issued fake sales tax invoices to the Company and accordingly the Company has claimed illegal / inadmissible input tax adjustment amounting to Rs 2,439 thousands. As a result the name of the Company was included in the First Information Report (FIR) No. 678(931)/I&I/IR/KHI(AB-521)/2016/3617 dated 28-04-2017 registered by the Additional Director, Intelligence and Investigation - FBR, Karachi. Total demand raised against the Company is Rs. 2,439 thousands which the FBR allowed to deposit in two equal instalments of which first instalment of Rs. 1,220 thousands was deposited on June 16, 2017 and second Installment of Rs. 1,220 thousands was deposited on September 25, 2017 by the Company. The legal advisor of the Company has stated that the Company has "Good case & chances of success are bright".
- 16.1.3.7** Sales tax audit u/s 25 of the Sales Tax Act, 1990 for the period from July 01,2015 to June 30,2016 has been initiated by FBR on dated 03-05-2018. Proceeding was finalized vide order dated 22.3.2019 creating demand of Rs. 939 thousands. Company filled appeal to CIR(A) dated 15.04.2019 and CIR discharged the appeal by upheld of sales tax amounting to Rs. 936 thousands. Company filed appeals to the Appellate Tribunal Inland Revenue u/s 46 of the Sales Tax Act, 1990. The legal advisor of the Company has stated that the company has "Good case & chances of success are bright".
- 16.1.3.8** Sales Tax Audit u/s 25(3) of the Sales Tax Act, 1990 (the Act), for the years 2017-2020 was initiated by FBR (Inland Revenue) on dated 14-12-2021. Writ petition no. 35175/2021 was filed before Hon'ble Lahore High Court, Lahore to seek interlocutory injunction/ interim relief against proceedings pursuant to the impugned section 25 of the Act, The Honorable Lahore High Court, Lahore vide order dated 04-06-2021 suspended the operations of the impugned notices. The stated appeal is pending adjudication before the honorable Lahore High Court. The legal advisor of the Company has stated that there is significant likelihood of favorable decision in favour of the Company.

16.1.3.9 The Competition Commission of Pakistan has imposed a penalty of Rs 1 million on the Company for being purportedly involved in deceptive marketing practice vide its order dated 30 March 2018. The Company challenged the same before the competition Appellate Tribunal Islamabad submitting, "That the petitioner is not involved in any deceptive marketing practice". The Appellate Tribunal has admitted the case for hearing and during the pendency of appeal, the operation of impugned order dated 30 March 2018 is suspended till the final decision of the order.

16.1.4 c) Millat Equipment Limited

16.1.4.1 The Income tax department has disputed with the Company's treatment on certain tax matters for the tax years 2016, 2017, 2018 and 2019 entailing an additional tax liability of Rs. 815.119 million. Of these, the significant tax matters, amounting to Rs. 330.336 million, 154.593 million and 162.418 million relates to disallowances made by tax authorities in respect of salaries and wages, imports and initial and normal tax depreciation claimed by the Company in its income tax returns. The Company is currently in appeal at the Commissioner Inland Revenue Appeals and Appellate Tribunal level regarding the tax matters, decisions of which are pending. The management in consultation with their tax advisor is confident that all the tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these consolidated financial statements accordingly.

16.2 Commitments

16.2.1 The Group has given guarantee amounting to Rs. 5,000 thousand (2021: Rs. 5,000 thousand) to bank for repayment of loan by employees. An amount of Rs.899 thousand (2021: Rs. 1,133 thousand) was utilized by employees as at June 30, 2022.

16.2.2 Guarantees issued by various banks on behalf of the Group in the normal course of business amount to Rs. 995,578 thousand (2021: Rs.1,115,633 thousand).

16.2.3 Commitments in respect of outstanding letters of credit amounting to Rs. 2,241,722 thousand (2021: Rs. 2,374,237 thousand) at the reporting date.

	Note	2022	2021
		(Rupees in thousand)	
17 Operating fixed assets			
Operating property, plant and equipment	17.1	1,790,846	1,793,993
		<u>1,790,846</u>	<u>1,793,993</u>

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

17.1 Operating property, plant and equipment

	Land Note 17.3 & 17.4		Buildings Note 17.3		Owned					
	Freehold	Lease- hold	On freehold land	On leasehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	Total
(Rupees in thousand)										
Net book value basis										
Year ended June 30, 2022										
Opening Net Book Value	158,551	8	368,567	-	727,701	50,029	256,423	219,332	13,382	1,793,993
Additions (at cost)	-	-	2,411	-	93,717	8,462	125,200	16,862	4,664	251,316
Disposals (at NBV)	-	-	-	-	(84)	(623)	(46,679)	-	(466)	(47,852)
Adjustments	-	-	5,661	-	-	501	3,573	-	(22)	9,713
Write offs	-	-	-	-	(183)	(14)	-	-	(206)	(403)
Depreciation charge	-	-	(26,828)	-	(78,050)	(7,261)	(58,582)	(40,100)	(5,100)	(215,921)
Closing Net Book Value	158,551	8	349,811	-	743,101	51,094	279,935	196,094	12,252	1,790,846
Gross book value basis										
As at June 30, 2021										
Cost	158,551	8	812,358	2,900	2,142,627	144,889	509,467	488,734	67,586	4,327,120
Accumulated depreciation	-	-	(462,547)	(2,900)	(1,399,526)	(93,795)	(229,532)	(292,640)	(55,334)	(2,536,274)
Net Book Value	158,551	8	349,811	-	743,101	51,094	279,935	196,094	12,252	1,790,846
Depreciation rate % per annum			5-10	5	10-15	10-33	20	10-20	30-33	
Net book value basis										
Year ended June 30, 2021										
Opening Net Book Value	158,551	8	391,872	-	692,931	52,969	172,562	161,702	15,328	1,645,923
Additions (at cost)	-	-	4,423	-	110,561	5,764	164,988	84,970	4,251	374,957
Disposals (at NBV)	-	-	(182)	-	(1,917)	(316)	(32,304)	(115)	(366)	(35,200)
Adjustments	-	-	-	-	-	-	(355)	-	(1)	(356)
Write offs	-	-	-	-	(1,583)	(964)	-	(341)	(155)	(3,043)
Depreciation charge	-	-	(27,546)	-	(72,291)	(7,424)	(48,468)	(26,884)	(5,675)	(188,288)
Closing Net Book Value	158,551	8	368,567	-	727,701	50,029	256,423	219,332	13,382	1,793,993
Gross book value basis										
As at June 30, 2021										
Cost	158,551	8	795,535	2,900	2,051,748	137,151	478,998	471,872	64,230	4,160,993
Accumulated depreciation	-	-	(426,968)	(2,900)	(1,324,047)	(87,122)	(222,575)	(252,540)	(50,848)	(2,367,000)
Net Book Value	158,551	8	368,567	-	727,701	50,029	256,423	219,332	13,382	1,793,993
Depreciation rate % per annum			5-10	5	10-15	10-33	20	10-20	30-33	

	Note	2022 (Rupees in thousand)	2021
17.2	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	35	148,541
	Distribution and marketing expenses	36	10,458
	Administrative expenses	37	56,922
			54,524
			188,288

17.3 The freehold land and building on owned land of the Group are as follows:

- 202,343 square meters of factory land situated at Sheikhpura Road, Sheikhpura - MTL;
- 759 square meters of land at Khera Gali District Abbottabad - MTL;
- 697 square meters of land in sector F-6/1 Islamabad - MTL;"
- Corporate office floors in Tricon Corporate Centre Lahore - MTL;
- 113 Kanal and 12.5 Marlas of land, situated at Mauza Bhoptian, tehsil and district Lahore - MEL;
- 52 Kanals and 10 Marlas is located at 49-K.M., off Multan Road, Bhai Pheru, Distt. Kasur - MIPL; and
- 22.93 acres of factory land situated at Main RCD Highway, Hub chowki, Tehsil Hub, District Lasbella, Balochistan - BCL

17.4 Leasehold property represents Igloo Hanger Godown measuring total area of 6,662 square meters situated near Brooke Bond factory SITE area, Karachi.

17.5 Tools and equipment includes dies and moulds having book value of Rs 2,207 thousand (2020: 2,597 thousand) which are in possession of vendors and these dies and moulds are used by the vendors for producing certain parts for supply to the Group.

17.6 Disposal of operating property, plant and equipment

Particulars of asset	Sold to	Cost	Book value	Sale proceeds	Gain/(Loss) on disposal	Mode of disposal
(Rupees in thousand)						
Fixed assets sold having book value greater than Rs. 500,000						
Directors :						
Vehicle	Mr. Sikandar Mustafa Khan - a related party	9,000	1,442	1,442	-	As approved by the BOD
Ex-Directors (deceased):						
Vehicle	Mr. Latif Khalid Hashmi- a related party	7,500	1,990	1,990	-	As approved by the BOD
Vehicle	Mr. Latif Khalid Hashmi- a related party	8,000	2,605	2,605	-	As approved by the BOD
Vehicle	Mr. Mian Muhammad Saleem- a related party	6,500	1,988	1,988	-	As approved by the BOD
Vehicle	Mr. Mian Muhammad Saleem- a related party	7,114	6,639	6,639	-	As approved by the BOD

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

Particulars of asset	Sold to	Cost	Book value	Sale proceeds	Gain/(Loss) on disposal	Mode of disposal
----------------------	---------	------	------------	---------------	-------------------------	------------------

(Rupees in thousand)

Employees :						
Vehicle	Mr. Nisar Ahmed Mirani	6,642	4,123	4,123	-	Company car scheme
Vehicle	Mr. Adnan Akram	1,852	1,667	1,667	-	Company car scheme
Vehicle	Mr. Muhammad Furqan	1,078	547	547	-	Company car scheme
Vehicle	Mr. Khaleeq Ur Rehman	2,076	1,157	1,157	-	Company car scheme
Vehicle	Mr. Muhammad Basit	1,078	633	633	-	Company car scheme
Vehicle	Mr. Khalid Sandhu	2,136	1,167	1,167	-	Company car scheme
Vehicle	Mr. Khalid Sandhu	2,758	2,071	2,071	-	Company car scheme
Vehicle	Mr. Zafar Ali Sheikh	1,078	670	670	-	Company car scheme
Vehicle	Mr. Abdul Zaheer	1,398	990	990	-	Company car scheme
Vehicle	Mr. Ihtisham Ullah	1,355	1,242	1,242	-	Company car scheme
Vehicle	Mr. Usman Sheikh	1,380	767	767	-	Company car scheme
Fixed assets sold having book value less than Rs. 500,000						
		50,123	18,154	19,492	1,338	
Year ended: June 30, 2022		111,068	47,852	49,190	1,338	
Year ended: June 30, 2021		92,248	35,200	38,920	3,720	

		2022	2021
		(Rupees in thousand)	
18	Capital work in progress		
	Plant and machinery	25,267	22,678
	Office equipment	42	154
	Advance for tools and equipment	1,744	1,613
	Advance for factory building	-	-
	Advance for vehicles*	14,867	25,383
		41,920	49,828

* This includes Rs. 3,500 (2021: Nil) advance give to related parties of the Group

	Note	2022 (Rupees in thousand)	2021
18.1 Movement in capital work in progress is as follows:			
Opening balance		49,828	34,425
Additions during the year		113,974	188,093
Capitalized / disposed off during the year		(121,882)	(172,690)
		41,920	49,828
19 Right-of-use assets			
Opening net book value		4,896	12,931
Derecognition during the year		–	(3,978)
Depreciation charged during the year	36	(3,773)	(4,057)
Closing net book value		1,123	4,896
20 Intangible assets			
Software and licenses	20.1	52,510	63,838
Capital work-in-progress		–	8,160
Provision for impairment of intangibles		–	(8,160)
		52,510	63,838

	Note	Software with definite life	Licenses with indefinite life – Note 20.2	Total
20.1 Software and licenses				
Net carrying value basis:				
Opening net book value as at June 30, 2021		24,538	39,300	63,838
Additions		–	–	–
Amortization charge	35 & 37	(11,328)	–	(11,328)
As at June 30, 2022		13,210	39,300	52,510
Gross carrying value basis:				
As on June 30, 2022				
Cost		33,857	39,300	73,157
Additions		–	–	–
Accumulated amortization		(20,647)	–	(20,647)
		13,210	39,300	52,510

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	Note	Software with definite life	Licenses with indefinite life - Note 20.2	Total
Net carrying value basis:				
Opening net book value as at June 30, 2020		2,165	39,300	41,465
Additions		27,180	–	27,180
Amortization charge	35 & 37	(4,807)	–	(4,807)
As at June 30, 2021		24,538	39,300	63,838
Gross carrying value basis:				
As on June 30, 2021				
Cost		6,677	39,300	45,977
Additions		27,180	–	27,180
Accumulated amortization		(9,319)	–	(9,319)
		24,538	39,300	63,838
Rate of amortization		33%	–	

20.2 Intangible asset with indefinite useful life

Intangible asset with indefinite life having carrying value of Rs. 39,300 thousand (2021: 39,300 thousand) represents lifetime Oracle based user licenses for functioning of Company's ERP system. The Group has performed its annual impairment review for these licenses with indefinite life and noted no indicator of impairment. Moreover, these licenses are also covered with upgradation over time and are not susceptible to technological obsolescence in near future.

	Note	2022 (Rupees in thousand)	2021
21 Investment property			
Land		258,444	258,444
Provision for impairment	21.5	(2,736)	(2,736)
		255,708	255,708

21.1 This represents residential plots stated at cost. As at June 30, 2022 and June 30, 2021, the fair values of these properties were Rs.400,000 thousand and Rs. 355,200 thousand, respectively. The valuations were performed by an independent valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that considers sales of similar properties that have been transacted in open market.

21.2 The valuation method used by the independent valuer was based on market approach method.

21.3 The level of hierarchy for fair value disclosed falls in level 2 i.e. inputs other than quoted prices included within level 1 that are observable for real estate properties either directly or indirectly.

21.4 Management of the Group believes that holding on to these properties for appreciation in their market value is the highest and best use of these investment properties.

21.5 This represents provision for impairment against land measuring 12 kanals and 14.5 marlas located at Raiwind Road having gross value of Rs. 2,736 thousand (2021: 2,736 thousand) at the reporting date.

	2022	2021
	(Rupees in thousand)	
22 Long term investments		
Investment in related parties - at FVOCI		
Unquoted		
Arabian Sea Country Club Limited		
500,000 (2021: 500,000) fully paid ordinary shares of Rs. 10/- each	5,000	5,000
Equity held 6.45% (2021: 6.45%)		
Less: Impairment loss	(5,000)	(5,000)
	-	-
Hyundai Nishat Motors (Private) Limited*		
150,490,300 (2021: 150,490,300) fully paid ordinary shares of Rs. 10/- each	1,504,903	1,504,903
Equity held 15.86% (2021: 15.86%)		
Surplus on fair valuation of investment	2,279,927	4,276,935
- note 22.1 & 48.1 (Level -3)		
	3,784,830	5,781,838
Investment other than related parties- at FVOCI		
Quoted		
Baluchistan Wheels Limited		
1,570,325 (2021: 1,570,325) fully paid ordinary shares of Rs. 10/- each	24,364	24,364
Surplus on revaluation of investment - note 48.1 (Level -1)	94,981	99,676
	119,345	124,040
Unquoted		
TCC Management Services (Private) Limited		
40,000 (2021: 40,000) fully paid	400	400
ordinary shares of Rs. 10/- each - note 48.1 (Level-3)	3,904,575	5,906,278

* as approved in the Millat Tractors Limited's Extra Ordinary General Meeting dated August 29, 2022, subsequent to the financial year ended June 30, 2022, the Group has acquired an additional 17,051,965 shares of Rs. 10/- each via right issue amounting to Rs. 170,520 thousand.

22.1 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Group has estimated a fair value of Rs 25.15 per ordinary share as at June 30, 2022 (2021: Rs.38.42 per ordinary share) through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 48.1 to these consolidated financial statements. The fair value gain of Rs 1,997,008 thousand (2021: Rs. 3,980,925 thousand) is included in the fair value gain recognised during the year in other comprehensive income.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rate is determined using a Capital Asset Pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.
- Long term growth rate is estimated based on expected future performance of HNMPL and current market information for similar type of entities.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 20.94% per annum.
- Long term growth rate of 4% per annum for computation of terminal value; and
- Annual growth in costs are linked to inflation and currency devaluation at 10% per annum and revenues are linked to currency devaluation at 10% per annum."

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows, with all other variables held constant as at June 30, 2022:

	Impact on fair value gain	
	Increased by 1%	Decreased by 1%
	(Rupees in thousand)	
- Discount rate	(186,608)	207,677
- Long term growth rate	90,294	(79,760)
- Inflation rate per annum	(1,318,295)	1,229,506
- Interest rate	55,681	(54,177)

	Note	2022	2021
		(Rupees in thousand)	
23 Long term loans – considered good			
Loan to employees:			
Company loan	23.1	5,068	6,241
Motor cycle loan	23.2	3,080	2,599
	23.3	8,148	8,840
Less: Current portion included in current assets	28	(4,799)	(5,493)
		3,349	3,347

23.1 These represent interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly installments over a period of twenty four months for Executives and thirty six months for workers.

23.2 This represents interest free loans to employees for purchase of motor cycles secured by joint registration of motor cycles in the name of the Group and employees. These loans are repayable in monthly instalments over a period of fifty to sixty months.

	2022	2021
	(Rupees in thousand)	
23.3 Reconciliation of carrying amount of long term loans is:		
Opening balance	8,840	7,358
Disbursement during the year	6,799	8,535
Repayments during the year	(7,491)	(7,053)
Closing balance	8,148	8,840

23.4 The above loans were provided for personal use of the Executives in accordance with approved Human Resource policy and employment terms.

24 Long term deposits

These represent security deposits given to Companies against provision of utilities and services and carry no mark-up.

	Note	2022 (Rupees in thousand)	2021
25 Stores, spare parts and loose tools			
Stores, spare parts and loose tools	25.1 & 25.2	602,854	587,156
Less: Provision for obsolescence		(1,225)	(1,225)
		601,629	585,931

25.1 Most of the items of stores, spare parts and loose tools are of inter-changeable nature and can be consumed as stores or used as machine spares against capital expenditure. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

25.2 This includes stock in transit amounting to Rs. 730 thousand (2021: Rs. 21,170 thousand).

	Note	2022 (Rupees in thousand)	2021
26 Stock in trade			
Raw material	26.1	7,117,310	5,366,543
Work in process		659,853	400,644
Finished goods:			
Manufacturing	26.2	686,897	543,692
Trading		194,695	178,439
		881,592	722,131
	26.3	8,658,755	6,489,318

26.1 This includes stock in transit amounting to Rs. 890,960 thousand (2021: Rs. 754,748 thousand).

26.2 Finished goods include inventories which have been written-down to net realisable value by Rs. 12,260 thousand (2021: Rs. 2,160 thousand).

26.3 Included in stocks are raw materials and components held with third parties amounting to Rs.175,710 thousand (2021: Rs. 97,736 thousand).

	Note	2022 (Rupees in thousand)	2021
27 Trade debts			
Trade debts - considered good	27.1	405,421	307,921

27.1 This includes amount of Rs. 3,789 thousand (2021: 525 thousand) due from related party Hyundai Nishat Motors (Private) Limited.

27.2 Age analysis of these trade debts is given in note 47.2 of these consolidated financial statements.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
28	Loans and advances		
	Current portion of long term loans to employees	23	4,799
	Advances to employees - considered good	28.1	5,690
	Advances to suppliers - considered good	28.2	192,247
			202,736
	Advances to suppliers - considered doubtful		2,485
	Less: Provision for doubtful advances		(2,485)
			—
	Letter of credit opening charges		3,130
			205,866
			198,623

28.1 These represent interest free advances to employees for the purpose of the expenses, travel and salary as per Group's Human resource policy.

28.2 These represent interest free advances given to suppliers as per mutually agreed terms.

	Note	2022 (Rupees in thousand)	2021
29	Trade deposits and short term prepayments		
	Security deposits	29.1	22,899
	Prepayments		50,053
			72,952
			77,120

29.1 These represents interest free security deposits made for tender placement.

	2022 (Rupees in thousand)	2021
30	Balances with statutory authorities	
	Excise duties (payable) / receivable	(1,051)
	Sales tax recoverable	5,821,495
	Less: provision for doubtful claims	(34,147)
		5,787,348
		5,786,297
		4,610,461
		4,612,098

	Note	2022 (Rupees in thousand)	2021
31	Other receivables		
	Claims receivable from suppliers		96,011
	Interest accrued		320
	Workers' Profit Participation Fund - net	13.2	171
			96,502
			89,378

	Note	2022 (Rupees in thousand)	2021
32 Short term investments			
Mutual funds - at FVPL	32.1	–	5,784,636
Term Deposit Receipt	32.2 & 32.3	283,856	583,855
		<u>283,856</u>	<u>6,368,491</u>

32.1 This represents investment in mutual funds as follows:

	June 30, 2022			June 30, 2021		
	Number of units	Fair value per unit	Total	Number of units	Fair value per unit	Total
	(Number in thousand)	(Rupees)	(Rupees in thousand)	(Number in thousand)	(Rupees)	(Rupees in thousand)
Mutual Funds						
ABL Cash Fund	–	–	–	94,949	10.18	966,673
Atlas Money Market Fund	–	–	–	2,001	505.88	1,012,093
Faysal Money Market Fund	–	–	–	982	101.94	100,117
HBL Money Market Fund	–	–	–	4,412	102.60	452,654
JS Cash Fund	–	–	–	1,474	102.03	150,390
Lakson Money Market Fund	–	–	–	10,026	100.80	1,010,667
MCB Cash Management	–	–	–			
Optimizer Fund	–	–	–	10,261	100.96	1,035,981
UBL Liquidity Plus Fund	–	–	–	10,454	101.02	1,056,061
			–			<u>5,784,636</u>

32.2 These deposits are made under conventional arrangements and carry mark-up at the rate ranging from 6% to 13% (2021: 6 % to 6.8%) per annum.

32.3 These include TDRs amounting to Rs. 3,856 thousand (2021: Rs. 3,856 thousand) under lien with respect to bank guarantee issued by a commercial bank.

32.4 Fair value per unit has been rounded off to 2 decimal places.

	Note	2022 (Rupees in thousand)	2021
33 Cash and bank balances			
In hand:			
cash		3,048	3,432
cheques		123,312	144,720
		<u>126,360</u>	<u>148,152</u>
At banks:			
current accounts		288,008	587,241
deposit accounts	33.1	1,340,714	397,426
		<u>1,628,722</u>	<u>984,667</u>
		<u>1,755,082</u>	<u>1,132,819</u>

33.1 These carry mark-up ranging from 5% to 12.25% (2021: 2.96% to 7.5%) per annum.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
34 Revenue from contracts with customers			
Disaggregation of revenue	Time of revenue recognition		
Local:			
Tractors	Point-in-time	53,838,874	42,610,262
Implements and tractor components	Point-in-time	990,018	1,047,298
Multi-application products	Point-in-time	445,554	381,948
Trading goods	Point-in-time	1,351,520	1,034,347
Batteries	Point-in-time	2,173,388	1,666,227
Castings	Point-in-time	613,469	564,103
IFS services	Point-in-time / Over time	6,380	5,453
		59,419,203	47,309,638
Less:			
Trade discount		(369,624)	(262,346)
Delayed delivery charges		(108,961)	–
Sales tax and special excise duty		(4,275,281)	(4,108,426)
Provincial Sales tax on services		(1,223)	(603)
		(4,755,089)	(4,371,375)
		54,664,114	42,938,263
Export:			
Tractors	Point-in-time	830,689	3,029,975
Trading goods and tractor components	Point-in-time	102,533	109,161
Implements	Point-in-time	2,301	–
IFS services	Point-in-time / Over time	10,303	7,642
Batteries	Point-in-time	142,759	157,179
		1,088,585	3,303,957
		55,752,699	46,242,220
Less: Commission		(742,786)	(576,983)
	34.1	55,009,913	45,665,237

34.1 Revenues earned are from Shariah compliant business segments.

	Note	2022	2021
		(Rupees in thousand)	
35 Cost of sales			
Components consumed		38,473,119	30,469,921
Salaries, wages and amenities	35.1	1,193,554	1,042,501
Contract services		561,051	521,323
Fuel and power		707,973	490,527
Oil and lubricants		332,440	251,999
Communication		1,009	384
Travelling and vehicle running		67,660	61,720
Printing and stationery		5,890	5,146
Insurance		46,391	42,851
Repairs and maintenance		186,497	183,721
Stores and spares consumed		468,864	424,016
Packing material consumed		10,343	10,589
Depreciation	17.2	148,541	125,122
Amortization	20.1	5,422	20
Other expenses		126,203	82,085
		42,334,957	33,711,925
Add: Opening work-in-process		400,644	236,406
Less: Closing work-in-process		(659,853)	(400,644)
		(259,209)	(164,238)
Cost of goods manufactured		42,075,748	33,547,687
Add: Opening finished goods		543,692	599,327
Less: Closing finished goods		(686,897)	(543,692)
		(143,205)	55,635
		41,932,543	33,603,322
Cost of sales - trading	35.2	881,378	719,945
		42,813,921	34,323,267
35.1 It includes the following staff retirement benefits expense / (income):			
Defined benefit plan - pension		9,586	16,141
Defined contribution plan - gratuity		2,863	3,537
Defined contribution plan - provident fund		16,800	16,165
Provision for compensated absences		(836)	2,241
		28,413	38,084
35.2 Cost of sales - trading			
Opening stock		178,439	160,280
Purchases		897,634	738,104
		1,076,073	898,384
Closing stock		(194,695)	(178,439)
		881,378	719,945

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
36	Distribution and marketing expenses		
Salaries and amenities	36.1	180,605	162,805
Contract services		53,433	46,272
Fuel and power		12,877	11,807
Communication		1,232	1,071
Travelling and vehicle running		29,975	28,647
Carriage and freight		124,403	226,863
Printing and stationery		4,111	5,331
Insurance		25,941	18,603
Trademark fee	36.2	466,708	452,025
Advertisement and sales promotion		32,163	10,571
Depreciation	17.2	10,458	8,642
Depreciation charge for the right-of-use assets	19	3,773	4,057
After sales support		89,017	73,601
Other expenses		44,247	28,868
		1,078,943	1,079,163
36.1	It includes the following staff retirement benefits expense / (income):		
Defined benefit plan - pension		3,774	5,638
Defined contribution plan - gratuity		2,679	2,919
Defined contribution plan - provident fund		4,575	4,329
Provision for compensated absences		(300)	804
		10,728	13,690

36.2 Trademark fee is incurred under a trademark agreement between the Group and M/s Massey Ferguson Corp., having its registered office situated at 4205 River Green Parkway, Duluth, Georgia 30096, United States of America.

Under the trademark agreement M/s Massey Ferguson grants exclusive rights to the Group for use of its brand name with certain terms and conditions.

	Note	2022 (Rupees in thousand)	2021
37 Administrative expenses			
Salaries and amenities	37.1	550,887	532,199
Contract services		74,273	61,699
Fuel and power		31,789	25,699
Communication		7,893	6,122
Travelling and vehicle running		42,711	33,418
Insurance		20,514	13,439
Repairs and maintenance		37,474	23,170
Security		23,999	24,292
Legal and professional	37.2	65,111	54,099
Depreciation	17.2	56,922	54,524
Amortization	20.1	5,906	4,787
Rent, rates and taxes		9,638	22,135
Fee and subscription		13,448	12,326
Entertainment		8,599	8,786
Provision for impairment of intangibles		–	8,160
Property, plant and equipment written off		310	504
Other expenses		99,549	68,014
		1,049,023	953,373
37.1 It includes the following staff retirement benefits expense / (income):			
Defined benefit plan - pension		6,026	9,111
Defined contribution plan - gratuity		1,564	1,797
Defined contribution plan - provident fund		12,361	11,296
Provision for compensated absences		(1,007)	2,701
		18,944	24,905
37.2 Legal and professional expenses include following in respect of auditors' services:			
Statutory audit		4,365	3,888
Half year review		753	676
Special reports and sundry certifications		405	377
Out of pocket expenses		566	518
		6,089	5,459
38 Other operating expenses			
Workers' Profit Participation Fund	13.2	539,825	498,812
Workers' Welfare Fund		205,997	191,105
Loss on translation of foreign investment		–	4,020
Donations	38.1	7,125	1,893
Operating fixed assets written off		93	–
Bad debts written off		–	3,932
Loss on exchange rate and price		2	22,273
		753,042	722,035

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

		2022	2021
		(Rupees in thousand)	
38.1	The particulars of the donation exceeding Rs 1,000 thousand are as follows		
	Name of Donee		
	SOS Children's Villages Pakistan	2,500	—
	Pakistan Centre for Philanthropy	3,000	—
	Progressive Education Network	1,000	—

38.2 The Group's Directors and / or their spouse have no interest in the donee(s) at the reporting dates.

	Note	2022	2021	
		(Rupees in thousand)		
39	Other income			
	Income from financial assets			
	Dividend income from Baluchistan Wheels Limited	39.1	10,500	2,354
	Return on bank deposits and TDRs		49,798	69,013
	Gain on sale of short term investments	39.2	20,775	61,807
	Change in fair value of short term investments at FVPL	39.3	–	4,953
	Dividend income from short term investments	39.4	101,458	70,475
	Gain on translation of foreign investment		19,620	–
	Interest charged on early payments and advances		78,464	70,370
			280,615	278,972
	Income from assets other than financial assets			
	Rental income		30,696	27,174
	Scrap sales		211,475	170,628
	Exchange gain		35,793	–
	Gain on disposal of property, plant and equipment	17.6	1,338	3,720
	Insurance claims recovered		21,956	–
	Gain on curtailment and settlement of pension fund scheme		–	65,806
	Laboratory testing		257	167
	Multiapp products service income		4,216	3,988
	Others	39.5	18,587	16,979
			324,318	288,462
			604,933	567,434

39.1 Dividend income earned from investments from non Shariah-compliant companies.

	2022	2021
	(Rupees in thousand)	
39.2 Gain / (loss) on sale of short term investments - at FVPL		
ABL Cash Fund	3,833	7,747
ABL Islamic Income Fund	–	709
Alfalah GHP Money Market Fund	–	2,466
Atlas Money Market Fund	4,438	1,413
Faysal Money Market Fund	536	–
HBL Money Market Fund	2,341	13,882
JS Cash Fund	2,386	–
Lakson Money Market Fund	2,970	12,044
MCB Cash Management Optimizer Fund	3,250	23,754
NIT Government Bond Fund	–	(835)
UBL Liquidity Plus Fund	1,021	627
	20,775	61,807
39.3 Fair value gain on short term investments - at FVPL		
ABL Cash Fund	–	199
Atlas Money Market Fund	–	1,902
Faysal Money Market Fund	–	25
HBL Money Market Fund	–	793
JS Cash Fund	–	29
Lakson Money Market Fund	–	501
MCB Cash Management Optimizer Fund	–	1,057
UBL Liquidity Plus Fund	–	447
	–	4,953
39.4 Dividend income from short term investments:		
ABL Cash Fund	1,058	17,788
Atlas Money Market Fund	22,907	11,332
Faysal Money Market Fund	3,504	108
HBL Money Market Fund	–	2,189
JS Cash Fund	–	425
Lakson Money Market Fund	26,365	11,032
MCB Cash Management Optimizer Fund	26,295	20,139
UBL Liquidity Plus Fund	21,329	7,462
	101,458	70,475

39.5 This includes income received as tender money in case of auctions and late delivery charges from suppliers.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
40 Finance cost			
Mark-up on short term borrowings - secured	40.1 & 40.2	337,075	57,010
Interest expense on long term financing - net	40.3	9,069	8,698
Mark-up on Workers' Profit Participation Fund		1,190	1,359
Interest expense against lease liability		417	1,261
Bank charges and commission		8,165	10,959
		355,916	79,287

40.1 This represents markup and profit paid under conventional and Islamic mode of financing arrangements respectively having mark up and profit rates ranging from KIBOR minus 0.05% to KIBOR plus 0.25% (2021: KIBOR plus 0.04% to KIBOR plus 0.25%) per annum.

40.2 This includes Rs.47,197 thousand (2021: Rs.21,425 thousand) mark-up paid on Islamic mode of financing.

40.3 This represents finance cost against long term financing net of unwinding of Government grant income for the year recognised as per IAS-20 amounting to Rs. 24,596 thousand (2021: Rs.33,287).

	2022 (Rupees in thousand)	2021
41 Taxation		
For the year charge:		
- Current	3,656,778	2,485,288
- Deferred	32,912	12,080
	3,689,690	2,497,368
Prior years:		
- Current	7,914	12,051
	3,697,604	2,509,419

	2022 %	2021 %
41.1 Numerical reconciliation between average effective tax rate and the applicable tax rate is as follows:		
Applicable tax rate	29.00	29.00
- Effect of change in prior year	0.07	0.38
- Unutilized tax losses	0.01	(0.38)
- Income chargeable to tax at different rates	(1.37)	(1.04)
- Tax effect of super tax	8.84	-
- Effect on opening deferred taxes on reduction of rate	0.76	-
- Others	1.35	(0.31)
	9.66	(1.35)
Average effective tax rate	38.66	27.65

- 41.2** The group of companies do not opt for the group taxation and are taxed and assessed individually therefore assessment of sufficiency of provision of taxation is carried out in each individual company.

The current tax expense has been computed using the tax rate enacted for the tax year 2022 via the Finance Act, 2023.

42 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive Officers, Directors and Executives of the Group are as follows:

	Chief Executive Officer		Directors				Executives	
	2022	2021	2022		2021		2022	2021
			Non Executive Director	Executive Director	Non Executive Director	Executive Director		
Number of persons	5	4	1	3	1	5	51	45
(Rupees in thousand)								
Managerial remuneration	43,019	39,798	661	22,912	1,116	37,266	117,951	100,216
Cost of living allowance	–	–	661	559	1,116	873	25,053	24,693
Bonus	29,364	14,100	16,052	29,714	6,380	14,719	104,221	57,708
House rent	8,381	7,371	298	251	502	1,236	39,242	33,679
Contribution to provident fund and gratuity funds	2,223	1,458	–	–	–	–	14,779	12,963
Pension contribution	–	–	–	–	–	–	4,259	4,154
Medical expenses	1,163	960	955	2,040	1,166	2,351	8,014	7,065
Utilities	3,226	2,630	1,061	2,293	899	4,134	14,106	12,019
Other reimbursable expenses	6,235	3,804	1,413	3,655	746	4,087	15,483	13,447
	93,611	70,121	21,101	61,424	11,925	64,666	343,108	265,944

- 42.1** The Group also provides the Chief Executive Officer(s), Director(s) and certain employees with free use of Company maintained cars and residential telephones.
- 42.2** Executive means an employee of the Group whose basic salary exceeds Rs. 1.2 million (2021: Rs. 1.2 million) during the year.
- 42.3** Aggregate amount charged to profit and loss account for the year in respect of meeting fee to five Directors (2021: five Directors) was Rs. 4,000 thousand (2021: Rs. 2,350 thousand) and travelling expenses Rs. 1,095 thousand (2021: Rs. 48 thousand).

* This represents Chief Executive Officer of the parent company along with its subsidiaries.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

43 Transactions with related parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Amounts due from and to related parties are shown under receivables and payables. Amount of assets sold to related parties during the year are shown in Note 17.6. Amounts due from Directors and key management personnel are shown under receivables and remuneration of Directors and key management personnel is disclosed in Note 42. Other significant transactions with related parties are as follows:

Relation with undertaking	Nature of transaction	2022 (Rupees in thousand)	2021
Associates	Sale of services	6,076	4,850
	Investment made	—	159,403
	Purchase of fixed assets	19,192	14,608
Employees' defined benefit plan	Contribution to staff retirement benefit plan	8,176	10,101
Defined contribution plan	Contribution to defined contribution plan	7,464	8,669
Executives' Gratuity fund	Benefits paid on behalf of the fund	7,028	6,797
Provident Fund	Amount Contributed	33,746	31,785
Directors and Key Management Personnel	Sale of assets	15,325	1,573

The Group intends to take the approval of the transactions with related parties from the shareholders in General Meeting.

43.1 The names of related parties with whom the Group has entered into transactions or had agreements / arrangements in place during the year and whose names have not been disclosed elsewhere in these consolidated financial statements are as follows:

Name of the related party	Basis of relationship	shareholding (%)
- Arabian Sea Country Club Limited	Common Directorship	6.45
- Hyundai Nishat Motors (Private) Limited	Common Directorship	15.86

44 Earnings per share – Basic and diluted

44.1 Combined basic earnings per share

Earnings per share are calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

	2022	2021
	(Rupees in thousand)	
Profit for the year after tax	5,866,397	6,566,127
	(Number of shares in thousand)	
Weighted average number of ordinary shares outstanding during the year	96,867	96,867
	(Rupees)	
Earnings per share	60.56	restated 67.78

44.2 As disclosed in note 5 to these financial statements, the Group has approved and issued 40,810 thousand (2021: 6,228 thousand) bonus shares during the year. The effect of these has been accounted for in these financial statements and the prior year EPS has been restated as per requirements of the applicable financial reporting framework.

44.3 Combined diluted earnings per share

No figure for diluted earnings per share has been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
45 Cash generated from operations			
Profit before taxation		9,564,001	9,075,546
Adjustment for:			
Depreciation on property, plant and equipment	17.2	215,921	188,288
Depreciation charge for the right-of-use assets	19	3,773	4,057
Amortization of intangible assets	20.1	11,328	4,807
Bad debts written off	38	–	3,932
Provision for impairment of intangibles	37	–	8,160
Provision for accumulating compensated absences		(2,143)	5,746
Profit on bank deposits	39	(49,798)	(69,013)
Dividend income	39	(10,500)	(2,354)
Charged to employees' defined benefit plan		19,386	30,890
Provision for gratuity		7,106	8,253
Property, plant and equipment written off	17.1	403	3,043
Loss on exchange rate and price	38	2	22,273
Dividend income from short term investments	39	(101,458)	(70,475)
Gain on disposal of property, plant and equipment	39	(1,338)	(3,720)
Gain on sale of short term investments	39	(20,775)	(61,807)
Gain on change in fair value of investments at FVPL	39	–	(4,953)
Gain on translation of foreign investment	39	(19,620)	–
Finance cost	40	355,916	79,287
Provision for Workers' Profit Participation Fund	38	539,825	498,812
Provision for Workers' Welfare Fund	38	205,997	191,105
Working capital changes	45.1	(4,539,591)	5,404,882
		<u>6,178,435</u>	<u>15,316,759</u>
45.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(15,698)	(90,959)
Stock in trade		(2,169,437)	(1,900,080)
Trade debts		(97,500)	(90,703)
Loans and advances		(7,243)	(88,120)
Trade deposits and short term prepayments		4,168	(27,148)
Other receivables		(7,124)	(52,611)
		<u>(2,292,834)</u>	<u>(2,249,621)</u>
Increase/ (decrease) in current liabilities:			
Trade and other payables		934,589	913,566
Contract liabilities		(3,181,346)	6,740,937
		<u>(4,539,591)</u>	<u>5,404,882</u>

	Note	2022 (Rupees in thousand)	2021
46 Cash and cash equivalents			
Cash and bank balances	33	1,755,082	1,132,819
Portion of short term investments classified as cash and cash equivalents		—	583,855
Portion of short term borrowings classified as cash and cash equivalents		(924,360)	(530,655)
		<u>830,722</u>	<u>1,186,019</u>

47 Financial risk management

Financial instruments comprise loans and advances, trade deposits, trade debts, other receivables, short term investments, cash and bank balances, short term borrowings, long term deposits, interest/mark-up accrued on short term borrowings, long term loans, lease liabilities and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group's activities.

47.1 Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss. However, the Group has limited exposure for currency risk and considered not material to the Group.

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	Changes in rate	Effects on profit before tax 2022 (Rupees in thousand)	Effects on profit before tax 2021
Receivables/ (Trade and other payables) - GBP	+1	(882)	(520)
	-1	882	520
Receivables/ (Trade and other payables) - USD	+1	(438)	(62)
	-1	438	62
Receivables/ (Trade and other payables) - EUR	+1	(268)	(93)
	-1	268	93
Receivables/ (Trade and other payables) - CNY	+1	45	(761)
	-1	(45)	761
		2022	2021
		(Rupees)	
Reporting date rate per:			
GBP to PKR		249.92	219.28
USD to PKR		206.00	158.30
EUR to PKR		215.75	188.71
CNY to PKR		30.93	24.76

(b) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers. The long-term equity instrument held by the Group does not trade on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Pakistan Stock Exchange (PSX). Therefore, it is not possible to measure the impact of increase / decrease in the PSX Index on the Group's profit after taxation for the year and on equity (fair value reserve).

Short-term investments pertain to investment in mutual funds. These investment are carefully managed and observed on the basis of duly approved policy by Board of Directors. The underlying composition of these mutual funds does not involve equity instruments therefore it does not have any co-relation with stock market. Hence, the Group is not exposed to other price risk in this avenue as well.

(c) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no significant long-term interest-bearing instruments. The Group's interest rate risk arises from short term and long term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. The Group mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Note	2022 (Rupees in thousand)	2021
Fixed rate instruments			
Financial assets			
Investment in Term Deposit Receipt	32	283,856	583,855
Financial liabilities			
Long term financing	11	231,603	508,436
Floating rate instruments			
Financial assets			
Bank balances - deposit accounts	33	1,340,714	397,426
Financial liabilities			
Short term borrowings	15	1,594,845	530,655

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Group's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

		Changes in interest rate	Effects on profit before tax
		(Rupees in thousand)	
Bank balances - deposit accounts	2022	+1	13,407
		-1	(13,407)
	2021	+1	3,974
		-1	(3,974)
Short term borrowings	2022	+1	11,516
		-1	(11,516)
	2021	+1	5,307
		-1	(5,307)

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

47.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 6,494,400 thousand (2021: Rs. 13,888,200 thousand), the financial assets which are subject to credit risk amounted to Rs. 2,572,939 thousand (2021: Rs. 7,963,919 thousand). The Group is not exposed to major concentration of credit risk.

For trade receivables, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. Further the Group believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2022	2021
		(Rupees in thousand)	
47.2.1			
Trade debts	27	405,421	307,921
Trade deposits	29	22,899	19,098
Other receivables	31	96,502	89,378
Short term investments	32	283,856	6,368,491
Bank balances and cheques in hand		1,752,034	1,129,387
Long term deposits	24	12,227	49,644
		2,572,939	7,963,919
47.2.2 The aging of trade receivables at the reporting date is:			
Past due 1 - 3 Months		352,716	267,891
Past due 4 - 6 Months		12,163	9,238
Past due to above one year		40,542	30,792
		405,421	307,921

Based on past experience the management believes that no impairment is necessary in respect of trade receivables past due, as some receivables have been recovered subsequent to the year end and for other receivables, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the reporting date:

Balances with banks	Rating			2022	2021
	Short term	Long term	Agency	(Rupees in thousand)	
Allied Bank Limited	A1 +	AAA	PACRA	21,650	4,613
Askari Bank Limited	A1 +	AA+	PACRA	1,461	1,601
Bank Al Habib Limited	A1 +	AAA	PACRA	1,341	7,561
Bank Alfalah Limited	A-1 +	AA+	VIS	33,738	26,734
Dubai Islamic Bank	A1 +	AA	VIS	206	347
Emirates NBD	F1	A+	FITCH	48,746	19,707
Faysal Bank Limited	A1 +	AA	PACRA	3,528	2,860
Habib Bank Limited	A-1 +	AAA	VIS	48,893	227,536
Habib Metropolitan Bank Limited	A-1 +	AA+	PACRA	82	–
JS Bank Limited	A1 +	AA-	PACRA	4	4
MCB Bank Limited	A1 +	AAA	PACRA	1,283,674	546,608
MCB Islamic Bank Limited	A1	A	PACRA	1,992	1,492
Meezan Bank Limited	A-1 +	AAA	VIS	36,463	4,980
National Bank of Pakistan	A-1 +	AAA	VIS	8,287	5,011
Sindh Bank Limited	A-1	A+	VIS	2,194	2,057
Standard Chartered Bank (Pakistan) Limited	A1 +	AAA	PACRA	5,184	5,587
Soneri Bank Limited	A-1 +	AA-	PACRA	3,629	–
United Bank Limited	A-1 +	AAA	VIS	107,742	104,040
Zarai Taraqati Bank Limited	A-1 +	AAA	VIS	19,908	23,929
				1,628,722	984,667

			2022	2021	
Short term investments		Rating	Agency	(Rupees in thousand)	
a) Mutual funds					
ABL Cash Fund		Not applicable		–	966,673
Atlas Money Market Fund		Not applicable		–	1,012,093
Faysal Money Market Fund		Not applicable		–	100,117
HBL Money Market Fund		Not applicable		–	452,654
JS Cash Fund		Not applicable		–	150,390
Lakson Money Market Fund		Not applicable		–	1,010,667
MCB Cash Management Optimizer Fund		Not applicable		–	1,035,981
UBL Liquidity Plus Fund		Not applicable		–	1,056,061
b) Term Deposit Receipts					
MCB Bank Limited	AAA (long term)		PACRA	–	350,000
Bank Alfalah Limited	AA+ (long term)		VIS	223,856	173,856
United Bank Limited	AAA (long term)		VIS	60,000	60,000
				283,856	6,368,492

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

47.2.3 Reconciliation of movements in liabilities to cash flows arising from financing activities

	Long term Financing	Short term Financing	Dividends paid - Equity Holders & NCI	Lease liabilities against Right of Use Asset	Total
(Rupees in thousand)					
Balance at July 01, 2021	508,436	–	362,588	5,828	876,852
Changes in liabilities					
Dividend announced during the year	–	–	6,306,554	–	6,306,554
Modifications	(3,646)	–	–	–	(3,646)
Deferred grant recognised	(1,491)	–	–	–	(1,491)
Derecognition	–	–	–	–	–
Finance cost	27,757	–	–	417	28,174
Total liability related changes	22,620	–	6,306,554	417	6,329,591
Changes from financing cash flows					
Finance cost paid	(1,300)	–	–	–	(1,300)
Principal payment against lease liabilities	–	–	–	(4,914)	(4,914)
Long term financing received	9,931	–	–	–	9,931
Long term financing repaid	(308,084)	–	–	–	(308,084)
Short term financing (repaid) / received - net	–	670,485	–	–	670,485
Dividend paid during the year	–	–	(6,259,869)	–	(6,259,869)
Total changes from financing cash flows	(299,453)	670,485	(6,259,869)	(4,914)	(5,893,751)
Balance at June 30, 2022	231,603	670,485	409,273	1,331	1,312,692
Balance at July 01, 2020	223,434	–	297,927	13,587	534,948
Changes in liabilities					
Dividend announced during the year	–	–	4,319,896	–	4,319,896
Modifications	–	–	–	–	–
Deferred grant recognised	(53,252)	–	–	–	(53,252)
Derecognition	–	–	–	(5,239)	(5,239)
Finance cost	33,287	–	–	1,261	34,548
Total liability related changes	(19,965)	–	4,319,896	(3,978)	4,295,953
Changes from financing cash flows					
Finance cost paid	–	–	–	–	–
Principal payment against lease liabilities	–	–	–	(3,781)	(3,781)
Long term financing received	442,876	–	–	–	442,876
Long term financing repaid	(137,909)	–	–	–	(137,909)
Short term financing (repaid) / received	–	–	–	–	–
Dividend paid during the year	–	–	(4,255,235)	–	(4,255,235)
Total changes from financing cash flows	304,967	–	(4,255,235)	(3,781)	(3,954,049)
Balance at June 30, 2021	508,436	–	362,588	5,828	876,852

47.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2022, the Group had short term borrowing facilities available from financial institutions as disclosed in note 15 and, cash and bank balances as disclosed in note 33 to these consolidated financial statements.

The following are the contractual maturities of financial liabilities as at June 30, 2022:

	Carrying amount	Contractual cash flows	Less than one year	More than one year
	(Rupees in thousand)			
Trade and other payables	4,719,673	4,719,673	4,719,673	–
Long term finance- secured	231,603	266,690	170,782	95,908
Lease liabilities against right-of-use assets	1,331	1,331	1,331	–
Short term borrowings	1,594,845	1,594,845	1,594,845	–
Unclaimed dividend	353,895	353,895	353,895	–
Unpaid dividend	55,378	55,378	55,378	–
Long term deposits	29,648	29,648	929	28,719
	6,986,373	7,021,460	6,896,833	124,627

The following are the contractual maturities of financial liabilities as at June 30, 2021:

	Carrying amount	Contractual cash flows	Less than one year	More than one year
	(Rupees in thousand)			
Trade and other payables	3,829,793	3,829,793	3,829,793	–
Long term finance- secured	508,436	563,097	324,145	238,952
Lease liabilities against right-of-use assets	5,828	5,828	4,386	1,442
Short term borrowings	530,655	530,655	530,655	–
Unclaimed dividend	284,291	284,291	284,291	–
Unpaid dividend	78,297	78,297	78,297	–
Long term deposits	31,597	31,597	1,572	30,025
	5,268,897	5,323,558	5,053,139	270,419

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

47.4 Financial instruments by categories

	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)							
Financial assets								
Long term investments	3,904,575	5,906,278	-	-	-	-	3,904,575	5,906,278
Long term loans	-	-	-	-	3,349	3,347	3,349	3,347
Long term deposits	-	-	-	-	12,227	49,644	12,227	49,644
Loans to employees	-	-	-	-	10,489	11,224	10,489	11,224
Trade debits	-	-	-	-	405,421	307,921	405,421	307,921
Trade deposits	-	-	-	-	22,899	19,098	22,899	19,098
Other receivables	-	-	-	-	96,502	89,378	96,502	89,378
Short term investments	-	-	-	5,784,636	283,856	583,855	283,856	6,368,491
Cash and bank balances	-	-	-	-	1,755,082	1,132,819	1,755,082	1,132,819
	3,904,575	5,906,278	-	5,784,636	2,589,825	2,197,286	6,494,400	13,888,200
Comprised of:								
Total current							2,574,249	7,928,931
Total non-current							3,920,151	5,959,269
							6,494,400	13,888,200

	At fair value through other comprehensive income		At fair value through profit or loss		At amortised cost		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)							
Financial liabilities								
Trade and other payables	-	-	-	-	4,719,673	3,829,793	4,719,673	3,829,793
Short term borrowings	-	-	-	-	1,594,845	530,655	1,594,845	530,655
Unclaimed dividend	-	-	-	-	353,895	284,291	353,895	284,291
Unpaid dividend	-	-	-	-	55,378	78,297	55,378	78,297
Long term finance	-	-	-	-	231,603	508,436	231,603	508,436
Lease liabilities against right-of-use assets	-	-	-	-	1,331	5,828	1,331	5,828
Long term deposits	-	-	-	-	29,648	31,597	29,648	31,597
	-	-	-	-	6,986,373	5,268,897	6,986,373	5,268,897
Comprised of:								
Total current							6,888,392	5,009,919
Total non-current							97,981	258,978
							6,986,373	5,268,897

47.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders. The capital structure of the Group is equity based with minimal long term financing. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or other measures commensurate to the circumstances.

48 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of the fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

The carrying values of other financial assets and financial liabilities reflected in the consolidated financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

48.1 Fair value hierarchy

IFRS 13 "Fair Value Measurement requires the Group to classify fair value measurement and fair value hierarchy that reflects the significance of the inputs used in making the measurement of fair value hierarchy, which has the following levels:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable.

Level 3: If one or more of the significant inputs is not based on observable market data. Specific valuation techniques used to value financial instruments include

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest Rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred, if any. The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes between various levels of fair value hierarchy are analyzed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the management of investee company. As part of this discussion, the investee company presents a report that explains the reason for the fair value movement, if any. There have been no transfers between various levels of the fair value hierarchy during the respective reporting periods.

As at June 30, 2022, the Group held the following financial instruments carried at fair value:

	Note	Total 2022	Level 1	Level 2	Level 3
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long term investments - Equity shares	22	3,904,575	119,345	—	3,785,230
Financial assets measured - FVPL					
Investment in mutual funds	32.1	—	—	—	—
		3,904,575	119,345	—	3,785,230

Date of valuation : June 30, 2022

There were no financial liabilities measured at fair value as at June 30, 2022.

As at June 30, 2021, the Group held the following financial instruments carried at fair value:

	Note	Total 2021	Level 1	Level 2	Level 3
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long term investments - Equity shares	22	5,906,278	124,040	—	5,782,238
Investment in mutual funds	32.1	5,784,636	5,784,636	—	—
		11,690,914	5,908,676	—	5,782,238

Date of valuation : June 30, 2021

There were no financial liabilities measured at fair value as at June 30, 2021.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

	2022	2021
(Rupees in thousand)		
Opening balance	5,782,238	1,699,353
Investment made during the year	—	101,960
(Deficit) / surplus on fair valuation of investment	(1,997,008)	3,980,925
	3,785,230	5,782,238

Operating segment information

Business segments

For management and reporting purposes, the Group has been organized into three separate reportable segments based on the products and services as follows:

- Tractors
- Tractor components
- Castings

Other business activities of the Group have been presented under "others segment". Accordingly, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	Tractors			Tractor components			Castings			Others			Inter-segment / group eliminations			Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2021
(Rupees in thousand)																	
Revenue from contracts with customers	53,374,415	43,953,778	5,977,797	4,859,641	2,750,181	2,418,800	3,607,765	4,351,567	(10,700,245)	(9,918,549)	55,009,913	45,665,237					
Cost of sales	43,176,940	34,682,684	4,674,795	3,594,712	2,534,973	2,115,499	3,150,404	3,880,179	(10,723,191)	(9,949,807)	42,813,921	34,323,267					
Gross profit	10,197,475	9,271,094	1,303,002	1,264,929	215,208	303,301	457,361	471,388	22,946	31,258	12,195,992	11,341,970					
Distribution and marketing expenses	928,162	854,630	4,032	3,357	56,404	57,129	67,399	132,789	22,946	31,258	1,078,943	1,079,163					
Administrative expenses	648,456	579,369	188,899	152,871	74,295	93,739	138,873	127,394	(1,500)	-	1,049,023	953,373					
Other operating expenses	649,283	616,066	84,681	84,599	4,161	13,253	13,417	8,117	1,500	-	753,042	722,035					
Other income	2,225,901	2,050,065	277,612	240,827	134,860	164,121	219,689	268,300	22,946	31,258	2,881,008	2,754,571					
	940,576	667,309	188,182	127,655	26,088	84,733	18,563	13,300	(568,476)	(325,563)	604,933	567,434					
Operating profit	8,912,150	7,888,338	1,213,572	1,151,757	106,436	223,913	256,235	216,388	(568,476)	(325,563)	9,919,917	9,154,833					
Finance cost	227,419	9,264	83,894	25,776	51,712	52,822	4,567	2,685	(11,676)	(11,260)	355,916	79,287					
Profit before taxation	8,684,731	7,879,074	1,129,678	1,125,981	54,724	171,091	251,668	213,703	(556,800)	(314,303)	9,564,001	9,075,546					
Taxation	3,258,105	2,098,147	370,778	338,951	39,403	38,712	29,318	33,609	-	-	3,697,604	2,509,419					
Profit after tax for the year	5,426,626	5,780,927	758,900	787,030	15,321	132,379	222,350	180,094	(556,800)	(314,303)	5,866,397	6,566,127					

49.1 Inter-segment / group transactions have been eliminated for the purpose of consolidation.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

49.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Others		Inter-segment / group eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)											
Segment operating assets												
Non-current assets												
Operating fixed assets	775,150	777,638	687,091	687,080	187,096	203,611	152,960	137,115	(11,451)	(11,451)	1,790,846	1,793,993
Capital work in progress	27,030	45,166	10,940	-	-	3,130	3,950	1,532	-	-	41,920	49,828
Right-of-use assets	1,123	4,896	-	-	-	-	-	-	-	-	1,123	4,896
Intangible assets	39,300	39,462	16,894	25,216	-	-	2,930	5,774	(6,614)	(6,614)	52,510	63,838
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Investment property	255,708	255,708	-	-	-	-	-	-	-	-	255,708	255,708
Long term investments	4,218,235	6,199,458	-	-	21,850	22,710	-	-	(335,510)	(315,890)	3,904,575	5,906,278
Long term loans	2,412	2,482	-	-	937	865	-	-	-	-	3,349	3,347
Long term deposits	-	-	3,518	42,069	4,048	4,048	4,661	3,527	-	-	12,227	49,644
Deferred tax asset - net	-	-	-	-	95,525	95,525	-	-	(95,525)	(95,525)	-	-
Employees' defined benefit plan	143,051	-	-	-	18,370	13,384	-	-	-	-	161,421	13,384
Current assets												
Stores, spare parts and loose tools	182,625	161,329	273,379	273,479	121,237	131,120	24,388	20,003	-	-	601,629	585,931
Stock in trade	6,758,898	5,372,584	1,141,067	485,392	436,447	359,077	322,343	272,265	-	-	8,658,755	6,489,318
Trade debts	235,269	141,234	666,847	525,621	109,170	47,914	211,871	198,077	(817,736)	(604,925)	405,421	307,921
Loans and advances	39,565	56,359	175,677	121,747	9,569	9,762	4,898	10,755	(23,843)	-	205,866	196,623
Trade deposits and short term prepayments	58,440	65,273	7,789	7,169	428	330	6,295	4,348	-	-	72,952	77,120
Balances with statutory authorities	5,707,842	4,592,169	44,115	-	6,213	6,376	4,284	13,553	23,843	-	5,786,297	4,612,098
Other receivables	102,408	108,253	-	-	349	1,371	10,914	2,831	(17,169)	(23,077)	96,502	89,378
Tax refunds due from the Government*	-	-	-	-	55,040	53,622	12,703	19,677	-	-	67,743	73,299
Short term investments	-	6,134,636	-	-	3,856	3,855	280,000	230,000	-	-	283,856	6,368,491
Cash and bank balances	1,505,688	849,602	53,403	10,619	77,812	54,893	118,179	217,705	-	-	1,755,082	1,132,819
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total operating assets	20,052,744	24,806,249	3,080,720	2,178,392	1,147,947	1,011,593	1,160,376	1,137,162	(1,265,433)	(1,038,910)	24,176,354	28,094,486

	Tractors			Tractor components			Castings			Others			Inter-segment / group eliminations			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
(Rupees in thousand)																		
Segment operating liabilities																		
Non-current liabilities																		
Long term deposits	13,833	13,433	12,035	12,884	12,884	2,851	3,708	-	-	-	-	-	-	-	-	28,719	30,025	-
Deferred tax liabilities - net*	811,291	962,984	73,532	64,493	64,493	-	-	7,080	6,634	(95,524)	(95,525)	(95,525)	796,379	938,586	938,586			
Employees' defined benefit plan	-	50,256	-	-	-	26,004	34,816	-	-	-	-	-	26,004	85,072	85,072			
Lease liabilities against right-of-use assets	-	1,442	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,442	-
Long term finance- secured	36,162	128,815	33,100	73,792	73,792	-	24,904	-	-	-	-	-	69,262	227,511	227,511			
Deferred grant	14,427	13,485	3,679	7,040	7,040	-	560	-	-	-	-	-	18,106	21,085	21,085			
Current liabilities																		
Accumulating compensated absences	108,527	110,670	25,630	23,605	23,605	11,759	11,981	-	-	-	-	-	145,916	146,256	146,256			
Trade and other payables	4,669,527	3,661,499	415,930	477,633	477,633	364,910	275,959	224,678	232,920	(779,263)	(583,876)	(583,876)	4,895,782	4,064,135	4,064,135			
Contract liabilities	6,685,800	9,919,342	29,124	4,388	4,388	951	3,365	79,083	37,693	(55,642)	(44,126)	(44,126)	6,739,316	9,920,662	9,920,662			
Current portion of lease liabilities against right-of-use assets	1,331	4,386	-	-	-	-	-	-	-	-	-	-	1,331	4,386	4,386			
Current portion of long term finance- secured	88,134	162,797	46,154	80,072	80,072	28,053	38,056	-	-	-	-	-	162,341	280,925	280,925			
Current portion of deferred grant	5,604	15,602	2,075	7,577	7,577	560	3,245	-	-	-	-	-	8,239	26,424	26,424			
Current portion of long term deposits	-	-	-	-	-	929	1,572	-	-	-	-	-	929	1,572	1,572			
Short term borrowings	-	-	1,115,010	128,195	128,195	479,835	402,460	-	-	-	-	-	1,594,845	530,655	530,655			
Taxation- net	225,825	322,770	-	48,520	48,520	-	-	-	-	-	-	-	226,573	372,038	372,038			
Unclaimed dividend	297,326	271,595	52,262	8,908	8,908	3,408	3,442	899	346	-	-	-	353,895	284,291	284,291			
Unpaid dividend	27,695	74,403	-	-	-	-	-	27,683	3,894	-	-	-	55,378	78,297	78,297			
Total operating liabilities	12,985,482	15,713,479	1,808,531	937,107	937,107	919,260	804,068	339,423	281,487	(929,681)	(722,779)	(722,779)	15,123,015	17,013,362	17,013,362			

* Inter-segment / group balances have been eliminated for the purpose of consolidation.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

50 Listing of subsidiary companies

Name of subsidiary	Group shareholding (%)	NCI shareholding (%)	Country of incorporation	Financial year end
Millat Equipment Limited (MEL)	45%	55.00%	Pakistan	June 30
Millat Industrial Products Limited (MIPL)	64.09%	35.91%	Pakistan	June 30
Bolan Castings Limited (BCL)	46.26%	53.74%	Pakistan	June 30
TIPEG Intertrade DMCC (TIPEG)	75%	25.00%	Dubai	December 31

TIPEG Intertrade DMCC has year-end according to the applicable law of the country of its incorporation.

50.1 Set out below is summarized financial information for each subsidiary that has Non Controlling Interest (NCI). The amounts disclosed for each subsidiary are before inter company eliminations:

	MEL	MIPL	BCL	TIPEG
	(Rupees in thousand)			
Total assets	3,080,720	933,603	1,147,947	226,773
Total liabilities	1,808,532	282,285	919,260	64,063
Total comprehensive income	758,904	151,754	22,024	70,595
Total comprehensive income allocated to NCI	417,397	54,495	11,836	17,649
Accumulated NCI	699,703	233,888	104,736	46,339
Cash and bank balances, excluding TDRs	53,403	49,960	77,812	68,219
Cash generated from / (used in):				
Operating activities	(120,062)	188,737	(15,914)	41,458
Investing activities	(54,473)	(83,956)	73	—
Financing activities	(99,012)	(65,074)	(38,613)	(79,267)

51 Provident fund trust(s)

51.1 The Group has maintained employee provident fund trusts and investments out of provident funds have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder other than Bolan Castings Limited (BCL). The salient information of the funds is as follows:

	Note	2022	2021
Size of the funds (Rupees in thousand)		777,508	763,801
Cost of investment made (Rupees in thousand)	51.2	549,738	565,336
Percentage of investment made		70.71%	74.02%
Fair value of investment (Rupees in thousand)		784,331	753,250

	2022		2021	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
51.2 Breakup of investment at cost				
Investment in shares (listed securities & mutual funds)	66,175	8.52%	23,116	3.03%
Term Deposit Receipts (TDR)	415,365	53.42%	442,253	57.90%
Special Saving Certificate (SSC)	68,198	8.77%	99,967	13.09%
	549,738	70.71%	565,336	74.02%

51.3 Cost of ordinary shares of the Group held by the provident fund trust as at year end amounts to Rs. 66,175 thousand (2021: Rs. 23,116 thousand).

	2022	2021
	(Units per annum)	
52 Capacity and production		
a) Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	34,887	35,529

The Group has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the excess production over normal capacity is due to working on overtime schedules to meet the higher demand.

b) Batteries

The actual production capacity of the plant cannot be determined as it depends on the proportion of different types of batteries produced which varies in relation to the consumers' demand. The actual production during the year was according to market demand. During the year, the actual production capacity attained was 276,678 batteries {Standard 15 plates 230,028 batteries} compared with (2021: 280,177 standard 15 plates 233,469 batteries} against annual manufacturing capacity of 300,000 standard 15 plates batteries (2021: 300,000).

There has been low market demand of batteries which lead to under utilization of our production capacity.

c) Tractors components

Normal capacity and production is not determinable due to interchangeable components having different cycle times of production on same machines.

d) Castings

	2022	2021
	(Metric tons)	
Installed capacity (single shift without overtime)	13,200	13,200
Actual production	9,437	10,674
Capacity utilisation	71.49%	80.86%

Production during the year was as per the market demand.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2022

	2022	2021
53 Number of employees		
Number of employees at the end of the year	644	685
Average number of employees during the year	648	709
Total number of factory employees at the end of the year	274	420
Average number of factory employees during the year	269	440

The number of employees mentioned above does not include third party contractual employees.

54 Subsequent events

The Board of Directors of the Group in its meeting held on September 23, 2022 has proposed a final cash dividend of Rs. 20 per share (2021: Rs. 50 per share) and 20% bonus shares (2021: 20%) in respect of the year ended June 30, 2022. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These consolidated financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

55 Corresponding figures

Other than as disclosed in note 44.2, there has been no significant re-classifications or rearrangement of corresponding figures in these consolidated financial statements.

56 Date of authorization for issue

These consolidated financial statements have been approved for issue by Board of Directors of the Group in their board meeting held on September 23, 2022.

57 General


Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Chief Financial Officer



Chief Executive Officer



Chairman

Pattern of Shareholding

As on June 30, 2022

No. of share Holders	From	Shareholding To	Number of Shares Held	% of Capital
1921	1	100	62,917	0.06
1622	101	500	407,926	0.42
700	501	1000	512,054	0.53
1311	1001	5000	3,059,109	3.16
385	5001	10000	2,729,918	2.82
171	10001	15000	2,109,237	2.18
111	15001	20000	1,931,374	1.99
69	20001	25000	1,537,182	1.59
40	25001	30000	1,081,545	1.12
25	30001	35000	814,363	0.84
24	35001	40000	899,292	0.93
23	40001	45000	974,849	1.01
18	45001	50000	855,122	0.88
14	50001	55000	743,420	0.77
5	55001	60000	287,883	0.30
13	60001	65000	804,394	0.83
10	65001	70000	675,156	0.70
10	70001	75000	720,686	0.74
10	75001	80000	772,821	0.80
6	80001	85000	488,621	0.50
10	85001	90000	878,755	0.91
4	90001	95000	368,201	0.38
3	95001	100000	293,805	0.30
2	100001	105000	208,378	0.22
7	105001	110000	745,656	0.77
3	110001	115000	341,506	0.35
3	115001	120000	354,420	0.37
4	120001	125000	486,727	0.50
3	125001	130000	386,542	0.40
4	130001	135000	526,044	0.54
4	135001	140000	547,360	0.57
4	140001	145000	569,808	0.59
1	145001	150000	149,110	0.15
1	150001	155000	150,988	0.16
2	155001	160000	315,389	0.33
1	160001	165000	160,747	0.17
1	165001	170000	166,060	0.17
6	170001	175000	1,030,251	1.06
2	175001	180000	353,471	0.36
1	180001	185000	181,843	0.19
5	185001	190000	935,426	0.97
4	190001	195000	768,115	0.79
1	200001	205000	203,040	0.21
2	205001	210000	416,209	0.43
2	215001	220000	437,383	0.45
2	230001	235000	465,100	0.48
1	235001	240000	235,534	0.24
1	240001	245000	243,249	0.25
1	245001	250000	247,771	0.26
2	255001	260000	514,732	0.53
1	265001	270000	265,514	0.27
1	270001	275000	271,089	0.28
1	290001	295000	293,596	0.30
3	295001	300000	899,032	0.93
2	310001	315000	622,855	0.64
2	330001	335000	661,516	0.68
1	345001	350000	349,939	0.36
1	355001	360000	356,041	0.37
3	385001	390000	1,168,266	1.21
1	395001	400000	397,945	0.41
1	445001	450000	446,023	0.46
1	450001	455000	451,034	0.47
1	535001	540000	536,281	0.55
1	615001	620000	619,264	0.64
1	625001	630000	629,259	0.65
3	635001	640000	1,912,045	1.97
1	780001	785000	783,568	0.81
1	785001	790000	789,228	0.81
1	790001	795000	790,125	0.82
1	805001	810000	806,005	0.83
1	815001	820000	817,600	0.84
1	880001	885000	880,363	0.91
1	925001	930000	927,739	0.96
1	995001	1000000	999,724	1.03
1	1030001	1035000	1,030,185	1.06
3	1100001	1105000	3,309,120	3.42
1	1165001	1170000	1,165,064	1.20
1	1190001	1195000	1,192,084	1.23
4	1200001	1205000	4,807,528	4.96
1	1290001	1295000	1,292,206	1.33
1	1420001	1425000	1,422,424	1.47
1	1485001	1490000	1,486,618	1.53
1	1820001	1825000	1,820,686	1.88
1	1905001	1910000	1,908,271	1.97
1	2195001	2200000	2,198,880	2.27
1	2225001	2230000	2,226,206	2.30
1	2255001	2260000	2,255,728	2.33
1	2385001	2390000	2,388,628	2.47
1	2400001	2405000	2,403,764	2.48
1	2610001	2615000	2,614,752	2.70
1	5935001	5940000	5,936,212	6.13
1	6585001	6590000	6,585,897	6.80
6,630	Total		96,867,793	100.00

Categories of Shareholding

As on June 30, 2022

Categories of Shareholders		No. of Shareholders	Shares Held	Percentage
1	Directos, CEO and their spouse & minor children	12	28,510,328	29.43
	Mr. Sikandar Mustafa Khan	1	8,347,182	8.62
	Mr. Sohail Bashir Rana	1	5,512,260	5.69
	Mr. Laeeq Uddin Ansari	1	8,979,017	9.27
	Mr. Kaiser Saleem	1	2,201,867	2.27
	Mr. Saad Iqbal	1	2,255,728	2.33
	Mr. Muhammad Javed Rashid	1	1	0.00
	Mr. Nasar Us Samad Qureshi	1	247	0.00
	Mrs. Ambreen Waheed	1	1,479	0.00
	Syed Muhammad Irfan Aqueel	1	330,734	0.34
	Mrs. Cyra Khan (Spouse of Mr. Sikandar Mustafa Khan)	1	128,280	0.13
	Mrs. Ayesha Sohail (Spouse of Mr. Sohail Bashir Rana)	1	690,398	0.71
	Mrs. Shireen Shah Aqueel (Spouse of Syed Muhammad Irfan Aqueel)	1	63,135	0.07
2	Associated Companies, Undertakings and Related parties	40	10,851,013	11.20
	a- Associated Companies	0	0	0.00
	b- Associated Undertakings	3	494,540	0.51
	c- Related Parties	37	10,356,473	10.69
3	NIT and ICP	4	1,173,235	1.21
4	Banks, Development Financial Institutions , Non-Banking Financial Institutions & Pension Funds	12	1,993,439	2.06
5	Insurance Companies	9	7,954,491	8.21
6	Modarabas & Mutual Funds	39	1,638,118	1.69
7	Shareholders Holding 10% or more Voting Interest	-	-	-
8	General Public	6,396	39,779,610	41.07
	a-Local	6,366	36,604,630	37.79
	b-Foreign	30	3,174,980	3.28
9	Others	118	4,967,559	5.13
	Joint Stock Companies	81	920,956	0.95
	Trusts	31	3,931,591	4.06
	Others	6	115,012	0.12
		6,630	96,867,793	100.00

Millat Group of Companies

Consolidated Pattern of Shareholding

As on June 30, 2022

Pattern of Shareholding of Millat Industrial Products Limited

As on 30-06-2022

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
8	1	100	665
41	101	500	11,063
64	501	1,000	50,437
47	1,001	1,500	57,036
35	1,501	2,000	62,483
22	2,001	3,000	51,359
25	3,001	5,000	93,117
47	5,001	40,000	774,987
10	40,001	100,000	672,817
3	100,001	400,000	900,126
1	400,001	600,000	541,250
1	600,001	6,000,000	5,737,500
304		Total	8,952,840

Pattern of Shareholding of Tipeg Intertrade DMCC

As on 30-06-2022

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
5	1	100	500
1	101	1,500	1,500
6		Total	2,000

Pattern of Shareholding of Bolan Castings Limited

As on 30-06-2022

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
186	1	100	8,457
494	101	500	127,601
133	501	1000	110,392
187	1001	5000	440,384
29	5001	10000	212,313
9	10001	15000	113,092
6	15001	20000	104,436
5	20001	25000	112,141
3	25001	30000	85,600
1	30001	35000	32,270
1	35001	40000	36,000
1	40001	45000	44,794
2	70001	75000	149,000
1	95001	100000	100,000
1	125001	130000	125,700
1	140001	145000	144,359
1	145001	150000	150,000
1	165001	170000	166,369
1	255001	260000	258,266
1	295001	300000	300,000
1	485001	490000	488,276
1	775001	780000	776,100
1	945001	950000	950,000
1	1125001	1130000	1,130,000
1	5305001	5310000	5,306,979
1069		Total	11,472,529

Pattern of Shareholding of Millat Equipment Limited

As on 30-06-2022

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
50	1	1000	29,446
38	1001	2000	62,858
39	2001	3000	104,580
44	3001	4000	155,794
48	4001	5000	227,781
77	5001	10000	580,067
28	10001	15000	351,107
24	15001	20000	425,624
12	20001	25000	272,721
13	25001	30000	370,550
6	30001	35000	197,000
9	35001	40000	344,329
7	40001	45000	297,701
5	45001	50000	242,375
2	50001	55000	107,000
3	55001	60000	174,450
2	60001	65000	125,500
4	65001	75000	283,859
3	75001	100000	286,244
2	100001	120000	239,200
4	120001	150000	559,050
1	150001	200000	170,800
2	200001	300000	554,867
2	300001	700000	1,024,442
4	700001	2005000	7,112,662
1	2005001	11700000	11,699,993
430		Total	26,000,000

Consolidated Categories of Shareholding

As on June 30, 2022

Categories of Shareholders	MIPL	%	TIPEG	%	BCL	%	MEL	%
1- Directors, CEO's, spouse & minor children								
Mr. Sikandar Mustafa Khan	541,250	6.05	100	5.00	166,369	1.45	1,622,859	6.24
Mr. Sohail Bashir Rana	–	–	100	5.00	144,359	1.26	–	–
Mr. Laeeq Uddin Ansari	339,500	3.79	100	5.00	3,120	0.03	2,159,801	8.31
Mr. Ahsan Imran Shaikh (CEO-MEL)	–	–	–	–	–	–	132,450	0.51
Syed Muhammad Irfan Aqueel (CEO-MTL)	–	–	–	–	–	–	100,000	0.38
Mr. Javed Aslam (CEO-MIPL)	20,000	0.22	–	–	–	–	–	–
Mr. Abdul Hamid Ahmed Dagia (BCL Director only)	–	–	–	–	2,500	0.02	–	–
Mrs. Tabassum Rana (BCL Director only)	–	–	–	–	80	0.00	–	–
Mr. Muhammad Mustafa Khan	2,500	0.03	–	–	–	–	2,142	0.01
Mr. Muhammad Mustafa Sohail	1,000	0.01	–	–	–	–	3,950	0.02
Mr. Muraad Naseer Uddin Ansari (MEL Director only)	–	–	–	–	–	–	5,000	0.02
Mr. Shehryar Ansari (MIPL Director only)	23,000	0.26	–	–	–	–	–	–
Mr. Qaiser Saleem (MIPL and MEL Director only)	198,126	2.21	–	–	3,248	0.03	602,176	2.32
	1,125,376	12.57	300	15.00	319,676	2.79	4,628,378	17.80
2- Associated Companies, Undertakings and related parties								
a) Millat Tractors Limited	5,737,500	64.09	1,500	75.00	5,306,979	46.26	11,699,993	45.00
b) Associated Undertakings	–	–	–	–	48,523	0.42	–	–
c) Related Parties	–	–	–	–	–	–	–	–
3- NIT and ICP	–	–	–	–	488,716	4.26	–	–
4- Banks, Development Financial Institutions, Non-Banking Financial Institutions & Pensions Funds	–	–	–	–	75,273	0.66	–	–
5- Insurance Companies	–	–	–	–	300,000	2.61	–	–
6- Modarabas & Mutual Funds	–	–	–	–	–	–	–	–
7- Shareholders Holding 10% or more Voting Interest (Detail as per 2 (a) above)								
8- General Public								
a-Local	–	–	–	–	4,523,368	39.43	–	–
b-Foreign	–	–	–	–	40,300	0.35	–	–
9- Others								
Joint Stock Companies	–	–	–	–	–	–	–	–
Trust	–	–	–	–	–	–	–	–
Public	2,089,964	23.34	–	–	–	–	9,671,629	37.20
Miscellaneous	–	–	200	10.00	369,694	3.22	–	–
	8,952,840	100.00	2,000	100.00	11,472,529	100.00	26,000,000	100.00

Electronic Transmission Consent



Pursuant to the allowance granted through SRO 787(I)/2014 of September 8, 2014, by the Securities Exchange Commission of Pakistan, the Company can circulate its Annual Audited Financial Statements, Auditor's report(s) and Directors' report(s) etc. along with the Company's Notice of Annual General Meeting through email to its shareholders. Those shareholders who wish to receive the Company's Annual Report via email are requested to provide a completed consent form to the Company's Share Registrar, M/s. CDC Share Registrar Services Ltd.

PLEASE NOTE THAT RECEIPT OF THE ANNUAL REPORT VIA EMAIL IS OPTIONAL AND NOT COMPULSORY.

ELECTRONIC TRANSMISSION CONSENT FORM

The Share Registrar

Date: _____

Karachi CDC Share Registrar Services Limited CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal Karachi-74400.	Lahore Mezzanine Floor, South Tower, LSE Plaza, Khayaban-E-Aiwan-E-Iqbal, Lahore.	Islamabad Room # 410, 4th Floor, ISE Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad.
---	--	---

Pursuant to the directions given by the Securities Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I, Mr./Ms. _____ S/o, D/o, W/o _____ hereby consent to have Millat Tractors Ltd., Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Name of Member/Shareholder _____

Folio/CDC Account Number _____

Email Address: _____

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of Annual General Meeting.

Signature of the Member/ Shareholder



MILLAT TRACTORS LIMITED

اظہار رضامندی بابت ترسیل برق روی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2014/1(787) مورخہ 08 ستمبر 2014 کے بموجب سہولت مہیا کی گئی ہے کہ کمپنی اپنی سالانہ بیلنس شیٹ اور نفع و نقصان کے گوشوارے محاسب و قلم کی مرتب کردہ اطلاقی معلومات (پڑتال شدہ مالیاتی حسابات) بشمول سالانہ اجلاس عام کی اطلاع اپنے شیئرز ہولڈرز کو بذریعہ ای میل ارسال کر سکتی ہے۔ وہ تمام شیئرز ہولڈرز جو کمپنی کی سالانہ رپورٹ بذریعہ ای میل حاصل کرنے کے خواہش مند ہیں ان سے التماس ہے کہ بحال شدہ رضامندی کے فارم کمپنی کے شیئرز رجسٹر اریسر ڈی ڈی سی شیئرز رجسٹر اریسر و سرٹیفیکیٹ کو مہیا کریں۔

یاد رہے کہ سالانہ رپورٹ کی بذریعہ ای میل وصولی اختیاری ہے لازمی نہیں ہے۔

اظہار رضامندی بابت ترسیل برق روی فارم

تاریخ:

شیئرز رجسٹرار

میسرز ڈی سی شیئرز رجسٹر اریسر و سرٹیفیکیٹ

کراچی	لاہور	اسلام آباد
سی ڈی سی ہاؤس 99-بی، بلاک-بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس، میز اتارن ٹور، ساؤتھ ٹاور، ایل۔ ایس۔ ای پلازہ، خیابان ایوان اقبال، لاہور	میڈیا اینڈ اینکوائری، لاہور	روم نمبر 4th، 410، ٹور، آئی۔ ایس۔ ای ٹاورز، 55-B، جناح ایویٹو، بیو ایریا، اسلام آباد

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2014/1(787) مورخہ 08 ستمبر 2014 کی تعمیل کرتے ہوئے میں مسمیٰ اسمت

دلہیت از وجہیت ملت فریکٹر ڈیٹ کے پڑتال شدہ مالیاتی گوشوارے اور سالانہ اجلاس عام کی اطلاع بذریعہ ای میل مندرجہ ذیل ای میل پتے پر حاصل کرنا چاہتا/چاہتی ہوں

ممبر / شیئرز ہولڈر کا نام

فونیوی ڈی سی اکاؤنٹ نمبر

ای میل ایڈریس

ہر گاہ اقرار کیا جاتا ہے کہ مندرجہ بالا معلومات صحیح اور درست ہیں اور یہ کہ میں کمپنی اور اس کے شیئرز رجسٹر اریسر کو تحریری طور پر ای میل ایڈریس میں تبدیلی یا بذریعہ ای میل کمپنی کے پڑتال شدہ حسابات اور سالانہ اجلاس عام کی اطلاع کی وصولی یا منسوخی کے بارے میں مطلع کروں گا/گی۔

ممبر / شیئرز ہولڈر کے دستخط

Proxy Form



Please quote your Folio No.
as in the Register of Members

Folio No. _____

I/We, _____, of _____
_____ (Full Address), being the holder(s) of _____
shares of Millat Tractors Limited, do hereby appoint _____
_____ of _____, another member of the Company or
failing him, _____
_____ (Name) of _____
_____ (Full Address), another member of the Company as my/our proxy to attend and vote for me/us
and on my/ our behalf at the 59th Annual General Meeting of the Company to be held at the Company's Registered
office 9 K.M, Sheikhpura Road, Lahore on Thursday, October 27, 2022 at 04:00 PM and at every adjournment thereof.

Signed this _____ day of October, 2022

Signatures on Rupees
Fifty Revenue Stamp

(Signature should
agree with specimen
signatures registered
with the Company)

Important

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member(s) or by his /her attorney duly authorized in writing. If the member is a company, its company stamp should be affixed to the instrument.
3. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, 9 K.M, Sheikhpura Road, Lahore, not less than 48 hours before the time of holding of the meeting.

تشکیل نیابت داری

59 واں سالانہ اجلاس عام



MILLAT TRACTORS LIMITED

ملٹ ٹریکٹرز لمیٹڈ

میں / ہم

ساکن

رکن و حاصل

عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر

اور ذیلی کھاتہ نمبر

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر

ساکن

یا بصورت دیگر

ساکن

کو اپنی جگہ بروز جمعرات مورخہ 27 اکتوبر، 2022ء وقت 4:00 بجے، بمقام کمپنی کے رجسٹرڈ آفس: 9-کلو میٹر شیخوپورہ روڈ شاہدرہ لاہور میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط کئے گئے مورخہ 2022ء

دستخط

براہ کرم پچاس روپے مالیت
کے ریونیو ٹکٹ چسپاں کریں۔

(دستخط کمپنی میں درج نمونہ کے
دستخط کے مطابق ہونے چاہئے)

نوٹس:

1. کمپنی کی سالانہ جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کا حق دار رکن اپنی بجائے دوسرے کو شرکت کرنے اور ووٹ دینے کا حق دے سکتا ہے۔ جو کمپنی کارکن نہیں ہے کوئی بھی شخص پراکسی کے طور پر کام نہیں کرے گا سوائے اس کے کہ ایک کارپوریشن کسی ایسے شخص کو مقرر کرے جو رکن نہیں ہے۔
2. پراکسی کا تقرر کرنے والے پراکسی پر رکن (ممبران) یا اس کے وکیل کی طرف سے تحریری طور پر مجاز ہونا چاہیے۔ اگر ممبر ایک کارپوریشن ہے تو اس کی عام ممبر کو پراکسی پر چسپاں کیا جانا چاہیے۔
3. یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس: 9-کلو میٹر، شیخوپورہ روڈ، لاہور میں اجلاس کے انعقاد سے 48 گھنٹے پہلے وصول ہو جانی چاہیے۔

Notes

Notes

[illegible]

Notes

[illegible]

Notes

[illegible]



www.millet.com.pe

Marketing Office

Av. José Pardo 1000, Lima - Peru

Tel: +51 1 426 0000 / 426 0001

www.millet.com.pe

