





60 Years of Excellence & Service to the Nation

ANNUAL REPORT 2023-24



 www.millat.com.pk

 Millat Tractors Limited Official  Millat Tractors Ltd

Key Figures 2024



Dividend Per Share
Rs. **25/-**



Net Profit After Tax
Rs. **9,917** Million



Tractors Sold
30,620 Units



Earning Per Share
Rs. **51.70** /-



Net Revenue
Rs. **91,509** Million

Chronicles

- 1965**
Assembly of tractors from SKD
- 1972**
Nationalization
- 1973**
Licensing and transfer of Technology Agreement with MF, UK
- 1982**
Inauguration of Engine Assembly Plant (Perkins Engines)
- 1984**
Inauguration of Machining Plant
- 1990**
Perkins distributor Agreement
- 1992**
- Privatization through Employee Buyout
- Inauguration of New Tractor Assembly Plant (MF Design)
- 1993**
Bolan Castings Ltd Buyout
- 1994**
- Mass Production of Generating Sets
- Millat Equipment Ltd established
- 1998**
ISO 9002 Certification Achieved
- 2000**
Licensing Agreement - Heli Forklift Trucks (China)
- 2002**
- Quality Management System Upgraded to ISO 9001:2000
- Millat Industrial Products Ltd established
- 2011**
Record tractor production of 42,188 and sale of 42,011 units
- 2012**
TIPEG Inter-trade DMCC, UAE established
- 2015**
Export Agreement with AGCO
- 2017**
- Business Partnership Agreement with IFS
- Development of Emission Compliant Euro II Engines
- 2018**
- Diversification by investment in Hyundai Nishat Motors (Pvt.) Limited
- Highest ever sales of 42,708 and production of 42,507 units achieved
- 2019**
- Operations started by IFS segment
- 4WD Models of MF-360 and MF-375 launched for exports
- 2020**
Export of over 1,000 tractor units
- 2021**
Export of over 2,000 tractor units
- 2022**
998 kw of solar plant with net-meeting completed for green energy and environment initiative
- 2023**
Incorporation of MRO Multan
- 2024**
Export of over 2,500 Tractors

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Company Overview





Vision and 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 the 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 customers, stakeholders and to fulfilling our corporate social responsibility.”

Company Overview

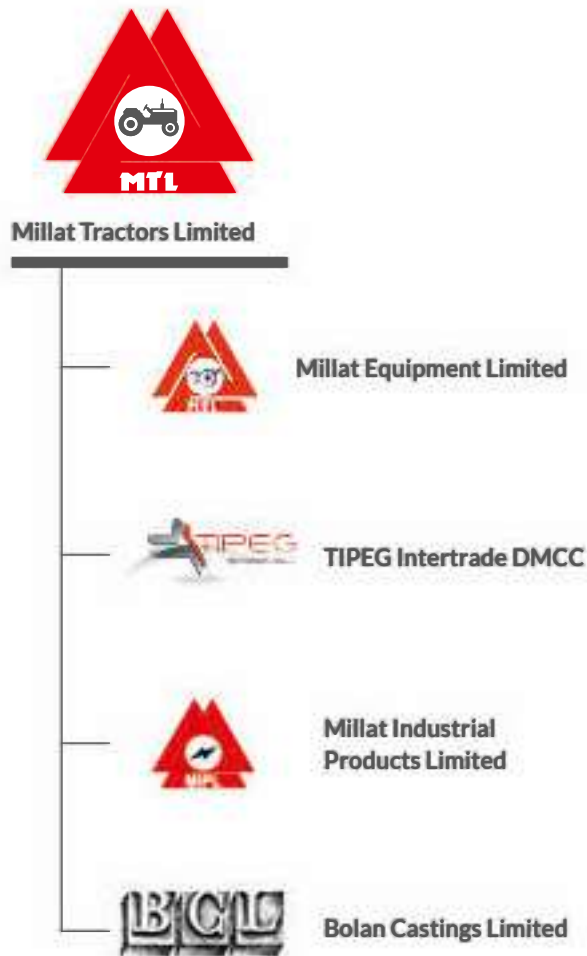
Millat Tractors Limited (MTL), an ISO 9001:2008 certified company, is Pakistan's leading engineering concern in the automobile sector, engaged in the manufacturing and marketing of the world-renowned Massey Ferguson (MF) tractors, under licensing agreement with AGCO Limited, UK; forklift trucks under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

MTL 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 a pioneer 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 twelve tractor models in the range of 50 HP -100 HP, diesel generator sets of capacities ranging from 12.5kVA to 300 kVA, and a 3 ton forklift truck, agriculture implements and genuine spare parts.

The Company is a partner of IFS applications in Pakistan. 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 (now the Companies Act, 2017), and was converted into an unlisted public limited company on April 20, 2004. It 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 9 KM, Lahore - 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, an unlisted public company registered under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), is a subsidiary of Millat Tractors Limited, which holds 64.09% of the company's equity. The company 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 9 KM, Lahore - Sheikhpura Road, Shahdara, Lahore.
- The manufacturing facility of the company is located at 49 KM, off Multan Road, Bhai Pheru, District Kasur.

Bolan Castings Limited

Bolan Castings Limited, a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), and listed on the Pakistan Stock Exchange, is a subsidiary of Millat Tractors Limited, which holds 46.26% of the company's equity. The company 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 contracts with customers

2023	Rs. in Million
44,191	91,509



Profit After Tax

2023	Rs. in Million
3,378	9,917



No. of Outstanding Shares

2023	(000's)
191,798	191,798



Earning per Share

2023	Rs.
17.61	51.70



Dividend

2023	Rs. / Share
25	25.00



Dividend payout ratio

2023	Percentage
119.59	48.35



Long Term Investments

2023	Rs. in Million
6,480	6,283



Total Current Assets

2023	Rs. in Million
17,766	22,518



Shareholder's Equity

2023	Rs. in Million
7,718	9,762



Return on Capital Employed

2023	Rs. in Million
115.35	217.08



Current Ratio

2023	Times
1.13:1	1.20:1



Debt : Equity

2023	Times
15 : 85	9 : 91



Market Capitalization (Year End)

2023	Rs. in Million
74,861	121,999



Market Capitalization (Year End)

2023	US \$ in Million
261	438



Price to Earning Ratio

2023	Times
22.16	12.30



Net Assets per Share

2023	Rs.
40.24	50.90

Corporate Information

Board of Directors

Chairman

Mr. Sikandar Mustafa Khan

Chief Executive

Mr. Raheel Asghar

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
Bank of Punjab 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's Vision and the Company's Mission Statement.

The Code of Conduct defines the expected behaviors for 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. The highest standards of ethical business conduct are required of employees in the performance of their responsibilities. 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.

The 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/her 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 and 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.

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.

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 and 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 and other exercises are carried out periodically to keep employees prepared for any unforeseen incident.

- 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 and 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:

- To provide premises, plant, equipment and work instructions that are free from all kinds of health and safety risks.

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 340 permanent personnel.



Once the raw material is procured, value addition and assembly is done in-house to deliver the best tractors to the customers. Therefore, pre-delivery inspection and continuous after-sales services are an integral part of our operations.



Value addition and assembly



Pre-delivery inspection



Handing over to dealers



After-sales services

PESTLE Analysis



Political

Description	Change during the year 2023-24	Response
Political situation and its stability affect other factors which in turn affect your company	The country is in a political chaos. Accordingly, uncertainty persists for the Government, which results in lack of long-term planning and strategic innovations.	Periodic review of the situation to assess the impact, if any, and adjusting the business policies to address these risks.



Economical

Description	Change during the year 2023-24	Response
Inflation, currency devaluation, economic growth and economic stability directly affect purchasing power of customers which can impact supply / demand factors	Inflation on average remained at a whopping 23.41 percent during the year as compared to 12.57 percent during the last year. Pak Rupee (PKR) appreciated by an unprecedented 3 percent (approx.) during the year, amid a persistent political and economic crisis, due to measures taken by the State Bank of Pakistan to stabilize (PKR). Despite high inflation, the gross domestic product of the country witnessed a growth of 2.38 percent.	Worked on increasing the share in global market, due to slow down of national economy, and managed to enhance the exports manifold.



Social

Description	Change during the year 2023-24	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 2023-24	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. However, with an aim to obtain a share in global market, the company needs to innovate and move towards environment friendly and sustainable products.	Continuous research and development coupled with launch of new products, and constant improvements in assembly of products for the global market.



Legal

Description	Change during the year 2023-24	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 environment, such as: -Taxation laws; -Labour related laws; -SBP regulations; and -Environmental laws.	Continuous review of compliance with legal, regulatory and reporting requirements.



Ecological

Description	Change during the year 2023-24	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	During the year, agriculture sector performance was robust and positively impacted Kharif crops. The sector grew by 6.25% against last year's growth of 1.55%.	Focus on sustainable and eco-friendly measures to protect the environment.

SWOT Analysis



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



Opportunities

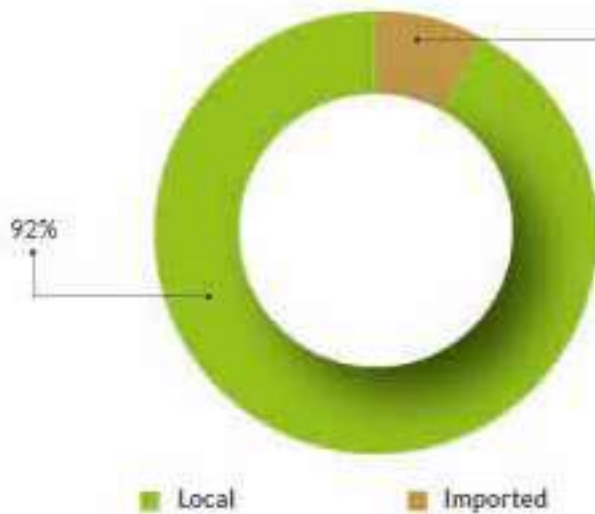
- Expanding export market by increasing presence in Africa and Middle East
- Increasing market share by expanding spare parts sales
- Farm mechanization



Threats

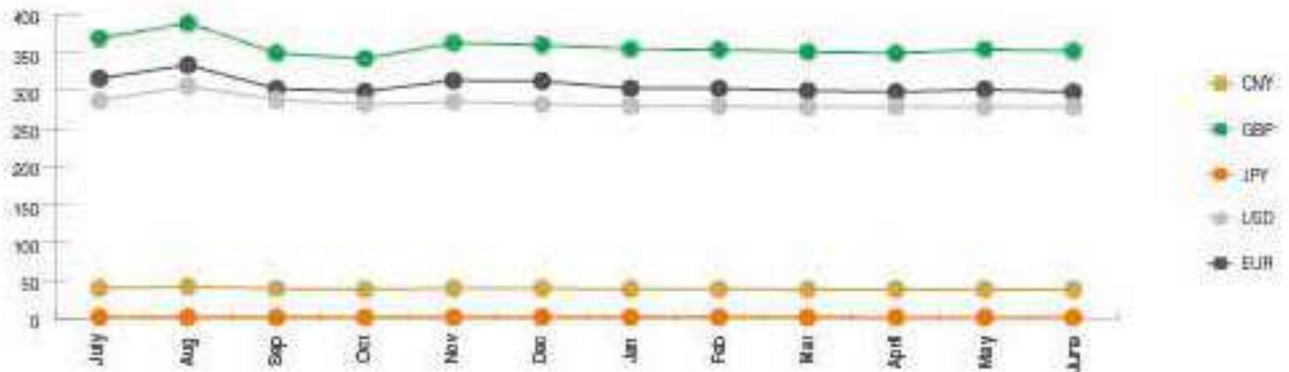
- Global warming
- Inflation and currency devaluation
- Inconsistent taxation policies

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 person in a business suit is pointing at a laptop screen in a meeting room. The scene is dimly lit with a green tint. In the foreground, a document with various charts and a world map is visible on a table. The text "Strategy and Resource Allocation" is overlaid in white on the right side of the image.

Strategy and Resource Allocation

Strategic Objectives

Long term objectives

- Constantly endeavor to be a market leader in terms of market share.
- Technology pace-setters in areas of operations.
- Drive sustainable and environment-friendly growth.
- Continuously improve efficiency and competitive strength.
- Offer customers quality products and support services at competitive prices, and enhance customer satisfaction.
- Ensure sustainability of company returns to shareholders.
- Enhance creativity and job satisfaction.
- Provide employees' opportunities for personal development.

- Be an integral part of national economy, with a strong sense of responsibility to the society and 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' returns.



Strategic plan

Millat Tractors Limited ensures that 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.

The Company will continue to enable its vendors 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

It is important to discuss and assure our stakeholders of the Company's liquidity position during these times when the economy is fluctuating. Despite these challenges, overall sales of the Company have increased both in the local as well as global market. The Company has succeeded to capture a greater share of the global market, as compared to the previous years.

However, during the year, sales tax refunds of the Company have ballooned up to PKR 6.284 billion, which is creating problems for the Company. Management of the Company is actively pursuing this matter at every possible forum; and meanwhile, managing the operations of the Company through cash generated from operations, and utilization of adequate borrowing facilities, where required.

Significant plans

The Company aims to expand its global outreach by expanding its export operations and focusing on diversification through providing Information Technology enabled solutions. The immediate goal is to drive growth, while ensuring safety and well-being of all stakeholders and employees.

Changes in objectives

There has been no significant change in strategy and objectives from the previous years.



Key Performance Indicators

Quantitative



Tractor
Units Sold



Export
Sales



Earnings
per Share



Market
Share

Qualitative



Warranty
Claims



Employee
Retention



Right-First-Time
Build



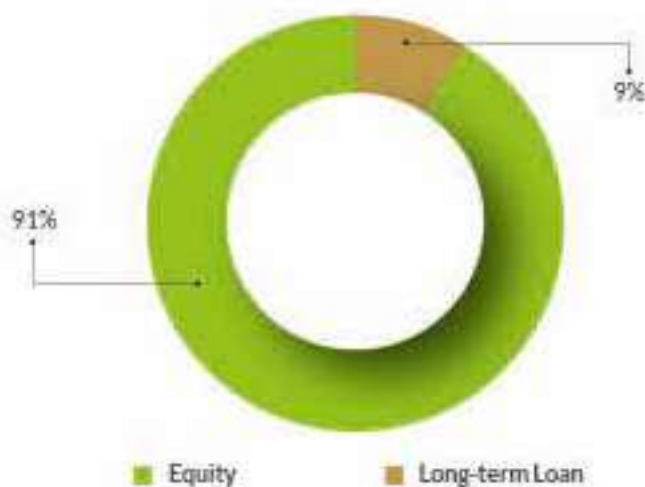
Compliance of
Laws and Regulations

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 requirements 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 information technology 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-operation with government Compliance with laws and regulations Sustainable growth of the community by providing job opportunities for local population

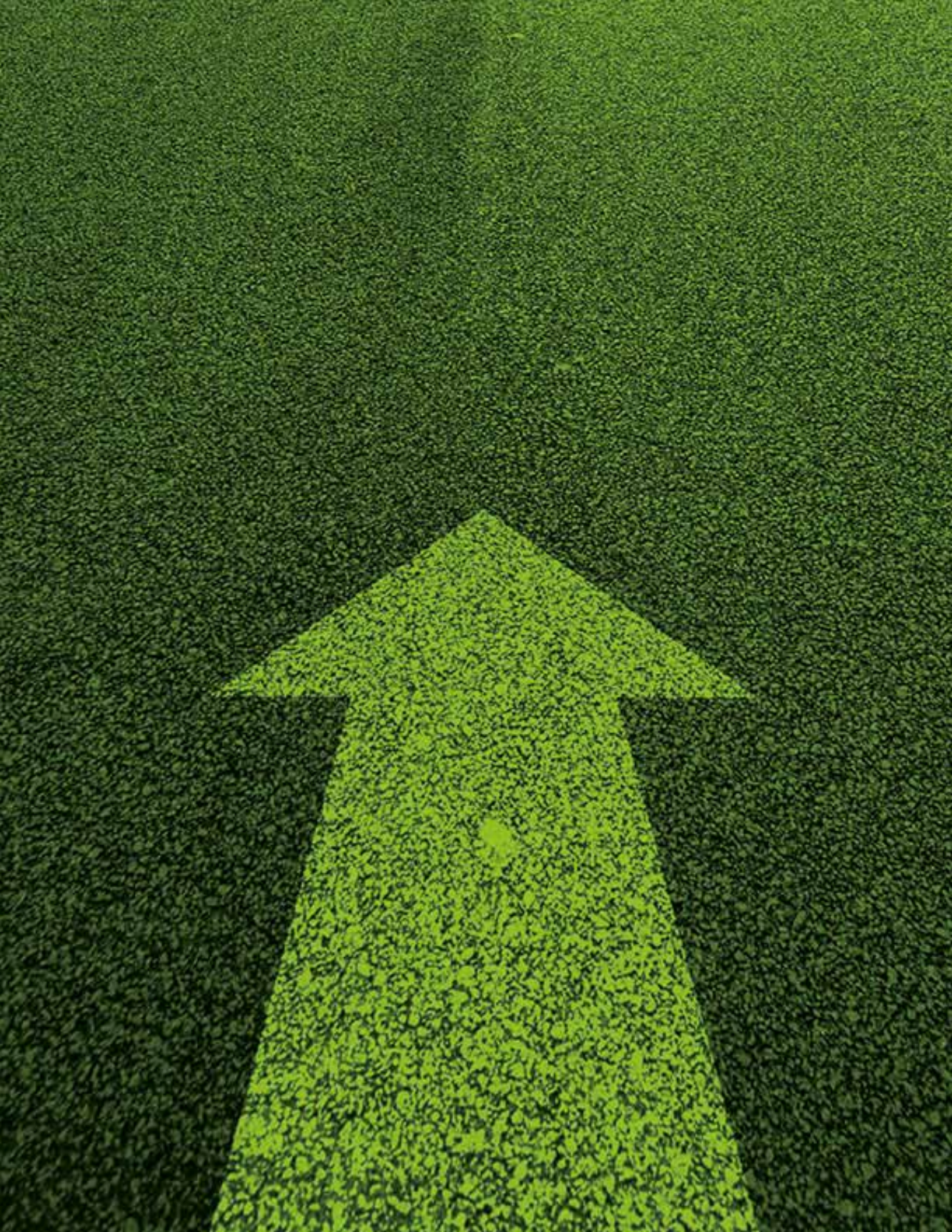
The company periodically reviews its plans to effectively and efficiently utilize its available resources as outlined above. The senior management is involved in monitoring and supervision of day to day activities to ensure accurate and appropriate actions.

Capital Structure of the Company



The company uses a mixture of long term debt and equity to maintain its capital structure. The company calculates its debt ratio as 'Long term debt / (Long term debt + Equity)'. The company has obtained the following long term loans as at June 30, 2024:

- Loan from a commercial bank to maintain ownership stake of 15.86% in the Nishat Hyundai Motors (Private) Limited; and
- Loan under renewable energy finance scheme by the State Bank of Pakistan.



Risks and Opportunities

Risks and Opportunities

Risks	Source	Magnitude	Chance of occurrence	Plan to address
<p>Liquidity risk:</p> <p>The company is currently has net sales tax refundable, due to lower output tax rate on sale of its products. Delay in the release of sales tax refunds may create liquidity issues for the company which will hamper its operations.</p>	External	High	Medium	<ol style="list-style-type: none"> 1. Timely compliance with the requirements of laws and regulations to avoid delay(s) in processing. 2. Actively engaging with relevant tax authorities for release of sales tax refunds.
<p>Environment and sustainability:</p> <p>Recent global awareness with respect to climate change risk, environmental harm and other sustainability related issues, has increased disclosure and compliance requirements on part of the company, failure of which may result in legal action or penalties by relevant authorities or reputation loss.</p>	External	Low	Low	<ol style="list-style-type: none"> 1. Developing and implementing sustainability related policies and practices. 2. Periodic review of business performance to devise a mitigating plan, if necessary. 3. Engaging with stakeholders to include investors, consumers and regulators, to understand their expectations and concerns.
<p>Deterioration in quality of products:</p> <p>Quality plays an important role in product image, market share and customer perception.</p> <p>Quality of the company's products may deteriorate due to following factors:</p> <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 <p>This may result in loss of sales and reputation among prospective customers as well as reduction in market share.</p>	Internal	Medium	Low	<ol style="list-style-type: none"> 1. Ensuring proper quality checks of supplies from vendors by qualified and trained staff. 2. Conducting periodic trainings of staff to ensure their competency. 3. Strict vendor screening and monitoring process.
<p>Increase in costs due to currency devaluation and inflation:</p> <p>Inflation and devaluation of PKR against USD affects the company directly as well as indirectly. Bill of imports increases on account of PKR devaluation. On the other hand, local vendors are likely to push for price increase as majority of their raw material is also imported. These factors have a direct bearing on profitability of the company.</p>	External	Medium	Medium	<p>Continuous monitoring of costs and impact of currency devaluation to evaluate any change required in strategy and targets.</p>

Risks	Source	Magnitude	Chance of occurrence	Plan to address
<p>Information system / Enterprise Resource Planning (ERP) system failure:</p> <p>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, restoration of ERP database takes considerable time.</p>	Internal	Medium	Medium	<ol style="list-style-type: none"> 1. Keeping disaster recovery plan up to date, and ensuring its implementation in case of any event. 2. Training relevant personnel with respect to disaster recovery plan. 3. Ensuring that an effective business continuity plan is put up in concurrence with disaster recovery plan.
<p>High turnover of key employees resulting in loss of expertise:</p> <p>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.</p>				<ol style="list-style-type: none"> 1. Training people to develop specialized skills and add width to their job description through role transition / job rotation. 2. Developing and maintaining an effective succession plan to minimize sudden loss of key personnel, if any.
Opportunities	Source	Magnitude	Chance of occurrence	Plan to capture
<p>Foreign expansion:</p> <p>The company has increased its export sales and it is still making efforts in global markets, especially Africa, Middle East and Afghanistan to increase its global market share.</p>	External	High	Medium	<ol style="list-style-type: none"> 1. Enhancing quality of products to compete globally. 2. Engaging in research to develop tailored products for different markets. 3. Active engagement with principal (AGCO) to explore new avenues.
<p>Diversification/ Local expansion:</p> <p>The company is foreseeing to establish retail outlets in different cities in order to expand its spare parts sales. Based on its performance, there is a large potential in establishing more retail outlets all over Pakistan to capture this market as well.</p> <p>Moreover, there is also huge potential for agricultural related accessories as customer awareness for new technology is enhancing.</p>	Internal	Medium	Medium	<ol style="list-style-type: none"> 1. Educating customers about importance of usage of genuine spare parts. 2. Expanding spare parts' dealer network. 3. Introducing new categories of implements.



A photograph of a modern conference room, overlaid with a green tint. The room features a long, light-colored conference table with several ergonomic office chairs arranged around it. A small potted plant sits on the table. The walls are covered in horizontal blinds, and the ceiling has recessed lighting. The text "Notice of Annual General Meeting" is centered in white, bold, sans-serif font.

Notice of Annual General Meeting

Notice of Annual General Meeting

Notice is hereby given that 61st 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 Friday October 18, 2024 at 12:00 Noon as well as through Video Conferencing facility to transact the following business:

A. Ordinary Business

- 1) To confirm minutes of the 60th Annual General Meeting held on October 26, 2023 and Extra Ordinary General Meeting held on June 15, 2024.
- 2) To receive, consider and adopt the financial statements of the Company and the Group for the year ended June 30, 2024 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
- 3) To approve interim dividend of Rs. 25.00 per share i.e., 250% already paid.
- 4) To appoint auditors M/s. A.F Ferguson & Co., Chartered Accountants and fix their remuneration for the year ending June 30, 2025.

B. Special Business

- 5) To ratify and approve transactions conducted with subsidiary/associated companies for the year ended June 30, 2024 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, 2024 be and are hereby ratified, approved and confirmed."

2024 (AMOUNT IN RUPEES)				
Particulars	Tipeg Intertrade Dmcc	Millat Industrial Products Limited	Bolan Castings Limited	Millat Equipment Limited
Purchase of components	1,465,772,134	805,955,773	3,838,249,666	10,538,738,094
Sale of components	431,602,674	45,542	402,914	240,086

- 6) To authorize Chief Executive of the Company to approve transactions with subsidiary/associated companies for the year ending June 30, 2025 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 61st 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 consider, adopt with or without modification the following ordinary resolution for holding office of profit by the directors.

"Resolved that sanction/approval be and is hereby accorded for holding the office of profit under the Company by the Directors Mr. Sikandar Mustafa Khan and Mr. Sohail Bashir Rana for a period of three years commencing October 30, 2024 subject to their election as directors."

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:
September 26, 2024

Notes

1. The share transfer books of the Company will remain closed from October 11, 2024 to October 18, 2024 (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 Shahrah-e-Faisal, Karachi-74400 by the close of business on October 10, 2024 will be considered in time 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 Wednesday, October 16, 2024.

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. Polling on Special Business Resolutions:

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 ("the Regulations") issued by the Securities and Exchange

Commission of Pakistan ("SECP"), SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of Millat Tractors Limited (the "Company") will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on Friday October 18, 2024 at 12:00 P.M, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

For the convenience of the Members, ballot paper is annexed to this notice and the same is also available on the Company's website at www.millat.com.pk for download.

Procedure for E-Voting:

- I. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 10, 2024.
- II. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- III. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- IV. E-Voting lines will start from October 14, 2024, 09:00 a.m. and shall close on October 17, 2024 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

Procedure for Voting Through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address at 9 K.M. Sheikhpura Road, Shahdara, Lahore or email at corporate.affairs@millat.com.pk one day before the Annual General Meeting on October 18, 2024,

during working hours. The signature on the ballot paper shall match the signature on CNIC.

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 Shakra-e-Faisal, Karachi-74400, 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. 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>

11. Placement of Accounts on website


The financial statements of the Company for the year ended June 30, 2024 along with reports have been placed at the website of the Company www.millat.com.pk.

12. 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 balance sheet, profit & loss account, 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.

13. Circulation of Company's Annual Audited Financial Statements through QR Enabled Code and Web link

SRO. 389 (1)/2023 dated March 21, 2023 has allowed listed companies to circulate the Annual Audited Financial Statements to their members through QR enabled code and web-link. Accordingly, the annual audited financial statements are being circulated through following QR Enabled code and weblink.

Weblink	QR Code
https://www.millat.com.pk/wp-content/uploads/2024/10/MTL-AR-2324.pdf	

14. 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.

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, 2024, 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	625,312	166,369	2,038,751
2	Mr. Sohail Bashir Rana & Relatives	100	416,874	4,359	2,256,791
3	Mr. Laeeq Uddin Ansari & Relatives	100	416,875	3,120	2,666,021
4	Mr. Qaiser Saleem & Relatives		228,205	3,622	725,862
5	Mr. Raheel Asghar-CEO, MTL				115
	TOTAL	300	1,687,266	177,470	7,687,540
	Percentage Of Shareholding	15.00 %	16.38 %	1.55%	25.71%

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 Mr. Laeeq Uddin Ansari Mr. Qaiser Saleem (Not a Director in TIPEG) Mr. Raheel Asghar		
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 Mr. Laeeq Uddin Ansari Mr. Qaiser Saleem (Not a Director in TIPEG) Mr. Raheel Asghar(Director in MEL)		

Name of related party		TIPEG	MIPL	BCL	MEL
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	1,465,772,134	805,955,733	3,838,249,666	10,538,738,094
	Sale of components	431,602,674	45,542	402,914	240,086
Time frame or duration of the transactions or contracts or arrangements.		01-07-2023 to 30-06-2024	01-07-2023 to 30-06-2024	01-07-2023 to 30-06-2024	01-07-2023 to 30-06-2024
Pricing Policy	Purchase of components	At Mutually Agreed price			
	Sale of components	At Mutually Agreed price			

The Directors are interested in the resolution to the extent of their common directorships and shareholding in the subsidiary 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, 2024 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 61st 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

Approval of Holding of office of Profit

Section 171 (1) (c) (i) of the Companies Act, 2017 requires sanction/approval of shareholders in the general meeting for the holding of office of profit by the directors.

Details of the office of profit proposed to be held by directors and brief job description

Subject to their election as directors, M/s. Sikandar Mustafa Khan and Sohail Bashir Rana shall be holding office of profit under the Company for performing extra services including acting as member(s) of different committees to be constituted and terms of reference thereof approved by the Board. The role and responsibilities of Mr. Sikandar Mustafa Khan shall be as under.

1. chair the Board and General Meetings of the Company including setting the agenda of such meetings;
2. promote the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level;
3. ensure that the Board receives accurate, timely and clear information;
4. ensure effective communication with members of the Company;
5. facilitate the effective contribution of non-executive directors and ensure constructive relations between executive and non-executive directors;
6. ensure that the performance of the Board, its committees and individual directors is evaluated at least once a year; and
7. ensure clear structure for, and the effective running of, Board committees.
8. Disclosure of interest where it exists.

Extra Services

In addition to the above he will perform the following.

- i) To perform duties and responsibilities as defined in the Code of Corporate Governance.
- ii) To act as Chairman of Board's Committee for Group supervision (BCGS) constituted by the Board to review overall business performance, major projects and new investments of group companies.
- iii) To perform functions as contained in Article 103 (2) (iv) of the Articles of Association of the Company which reads as under:
"act as Chairman of Board's Committee for Group Supervision (BCGS) and monitor the functions of units through BCGS members and in furtherance thereof, may from time to time call for information, issue directions, guidelines or assign a specific task to any member of the Committee."
- iv) To monitor functioning of Finance and Marketing committees.
- v) Exercise such powers, functions & duties as may be assigned / delegated by the Board from time to time pursuant to Article 103(2) (iii) of the Articles of Association of the Company.

The role and responsibilities of Mr. Sohail Bashir Rana shall be as under.

1. As Executive director he shall have the same general legal responsibilities to the Company as any other director and shall be required to take decisions in the best interests of the Company.
2. constructively challenge and contribute to the development of Company strategy;
3. ensure that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
4. at all-time comply with the Articles of Association of the Company;
5. disclose interest where it exists.

Extra Services

In addition to the above he will perform the following.

1. Play a key role in coordinating and managing all operational, financial and personnel functions of the Company to ensure continued profit growth.
2. Provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed.
3. Set the Company's strategic goals, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance; and
4. Set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.
5. Implement the approved operational plans of the Company and arrange timely availability of required resources.
6. Define short term and long-term marketing objectives for the Company.
7. Review and approve strategies budgets for production plans to ensure these meet objectives already set.
8. Define reporting formats including key performance indicators and critical success factors for sales and marketing qualitative and quantitative performance measurement.
9. Review actual performance against budget, reasons for variations and plans to bridge the gaps on monthly basis.
10. Define critical success factors for performance measurement.
11. Define critical controls to be implemented in the operations.
12. Review and approve operations policies.
13. Review and approve policies for procurement, inventories, maintenance etc.
14. Review and approve quality control standards.

15. Review performance evaluation of senior personnel of the Company.
16. Review and approve IT Budget and approve IT projects.

Remuneration of the directors including perks and benefits, pecuniary or otherwise;

The maximum per annum limit of remunerations to the above directors shall be as under.

- | | | |
|----|---------------------------|--------------------|
| 1. | Mr. Sikandar Mustafa Khan | Rs. 110.00 million |
| 2. | Mr. Sohail Bashir Rana | Rs. 80.00 million |

Any other benefit or profits arising out of such profit for the directors

Authorized for free use of Company maintained transport for official and private purposes and reimbursement of medical expenses for self and dependents.

Benefits to the Company and its members as a result of such office of profit to be held by the directors

Mr. Sikandar Mustafa Khan is a mechanical engineer and has varied experience in the automotive and engineering industry and has been associated with it since 1972. Mr. Sohail Bashir Rana is also a mechanical engineer with over 38 years'

experience in the automobile sector in Pakistan and abroad. Both have a vast and in-depth experience of the automotive sector especially of tractor industry. The Company will have improved working and better controls resulting in better profitability ultimately for the benefit of shareholders of the company in the shape of higher dividends.

Period of holding of such office

Three years from the date of election i.e., up till next elections of directors of the Company.

The board approves the above remuneration packages in accordance with Articles of Association of the Company subject to their election as directors. However, the holding of office of profit in the Company by the directors has to be sanctioned/approved by the shareholders in the general meeting, therefore the resolution is placed before the shareholders for their consideration and approval, if deemed appropriate.

Each director is interested in the resolution to the extent of his remuneration.

ایگزیز کے لیے اس طرح کے مواقع سے پیدا ہونے والی کوئی دوسرا کام نہ ہو۔

سرکاری اور نجی مفاد کے لیے کھلی کے ذریعہ اہتمام، اسپورٹ کے منت استعمال اور خورد اور اٹھار کرنے والوں کے لیے طبی اخراجات کی ادائیگی کے مہذبوں کے۔

کھلی اور اس کے ممبران کو اس طرح کے مواقع کے حق کے نتیجے میں جو کہ ایگزیز کے پاس ہوں گے۔

مسٹر سکندر مصطفیٰ خان ایک کھلی اہلیت ہیں اور آٹوموبائل اور ایگزیز تک ایگزیز میں دستا خیرہ کرتے ہیں اور 1972 سے اس سے وابستہ ہیں۔

مسٹر کبیر ناہی ایک کھلی اہلیت ہیں اور یہ بھی پاکستان اور بیرون ملک کے آٹوموبائل ٹیکس میں 38 سال سے زیادہ کا تجربہ رکھتے ہیں بیرون ملک دونوں کو آٹوموبائل ٹیکس طور پر لیکز ایگزیز کا دستا اور گوا خیرہ ہے۔ کھلی ایگزیز کام اور ایگزیز کوئی کسے گی جس کے نتیجے میں ایگزیز ہاؤس کھلی کے حصص وانڈیکان کے فائدے کے لیے زیادہ مواقع کی تلاش میں ہوگا۔

مہذب کے انتظام کی مدت

ایگزیز کی تاریخ سے تین سال یعنی کھلی کے ایگزیز کے اگلے انتخابات تک۔

یورپ نے مذکورہ بالا معاہدے کے متعلق کھلی کے آرٹیکل آف ایڈیشن آف کے مطابق ان کے بعد ایگزیز ایجاب کی منظوری دیتا ہے۔ تاہم ایگزیز کی طرف سے کھلی میں آف پرائٹ کو عام میٹنگ میں شیئر ہولڈرز کی طرف سے منظوری اجازت ملنی ہوگی۔ چنانچہ اگر مناسب سمجھا جائے تو یہ قرار اور ایگزیز ہولڈرز کے سامنے ان کے خور اور منظوری کے لیے رکھی گئی ہے۔

ہر ایگزیز اپنے معاہدے کی حد تک قرار میں دلچسپی رکھتا ہے۔

MEL	NCL	MPL	TPEO	ملفوظات
1- تصدیق شدہ آئندہ کارڈ کیلئے پوزوں کی فراہمی 2- تصدیق شدہ آئندہ کارڈ پر پوزوں کی فروخت 3- سرسبز	1- تصدیق شدہ آئندہ کارڈ کیلئے پوزوں کی فراہمی 2- تصدیق شدہ آئندہ کارڈ پر پوزوں کی فروخت 3- سرسبز	1- تصدیق شدہ آئندہ کارڈ کیلئے پوزوں کی فراہمی 2- تصدیق شدہ آئندہ کارڈ پر پوزوں کی فروخت 3- سرسبز	1- تصدیق شدہ آئندہ کارڈ کیلئے پوزوں کی فراہمی 2- تصدیق شدہ آئندہ کارڈ پر پوزوں کی فروخت	میں دین سے متعلق تفصیلی شرائط و ضوابط
10,538,738,094	3,838,249,666	805,955,733	1,485,772,134	پوزوں، اجازتوں کی فراہمی
240,066	402,914	45,542	431,602,674	پوزوں کی فروخت
01-07-2023 30-06-2024	01-07-2023 30-06-2024	01-07-2023 30-06-2024	01-07-2023 30-06-2024	میں دین یا سودوں یا انتظامات کا نام فریکوینڈ
پاس حتمیت پر				پوزوں کی فراہمی
پاس حتمیت پر				پوزوں کی فروخت

انڈیکسز گروپ کمپنیوں میں اپنی مشترکہ انڈیکسز شپ اور شیئر ہولڈنگ کی حد تک قرارداد میں دلچسپی رکھتے ہیں۔

ایجنڈا نمبر 6

ریلیٹو پارٹی لٹریچر (RPTs) (ماہیت) اور کمپنیوں کے ساتھ ریلیٹو پارٹی لٹریچر (میں) کیلئے CEO کا اجازت

کئی 30 جون، 2024 کو قلم ہونے والے سال کے دوران، ماہیت اور کمپنیوں کے ساتھ معمول کے کاروبار میں ریلیٹو پارٹی لٹریچر (RPTs) کرنے کی 9 سے 15 انڈیکسز اپنی مشترکہ انڈیکسز شپ اور ماہیت اور کمپنیوں میں شیئر ہولڈنگ کی جو سے اس میں دلچسپی رکھتے ہیں۔ دلچسپی رکھنے والے انڈیکسز کے اخراج کے بعد اور دلچسپی نہ رکھنے والے انڈیکسز کی اجلاس میں بطور موجودگی کی صورت میں باقی انڈیکسز و مطورین کے مقصد کیلئے درست کوہ لگس بنا سکتے ہیں۔ یہ وہی فیوڈوں پر پوزوں کی جانب سے مطورین کی فوڈوں یا اخراجات کو پورا کرنے کیلئے ہر اس مقصد کیلئے مطورین کی تشکیل کی عدم موجودگی میں، ماہیت کمپنیوں کے ساتھ میں دین کو مطورین یا ترقی کے حصول کیلئے آگے AGM میں پیش کیا جائیگا۔

مزید برآں، کسی بھی ریگولٹری پروردگی کی عدم قیام سے بچنے کیلئے اور اس میں بحران لین دین کی معمول کی مطوری کو یقینی بنانے کیلئے، حصص یافتگان 61 AGM سے آگے AGM تک کی مدت کے دوران کیلئے، چیف ایگزیکٹو افسر یا ان کے نائبین یا ان کی مطوری دے سکتے اور ماہیت اور کمپنیوں کے ساتھ کاروبار کے حصول کے مطابق کیا جائے۔

انڈیکسز اس قرارداد میں اپنی مشترکہ انڈیکسز شپ اور ماہیت کمپنیوں میں شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں۔

ایجنڈا نمبر 7

آئس آف پرافٹ ہولڈنگز کی مطوری

کمپنی ایکٹ 2017 کے سیکشن 179(1)(c) کے تحت یہ ضروری ہے کہ انڈیکسز کی جانب سے آئس آف پرافٹ ہولڈنگ کیلئے اجلاس عام میں شیئر ہولڈرز سے مطوری لی جائے۔

آئس آف پرافٹ کی مہمیت انڈیکسز کے پاس رکھنے کی تجویز اور قرارداد کی مختصر تفصیل:

انڈیکسز محترم مندرجہ مصلحتی جان اور سکیل پیئر ماہیاتی خدمات کی اہم ماہیاتی کیلئے کئی کے زیر انتظام آئس آف پرافٹ سٹیٹس کے جبکہ اس امر کا اظہار آگے بلور انڈیکسز صاحب پر ہوگا اس کے ساتھ ساتھ وہ مختلف کمپنیوں کے ممبران اور بورڈ کے ممبران کو قرارداد و ضوابط کے مطابق خدمات جاری رکھیں گے۔

مندرجہ مصلحتی جان کا کردار اور اسے ان کی حساب دہلی ہوں گا

- 1- کئی کے بورڈ اور اجلاس عام کی سربراہی بشمول ایسی سٹیٹس کیلئے ایجنڈا ترتیب دینا
- 2- کئی ہاتھوں میں بورڈ میں ایسی سٹیٹس، سچائی اور کارپوریٹ گورننس کے اعلیٰ معیارات پر عملدرآمد
- 3- اس بات کی یقین دہانی کے بعد ایک صحیح، بروقت اور واضح معطونات باہم پہنچے
- 4- کئی کے ممبران کے ساتھ موثر بات چیت
- 5- جان ایگزیکٹو انڈیکسز کی سوشل سٹیٹس کیلئے سہولیات اور ایگزیکٹو اور جان ایگزیکٹو انڈیکسز کے باہم اصلاحی تعلقات
- 6- اس بات کی یقین دہانی کر پوزوں یا سٹیٹس انڈیکسز اور آگے کمپنیوں کی کارکردگی سال میں کم از کم ایک دفعہ جانگنا جانے
- 7- بورڈ سٹیٹس کیلئے واضح و سچائی کی جاری اور آگے اس کے سوشل سٹیٹس
- 8- مطابق صورت میں اس کی تکمیل

RPTs میں داخل ہونے کی تمہاری ہر بات درست دلائل ہیں:

(ا) جدید ترین بیرونی ادارتی کمپنیوں کی دستیابی۔

(ب) اہل ذمہ کی ٹیکنیکل مطابقت۔

(پ) خصوصاً بیرونی کمپنیوں۔

(ت) MTL کیلئے تفصیلی جانچ کی کمپنیاں۔

(ث) ہمارے پرائی ٹی۔

باقی کمپنیوں میں کھلی کے پاس درج ذیل انکوائری ہیں:

TIPEG Inter Trade DMCC 75.00 لاکھ

لمت انڈسٹریل پروڈکٹس لمیٹڈ 64.09 لاکھ

پولان کاسٹیک لمیٹڈ 48.26 لاکھ

لمت ایکونٹس لمیٹڈ 45.00 لاکھ

مشورہ دہانہ انڈسٹریز اور گیس مشینری کے شعبہ داران کی ذیلی کمپنیوں میں درج ذیل شیئر ہولڈنگ ہے:

رقم	MEI	BDL	MPL	TIPEG	رقم (پاکستانی روپیہ)	تفصیل
2,038,751	166,369	625,312	100	100	1	جانب سیکورسٹیل ٹرانسپورٹ
2,256,791	4,369	418,874	100	100	2	جانب سٹیل ٹیرا اور سٹیل وار
2,866,021	3,120	418,875	100	100	3	جانب سٹیل انڈسٹری انڈسٹری اور سٹیل وار
725,862	3,622	228,205			4	جانب قیرسٹیل اور سٹیل وار
115					5	جانب اسٹیل انڈسٹری اور سٹیل وار
1,987,340	177,470	1,887,388	800	800		ذیلی
25.71%	1.55%	18.38%	15.00%	15.00%		شیئر ہولڈنگ کا تناسب

ذیل ذیلی کمپنیوں کی مفادات ایچ این ایچ (H.N.E.C) کے تحت رکاز ہے (ذیل ذیلی کمپنیوں میں ایک ایچ این ایچ (H.N.E.C) کے تحت رکاز ہے):

رقم	MEI	BDL	MPL	TIPEG	تفصیل
					ذیلی کمپنیوں کی مفادات ایچ این ایچ (H.N.E.C) کے تحت رکاز ہے (ذیل ذیلی کمپنیوں میں ایک ایچ این ایچ (H.N.E.C) کے تحت رکاز ہے):
					جانب سیکورسٹیل ٹرانسپورٹ جانب سٹیل ٹیرا جانب سٹیل انڈسٹری انڈسٹری اور سٹیل وار جانب قیرسٹیل اور سٹیل وار جانب اسٹیل انڈسٹری اور سٹیل وار
					مشورہ دہانہ انڈسٹریز اور گیس مشینری کے شعبہ داران کی ذیلی کمپنیوں میں درج ذیل شیئر ہولڈنگ ہے: جانب سیکورسٹیل ٹرانسپورٹ جانب سٹیل ٹیرا جانب سٹیل انڈسٹری انڈسٹری اور سٹیل وار جانب قیرسٹیل اور سٹیل وار جانب اسٹیل انڈسٹری اور سٹیل وار

نوٹس

- 1۔ کھٹی کے حصص کی منتقلی کی تاریخیں 11 اکتوبر 2024 سے 18 اکتوبر 2024 (دو دن) تک ہیں۔
 (i) جن اس وقت ہند ہیں ان کو اس مدت کے دوران کوئی منتقلی نہیں کی جائے گی، شیئر رجسٹرار، میسرز ای ای سی شیئر رجسٹرارز، سٹی ای ای سی ہاؤس، بلاک B، 99-B، S.M.C.H.S.B، شاہراہ فیصل، کراچی۔ 74400 کے ذریعے 10 اکتوبر 2024 کو کاروبار کے اختتام تک ہونا سے مکمل موصول ہونے والی منتقلی کو اجلاس میں شرکت کرنے اور ووٹنگ کیلئے بر وقت تصور کیا جائے گا۔
- 2۔ اس اجلاس میں شرکت کرنے اور ووٹ دینے کا حقدار ان کی دوسرے شخص کو اپنی جانب سے اجلاس میں شرکت کرنے اور ووٹ دینے کیلئے اپنا نام کسی مقرر کر سکتا ہے، مقرر ہونے کیلئے پراسیس کو اجلاس سے کم از کم 48 گھنٹے قبل کھٹی کے رجسٹرار آفس میں یا کارڈ ہوم اور دفعتاً شدہ موصول ہونا چاہئے۔
- 3۔ جن ممبران نے اپنے حصص بینکار اپوزیٹری کھٹی آف پاکستان میں جمع کرائے ہیں، انہیں مزید تصدیق ایسے اجالات پر عمل کرنا ہوگا:

(الف) والی طور پر اجلاس میں شرکت

- (i) افراد کے معاملے میں، اکاؤنٹ ہولڈر یا والی اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضوابط کے مطابق آپ لوگ کی گئی ہے اجلاس میں شرکت کے وقت اپنا اصل کیپٹول اراؤز قومی شناختی کارڈ (CNIC) / اصل پاسپورٹ دکھانا کر اپنی شناخت کی تصدیق کرے گا۔
- (ii) کارپوریٹ ادارے کی صورت میں، اجلاس کے وقت پورا آف ڈائریکٹرز کی قرارداد یا پورا آف کارپوریٹ ادارے کے دستخط کردہ تھوٹوں کی اجازت ہوگی۔

(ب) پرائسوں کی تقرری

- (i) افراد کے معاملے میں، اکاؤنٹ ہولڈر یا والی اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضوابط کے مطابق آپ لوگ کی گئی ہیں، مندرجہ بالا ضروریات کے مطابق پرائسوں کو جمع کرانے کے۔
- (ii) تنظیمیں اورز کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپیاں، پرائسوں کو جمع کرانے کے تھوٹوں کی اجازت ہوں گی۔
- (iii) پرائسوں کو اجلاس کے وقت اپنا اصل CNIC / اصل پاسپورٹ پیش کرنا ہوگا۔
- (iv) کارپوریٹ ادارے کی صورت میں، پورا آف ڈائریکٹرز کی قرارداد یا پورا آف کارپوریٹ ادارے کے دستخط کردہ تھوٹوں کی اجازت ہوگی۔

4۔ سالانہ اجلاس عام میں شرکت

SECP نے اپنی ہدایت کے ذریعے، ملحقہ کمپنیوں کو واجونگ کی سہولت کی فراہمی کا بھی بندہ دست کرنے کی ہدایت کی ہے، اس کی بنیاد پر، اس سے قبل قدر مقررہ حصص پانڈگان کی باہرین صحت کیلئے اور زیادہ سے زیادہ شرکت کو بھیجی جانے کیلئے، کھٹی نے اس AGM میں شرکت کیلئے واجونگ کی سہولت کا بھی انتظام کیا ہے، واجونگ کے ذریعے AGM شرکت کرنے میں دلچسپی رکھنے والے حصص پانڈگان سے درخواست کی جاتی ہے کہ وہ اپنی رجسٹرڈ ایڈریس تصدیقات cdcscr@cdcscr.com پر اپنی سیکل بھیج کر یا 0321-8200864 پبلسٹس ایپ بھیج کر اپنے آپ کو رجسٹر کریں۔

SECP کی ایڈریس	پتہ	CNIC	پتہ	ایڈریس	پتہ
ملحقہ کمپنیوں					

واجونگ اور واجونگ کی تفصیلات ان حصص پانڈگان کے ساتھ شیئر کیا جائے گی جن کی الی ملحقہ تمام درخواست کردہ تفصیلات پر منتقلی، ڈیوور ای سیکل ایڈریس پر بدھا، 16 اکتوبر، 2024 کو کاروباری اوقات کے اختتام (شام 5:00 بجے) سے قبل موصول ہوئی ہوں۔

5۔ واجونگ کی سہولت

کمپنیز ایکٹ 2017 کی سیکشن 132 سے SECP کی جانب سے جاری کردہ رولز 10 دیت 2014 کی تھوٹوں پر بدھا جائے، کو نظر رکھتے ہوئے جیسا کہ مندرجہ بالا "نوٹ 4" میں بیان کیا گیا تفصیلات اور انتظامات کو مدنظر رکھتے ہوئے، AGM کی تاریخ سے کم از کم سات روز قبل واجونگ کی سہولت کے ذریعے سالانہ اجلاس عام (AGM) میں شرکت کرنے کیلئے، اگر کھٹی کو مجموعی 10% یا اس سے زیادہ رجسٹرڈ ایڈریسوں پر پبلسٹس ڈیوور ای سیکل ایڈریس پر بدھا، 16 اکتوبر، 2024 کو کاروباری اوقات کے اختتام (شام 5:00 بجے) سے قبل موصول ہوئی ہوں۔

اگر آپ واجونگ کی سہولت حاصل کرنا چاہتے ہیں، جیسا کہ پبلسٹس ڈیوور ای سیکل ایڈریس پر بدھا، 16 اکتوبر، 2024 کو کاروباری اوقات کے اختتام (شام 5:00 بجے) سے قبل موصول ہوئی ہوں۔

میں، اسمبلی کے ممبر ہونے کے ذریعے، واجونگ کی سہولت حاصل کرنا چاہتا ہوں۔
 میرا ای ای سی اکاؤنٹ نمبر: واجونگ کے مطابق، عام حصص کا حامل۔
 واجونگ کی سہولت کا انتخاب کرتا ہوں۔

6۔ خصوصی امور پر پبلسٹس

ممبران کو ذریعہ پبلسٹس کی اجازت ہے کہ کمپنیز (پبلسٹس) ایکٹ 2018 ("کمپنیز ایکٹ") کے سیکشن 174 کے مطابق، "پبلسٹس" کے ذریعے، عام حصص کا حامل۔
 سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("SECP") کے جاری کردہ ہیں، کے مطابق SECP نے ملحقہ کمپنیوں کو خصوصی امور پر بدھا، 16 اکتوبر، 2024 کو کاروباری اوقات کے اختتام (شام 5:00 بجے) سے قبل موصول ہوئی ہوں۔



A dimly lit conference room with a long table and chairs, overlaid with a green tint and the word 'Governance'. The room features a long, dark conference table with several chairs arranged around it. The walls are dark, and there are large windows with curtains in the background. A potted plant is visible near the windows. The overall atmosphere is professional and serious.

Governance

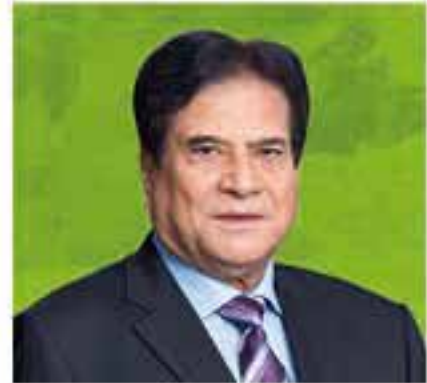
Board of Directors



Mr. Sikandar M. Khan
Chairman



Mr. Raheel Asghar
CEO



Mr. Sohail Bashir Rana
Executive Director



Mr. Laeeq Uddin Ansari
Non-Executive Director



Qaiser 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. Mr. Raheel Asghar | 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. Mr. Raheel Asghar | 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. Mr. Raheel Asghar | 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 and 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. Mr. Raheel Asghar | 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.



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 2024, your Company delivered 30,620 tractors compared to last year figure of 18,622 tractors despite various economic challenges.

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 in accordance with Companies Act, 2017.

The composition of the Board is given below:

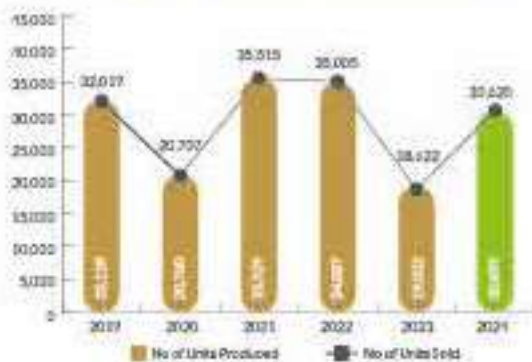
- Independent Directors:03

- Executive Directors:02
- Non-Executive Directors:04

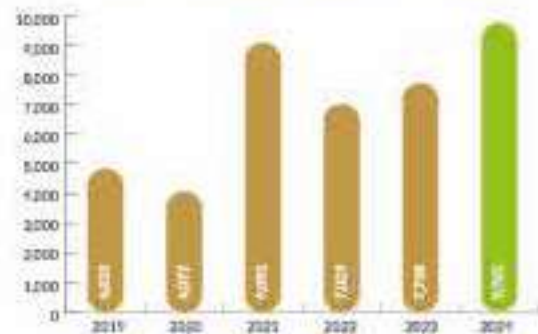
In order to ensure stewardship and monitor direction of the company the Board has made sub-committees which in my opinion have significantly contributed in steering and managing the company. These committees ensure due compliance of Code of Corporate Governance and include:

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

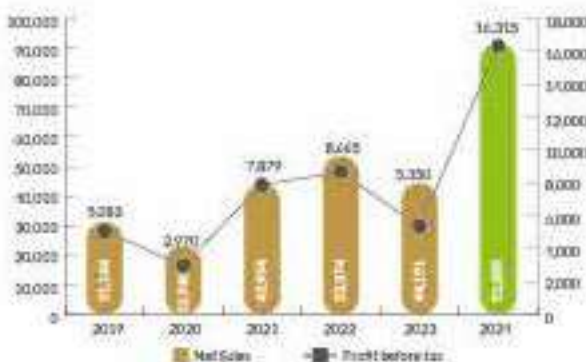
Sales / Production Volume Units



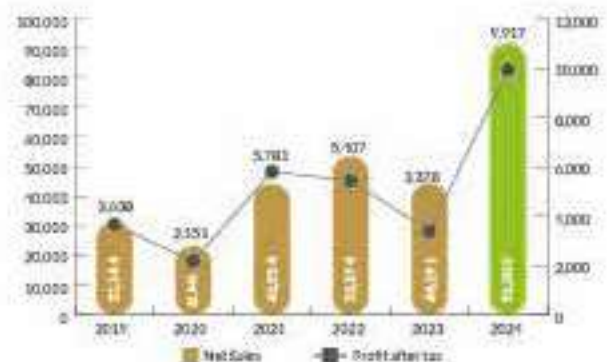
Shareholders Equity (Rs. in Million)



Sales / Pre-Tax Profit (Rs. in Million)



Sales / After-Tax Profit (Rs. in Million)



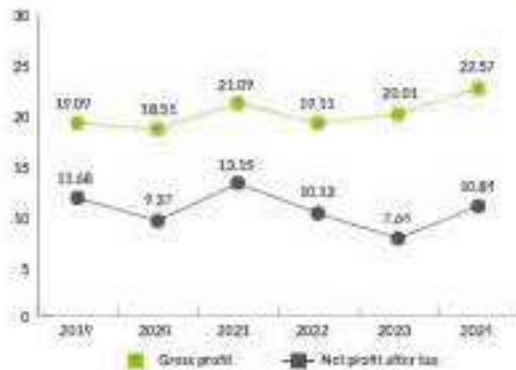
Board Evaluation

As required under the Code of Corporate Governance and as per past practice, 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:

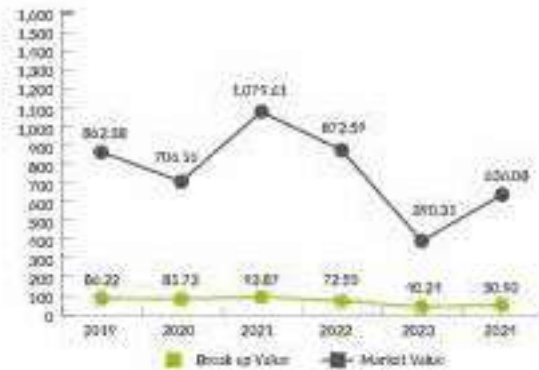
- Strategy and planning
- Board operations and effectiveness
- Measuring and monitoring of performance
- Professional development

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.

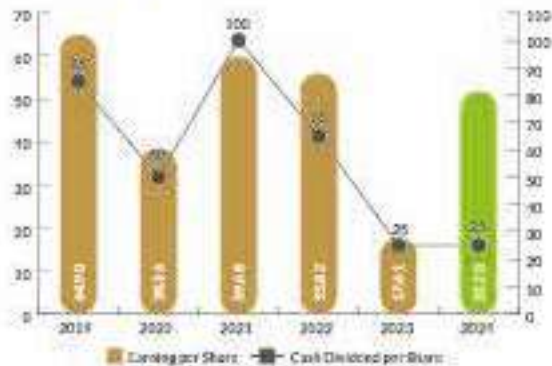
Gross Profit / Net Profit After Tax (Percentage)



Break up / Market Value Per Share (Rupees)



Earning / Dividend Per Share (Rupees)



Dividend Payout Ratio (Percentage)



Overall Economic and Industry Review

The economy of Pakistan embarked on a stabilization phase in FY 2024. The economy has experienced a resurgence in moderate growth and a reduction in external pressures. Although inflation remains high, it is now on a downward trend. The real, fiscal, and external sectors, as well as financial markets, have demonstrated resilience and steady improvement. In fiscal year 2024, Pakistan's GDP increased by 2.38 percent, with strong growth in agriculture sector which expanded by 6.25 percent compared to 2.27 percent growth in last year driven by healthy growth in important crops. Specifically, there was a significant growth of 16.82 percent in the production of major crops. While both the industrial and services sectors grew by 1.21 percent. The per capita income rose to US \$ 1,680, from US \$ 1,551 in previous year, driven by the improved economic activity and a stable exchange rate.

Your Company achieved sales of 30,620 tractors during the fiscal year 2023-24 compared to 18,622 tractors last year resulting in increase in sales volume by 64.43%. Sales in value terms increased from Rs. 44.19 billion to Rs. 91.51 billion, i.e., an increase of 107.08 %. The EPS for the year was Rs. 51.70 as compared to diluted EPS of Rs. 17.61 of the same period last year. The demand for tractors increased as compared to previous period.

Withheld Sales Tax refunds of the tractor industry is another area which has resulted in severe liquidity issues. For your Company, Sales Tax refunds of around 6.28 billion still remain

outstanding which has resulted in additional financial costs to fund the borrowing needed to continue operations.

Despite the economic and financial challenges, your Company has managed to perform better and kept its supply chain intact in the outgoing fiscal year. We are optimistic that economic situation of Pakistan which has started its march towards recovery and growth will result in better performance of the Company.

I extend my gratitude towards Board of Directors, shareholders, vendors, dealers and employees of MTL and acknowledge their hard-work. Being an agricultural country, the farmers will continue to be dependent of tractor for mechanize farming.

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 09, 2024

اضافی کوٹا ہر کرتی ہے۔ ٹیٹ کے لحاظ سے سیکڑ 44.19 ارب روپے سے بڑھ کر 91.51 ارب روپے ہو گئی جو کہ 107.08 لیکھ اضافی کوٹا ہر کرتا ہے۔ سال کے لیے ای پی ایس 51.70 روپے پر رہی۔ جبکہ اس کے برعکس گزشتہ سال اسی مدت کے لیے ای پی ایس 17.61 روپے تھی۔ پچھلے سال کے مقابلے میں ٹریکٹرز کی طلب میں اضافہ ہوا ہے۔

ٹریکٹرز انڈسٹری کے دو ہیڈ سیکٹرز کی داہمی ایک اور شعبہ ہے جس کے نتیجے میں لیویٹی ٹی کے شدید مسائل پیدا ہوئے ہیں۔ آپ کی کمپنی کے تقریباً 6.28 ملین کے سیکٹرز ایچ بی ہیں جس کے نتیجے میں آپ پیشین جاری رکھنے کے لیے درکار قرضے کے لیے اضافی مالی اخراجات ہوئے ہیں۔

معاشی اور مالی چیلنجوں کے باوجود، آپ کی کمپنی نے بہتر کارکردگی کا مظاہرہ کیا اور پچھلے مالی سال کے دوران اپنی سہائی بینک کو برقرار رکھا۔ ہمیں امید ہے کہ پاکستان کی معیشت، جو معاشی لار ترقی کی جانب گامزن ہے، کمپنی کی بہتر کارکردگی کا سبب بنے گی۔

میں پورا آف ڈائریکٹرز، شیئرز، ہولڈرز، سپلائرز، ڈیلرز اور MTL کے ملازمین کا شکریہ ادا کرتا ہوں اور ان کی محنت کو تسلیم کرتا ہوں۔ ایک زرعی ملک ہونے کے باوجود، کسان میکانائزڈ کاشتکاری کے لیے ٹریکٹرز کا اچھا جارائی رکھیں گے۔

سیری ڈعا ہے کہ ہم سب خیر و عافیت سے رہیں اور اس مشکل وقت سے محفوظ گات کیلئے خدا سے بزرگ و برتری رحمتیں برکھنا۔



محمد علی عثمان

چیئرمین

ملٹری ٹریکٹرز لمیٹڈ

لاہور، 09 ستمبر، 2024

جیتز میں کارکردگی کا جائزہ

- جیتز ایگٹ، 2017 کے سیکشن 192 کے تحت بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول کے لئے بورڈ کے ممبروں کو راجھڑ میں کی جانب سے دیے گئے جائزوں کو پیش کرنے پر خوشی محسوس کرتا ہوں۔
- گروپ پرائیونٹ کے لئے بورڈ کمپنی
- اور ایسٹیل سوشل گورننس کمپنی (ای ایس ای)

بورڈ کی کارکردگی کا جائزہ

جیسا کہ گواڈ آف کارپوریشن گورننس اور پالیسی کی پریکٹس 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 سالانہ تقسیم کیا گیا ہے جو مندرجہ ذیل اہم شعبہ جات پر مشتمل ہے۔

- تفصیلات اور منصوبہ بندی
- بورڈ کے آپریشن اور اثرائت سازی
- کارکردگی کا جائزہ اور نگرانی
- پرفیکشن اور پوسٹ

انفرادی طور پر رائے لی گئی اور اس رائے کی بنیاد پر بورڈ کی اوسط کارکردگی اور بورڈ آف ڈائریکٹرز کی گورننس کے حوالے سے جیتز میں کی کارکردگی کو بہتر بنایا گیا کیونکہ کمپنی کی مجموعی کارکردگی اور سالانہ میں بھری نظر آئی ہے۔

مجموعی اقتصادی اور صنعتی جائزہ

پاکستان کی معیشت مالی سال 2024 میں استحکام کے مرحلے میں داخل ہوئی۔ معیشت معتدل نمو اور بولی دیا گیا جس کی سہولت گزری۔ اگرچہ موبائلی ایپس بھی ملنے ہے، لیکن اب یہ کم ہو رہی ہے۔ حتمی مالیاتی اور بولی شعبوں کے ساتھ ساتھ مالیاتی منڈیوں نے لپک اور مسلسل بہتری کا مظاہرہ کیا ہے۔ مالی سال 2024 میں پاکستان کی جی ڈی پی میں 2.38 فیصد اضافہ ہوا، جس میں زرعی شعبے نے 6.25 فیصد کی مضبوط ترقی کی، جو کہ پچھلے سال کی 2.27 فیصد نمو کے مقابلے میں اہم فصلوں کی صحت مند پیداوار کی وجہ سے ہوئی۔ خاص طور پر، ذیلی فصلوں کی پیداوار میں 16.82 فیصد کا نمایاں اضافہ دیکھنے میں آیا۔ صنعتی اور خدمات کے شعبوں میں بھی 1.21 فیصد کی نمو ہوئی۔ بہتر معاشی سرگرمیوں اور تنظیم سازی کے شرح کے باعث فی کس آمدنی 1,551 امریکی ڈالر سے بڑھ کر 1,680 امریکی ڈالر تک پہنچی گئی۔

آپ کی کمپنی نے مالی سال 2023-24 کے دوران 30,620 ٹریکٹرز فروخت کرنے میں کامیاب رہی جو پچھلے سال کے 18,622 ٹریکٹروں کے مقابلے میں فروخت کے حجم میں 64.43 فیصد

مالی سال 2024 کے دوران آئی گئی کمپنی اقتصادی پیش پیشی کے باوجود مجموعی طور پر 30,620 ٹریکٹرز فروخت کر پائی جبکہ گزشتہ اسی مدت کے دوران = 18,622 ٹریکٹرز تھی۔

بورڈ کی اقتصادی کردار

بورڈ کی تشکیل اور ساخت

کمپنی کو ایک متنوع ممبروں کے فریم ورک میں رکھنے 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 نئے اہم کرداروں کو رکھتا ہے۔

سب کا تعین (کمپنی کی سروسنگ ڈائریکشن کا تعین)، انتظامیہ کی نگرانی، انتظامیہ کو مشورے اور معاونت فراہم کرنا (مشاورتی کردار)۔ یہ کردار کمپنی کے نظریہ اور مقاصد سے مطابقت رکھتے ہیں تاکہ جیتز ایگٹ، 2017 کے مطابق کمپنی کے کاروباری اہداف کو پورا کیا جاسکے۔

بورڈ کی ساخت اور رکن ذیل ہے۔

- نور عثمان ڈائریکٹرز 03
- ایگزیکٹو ڈائریکٹرز 02
- دیگر ان ایگزیکٹو ڈائریکٹرز 04

سٹیو ڈارل شپ کی حیثیت اور کمپنی کی درست سمت کی نگرانی کیلئے بورڈ نے ذیلی کمیٹیاں تشکیل دی ہیں اور سربراہی نظر میں ان کمیٹیوں نے مطلوبہ مقاصد کے حصول کیلئے اہم کردار ادا کیا ہے۔

گواڈ آف کارپوریشن گورننس کی تشکیل جیٹز کے لئے مالی یہ کمیٹیاں درج ذیل ہیں:

- آڈٹ کمیٹی
- ریٹرنس اور ریسورس اور ریسٹریکشن کمیٹی
- گورننس کمیٹی
- ماریٹل کمیٹی



Directors' Report

To The Shareholders

The Directors feel pleasure in presenting their 61st annual report together with audited financial statements of the Company for the year ended June 30, 2024.

Appropriations

The Board of Directors and shareholders of the Company have approved the Scheme of Compromises, Arrangements, and Reconstruction (the Scheme), which has been prepared under the Companies Act, 2017. The Scheme provides for the amalgamation of the Company's operations with its subsidiary, Millat Equipment Limited ('MEL'), effective January 1, 2024. Approval of the Scheme by the Lahore High Court, Lahore (LHC) is still pending. According to the terms of the Scheme, MTL is not permitted to pay any dividends until the LHC grants approval.

Therefore, for the financial year under review, the total cash dividend will be limited to the interim dividend of Rs. 25.00 per share (250%) which has already been paid.

The following appropriations were made during the year:

	General Reserve	Un-appropriated Profit
(Rupees in thousands)		
Opening balance	2,278,935	1,617,829
Less: Final dividend @ Rs 15 of 2023	-	(2,876,973)
Profit for the year ended June 30, 2024	-	9,864,882
Less: Interim dividend @ Rs 25 of 2024	-	(4,794,958)
Un-appropriated profit carried forward	2,278,935	3,810,780

Earnings Per Share

Earning per share for the year ended June 30, 2024 was Rs. 51.70 as against Rs. 17.61 of the preceding year.

Board of Directors

The Board comprises of nine directors as on June 30, 2024.

(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. Mr. Raheel Asghar-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. Since the last report, there has been no change in the composition of the Board. The three years term of the present Board shall expire on October 30, 2024. Election of Directors for next term of three years will be held in the general meeting on October 30, 2024, detail of which will be provided in the notice of the same.

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 five 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, 2024 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
Mr. Raheel Asghar,	Member

3. Finance Committee

Mr. Sohail Bashir Rana,	Chairman
Mr. Laeeq Uddin Ansari	Member
Mr. Raheel Asghar,	Member

4. Marketing Committee

Mr. Sohail Bashir Rana,	Chairman
Mr. Laeeq Uddin Ansari	Member
Mr. Raheel Asghar,	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
Mr. Raheel Asghar,	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, 2024 are as under:

	Chief Executive Officer	Executive Directors	Non Executive Directors	Independent Directors
Number of Persons	1	1	3	3
	Rupees "000"			
Managerial remuneration	25,864	1,751	2,161	-
Cost of living allowance	-	1,751	2,161	-
Bonus	12,464	15,086	19,451	-
House rent	11,639	788	972	-
Contribution to Provident Fund	2,588	-	-	-
Medical Expenses	462	1,490	2,802	-
Utilities	652	1,444	3,195	-
Other allowances	4,100	1,746	2,167	-
Fees	-	-	950	4,100
Expenses reimbursed	-	-	641	-

Principal Activities, Development and Performance of Company's Business During Financial Year-2024

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. During Financial year-2024, Country's economy registered a moderate recovery reflected by GDP growth of 2.38 percent against previous year's contraction of 0.21 percent. Agriculture sector remained a main factor of economic growth by registering a growth of 6.25 percent due to double digit growth in output of major crops. Industrial sector also showed a growth of 1.21 percent. Current account deficit was kept under check, with marked improvement in foreign exchange reserves.

Resultantly, overall tractor sales of the company increased by 64.43% to 30,620 units as compared to 18,622 units

sold last year. This has been achievable due to efforts of the employees, dealers, vendors and every stakeholder involved despite various challenges.

Gross profit margin increased to 22.57% due to increase in sales volume.

Net profit for the period stood at 10.84% of sales versus 7.64% in previous year. The increase is due to significant increase in sales revenue, other income and considerable decrease in finance cost for the year.

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

The taxation measures taken by the government during the fiscal year to increase tax-net seem to have not been fruitful due to inconsistencies in the application of law and frequent ad-hoc operational changes. This was most evident in processing of sales tax refunds, which have accumulated to the tune of Rs. 6.28 billion. Extreme measures need to be taken to rationalize tax laws and increase investors' confidence.

Environmental Risk

Pakistan has been recognized as one of the top ten nations most affected by climate change globally. The country is experiencing unpredictable weather patterns, leading to occurrences such as flash floods, severe droughts, glacial lake outbursts, intense heat waves, and erratic rainfall. Consequently, its ecosystems and landscapes are steadily deteriorating. These factors are critical indicators of the fact that we need to ramp up our efforts to address this risk quickly and effectively.

The unforeseen changes in environment may hamper the growth trajectory of the agricultural products, which is worrisome for a country that relies so much 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 are those that may cause financial loss to the entity. Financial risk has been described in detail in note 46 of the attached financial statements that include market risks, credit risks and liquidity risk.

Compliance Risk

Non-compliance with laws and regulations may result in imposition of punitive action. Therefore, the Company has zero tolerance policy for non-compliance activities

and behaviours. In addition, to mitigate such risks, a very comprehensive and effective compliance function is in place in the Company. Further, the Company's Code of Conduct clearly defines expectations from employees of the Company. The Company encourages employees and business partners 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 and has delivered highest ever export sales during the year crossing the over 2,761 tractors export mark for the first time in the history of the company.

Future Prospects of Profit

Tractor sales are expected to retain the same trajectory in upcoming fiscal year.

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;
- adequate control mechanisms have been established within the operational businesses; and
- 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
- 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 and Taxes

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

Auditors

The present auditors M/s. A. F. Ferguson & Company, Chartered Accountants, Lahore retire and offer themselves for re-appointment. The Board Audit Committee and Board of Directors of the Company have endorsed their appointment at remuneration of Rs. 6,500,000/- for shareholders' consideration at the forthcoming Annual General Meeting. The external auditors have certified that 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 re-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, 2024.

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, 2024 were as follows:

- Provident Fund	Rs. 492,465,685
- Gratuity Fund	Rs. 230,411,995
- Pension Fund	Rs. 1,276,952,588

The value of investment includes accrued interest.

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

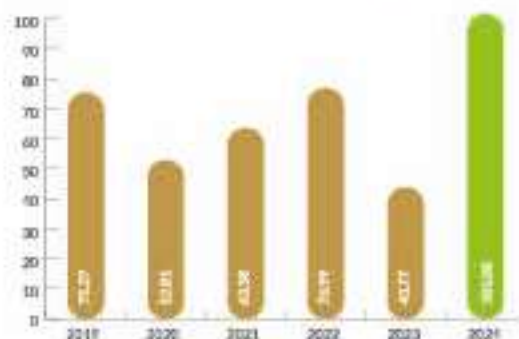
Purchase of Shares

	No. of shares Purchased
Mr. Sikandar Mustafa Khan, Director	488,731
Mr. Sohail Bashir Rana, Director	169,850
Mrs. Ayesha Sohail, Spouse of Mr. Sohail Bashir Rana, Director	12,946
Mr. Laeeq Uddin Ansari, Director	380,074
Mrs. Samina Laeeq, Spouse of Mr. Laeeq Uddin Ansari, Director	42,581
Mr. Qaiser Saleem, Director	178,500
Mrs. Rabia Qaiser, Spouse of Mr. Qaiser Saleem, Director	33,339
Mr. Saad Iqbal, Director	35,566

Gift of Shares

	No. of shares Gifted
Mr. Laeeq Uddin Ansari, Director	3,507,239

Return on Equity (Percentage)



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, 2024 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.

Holding of Office of Profit by the Directors

Subject to their election, the directors namely M/s. Sikandar Mustafa Khan and Sohail Bashir Rana shall be holding office of profit under the Company for performing extra services including acting as member(s) of different committees to be constituted and terms of reference thereof approved by the Board.

The role and responsibilities of Mr. Sikandar Mustafa Khan shall be as under:

1. chair the board and general meetings of the company including setting the agenda of such meetings;
2. promote the highest standards of integrity, probity and corporate governance throughout the Company and particularly at board level;
3. ensure that the board receives accurate, timely and clear information;
4. ensure effective communication with members of the Company;
5. facilitate the effective contribution of non-executive directors and ensure constructive relations between executive and non-executive directors;
6. ensure that the performance of the board, its committees and individual directors is evaluated at least once a year, and
7. ensure clear structure for, and the effective running of, board committees.
8. disclosure of interest where it exists.

Extra Services

In addition to the above he will perform the following.

- i) To perform duties and responsibilities as defined in the Code of Corporate Governance.
- ii) To act as chairman of board's committee for group supervision (BCGS) constituted by the board to review overall business performance, major projects and new investments of group companies.
- iii) To perform functions as contained in Article 103 (2) (iv) of the Articles of Association of the company which reads as under:

act as Chairman of Board's Committee for Group Supervision (BCGS) and monitor the functions of units through BCGS members and in furtherance thereof, may from time to time call for information, issue directions, guidelines or assign a specific task to any member of the Committee.
- iv) To monitor functioning of finance and marketing committees.
- v) Exercise such powers, functions & duties as may be assigned / delegated by the Board from time to time pursuant to Article 103(2) (iii) of the Articles of Association of the Company.

The role and responsibilities of Mr. Sohail Bashir Rana shall be as under.

1. As executive director he shall have the same general legal responsibilities to the Company as any other director and shall be required to take decisions in the best interests of the Company.
2. constructively challenge and contribute to the development of Company strategy;
3. ensure that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
4. at all time comply with the Articles of Association of the Company;
5. disclose interest where it exists.

Extra Services

In addition to the above he will perform the following.

1. Play a key role in coordinating and managing all operational, financial and personnel functions of the company to ensure continued profit growth.
2. Provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enable risk to be assessed and managed.
3. Set the company's strategic goals, ensure that the necessary financial and human resources are in place for the company to meet its objectives, and review management performance; and
4. Set the company's values and standards and ensure that its obligations to its shareholders and others are understood and met.
5. Implement the approved operational plans of the Company and arrange timely availability of required resources.
6. Define short term and long term marketing objectives for the company.
7. Review and approve strategies budgets for production plans to ensure these meet objectives already set.
8. Define reporting formats including key performance indicators and critical success factors for sales and marketing qualitative and quantitative performance measurement.
9. Review actual performance against budget, reasons for variations and plans to bridge the gaps on monthly basis.
10. Define critical success factors for performance measurement.
11. Define critical controls to be implemented in the operations.
12. Review and approve operations policies.
13. Review and approve policies for procurement, inventories, maintenance etc.
14. Review and approve quality control standards.

15. Review performance evaluation of senior personnel of the company.

16. Review and approve IT Budget and approve IT projects.

The board shall approve their remuneration packages in accordance with Articles of Association of the Company subject to their election as directors. However, the holding of office of profit in the Company by the directors has to be sanctioned/approved by the shareholders in the general meeting, therefore a resolution is being placed before the shareholders in the forthcoming AGM for their consideration and approval, if deemed appropriate. Each director is interested in the resolution to the extent of his remuneration.

Pattern of Shareholding

The pattern of shareholding is annexed.

Number of Employees

The numbers of permanent employees as on June 30, 2024 were 335 compared to 336 of last year.

Consolidated Financial Statements

Consolidated financial statements of the Company as on June 30, 2024 are annexed.

Corporate Social Responsibility

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

Disclosure Regarding Assessment of Sustainability Related Risks

Disclosure of as required under Regulation 10A (6) of the Code of Corporate Governance 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

Lahore:

September 09, 2024



Director

Disclosure Regarding Assessment of Sustainability Related Risks

Green Initiatives

Throughout the year, MTL has been actively engaged in tree plantation drives, facilitating employees to plant trees within our factory premises. This initiative not only enhances our green cover but also promotes a culture of environmental responsibility among our workforce. Additionally, the company has developed in-house nurseries and participated in various flower exhibitions to further support sustainability and environmental stewardship.

MTL invested in solar energy infrastructure, with the installation of a 998.5 kW solar panel system. This investment reflects our commitment to reducing reliance on fossil fuels and lowering our carbon footprint. Our efforts have yielded measurable results. Carbon dioxide emissions were reduced to 529.868 tons in FY 2023-24, down from 531.185 tons in the previous year (FY 2022-23). This reduction underscores our proactive approach to mitigating climate impact through operational efficiencies and sustainable practices.

MTL has also upgraded its paint shop to reduce emissions by 80%. Now we're implementing additional improvements which are expected to further cut emissions by up to 35%.

Energy Conservation Strategy

In a commitment to enhance energy efficiency and reduce environmental impact, we have successfully transitioned from conventional 400 watt Mercury lights to 120 watt modern LED High Bay Lights, significantly upgrading our lighting infrastructure. This transition has led to a significant decrease in carbon emissions. The carbon footprint associated with the mercury lights was 78.162kg CO₂/kWh annually, whereas the LEDs contribute only 14.57 kg CO₂/kWh. This represents a reduction of 63.592 kgCO₂/kWh, underscoring our commitment to reducing our environmental impact.

Enhancing Energy Efficiency through Lighting Upgrades

MTL has embarked on an initiative to enhance energy efficiency by transitioning from conventional 36-watt tube rods to energy-efficient LED tube rods rated at 14 watts. The impact of this transition on energy consumption is profound. Previously, the daily consumption stood at 20.16 units, which has now reduced to 7.84 units. This translates to an average daily saving of 12.32 units. Annually, this improvement amounts to a staggering 3,252.48 units saved. The transition has also led to a meaningful decrease in carbon emissions. The carbon footprint of the conventional tube lights was 2.81 kg CO₂ per year, compared to 1.094 kg CO₂ per year for the LED lights. This upgrade represents a reduction of 1.716 kg CO₂ per year, highlighting our commitment to lowering our environmental impact.

Water Management Strategy

Millat Tractors Limited remains dedicated to advancing sustainability by optimizing water usage and reusing water in Paint shops, Engine assembly plant, and Casting areas. MTL also remains steadfast in efforts to conserve water through effective leakage control measures. By proactively managing and minimizing water leaks across our facilities, we reinforce our commitment to sustainable practices and responsible stewardship of natural resources.

In our ongoing pursuit of sustainability, we have initiated a study of the effluent treatment plant (ETP) and conducted an analysis of effluent generation from our facilities. Based on the data collected, we are evaluating the necessary steps for ETP installation to ensure effective treatment and management of the effluents.

Waste Management Strategy

At MTL, we are committed to sustainability and resource efficiency through a rigorous evaluation system. Our goal is to identify opportunities for reuse, thereby reducing waste, and conserving valuable resources. This practice ensures that items meeting our quality standards, but no longer serving their original purpose, are repurposed, wherever feasible. Such items include the packing material like cardboard, foam and wooden crates etc. Such packing materials, which are merely a waste, are repurposed into waste management bins or fabrication of furniture used throughout the facility. This not only helps in reducing the need for new materials, but also optimizes waste handling processes. Moreover, the metal components from discarded items such as steel and iron that needs to be scrapped, are repurposed to construct shelters or structural supports within our facility. These practices conserve resources and reduce the environmental impact of manufacturing new products.

Health and Safety

We are actively enhancing workplace health and safety by maintaining up-to-date policies and procedures, conducting

regular risk assessments, and implementing effective control measures. Employees receive ongoing training and awareness programs, and we have established procedures for reporting and investigating incidents. Our emergency preparedness plans are tested and communicated clearly. We also support employee wellness through health programs and conduct regular audits to ensure compliance and drive continuous improvement.

Community impact

Engagement with local communities to address concerns, promote sustainable development, and contribution to social welfare initiatives.

Diversity

As of the end of fiscal year 2023-24, women make up 2% of MTL's total workforce. This year, the company hired 5 new female employees, representing a 22% increase from the previous year. Additionally, the hiring of differently-abled individuals also increased by 25% compared to the last year which shows our efforts and commitment towards improving diversity.

پانی کی انتظامیہ کی حکمت عملی

ملٹ ٹریڈنگز لیجنڈ پانی کے استعمال کو بہتر بنا کر اور چھٹ شاپس، انجن آسٹریلی پائپ اور کاسٹنگ علاقوں میں پانی کو دوبارہ استعمال کر کے پائیداری کو فروغ دینے کے لیے پرمزم ہے۔ ایم پی ایل پانی کی بچت کے لیے موثر ٹیکنیکل کنٹرول اقدامات پر بھی اصرار کرتا ہے۔ ہم اپنے سہولیات میں پانی کی کچھ کو فعال طور پر منظم اور کم کر کے پائیدار طریقوں اور قدرتی وسائل کے ذمہ دار انتظام کے عزم کو تقویت دیتے ہیں۔ ہماری جاری پائیداری کی کوششوں میں، ہم نے ملٹس ٹریڈنگ پائپ (ETP) کا مطالعہ شروع کیا ہے اور ہمارے سہولیات سے ملٹس پیدا ہونے کی تجزیہ کیا ہے۔ بیج کروہ ایچ کی بنیاد پر، ہم ETP کی تنصیب کے لیے ضروری اقدامات کا جائزہ لے رہے ہیں تاکہ موثر نتائج اور انتظام کو یقینی بنایا جاسکے۔

فضلا انتظام کی حکمت عملی

ایم پی ایل میں ہم پائیداری اور وسائل کی کارکردگی کے لیے ایک سخت جائزہ انتظام کے ذریعے پرمزم ہیں۔ ہمارا مقصد دوبارہ استعمال کے مواقع کی شناخت کرنا ہے، جس سے فضلہ کو کم کیا جاسکے اور قیمتی وسائل کی بچت ہوسکے۔ اس عمل سے یہ یقینی بنایا جاتا ہے کہ ہمارے معیار پر پورا اترنے والی ایشیا، اگر اپنے اصل مقصد کے لیے استعمال نہیں ہورہی ہیں، جہاں ممکن ہو دوبارہ استعمال کی جائیں۔ ایسی ایشیا میں پیچنگ سواڈشل ہے جیسے کارڈ بورڈ، جھانگ، ہارڈ گلوبی کے کرٹس وغیرہ۔ ایسے پیچنگ سواڈل جو فضلہ ہیں، کو فضلہ انتظامی بینڈ ٹریڈنگ میں استعمال ہونے والے فرنیچر کی تیاری میں دوبارہ استعمال کیا جاتا ہے۔ اس سے سواڈل کی ضرورت کم ہوتی ہے اور فضلہ کے انتظام کے عمل کو بہتر بنایا جاتا ہے۔ مزید برآں، چھپانے یا اسٹرکچرل سپورٹس کے لیے کھڑے ہونے والی دھاتی اجزاء، جیسے آئٹل اور لوہا، کو ہمارے ٹیکسٹری میں پتہ لگا ہوں یا اسٹرکچرل سپورٹس بنانے کے لیے دوبارہ استعمال کیا جاتا ہے۔ یہ طریقے وسائل کی بچت کرتے ہیں اور نئے مصنوعات کی تیاری کے ماحولیاتی اثرات کو کم کرتے ہیں۔

صحت اور حفاظت

ہم ورک پلیس کی صحت اور حفاظت کو اپنی فہم کی گئی پالیسیوں اور طریقہ کار، باقاعدہ دستک اسپیسٹس، اور موثر کنٹرول اقدامات کے ذریعے فعال طور پر بحال بنا رہے ہیں۔ ملازمین کو بیماری ترمیم اور آگاہی پروگرام فراہم کیے جاتے ہیں، اور ہم نے حادثات کی رپورٹنگ اور تحقیقات کے لیے طریقہ کار قائم کیے ہیں۔ ہمارے ایمر جنسی تیاری کے منصوبے آزمائے گئے ہیں اور واضح طور پر کیے گئے ہیں۔ ہم ملازمین کی علاج و بہبود کی نصابت بھی کرتے ہیں صحت پروگراموں کے ذریعے اور باقاعدہ آڈٹس کرتے ہیں تاکہ تعمیل کو یقینی بنایا جاسکے اور مسلسل بہتری کی کوشش کی جاسکے۔

کیمیائی پراثرات

مقامی کمیٹیوں کے ساتھ مشغولیت کے ذریعے تشویشات کا حل، پائیدار ترقی کو فروغ دینا اور سماجی علاج و بہبود کی پہلوں میں حصہ داری۔

تنوع

مالی سال 2023-24 کے اختتام تک، خواتین ایم پی ایل کی کل ورک فورس کا 2% حصہ ہیں۔ اس سال، کمپنی نے 5 نئی خواتین ملازمین کو بھرتی کیا ہے، جو پچھلے سال کے مقابلے میں 22% اضافہ ہے۔ اس کے علاوہ مختلف معذور یوں والے افراد کی بھرتی میں بھی پچھلے سال کے مقابلے میں 25% اضافہ ہوا ہے، جو ہمارے تنوع کو بہتر بنانے کے لیے ہمارے اقدامات اور عزم کو ظاہر کرتا ہے۔

نان ایزیکٹو (بشمول آزاد ایزیکٹرز)

کھٹی کے نان ایزیکٹو آزاد ایزیکٹرز کو کسی بھی معاوضہ یا فیس کی ادائیگی مندرجہ ذیل اصول کے مطابق کی جائیگی۔

بیٹلف فیس

کھٹی کے آر بی جی آف ایجنٹ کے مطابق نان ایزیکٹو آزاد ایزیکٹرز اور ایزیکٹیو کی بیٹلف 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 ایزیکٹو ایزیکٹرز کو پیش کیے جانے والا معاوضہ دیا نوٹا کھٹی کے آر بی آف ایزیکٹرز کی جانب سے طے کیا جائے گا جبکہ انحصار نان ایزیکٹو ایزیکٹرز کی اضافی کوشش اور اضافی وقت پر ہوگا۔

حقیقی اخراجات کی ادائیگی

نان ایزیکٹو اور آزاد ایزیکٹرز کو کٹلا ڈاؤن کی مدد میں یا دیگر بورڈ اکنٹل مینٹل میں شرکت کے لئے سفری، رہائشی یا دیگر حقیقی اخراجات کے عوض معاوضہ یا اتھوریشن کیا جائے گا۔

ایزیکٹرز کا مجموعی معاوضہ

30 جون، 2024 کو ختم ہونے والے سال کیلئے ایزیکٹرز کے معاوضہ کی تحصیل حسب ذیل ہے:

نمبران کی تعداد	بیلے کے کھانڈے	ایزیکٹرز اور ایزیکٹو	بیلے کے کھانڈے	ایزیکٹرز اور ایزیکٹو
1	1	1	3	3
لے پھیلے کے کھانڈے				
انتظامی معاوضہ	25,864	1,751	2,161	-
کوسٹ آف لیوٹک ڈاؤن	-	1,751	2,161	-
پینس	12,464	15,086	19,451	-
گھر کا کرایہ	11,639	788	972	-
پروڈیوٹس	2,588	-	-	-
عقبات اخراجات	462	1,490	2,802	-
ایجنٹس	652	1,444	3,196	-
دیگر ایجنٹس	4,100	1,746	2,167	-
فیس	-	-	950	4,100
ٹائل واکس اخراجات	-	-	641	-

مالیاتی سال 2024 کے دوران کھٹی کی کارکردگی اور کاروبار میں تبدیلی سے متعلق

مکمل کارکردگی

کھٹی بنیادی طور پر زرعی ایزیکٹرز اور فارم کے سامان کی مینوفیکچرنگ اور اسمبلنگ کے ساتھ ساتھ کھٹی اپنی ایجنٹس پر ڈاکٹس بشمول فورک لفٹ ٹرک اور جیٹز بھی تیار کرتی ہے۔

کھٹی کی مالیاتی تفصیلات اس بات کی عکاسی کرتی ہیں کہ کھٹی کے کاروباری معاملات مختلف نوعیت کے ہیں۔

مالیاتی سال 2024 کے دوران کھٹی معیشت میں متحمل بحالی دیکھنے میں آئی جس کا انحصار 2.38 فیصد کی جی ڈی پی کی شرح نمو سے 55% ہے، جو پچھلے سال کی 0.21 فیصد کی کمی کے مقابلے میں ہے۔

ذراحت کا شعبہ 6.25 فیصد کی شرح نمو کے ساتھ معاشی ترقی کا ایک اہم عنصر رہا، جس کی وجہ سے زرعی فصلوں کی پیداوار میں دوہرا اضافہ رہا۔ صنعتی شعبے نے بھی 1.29 فیصد کی شرح نمو کو کھائی۔ گروت اکانٹ کا شمار کا شمار کا ہوا ہے اور زرعی ماہانہ کے آغاز میں لمبائی بھرتی آئی۔

تینجی، کھٹی کی مجموعی ٹریڈنگ فروخت میں 64.42% اضافہ ہوا ہے 30,620 یونٹس تک پہنچ گئی، جبکہ پچھلے سال 18,622 یونٹس فروخت ہوئے تھے۔ ہاؤس ورکس پینٹنگ کے یہ کامیابی کارڈن، ہاؤس ورکس پینٹنگ اور ہر حصہ اسٹیک ہولڈرز کی کوششوں کی بدولت ممکن ہوئی۔

مجموعی منافع کاروبار میں فروخت کے حجم میں اضافے کی وجہ سے 22.57% تک بڑھ گیا۔ اس مدت کے دوران ٹیکس منافع فروخت 10.84% رہا جبکہ پچھلے سال یہ 7.64% تھا۔ یہ

ایگزیکٹوز کے نام

2- ایون ریورس ریجنل ریجنل مینجمنٹ کمیٹی

جنرل مین	مسٹر محمد جاوید رشید
ممبر	مسٹر بشیر الدین انصاری
ممبر	مختر محمد عزیزین وحید
ممبر	مسٹر رائیل امین

3- ٹائٹس کمیٹی

جنرل مین	مسٹر سہیل بشیر راہ
ممبر	مسٹر بشیر الدین انصاری
ممبر	مسٹر رائیل امین

4- ہارکیٹنگ کمیٹی

جنرل مین	مسٹر سہیل بشیر راہ
ممبر	مسٹر بشیر الدین انصاری
ممبر	مسٹر رائیل امین

5- گروپ پروموشن کے لئے بورڈ کمیٹی

جنرل مین	مسٹر سکندر معطلی خان
ممبر	مسٹر سہیل بشیر راہ
ممبر	مسٹر بشیر الدین انصاری
ممبر	مسٹر قیصر سلیم

6- انورٹمنٹل سوشل گورننس کمیٹی (ای ایس سی)

جنرل مین	مختر محمد عزیزین وحید
ممبر	مسٹر سہیل بشیر راہ
ممبر	مسٹر سعید اقبال
ممبر	مسٹر رائیل امین

ایگزیکٹوز کی معاہدہ پالیسی

یورپ کی حکومتی کے مطابق خان ایگزیکٹوز اور ایگزیکٹوز کی معاہدہ پالیسی معاہدہ پالیسی

1-	مسٹر سکندر ایم خان۔ جنرل مین (خان ایگزیکٹوز ایگزیکٹوز)
2-	مسٹر رائیل امین۔ ای ای او (ایگزیکٹوز ایگزیکٹوز)
3-	مسٹر سہیل بشیر راہ (ایگزیکٹوز ایگزیکٹوز)
4-	مسٹر بشیر الدین انصاری (خان ایگزیکٹوز ایگزیکٹوز)
5-	مسٹر قیصر سلیم (خان ایگزیکٹوز ایگزیکٹوز)
6-	مسٹر سعید اقبال (خان ایگزیکٹوز ایگزیکٹوز)
7-	مسٹر ناصر احمد قریشی (خود کار ایگزیکٹوز)
8-	مسٹر محمد جاوید رشید (خود کار ایگزیکٹوز)
9-	مختر محمد عزیزین وحید (خود کار ایگزیکٹوز)

موجودہ بورڈ 30 اکتوبر، 2021 کو مستفادہ ملازمہ اجلاس عام میں ایگزیکٹوز کے انتخاب کے بعد تشکیل دیا گیا تھا۔ کچھ رپورٹ کے بعد سے بورڈ کی تشکیل میں کوئی تبدیلی نہیں ہوئی۔ موجودہ بورڈ کی تین سالہ مدت 30 اکتوبر، 2024 کو ختم ہو جائے گی۔ ایگزیکٹوز کا اگلے تین سال کے لیے انتخاب 30 اکتوبر کے منزل اجلاس میں ہوگا۔ جس کی تفصیل اس کے نوٹس میں ہوگی۔

بورڈ مینجنگ

بورڈ اس بات کی یقین دہانی کرتا ہے کہ کمیٹی اپنے سٹرٹجک مقاصد کا حصول یقینی بنائے۔ بورڈ اپنی ذمہ داریاں شیفوں اور کردہ اجلاسوں میں سرانجام دیتا ہے۔ موجودہ مالی سال کے دوران پانچ اجلاس منعقد ہوئے جس میں چیف ٹیکنل آفیسر اور کئی دیگر اہل کار نے بھی شرکت کی۔

بورڈ مینجنگ

30 جون، 2024 تک بورڈ مینجنگ کے ممبران کے نام مندرجہ ذیل ہیں۔

1- آڈٹ کمیٹی

جنرل مین	مسٹر ناصر احمد قریشی
ممبر	مسٹر بشیر الدین انصاری
ممبر	مسٹر قیصر سلیم
ممبر	مسٹر سعید اقبال
ممبر	مسٹر محمد جاوید رشید

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹرز سال بخیر 30 جون 2024 کیلئے کھلی کی 61 ویں سالانہ رپورٹ مع مالیاتی گوشوارے پیش کرتے ہوئے اجمالی غرضیں کرتے ہیں۔

غرضیں

کھلی کے بورڈ آف ڈائریکٹرز اور شیئر ہولڈرز نے مطابقت، انتظامات اور تعمیر نو کی اسکیم (اسکیم) کی منظوری دی ہے، جو کہ ٹیڈا ٹیکسٹائلز کے قیام سے 2017 کے قیام سے جاری رہی ہے۔ اس اسکیم کے تحت کھلی کے آپریشنز کی ذمہ داری کھلی ایلٹیکو پرائیویٹ لمیٹڈ (MEL) کے ساتھ یکم جنوری 2024 سے مؤثر طور پر ٹیم کرنے کی تجویز ہے۔ اسکیم کی لاہور ہائی کورٹ، لاہور (LHC) سے منظوری ابھی تک ذرا باقی ہے۔ اسکیم کی شرائط کے مطابق، جب تک لاہور ہائی کورٹ سے منظوری نہیں ملتی، MTL کو کوئی منافع تقسیم کرنے کی اجازت نہیں ہے۔

ہذا رپورٹ کا تازہ مالی سال کے لیے کل منافع پہلے سے ادا کیے گئے صورتی منافع تک محدود ہے، جو کہ 25 روپے فی شیئر (250%) ہے۔

سال کے دوران رقم کی تخصیص درج ذیل ہے۔

درج ذیل میں		
تخلی روپے	غرض منافع	
2,278,935	1,617,829	اوپننگ پیس
-	(2,876,973)	حقیقی سال 2023 کا ختمیاتی پانچ ماہی 15 روپے
-	9,884,882	غرض ہونے والے سال 30 جون 2024 کا منافع
-	(4,794,958)	حقیقی سال 2024 کا صورتی پانچ ماہی 25 روپے
2,278,935	3,810,780	غرض منافع کی لاہور

فیصلہ دین

30 جون 2024 کو ختم ہونے والے سال میں فی حصص آمدنی 51.70 روپے اور جو کہ گزشتہ سال 17.61 روپے تھی۔

بورڈ آف ڈائریکٹرز

30 جون 2024 تک بورڈ آف ڈائریکٹرز پر مشتمل ہے۔

8	(ا) مرد
1	(ب) خاتون

ملاقات

3	ا۔ خود کار ڈائریکٹرز
4	ب۔ دیگر انڈیپنڈنٹ ڈائریکٹرز
2	ج۔ ایگزیکٹو ڈائریکٹرز

Corporate Social Responsibility Report

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.

During the year a function in honour of iconic couple Syed Babar Ali and Perwin Ali was sponsored by contributing an amount of Rs. 2,500,000 along with donation of Rs.1,000,000/- to Lahore Hospital Welfare Society and payment of Rs.1,000,000/- to Progressive Education Network.

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.

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. 1,418,488/- was spent to sponsor Governor Cup Golf Tournament. The Company also sponsored all Pakistan Junior National Tennis Championship by paying an amount of Rs.778,732/-to Punjab Lawn

Tennis Association MTL also spent Rs 300,000/- For 16th Annual Alumni Reunion Dinner at IBA PU-Alumni and paid Rs 500,000/- For Seminar's Sponsorship for the Session 2023-2024 to Marketing Association of Pakistan.

The Company also spent an amount of Rs 77,873/- to sponsor annual show 2024, organized by rose chapter, Lahore of Floral Art Society Lahore Club and PSRD.

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, Kissan Mela, Pakistan Agri Expo, First Engineering and Health Care Show arranged by Trade Development Corporation of Pakistan, Green Pakistan Islamabad, NARC, Islamabad.



مشقی تعلقات

کبھی 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 یعنی بناتی ہے۔ کبھی انتظامیہ لیبر یونین کے سربراہوں سے مستقل بنیادوں پر رابطے میں رہتی ہے اور ان کیلئے کام سے متعلق مکتوف اور بہترین ماحول فراہم کرنے کیلئے برقیوں واپنی کردہتی ہے۔ کبھی ملازمین کے بچوں کی تعلیمی سہولیات کیلئے ہر ممکن اقدام عمل میں آتی ہے اور اس کے علاوہ طبی فرمائشیں شارج و فیرو کی اہتمام وہی کیلئے کبھی کی جج حکیم کے تحت ملازمین کو مالی تعاون بھی فراہم کیا جاتا ہے۔

ملازمین کے احسا کو برقرار رکھنے اور انکی مزید موصولہ افزائی کے لئے کبھی سالانہ چھٹی دن اور سالانہ گفت آنکیم جیسے اقدامات کا اہتمام کرتی رہتی ہے۔

مختار افراد کیلئے روزگار

چونکہ ایم ٹی ایل تمام افراد کو روزگار کے یکساں مواقع فراہم کرتی ہے۔ اس لئے یہ یقینی بنا دیا جاتا ہے کہ جنسانی مفاد اور فو کو بھی کام کرنے کے سارے مواقع فراہم کئے جائیں۔ اس وقت ایم ٹی ایل میں مختلف شعبوں میں مفاد اور افراد کام کر رہے ہیں۔

پیشہ ورانہ تعلقات اور محنت

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 محنت اور محنت کے اصولوں پر مصلحت آمیز تہمتیں کی جاتی ہے۔ کام ٹیکس کی اصطلاح میں کام کے ماحول کو محفوظ ترین بنانے کے لئے ملازمین کو مناسب ٹی بی این اور ضروری حفاظتی آلات مہیا کئے گئے ہیں۔

کرپشن فری ماحول اور بنیادی اخلاقیات

ایم ٹی ایل کاروبار سے متعلق تمام تر اخلاقی اقدار پر عمل پشیر رکھتے ہوئے کسی بھی قسم کی لاکھوتیت اور بدعنوانی کی محنت کرتی ہے۔ اس لئے کبھی ہر طرح کی کرپشن اور کاروباری اقدار کی خلاف ورزی کرنے والے امور کی موصولہ ہوتی کرتی ہے۔ کبھی اس بات کے لئے ہر محنت 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 کبھی نے ایک ہاتھ اور قانونی ضابطہ اخلاق ترتیب دیا ہے۔ یہ ضابطہ اخلاق کبھی کی قابل گوتمس اور ملت کے طرز کار و بار کا بنیادی جزو ہے۔ اس ضابطہ اخلاق میں یہ بھی واضح کیا گیا ہے کبھی اپنے تمام تر

محزائم اور مقاصد کو پورا کرنا چاہتی ہے کیونکہ کاروبار میں کچھ کو مطلوبہ سمت میں لے جانے کے لئے درست طرز کار اور بہترین لینڈ رشپ وہی 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 کبھی میں اہم اقدار کو اچا کر 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، کلائنٹس، 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۔

کاروبار میں شمولیت

کمرشل سرگرمیوں کے ساتھ ساتھ کبھی نے زرعی شعبے میں آگہی اور معلومات کے فروغ کیلئے بھی اپنا بھرپور کردار ادا کیا ہے۔ اس سلسلے میں کبھی نے پاکستان آٹو شو کسان ملی، پاکستان انگری انکسپو اور ریڈیو پبلسٹ کارپوریشن آف پاکستان، گرین پاکستان اسلام آباد، این اے آر سی، اسلام آباد کی جانب سے منعقدہ پہلے انٹینر نل ایگز ہیبٹو کیئر شو میں شمولیت اور سپانسر شپ یقینی بنائی۔

سی ایس آر اور پورٹ

کارپورٹت محصولات کو برقرار رکھنا

ایم ٹی ایل پاکستان کا ایک کارپورٹ شہری اور معاشرے کا ایک منظم 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 برپا رکھنے اور سکھانے، بہترین ماحول کے لئے کارکنوں کے اثرات میں کمی، موسمیاتی میں موجود محروم طبقات کی ترقی کے لئے ہر دم کوشاں رہتا ہے۔ اس کے علاوہ ایم ٹی ایل معاشرے میں سکھانے اور پراڈکس سے متعلق اخلاقی اقدار کو فروغ دے کر قومی سرمایہ میں حصہ داری اور افغان و بیورو کے پروگراموں کی تکمیل پر بھی یقین رکھتا ہے۔

ایم ٹی ایل اپنی کارپورٹ سماجی ذمہ داریوں کو ایسے مثبت انداز میں نبھاتا ہے تاکہ اس کے سکٹرز ملازمین، شیئرز، ہولڈرز، کمیونٹی اور ماحول پر اس کا مثبت اثر ہو۔ کئی ایسے ہی ایس آر پروگرامز جس میں دفاعی و غیر دفاعی سرگرمیاں شامل ہیں، میں کارپورٹ شیئرز شپ کے حوالے سے ایک فعال کردار ادا کرتی ہے۔

ظلمی خدمات

ایم ٹی ایل اپنے سی ایس آر پروگرام کے تحت ظلمی شعبے میں گرامر اقدار خدمات کی اہم دہی اور ترویج جتنی بنا رہی ہے۔ چلڈرن ایجوکیشن ایوارڈ اسکیم بھی ان اقدام میں سے ایک ہے جس کے ذریعے کئی ملازمین کے بچوں کی بھروسہ کارکردگی کو سراہتی ہے اور ان کی تعلیم کے لئے ایجوکیشنل میٹریاں فراہم کرتی ہے۔

کئی ایس 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 فائدہ مند ثابت ہو سکتا ہے۔ اس لئے کئی اپنے ملازمین کے اوقات کار میں ترقی پیدا کر کے تعلیمی قابلیت میں بہتری کیلئے آگے خدمات کرتی ہے۔

سال کے دوران مشہور جڑ سے منبہ پارٹنر اور پروڈیوسر کی عزت میں ایک تقریب کا انعقاد کیا گیا جس کے لئے 2,500,000 روپے کی رقم فراہم کی گئی، ساتھ ہی لاہور ہسپتال ویلنٹیر سوسائٹی کو 1,000,000 روپے کا عطیہ دیا گیا اور پروڈیوسر ایجوکیشن ٹیبلٹ ڈاک کو 1,000,000 روپے کی ادائیگی کی گئی۔

سرمایہ کی صفائی سے متعلق اقدامات

گھومل دار رنگ کے جوڑے ہونے کی وجہ سے اور ماحول پر اسکے اثرات کے پیش نظر سالانہ ہر کے دوران کئی کی جانب سے درخت لگانے کی مہم کا اہتمام کیا گیا۔ جس کے تحت کئی ملازمین کو یہ موقع فراہم کیا گیا کہ وہ صرف چیلنری کے احاطہ میں ہونے والے درختوں کی لگانے کی فرمائش کے لئے عمل دیکھ سکیں۔

اسکے ساتھ ساتھ کئی نے تاسیاتی کاشتکاری کے لئے ان ہڈوں نرسریز اور پمپنگ خانوں کا آغاز بھی طے کیا ہے تاکہ کئی نے سالانہ پھولوں کی مختلف نمائشوں میں حصہ لے کر حصہ لیا۔

کیٹی وینٹیر سبیس

MTL کے CSR پروگرام لے ماحول کے تحفظ کے لیے کئی اقدامات کو سر پرستی فراہم کی ہے۔ ان اقدامات میں سے ایک لہال طور پر پھولوں کی نمائشوں میں شرکت کرنا ہے۔

کئی نے مختلف کمیونٹی سرگرمیوں کو فروغ دیا تاکہ مختلف کمیونٹی کے لوگوں کو ایک ساتھ لایا جا سکے۔ گورننگ کالج ٹورنامنٹ کی اسپانسر شپ کے لیے 1,418,488 روپے خرچ کیے گئے۔ کئی نے ایل پاکستان جو نیئر ایلیٹس ٹینس ٹیم کی اسپانسر شپ کے لیے پنجاب ٹینس ایسوسی ایشن کو 778,732 روپے کی رقم بھی فراہم کی۔ کئی نے 16 ویں سالانہ ایسوسی ایشن ڈنر کے لیے Alumni-PUIBA کو 300,000 روپے اور 2023-2024 کے سیشن کے سینیئر کی اسپانسر شپ کے لیے مارننگ ایسوسی ایشن آف پاکستان کو 500,000 روپے کی رقم دی۔

کئی نے پھولوں کی آرٹ سوسائٹی لاہور کلب اور PSRD کے زیر اہتمام 2024 کے سالانہ شو کی اسپانسر شپ کے لیے 77,873 روپے بھی خرچ کیے۔

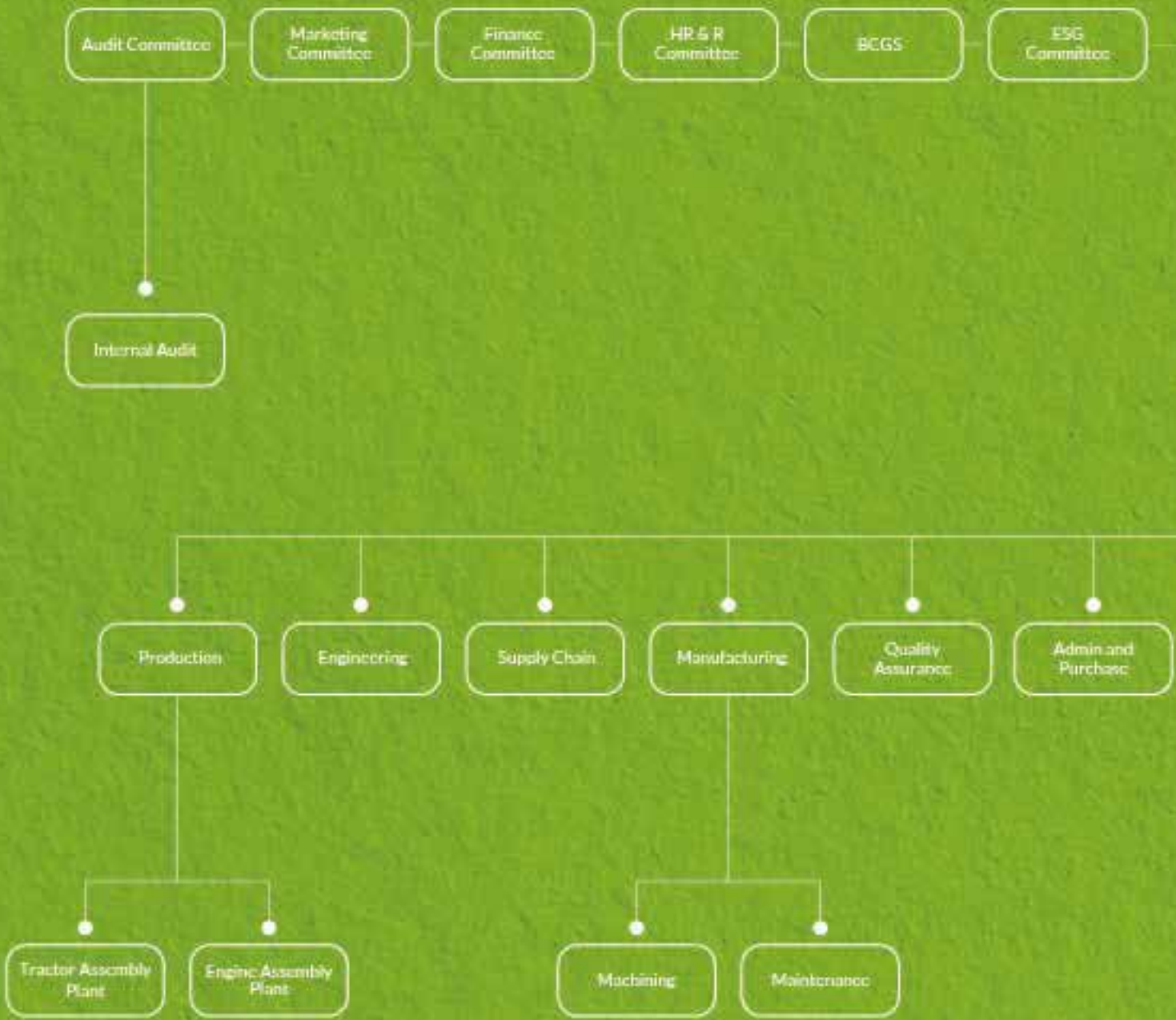
سارے کا سارے

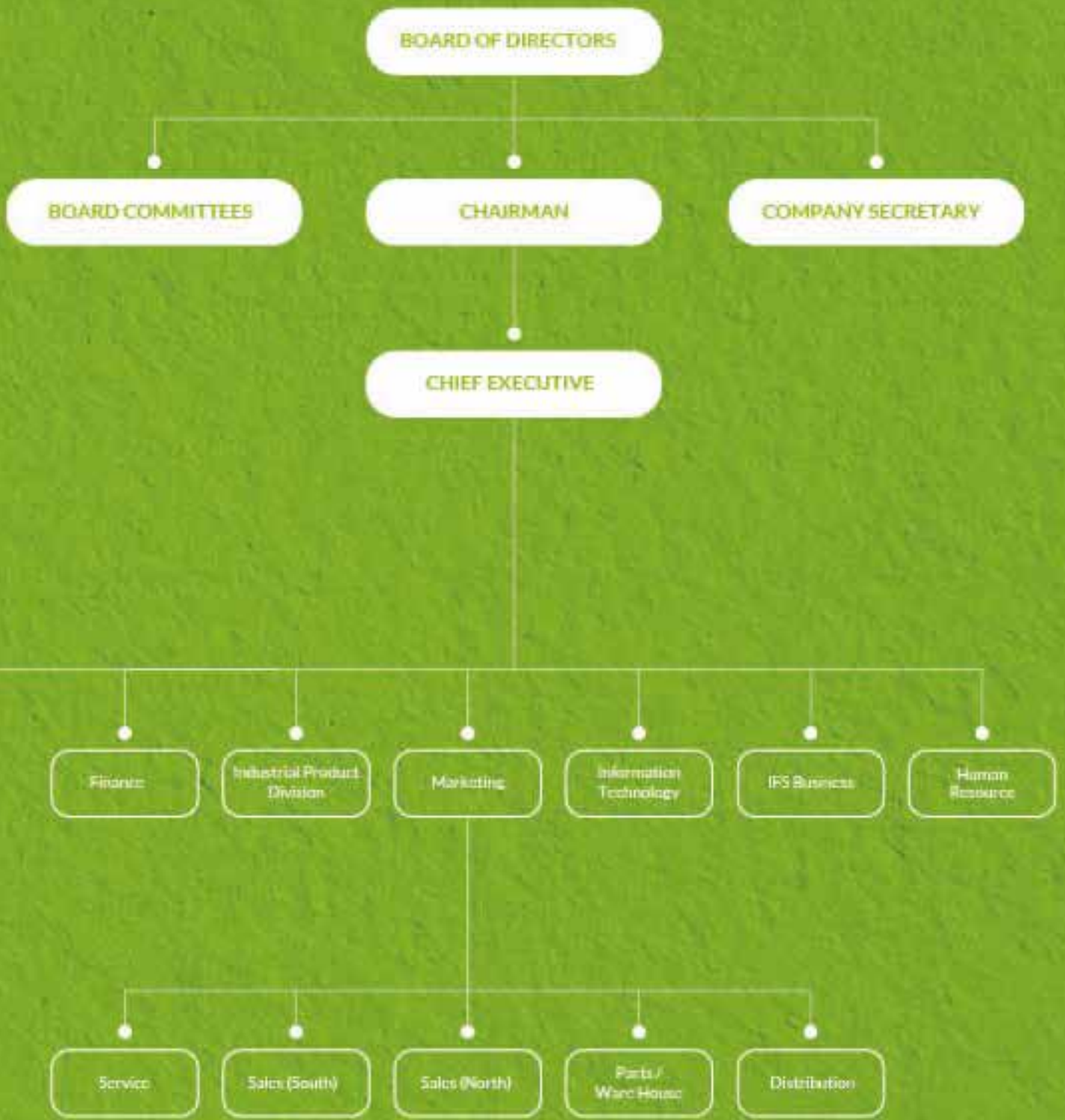
کئی مقامی اور ریڈی ضروریات پوری کرنے کیلئے بیورو کی معاونت کی حامل جدید پروڈکشن کی سہولیات رکھتی ہے۔ کئی مسلسل بنیادوں پر اپنے صارفین کو مالی معیار کے مطابق پراڈکس بنا چکا رہی ہے جس میں سٹار کے بعد بھی سرورزی فراہمی کا موثر نظام شامل ہے۔

ایم ٹی ایل مختلف آگہی پروگرامز اور سروسز سے منصفہ کردہ آتی رہتی ہے تاکہ مارکیٹ سے نئے والی آراء کی بنیاد پر پراڈکس میں مزید بہتری لائی جاسکے۔ اس کے ساتھ ساتھ سکٹرز کی سہولت کیلئے قوانین واضح کیے گئے ہیں اور انہیں کسی بھی غیر نسلی پیش صورت میں کئی سے سنبھالنے کے بارے میں بھی آگاہ کیا جاتا ہے۔

مزید برآں کئی نے صارفین کی توقعات پر غور کرنے اور سالانہ ہر کے دوران پراڈکس میں بہتری کی تدابیر کرنے کے لئے اپنے پرنسپل M&AGCO سے شراکت داری قائم کر رکھی ہے۔

Organization Structure



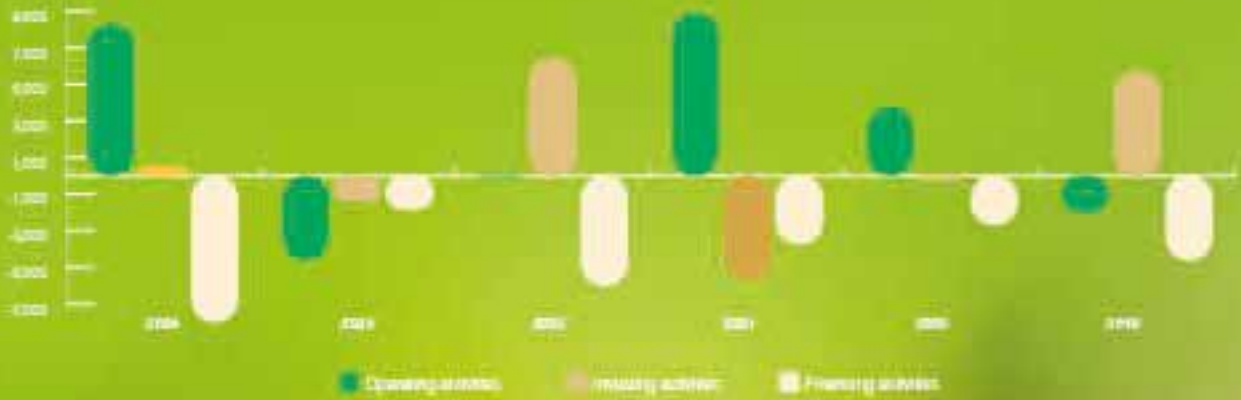




The image features a dark green, 3D-rendered background with a perspective grid. In the foreground, there is a bar chart with several vertical bars of varying heights. In the background, a line graph with a jagged, fluctuating path is visible. The overall aesthetic is technical and data-oriented.

Performance and Position

Cash Flow Analysis (Rs. in Million)



Six Years at a Glance

		2024	2023 Restated	2022 Restated	2021	2020	2019
Statement of Profit or Loss Summary							
Revenue from contracts with customers	Rs thousand	91,508,626	44,190,843	53,374,415	43,953,778	22,942,275	31,144,057
Gross profit	Rs thousand	20,652,867	8,842,390	10,197,475	9,271,094	4,245,596	5,946,367
Operating profit	Rs thousand	17,382,776	6,707,223	8,892,530	7,888,338	3,187,471	5,124,905
Profit before tax	Rs thousand	16,314,612	5,350,223	8,665,111	7,879,074	2,969,635	5,082,861
Profit after tax	Rs thousand	9,916,605	3,377,636	5,407,006	5,780,927	2,150,548	3,638,045
Earning before interest, tax, depreciation and amortization (EBITDA)	Rs thousand	17,505,601	6,812,049	8,983,418	7,965,475	3,267,847	5,205,787
Statement of Financial Position Summary							
Share capital	Rs thousand	1,917,983	1,917,983	968,679	560,578	498,292	442,926
General reserves	Rs thousand	2,278,935	2,278,935	2,278,935	2,278,935	2,278,935	2,278,935
Operating fixed assets	Rs thousand	890,583	827,326	775,150	777,638	667,980	718,559
Other non-current assets	Rs thousand	6,951,430	7,099,571	4,642,354	6,547,172	2,354,967	1,891,604
Current assets	Rs thousand	22,517,991	17,766,037	14,604,316	17,481,439	7,781,665	7,964,021
Current liabilities	Rs thousand	18,712,967	15,685,887	12,123,350	14,543,064	6,400,770	5,728,286
Net working capital	Rs thousand	3,805,024	2,080,150	2,480,966	2,938,375	1,380,895	2,235,735
Non-current liabilities	Rs thousand	1,884,991	2,289,395	875,713	1,170,415	331,766	12,731
Profitability Ratios							
Gross profit	%	22.57	20.01	19.11	21.09	18.51	19.09
Operating profit	%	19.00	15.18	16.66	17.95	13.89	16.46
Profit before tax	%	17.83	12.11	16.23	17.93	12.94	16.32
Net profit after tax	%	10.84	7.64	10.13	13.15	9.37	11.68
EBITDA margin	%	19.13	15.42	16.83	18.12	14.24	16.72
Operating leverage	%	1.49	1.43	0.59	1.61	1.44	1.79
Return on equity	%	101.58	43.77	76.99	63.58	52.81	75.27
Return on capital employed	%	217.08	115.35	164.38	139.45	84.44	107.52
Return on assets	%	53.74	20.82	43.28	31.76	27.48	48.07
Liquidity Ratios							
Current ratio	Times	1.20:1	1.13:1	1.20:1	1.20:1	1.22:1	1.39:1
Quick ratio	Times	0.45:1	0.49:1	0.63:1	0.82:1	1.06:1	0.81:1
Cash to current liabilities	Times	0.07:1	0.06:1	0.12:1	0.05:1	0.27:1	0.15:1
Cash flow from operations to sales	Times	0.090:1	-0.104:1	-0.001:1	0.20:1	0.17:1	0.07:1
Activity / Turnover Ratios							
Inventory turnover ratio	Times	5.80	3.74	6.41	6.62	4.32	6.10
No. of days in inventory	Days	63	98	57	55	85	60
Debtor turnover ratio	Times	294.54	183.71	283.53	361.35	308.61	555.08
No. of days in receivables	Days	1.24	1.99	1.29	1.01	1.18	0.66
Creditor turnover ratio	Times	19.01	12.16	14.50	14.74	9.61	18.13
No. of days in creditors	Days	19	30	25	25	38	20
Total assets turnover ratio	Times	3.27	1.93	2.38	1.77	2.12	2.95
Fixed assets turnover ratio	Times	106.53	55.15	68.75	60.81	33.09	43.89
Operating cycle	Days	45	70	33	31	48	40
Investment / Market Ratios							
Earning per share (after tax)	Rs	51.70	17.61	55.82	59.68	38.36	64.90
Price earning	Times	12.30	22.16	15.63	18.09	18.41	13.29
Price to book value	Times	12.50	9.70	12.04	11.50	8.64	10.00
Dividend yield	%	4.71	3.94	6.87	9.89	7.21	8.96
Dividend payout ratio (after tax)	%	48.35	119.59	91.82	91.58	115.85	103.49
Dividend cover	Times	2.07	2.91	1.09	1.09	0.86	0.97
Cash dividend per share (includes final dividend)	Rs	25.00	25.00	65.00	100.00	50.00	85.00
Bonus per share (includes final bonus shares)	%	-	60.00	60.00	32.50	-	12.50
Market value per share:							
Year end	Rs	636.08	390.31	872.59	1,079.61	706.16	862.38
During the year:							
Highest	Rs	661.99	904.79	1,120.94	1,298.75	863.58	1,254.39
Average	Rs	530.97	634.96	945.58	1,011.30	693.59	948.36
Lowest	Rs	380.36	382.83	746.46	698.74	468.49	751.75
Break-up value per share	Rs	50.90	40.24	72.50	93.87	81.72	86.22
Capital Structure Ratios							
Debt to equity ratio							
(Long term debt / Long term debt + Equity)	Times	9 : 91	15 : 85	0.02 : 99.98	0.03 : 99.97	0.03 : 99.97	0 : 100
Financial charges coverage	Times	16.27	4.94	38.10	1943.05	13.82	131.58

Statement of Value Addition and its Distribution



Employees
2024: **15.10%**
2023: 19.95%



Financial Charges
2024: **5.08%**
2023: 15.68%



Government
2024: **32.03%**
2023: 24.12%



Society
2024: **0.02%**
2023: 0.02%



Shareholders
2024: **22.81%**
2023: 22.16%



Retained in Business
2024: **24.95%**
2023: 18.07%

VALUE ADDITION	2024 Rs. in ('000)	Restated 2023 Rs. in ('000)
Revenue from contract with customers	91,508,626	44,190,843
Material and services	(71,527,013)	(36,005,733)
Other income	1,035,716	471,274
	21,017,329	8,656,384

Value Distribution

	2024 Rs. ('000)	%	Restated 2023 Rs. ('000)	%
Employees				
Salaries wages and amenities	2,297,508	10.93	1,438,938	16.62
Worker's profit participation fund	876,187	4.17	288,069	3.33
	3,173,695	15.10	1,727,007	19.95
Government				
Tax	6,398,007	30.44	1,972,587	22.79
Workers welfare fund	332,951	1.58	115,228	1.33
	6,730,958	32.03	2,087,815	24.12
Shareholders				
Cash dividend (includes final dividend)	4,794,958	22.81	1,162,414	13.43
Bonus shares (includes final bonus shares)	-	-	755,568	8.73
	4,794,958	22.81	1,917,982	22.16
Financial charges				
Finance cost	1,068,164	5.08	1,357,000	15.68
	1,068,164	5.08	1,357,000	15.68
Society				
Donation	5,082	0.02	2,100	0.02
	5,082	0.02	2,100	0.02
Retained in business				
Depreciation and amortisation	122,825	0.58	104,826	1.21
Retained profit / (Over-drawn)	5,121,647	24.37	1,459,654	16.86
	5,244,472	24.95	1,564,480	18.07
	21,017,329	100.00	8,656,384	100.00

Horizontal Analysis

	2024		2023 Restated	
	Increase/(Decrease) from last year		Increase/(Decrease) from last year	
	Rs. ('000)	%	Rs. ('000)	%
Statement of Financial Position				
Operating fixed assets	890,583	7.65	827,326	6.73
Capital work in progress	87,220	285.71	22,613	117.04
Right-of-use assets	6,730	(47.65)	12,857	1,044.88
Intangible assets	23,580	(25.00)	31,440	(20.00)
Investment property	255,708	-	255,708	-
Long term investments	6,282,557	(3.04)	6,479,728	55.25
Long term loans	7,554	2.79	7,349	(61.37)
Deferred tax asset - net	-	-	-	-
Employee benefits	288,081	(0.62)	289,876	102.64
Stores, spares parts and loose tools	234,855	4.68	224,348	22.85
Stock in trade	13,827,561	41.04	9,803,885	45.05
Trade debts	375,537	52.77	245,821	4.49
Loans and advances	40,271	(60.47)	101,878	157.50
Trade deposits and prepayments	114,143	(59.79)	283,875	385.75
Balance with statutory authorities	6,283,650	5.04	5,982,200	4.81
Other receivables	273,606	133.24	117,305	1.13
Tax refunds due from Government	-	-	-	-
Short term investments	-	-	-	-
Cash and bank balances	1,368,368	35.92	1,006,725	(33.14)
Total Assets	30,360,004	18.16	25,692,934	28.32
Shareholder's equity	9,762,046	26.49	7,717,652	9.89
Non-current liabilities	1,884,991	(17.66)	2,289,395	161.43
Current liabilities	18,712,967	19.30	15,685,887	29.39
Total Liabilities and Equity	30,360,004	18.16	25,692,934	28.32
Statement of Profit or Loss				
Revenue from contracts with customers	91,508,626	107.08	44,190,843	(17.21)
Cost of sales	70,855,759	100.45	35,348,453	(18.13)
Gross profit	20,652,867	133.57	8,842,390	(13.29)
Distribution and marketing expenses	1,898,313	77.30	1,070,694	15.36
Administrative expenses	1,193,274	60.07	745,465	14.96
Other operating income	1,035,716	119.77	471,274	(27.42)
Other operating expenses	1,214,220	53.64	790,282	(14.19)
Operating profit	17,382,776	159.17	6,707,223	(24.57)
Finance costs	1,068,164	(21.28)	1,357,000	496.70
Profit before tax	16,314,612	204.93	5,350,223	(38.26)
Levies and taxes	6,398,007	224.35	1,972,587	(39.46)
Profit after tax	9,916,605	193.60	3,377,636	(37.53)

2022 Restated		2021		2020		2019	
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)	%
775,150	(0.32)	777,638	16.42	667,980	(7.04)	718,559	2.54
10,419	(76.93)	45,166	1,433.65	2,945	(77.04)	12,827	(51.87)
1,123	(77.06)	4,896	100.00	12,931	-	-	-
39,300	(0.41)	39,462	(4.69)	41,405	922.85	4,048	100.00
255,708	-	255,708	-	255,708	-	255,708	-
4,173,730	(32.68)	6,199,458	203.94	2,039,726	47.39	1,383,879	95.10
19,023	666.44	2,482	10.21	2,252	(20.31)	2,826	9.24
-	-	-	100.00	-	-	12,797	-
143,051	100.00	-	-	-	(100.00)	219,519	100.00
182,625	13.20	161,329	2.50	157,399	4.38	150,799	14.88
6,758,898	25.80	5,372,584	39.29	3,857,166	22.50	3,148,589	(24.26)
235,269	66.58	141,234	38.41	102,044	118.80	46,637	(28.88)
39,565	(29.80)	56,359	8.66	51,869	(54.45)	113,876	191.76
58,440	(10.47)	65,273	50.46	43,382	(6.63)	46,461	185.35
5,707,842	24.30	4,592,169	344.69	1,032,656	(54.11)	2,250,219	17.83
115,989	7.15	108,253	179.65	38,710	(55.52)	87,023	97.25
-	-	-	(100.00)	778,977	(38.59)	1,268,429	74.85
-	(100.00)	6,134,636	-	-	-	-	(100.00)
1,505,688	77.22	849,602	(50.59)	1,719,462	101.82	851,988	63.80
20,021,820	(19.29)	24,806,249	129.59	10,804,612	2.18	10,574,184	(36.19)
7,022,757	(22.77)	9,092,770	123.30	4,072,076	(15.75)	4,833,167	(14.53)
875,713	(25.18)	1,170,415	252.78	331,766	2,505.97	12,731	(86.50)
12,123,350	(16.64)	14,543,064	127.21	6,400,770	11.74	5,728,286	(47.07)
20,021,820	(19.29)	24,806,249	129.59	10,804,612	2.18	10,574,184	(36.19)
53,374,415	21.43	43,953,778	91.58	22,942,275	(26.33)	31,144,057	(19.14)
43,176,940	24.49	34,682,684	85.50	18,696,679	(25.80)	25,197,690	(16.24)
10,197,475	9.99	9,271,094	118.37	4,245,596	(28.60)	5,946,367	(29.50)
928,162	8.60	854,630	50.51	567,838	(1.93)	579,004	(8.06)
648,456	11.92	579,369	29.27	448,178	0.41	446,327	(9.33)
649,283	5.39	616,066	108.27	295,803	(50.42)	596,605	3.43
920,956	38.01	667,309	163.04	253,694	(68.31)	800,474	(23.51)
8,892,530	12.73	7,888,338	147.48	3,187,471	(37.80)	5,124,905	(34.15)
227,419	2,354.87	9,264	(95.75)	217,836	418.11	42,044	1,588.51
8,665,111	9.98	7,879,074	165.32	2,969,635	(41.58)	5,082,861	(34.67)
3,258,105	55.28	2,098,147	156.16	819,087	(43.31)	1,444,816	(40.92)
5,407,006	(6.47)	5,780,927	168.81	2,150,548	(40.89)	3,638,045	(31.80)

Vertical Analysis

	2024		2023 Restated	
	Rs. ('000)	%	Rs. ('000)	%
Statement of Financial Position				
Operating fixed assets	890,583	2.9	827,326	3.2
Capital work in progress	87,220	0.3	22,613	0.1
Right-of-use assets	6,730	0.0	12,857	0.1
Intangible assets	23,580	0.1	31,440	0.1
Investment property	255,708	0.8	255,708	1.0
Long term investments	6,282,557	20.7	6,479,728	25.2
Long term loans and advances	7,554	0.0	7,349	0.0
Deferred tax asset - net	-	-	-	-
Employee benefits	288,081	0.9	289,876	1.1
Stores, spares parts and loose tools	234,855	0.8	224,348	0.9
Stock in trade	13,827,561	45.5	9,803,885	38.2
Trade debts	375,537	1.2	245,821	1.0
Loans and advances	40,271	0.1	101,878	0.4
Trade deposits and prepayments	114,143	0.4	283,875	1.1
Balance with statutory authorities	6,283,650	20.7	5,982,200	23.3
Other receivables	273,606	0.9	117,305	0.5
Tax refunds due from Government	-	-	-	-
Short term investments	-	-	-	-
Cash and bank balances	1,368,368	4.5	1,006,725	3.9
Total Assets	30,360,004	100.0	25,692,934	100.0
Shareholder's equity	9,762,046	32.2	7,717,652	30.0
Non-current liabilities	1,884,991	6.2	2,289,395	8.9
Current liabilities	18,712,967	61.6	15,685,887	61.1
Total Liabilities and Equity	30,360,004	100.0	25,692,934	100.0
Statement of Profit or Loss				
Revenue from contracts with customers	91,508,626	100.0	44,190,843	100.0
Cost of sales	70,855,759	77.4	35,348,453	80.0
Gross profit	20,652,867	22.6	8,842,390	20.0
Distribution and marketing expenses	1,898,313	2.1	1,070,694	2.4
Administrative expenses	1,193,274	1.3	745,465	1.7
Other operating expenses	1,214,220	1.3	790,282	1.8
Other operating income	1,035,716	1.1	471,274	1.1
Operating profit	17,382,776	19.0	6,707,223	15.2
Finance costs	1,068,164	1.2	1,357,000	3.1
Profit before tax	16,314,612	17.8	5,350,223	12.1
Levies and taxes	6,398,007	7.0	1,972,587	4.5
Profit after tax	9,916,605	10.8	3,377,636	7.6

2022 Restated		2021		2020		2019	
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
775,150	3.9	777,638	3.1	667,980	6.2	718,559	6.8
10,419	0.1	45,166	0.2	2,945	0.0	12,827	0.1
1,123	0.0	4,896	0.0	12,931	0.1	-	-
39,300	0.2	39,462	0.2	41,405	0.4	4,048	0.0
255,708	1.3	255,708	1.0	255,708	2.4	255,708	2.4
4,173,730	20.8	6,199,458	25.0	2,039,726	18.9	1,383,879	13.1
19,023	0.1	2,482	0.0	2,252	0.0	2,826	0.0
-	-	-	-	-	-	12,797	0.1
143,051	0.7	-	-	-	-	219,519	2.1
182,625	0.9	161,329	0.7	157,399	1.5	150,799	1.4
6,758,898	33.8	5,372,584	21.7	3,857,166	35.7	3,148,589	29.8
235,269	1.2	141,234	0.6	102,044	0.9	46,637	0.4
39,565	0.2	56,359	0.2	51,869	0.5	113,876	1.1
58,440	0.3	65,273	0.3	43,382	0.4	46,461	0.4
5,707,842	28.5	4,592,169	18.5	1,032,656	9.6	2,250,219	21.3
115,989	0.6	108,253	0.4	38,710	0.4	87,023	0.8
-	-	-	-	778,977	7.2	1,268,429	12.0
-	-	6,134,636	24.7	-	-	-	-
1,505,688	7.5	849,602	3.4	1,719,462	15.9	851,988	8.1
20,021,820	100.0	24,806,249	100.0	10,804,612	100.0	10,574,184	100.0
7,022,757	35.1	9,092,770	36.7	4,072,076	37.7	4,833,167	45.7
875,713	4.4	1,170,415	4.7	331,766	3.1	12,731	0.1
12,123,350	60.6	14,543,064	58.6	6,400,770	59.2	5,728,286	54.2
20,021,820	100.0	24,806,249	100.0	10,804,612	100.0	10,574,184	100.0
53,374,415	100.0	43,953,778	100.0	22,942,275	100.0	31,144,057	100.0
43,176,940	80.9	34,682,684	78.9	18,696,679	81.5	25,197,690	80.9
10,197,475	19.1	9,271,094	21.1	4,245,596	18.5	5,946,367	19.1
928,162	1.7	854,630	1.9	567,838	2.5	579,004	1.9
648,456	1.2	579,369	1.3	448,178	2.0	446,327	1.4
649,283	1.2	616,066	1.4	295,803	1.3	596,605	1.9
920,956	1.7	667,309	1.5	253,694	1.1	800,474	2.6
8,892,530	16.7	7,888,338	17.9	3,187,471	13.9	5,124,905	16.5
227,419	0.4	9,264	0.0	217,836	0.9	42,044	0.1
8,665,111	16.2	7,879,074	17.9	2,969,635	12.9	5,082,861	16.3
3,258,105	6.1	2,098,147	4.8	819,087	3.6	1,444,816	4.6
5,407,006	10.1	5,780,927	13.2	2,150,548	9.4	3,638,045	11.7

Commentary on Financial Results

Profitability

Gross profit margin has increased by 260 basis points owing to timely increase in price of tractors and increase in sales volume.

Increase in operating profit margin by 380 basis points is also attributed to increase in sales volume.

Resultantly, profit before tax margin was higher as compared to the last year by 320 basis points. Finance cost, long term loans and short term borrowings have also decreased as compared to last year due to increase in liquidity.

Liquidity

The company's short-term liquidity remained healthy as current ratio remained above 1:1 which is a positive sign.

Net operating cycle has reduced to 45 days from 70 days, mainly on account of improved recovery of trade debtors and reduced inventory days due to ease out of import restrictions.

However, sales tax refunds due from Government have increased during the year and stand at Rs. 6.284 billion at year end, primarily due to delay in processing by the sales tax authorities.

Overall, the financial position remains healthy and no short or long term issues are envisaged.

Solvency

Due to delays in recovery of sales tax refunds, the company has used a mixture of long term debt and equity in the ratio of 9:91 in its capital structure.

Nevertheless, the interest coverage ratio is 16.27, which shows that the company will be able to discharge its obligations in respect thereof, with ease.

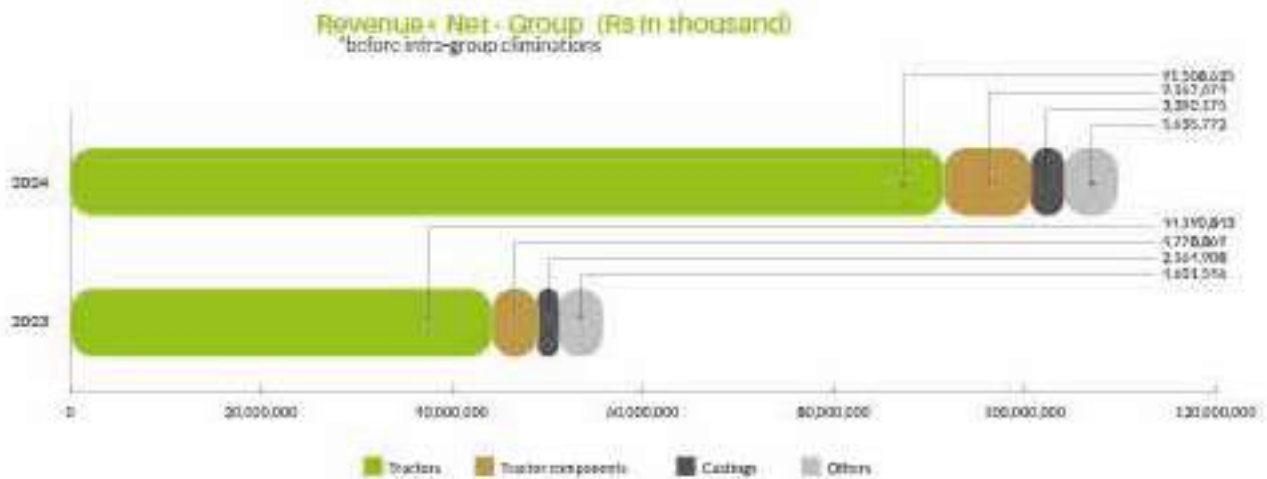
Investor

Earnings per share have increased because of increase in net profits. The company has also disbursed interim cash dividend of Rs. 25 per share. The market price of the shares shows strong confidence of investors in the company's fundamentals.



Segmental Review of Business Performance

Millat group of companies is closely integrated with one another, where the subsidiary companies supply input materials to the parent entity. The operating segment information is given in Note 51 to the consolidated financial statements. A brief analysis of the same is presented below:



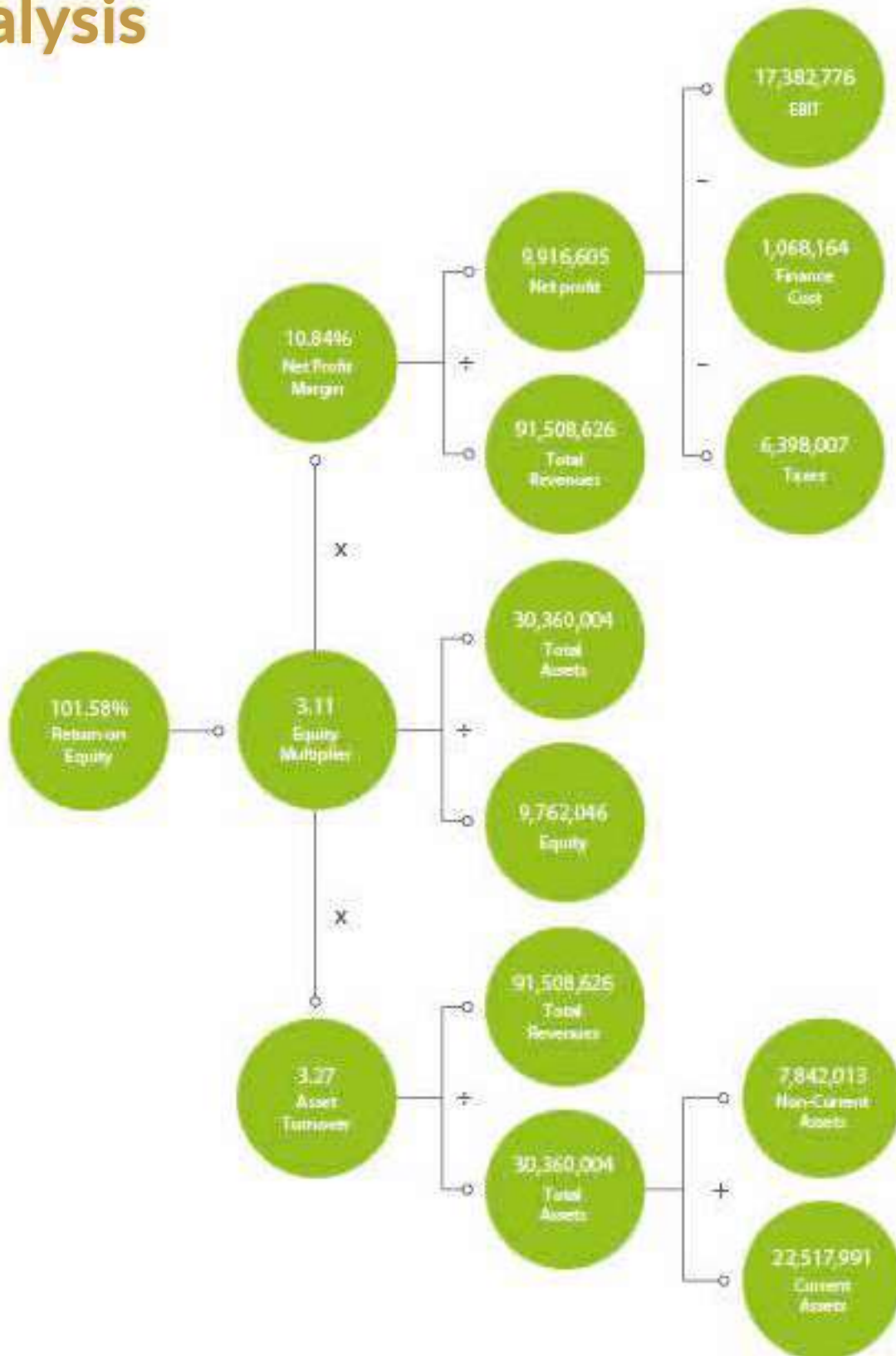
Due to an increase in tractor sales, the sales of tractors components, castings and other miscellaneous items/ services have also exhibited a proportional increase.

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 revenue.



Current ratio of the Group has improved due to effective management of resources. Quick ratio has remained stable. Overall, liquidity position of the Group is satisfactory.

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, 2024 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, 2024.

A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: September 24, 2024

UDIN: CR202410118t8QRk5JZz

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
iii) Executive Directors	Mr. Saad Iqbal
	Mr. Sohail Bashir Rana
	Mr. Raheel Asghar, CEO

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 one head of department and a female executive completed the Directors' Training Program arranged by the Company. 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, (Independent Director)	Chairman
Mr. Laeeq Uddin Ansari,	Member
Mr. Qaiser Saleem,	Member
Mr. Saad Iqbal,	Member
Mr. Muhammad Javed Rashid,	Member

b) HR and Remuneration Committee

Mr. Muhammad Javed Rashid, (Independent Director)	Chairman
Mr. Laeeq Uddin Ansari,	Member
Mrs. Ambreen Waheed,	Member
Mr. Raheel Asghar,	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 an 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.	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)
2.	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)
3.	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)

Sr. No.	Requirement	Explanation for Non-Compliance	Reg. No.
4.	Responsibilities of the Board and its members The Board shall ensure that complete record of particulars of the significant policies along with their dates of approval or updating is maintained by the company. The significant policies may include but not limited to the following: xvi Anti-harassment policy to safeguard the rights and well being of employees	During the year, the Securities and Exchange Commission of Pakistan issued certain amendments in the Listed Companies (Code of Corporate Governance) Regulations, 2019 through its notification dated June 12, 2024. Currently, the Company is in the process of formulation and approval of the policy and compliance thereof, as applicable, will be performed in due course of time.	10(4) (xvi)
5.	Disclosure of significant policies on website The company may post the following on its website: (vii) Policies for promoting DE&I and protection against harassment at the workplace	During the year, the Securities and Exchange Commission of Pakistan issued certain amendments in the Listed Companies (Code of Corporate Governance) Regulations, 2019 through its notification dated June 12, 2024. Currently, the Company is in the process of formulation and approval of the policy and compliance thereof, as applicable, will be performed in due course of time.	35(1) (vii)
6.	Role of board and its members to address Sustainability Risks and Opportunities	During the year, the Securities and Exchange Commission of Pakistan issued certain amendments (in relation to Regulation 10) in the Listed Companies (Code of Corporate Governance) Regulations, 2019 through its notification dated June 12, 2024. Currently, the Company is assessing these amendments and compliance thereof, as applicable, will be performed in due course of time.	10A



SIKANDAR MUSTAFA KHAN
Chairman
Lahore:

September 09, 2024



Independent Auditor's Report

To the members of Millat Tractors Limited

Report on the Audit of the Unconsolidated Financial Statements as at 30 June 2024

Opinion

We have audited the annexed unconsolidated financial statements of Millat Tractors Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2024, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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, 2024 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 Unconsolidated 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.

Emphasis of Matter

We draw attention to note 2.3 to the annexed unconsolidated financial statements which describes the pending matter regarding amalgamation of a subsidiary company, Millat Equipment Limited, with and into the Company. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated 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:

Key audit matter	How the matter was addressed in our audit
<p>Investment measured at Fair Value (Refer note 4.19, 21.2 and 48.1 to the annexed unconsolidated financial statements)</p> <p>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.</p> <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>	<p>Our audit procedures in respect of this matter included the following:</p> <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; 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 Unconsolidated 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 unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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.

Other Matter

The unconsolidated financial statements for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated October 4, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: September 24, 2024

UDIN: AR202410118SVNwgaq2X

Unconsolidated Statement of Financial Position

As at June 30, 2024

	Note	2024	2023
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (2023: 400,000,000) ordinary shares of Rs. 10 each		4,000,000	4,000,000
Issued, subscribed and paid up capital	5	1,917,983	1,917,983
Reserves	6	7,844,063	5,799,669
		9,762,046	7,717,652
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term finances - secured	7	660,632	1,016,918
Deferred grant	8	8,578	11,362
Lease liabilities	9	2,334	6,967
Long-term deposits	10	15,433	14,633
Deferred tax liabilities - net	11	1,198,014	1,239,515
		1,884,991	2,289,395
CURRENT LIABILITIES			
Trade and other payables	12	8,890,463	4,328,370
Contract liabilities	13	954,874	2,836,809
Taxation - net		1,086,918	332,411
Short-term borrowings	14	6,871,015	7,353,261
Current portion of non-current liabilities	15	365,536	367,854
Unclaimed dividend		327,150	329,143
Unpaid dividend		40,734	10,620
Accumulating compensated absences		176,277	127,419
		18,712,967	15,685,887
CONTINGENCIES AND COMMITMENTS			
	16		
		30,360,004	25,692,934

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	2024	2023
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	977,803	849,939
Right-of-use assets	18	6,730	12,857
Investment property	19	255,708	255,708
Intangible assets	20	23,580	31,440
Long-term investments	21	6,282,557	6,479,728
Employees' defined benefit plan	22	288,081	289,876
Long-term loans and advances	23	7,554	7,349
		7,842,013	7,926,897
CURRENT ASSETS			
Stores, spare parts and loose tools	24	234,855	224,348
Stock-in-trade	25	13,827,561	9,803,885
Trade debts	26	375,537	245,821
Loans and advances	27	40,271	101,878
Trade deposits and short-term prepayments	28	114,143	283,875
Balances with statutory authorities	29	6,283,650	5,982,200
Other receivables	30	273,606	117,305
Cash and bank balances	31	1,368,368	1,006,725
		22,517,991	17,766,037
		30,360,004	25,692,934

By
Subash

Director

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2024

	Note	2024 (Rupees in thousand)	Restated 2023
Revenue from contracts with customers	32	91,508,626	44,190,843
Cost of sales	33	(70,855,759)	(35,348,453)
Gross profit		20,652,867	8,842,390
Distribution and marketing expenses	34	(1,898,313)	(1,070,694)
Administrative expenses	35	(1,193,274)	(745,465)
Other operating expenses	36	(1,214,220)	(790,282)
		(4,305,807)	(2,606,441)
Other income	37	1,035,716	471,274
Operating profit		17,382,776	6,707,223
Finance cost	38	(1,068,164)	(1,357,000)
Profit before income taxes and levies		16,314,612	5,350,223
Levy - final taxes	39	(64,243)	(31,136)
Profit before income tax		16,250,369	5,319,087
Taxation - income tax	39	(6,333,764)	(1,941,451)
Profit after tax for the year		9,916,605	3,377,636
Other comprehensive income:			
Items not to be reclassified to profit or loss in subsequent periods - (Net of tax):			
Unrealized (loss) / gain on revaluation of investments at fair value through other comprehensive income	21	(197,171)	707,872
Less: Deferred tax		48,614	(417,869)
		(148,557)	290,003
Remeasurement (loss) / gain on employees' defined benefit plan		(51,723)	127,025
Total other comprehensive (loss) / income		(200,280)	417,028
Total comprehensive income for the year		9,716,325	3,794,664
Earnings per share - basic and diluted (Rupees)	42	51.70	17.61

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2024

	Issued, subscribed and paid up capital	Capital reserves	Revenue reserves		Total
			Fair value reserves	General reserves	
(Rupees in thousand)					
Balance as on July 01, 2022	968,679	1,612,902	2,278,935	2,162,241	7,022,757
Transaction with owners in their capacity as owners					
recognised directly in equity:					
Final dividend for the year ended June 30, 2022 @ Rs. 20 per share	-	-	-	(1,937,355)	(1,937,355)
Bonus shares issued for the year ended June 30, 2022 @ 20% per share	193,736	-	-	(193,736)	-
Interim dividend for the year ended June 30, 2023 @ Rs. 10 per share	-	-	-	(1,162,414)	(1,162,414)
Interim bonus shares issued for the year ended June 30, 2023 @ 10% per share	116,241	-	-	(116,241)	-
Interim bonus shares issued for the year ended June 30, 2023 @ 50% per share	639,327	-	-	(639,327)	-
	949,304	-	-	(4,049,073)	(3,099,769)
Total comprehensive income for the year ended June 30, 2023	-	290,003	-	3,504,661	3,794,664
Balance as on June 30, 2023	1,917,983	1,902,905	2,278,935	1,617,829	7,717,652
Balance as on July 01, 2023	1,917,983	1,902,905	2,278,935	1,617,829	7,717,652
Transaction with owners in their capacity as owners					
recognised directly in equity:					
Final dividend for the year ended June 30, 2023 @ Rs. 15 per share	-	-	-	(2,876,973)	(2,876,973)
Interim dividend for the year ended June 30, 2024 @ Rs. 25 per share	-	-	-	(4,794,958)	(4,794,958)
	-	-	-	(7,671,931)	(7,671,931)
Total comprehensive (loss) / income for the year ended June 30, 2024	-	(148,557)	-	9,864,882	9,716,325
Balance as on June 30, 2024	1,917,983	1,754,348	2,278,935	3,810,780	9,762,045

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Unconsolidated Statement of Cash Flow

For the year ended June 30, 2024

	Note	2024 (Rupees in thousand)	Restated 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	43	16,082,060	(1,301,192)
Interest paid		(1,061,014)	(960,175)
(Payment of) / receipt against long-term loans to employees - net		(205)	11,674
Workers' Profit Participation Fund paid - net	30	(899,488)	(325,001)
Workers' Welfare Fund paid		(102,756)	(173,739)
Income taxes paid		(5,572,144)	(1,824,509)
Levy - final taxes paid		(64,243)	(31,136)
Employee benefits paid - net		(58,802)	(15,774)
Long-term security deposits received		800	800
		(7,757,852)	(3,317,860)
Net cash flows generated from / (used in) operating activities		8,324,208	(4,619,052)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment made for property, plant and equipment		(285,245)	(193,707)
Proceeds from disposal of property, plant and equipment	17.1.4	38,840	29,903
Short-term investments made		(3,000,000)	-
Short-term investments redeemed		3,029,949	-
Long-term investments made		-	(1,598,126)
Interest received on bank deposits		203,031	71,593
Dividend income received from short term investment		47,475	-
Dividend income received from long-term investments		498,054	300,003
Net cash flows generated from / (used in) investing activities		532,104	(1,390,334)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(7,643,810)	(3,085,027)
Payments made against lease liabilities		(4,778)	(7,890)
Long-term financing paid		(363,835)	(177,527)
Long-term financing received		-	1,427,606
Net cash flows used in financing activities		(8,012,423)	(1,842,838)
Net increase / (decrease) in cash and cash equivalents		843,889	(7,852,224)
Cash and cash equivalents at the beginning of the year		(6,346,536)	1,505,688
Cash and cash equivalents at the end of the year	44	(5,502,647)	(6,346,536)

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

1 The Company and its activities

Millat Tractors Limited (the Company) is a public limited company and was incorporated in Pakistan in 1964 under the repealed 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 Basis of preparation

2.1 Statement of compliance

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

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

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

2.2 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.

2.3 Merger arrangement with group company

The Board of Directors of the Company, in their meeting held on May 6, 2024, have considered, and approved the Scheme of Compromises, Arrangements and Reconstruction (the Scheme) drafted under the relevant provisions of the Companies Act, 2017 by amalgamating the Company's operations with the subsidiary company, Millat Equipment Limited ('MEL'), with effect from January 1, 2024.

As per the terms of the Scheme, the assets and liabilities of MEL shall be acquired by the Company in consideration for its shares to the shareholders of MEL in the ratio of 1 to 2.13 shares of MEL and MEL shall stand dissolved.

A petition has been submitted in the Lahore High Court ('LHC') for obtaining Sanction of this Scheme wherein under the supervision of the LHC, the above Scheme has been duly approved by the members/shareholders of the Company in its extraordinary general meeting held on June 15, 2024. The Scheme is currently pending approval through an order by the LHC subject to the receipt of necessary approvals, sanctions, consents, observations, no objection certificates from the creditors of the company, Securities and Exchange Commission of Pakistan or such other competent authority as may be applicable. Due to the pending approval, these financial statements of the Company do not include the impact of the above referred merger transaction and the financial statements of MEL are being prepared and issued separately in compliance with the statutory requirement under the Companies Act, 2017.

3 Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention except as stated otherwise.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

3.2 Critical accounting estimates and judgments

The Company's material accounting policies are stated in note 4. Not all of these material accounting policies require management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that management considers significant because of the 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 expectations 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 involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements 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 4.13 to these financial statements.

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 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.

3.2.5 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 21 to these financial statements.

4 Summary of material accounting policies

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 'Making Materiality Judgements') from January 1, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 New and amended standards and interpretations

a) Standards, amendments and interpretations to approved accounting standards that are effective in current year or have been early adopted by the Company

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on or after July 01, 2023 but are considered not to be relevant to the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for application of Amendments to IAS 1 and IFRS Practice Statements 2 as referred above and the application guidance issued by ICAP as mentioned below.

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to designate the amount calculated on taxable income using the notified tax rate as an income tax expense. Any excess over the amount designated as income tax, is then recognized as a 'Levy' under 'IAS 37, Provisions, Contingent Liabilities and Contingent Assets' and IFRIC 21, which were previously being recognized as 'Income tax'.

The Company has accounted for the effects of these changes in accounting policy retrospectively under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these unconsolidated financial statements. The effects of restatements are as follows:

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
(Rupees in thousand)			
Effect on statement of profit or loss and other comprehensive income			
For the year ended June 30, 2024			
Taxation - final taxes	-	(64,243)	(64,243)
Profit before tax	16,314,612	(64,243)	16,250,369
Taxation - Income tax	(6,398,007)	64,243	(6,333,764)
Profit after tax	9,916,605	-	9,916,605
Earnings per Share - Rupees	51.70	-	51.70
Effect on statement of profit or loss and other comprehensive income			
For the year ended June 30, 2023			
Taxation - final taxes	-	(31,136)	(31,136)
Profit before tax	5,350,223	(31,136)	5,319,087
Taxation - Income tax	(1,972,587)	31,136	(1,941,451)
Profit after tax	3,377,636	-	3,377,636
Earnings per Share - Rupees	17.61	-	17.61

The related changes to the unconsolidated statement of cash flows with respect to the amount of profit before taxation have been made as well.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2024, but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

a) Amendment to IAS 1- Non-current liabilities with covenants⁴

These amendments were in response to concerns raised on applying previous amendments to the classification of liabilities as current or non-current that would have become effective for reporting periods beginning on or after 1 January 2024. The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

These amendments are not expected to have a material impact on the Company's financial statements when they become effective.

The new amendments are effective for annual reporting periods beginning on or after 1 January 2024 and override the previous amendments.

b) Amendment to IAS 7 and IFRS 7 - Supplier finance⁵

These amendments to IAS 7 and IFRS 7 require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to investors that said they urgently need more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk.

Entities will be required to aggregate the information they provide about SFAs. However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information when the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods.

The Company is in the process of assessing the impact of this amendment on the Company's financial statements.

The above mentioned amendments are effective for accounting periods beginning on or after January 01, 2024.

c) Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments⁶

The amendments clarify the timing for recognizing and derecognizing certain financial assets and liabilities, introduce an exception for some financial liabilities settled via electronic cash transfers, provide additional guidance for assessing if a financial asset meets the SPPI criterion, require new disclosures for instruments with cash flow changes linked to ESG targets, and update disclosures for equity instruments designated at FVOCI.

The Company is in the process of assessing the impact of this amendment on the Company's financial statements.

The above mentioned amendments are effective for accounting periods beginning on or after January 01, 2026.

d) **IFRS 18 Presentation and Disclosure in Financial Statements'**

The new standard on presentation and disclosure in financial statements, IFRS 18, focuses on updates to the statement of profit or loss. It introduces key concepts such as the structure of the statement of profit or loss, required disclosures for certain profit or loss performance measures reported outside the financial statements (management-defined performance measures), and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

The Company is in the process of assessing the impact of this amendment on the Company's financial statements.

The above mentioned standard is effective for accounting periods beginning on or after January 01, 2027.

4.2 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.3 Reserves

Reserve are classified into two categories as follows:

4.3.1 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.

4.3.2 Capital reserve

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

4.4 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

4.5 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

4.6 Leases

The Company is the lessee:

At inception of a 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.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

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 is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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, if any, and adjusted for certain remeasurements of the lease liability.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

4.7 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. The Company's financial liabilities include long-term finances, lease liabilities, short-term finances utilized under mark-up arrangements, trade and other payables and are measured at amortized cost.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

4.8 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.

4.9 Taxation

Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements, except for taxes on normal business income and dividend earned from investment in subsidiaries, associates and joint arrangements which is specifically within the scope of IAS 12 and hence it continues to be categorised as current income tax.

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that relates to items recognized directly in equity or other comprehensive income, in which case it is recognized directly in equity or other comprehensive income.

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Current

The charge for current tax is calculated using prevailing tax rates at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

4.10 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.11 Contract asset and contract liability

A contract asset is recognised for the Company's right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.12 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.

4.13 Employee benefits

4.13.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

4.13.2 Post employment benefits

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

4.13.2.1 Defined benefit plan - 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, 2024.

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. Past service costs are recognized immediately in the statement of profit or loss.

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:

	2024	2023
Expected rate of increase per annum in salary level	14.75%	15.25%
Discount rate per annum used for interest cost in profit or loss	16.25%	13.25%
Discount rate per annum used for year end obligation	14.75%	16.25%
Retirement Assumption	Age 60	Age 60
Expected mortality rates	SLIC 2001 - 2005	SLIC 2001 - 2005
	Set back one year	Set back one 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.

The amount recognized in the statement of financial position represents the fair value of the plan assets reduced by the present value of defined benefit obligation.

4.13.2.2 Defined contribution plans

a) 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.

Note to The Unconsolidated Financial Statements

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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.

b) 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 Company has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognised as an expense in the statement of profit or loss as and when incurred.

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.

4.13.2.3 Accumulating compensated absences

The Company provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 150 days in case of executives and management and 180 days in case of workers. Workers, executives and management are entitled to encash the unutilised earned leave accrued on or before retirement date, or due to medical grounds could utilize / encash their outstanding days of leaves before leaving. Any further unutilised leaves lapse. The earned leave encashment is based on basic salaries for executives and management, and in case of workers, basic salaries plus house rent allowance.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to statement of profit or loss. The most recent valuation was carried out as at June 30, 2024 using the "Projected Unit Credit Method.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss immediately in the period when these occur.

Projected unit credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

	2024	2023
Expected rate of increase per annum in salary level	13.75%	15.25%
Discount rate per annum used for interest cost in profit or loss	16.25%	13.25%
Discount rate per annum used for year end obligation	14.75%	16.25%
Expected mortality rates	SLIC 2001 - 2005 Set back one year	SLIC 2001 - 2005 Set back one year
Duration of the plan (years)	8	8

4.14 Contingent liabilities and assets

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.

Contingent liabilities are not recognized. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or
- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

4.15 Property, plant and equipment

4.15.1 Operating fixed assets

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

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 assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value and useful life of its operating fixed assets during the year has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.17 to these financial statements).

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.

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.

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.

Note to The Unconsolidated Financial Statements

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4.15.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.16 Intangible assets

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

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 to five 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.17 to these financial statements).

4.17 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.18 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.

4.19 Investments and other financial assets

4.19.1 Investments in equity instruments of subsidiaries

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.

Investment in equity instruments of subsidiaries are measured at cost as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense in the statement of profit or loss.

The Company assesses at the end of each reporting period whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. It assesses whether there have been favourable events or changes in circumstances, since impairment loss was recognised. If any such indication exists, the Company estimates the recoverable amount of that investment and reverses the impairment loss. The amount of any reversal recognised is restricted to increasing the carrying value of investment to the carrying value that would have been recognised if the original impairment had not occurred.

All purchases and sales of investments are recognised on the trade date, which is the date on which the Company commits to purchase or sell the investment.

The Company is required to issue consolidated financial statements along with its separate financial statements in accordance with the requirements of IFRS 10, 'Consolidated financial statements' and IAS 27, 'Separate financial statements'.

4.19.2 Financial assets other than investments in equity instruments of subsidiaries

4.19.2.1 Classification

The Company classifies its financial assets other than investments in subsidiaries in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. 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 (FVOCI).

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

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4.19.2.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being 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.

4.19.2.3 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 payments of principal and interest.

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) 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. Impairment losses are presented as a separate line item in the statement of profit or loss.

ii) FVOCI: Assets that are held for 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 income 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. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the statement of profit or loss.

iii) FVPL: 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 in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments except for investments in subsidiaries at fair value through other comprehensive income. 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 the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.19.2.4 Impairment of financial assets other than investment in equity instruments

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables, while general 3-stage approach for deposits, loans, bank balances and other receivables i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Loans and advances;
- Loans to employees;
- Trade deposits and other receivables; and
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 360 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties

Note to The Unconsolidated Financial Statements

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The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics

The Company recognizes an impairment gain or loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.20 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.

4.21 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and/ or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.22 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 weighted average cost and net realisable value ('NRV'). Cost of work-in-process and finished goods comprises cost of direct materials, labour and related production overheads (based on normal operating capacity).

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management estimate.

4.23 Trade debts and other receivables

Trade debts are amounts due from customer for goods sold or services performed in ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Company. Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method less loss allowance.

4.24 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

4.25 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies.

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.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

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.

- 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 on straight-line method over-time i.e. duration of the Service Level Agreement. Invoice is usually charged with 45 days credit period or as per contract terms.

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.

4.26 Research cost

These costs are charged to profit or loss when incurred.

4.27 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

4.28 Earnings per share

The company presents basic and diluted earnings 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.

4.29 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Note	2024 (Rupees in thousand)	2023
6 Reserves			
Capital reserve			
Fair value reserve - Investments measured at FVOCI		1,754,348	1,902,905
		1,754,348	1,902,905
Revenue reserve			
General reserve		2,278,935	2,278,935
Unappropriated profits		3,810,780	1,617,829
		6,089,715	3,896,764
		7,844,063	5,799,669
7 Long-term finances - secured			
Long-term loan	7.1	1,017,534	1,377,687
Less: Current portion shown under current liabilities	7.1	(356,902)	(360,769)
		660,632	1,016,918
7.1	The reconciliation of carrying amount is as follows:		
Opening balance	7.2 and 7.3	1,377,687	124,296
Loan received during the year	7.3	-	1,427,606
Repayments during the year		(363,835)	(177,527)
Unwinding of interest cost		3,682	3,312
		1,017,534	1,377,687
Less: Current portion shown under current liabilities		(356,902)	(360,769)
		660,632	1,016,918

7.2 This includes amount of loan against facility of Rs.100,000 thousand (2023: Rs.100,000 thousand) obtained under renewable energy finance scheme announced by the State Bank of Pakistan (SBP) to promote renewable energy use in Pakistan. It carries standard markup of 2.5% per annum, which is payable on quarterly basis. The loan was previously repayable in 40 equal quarterly instalments starting from September 30, 2021, however in the year ended June 30, 2022, the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022. The modification was considered to be non-substantial, with the resulting impact recognized in these financial statements accordingly. The discount rate used is 11.47% per annum (2023: 11.47% 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. The carrying amount of loan as of year end is Rs. 36,055 thousand (2023: Rs. 39,306 thousand). This facility is secured by specific and exclusive charge on the purchased machinery and ranking charge over current assets of the Company.

7.3 This represents amount of loan against facility of Rs. 1,500,000 thousand (2023: Rs. 1,500,000 thousand) to maintain the Company's ownership stake of 15.86% in Hyundai Nishat Motors (Private) Limited. The loan is repayable in 16 equal quarterly instalments commencing from April 1, 2023 and carries markup at the rate of base rate plus 0.40% per annum, which is payable quarterly. Base rate is defined as the 'average of 3-month offer rate of KIBOR'. The base rate will be set for the first time at the date of initial disbursement and subsequently reset on the first working day of each calendar quarter, using the rate prevailing on last working day of preceding calendar quarter. The carrying amount of loan as of year end is Rs. 981,479 thousand (2023: Rs. 1,338,381 thousand). This facility is secured by first exclusive mortgage charge over land of the factory situated at 9 KM, Sheikhpura Road, Lahore, amounting to Rs. 2,000,000 thousand (including 25% margin).

	Note	2024	2023
(Rupees in thousand)			
8	Deferred grant		
	At start of the year	14,428	20,031
	Transferred to profit or loss during the year	(3,066)	(5,603)
	At end of year	11,362	14,428
	8.1		
	Represented by:		
	Non-current portion	8,578	11,362
	Current portion	2,784	3,066
		11,362	14,428

8.1 Government grant has been recognized against loan obtained under SBP refinance scheme for renewable energy in lieu of below market-interest rate payable on this loan. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

	Note	2024	2023
(Rupees in thousand)			
9	Lease liabilities		
	Lease liabilities at start of year	10,986	1,331
	Additions during the year	-	16,196
	Interest accrued	1,976	1,349
	Payments made during the year	(4,778)	(7,890)
	Lease liabilities at year end	8,184	10,986
	9.1		
	Less: current portion of lease liabilities	(5,850)	(4,019)
	Non current lease liabilities	2,334	6,967
9.1	Commitments in relations to leases recognised under IFRS 16, are payable as follows:		
	Payable not later than one year	7,182	6,597
	Payable later than one year but not later than five years	2,471	6,188
		9,653	12,785
	Future finance charges	(1,469)	(1,799)
	Total lease liabilities	8,184	10,986

10 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 deposits have not been discounted as the impact is considered to be immaterial.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees in thousand)	
11	Deferred tax liabilities – net		
	The liability for deferred tax comprises temporary differences relating to:		
	Taxable temporary differences:		
	Accelerated tax depreciation	77,242	85,095
	Changes in fair value of investments	21	1,170,245
		1,198,873	1,255,340
	Deductible temporary differences:		
	Lease liability against right of use asset	(859)	(2,529)
	Provision for impaired / doubtful receivables	-	(13,296)
		(859)	(15,825)
	Net deferred tax liability at the year end	1,198,014	1,239,515

11.1 Reconciliation of deferred tax liabilities – net

	Deferred tax liability		Deferred tax asset		Net liability / (asset)
	Accelerated tax depreciation	Change in fair value of investments	Lease liability against right -of-use asset	Provision for impaired / doubtful receivables	
(Rupees in thousand)					
Balance as at June 30, 2022	71,442	752,376	(438)	(12,089)	811,291
Tax expense / (income) during the year recognised in					
- profit or loss	13,653	-	(2,091)	(1,207)	10,355
- Other comprehensive income	-	417,869	-	-	417,869
Balance as at June 30, 2023	85,095	1,170,245	(2,529)	(13,296)	1,239,515
Tax expense / (income) during the year recognised in					
- profit or loss	(7,853)	-	1,670	13,296	7,113
- Other comprehensive income	-	(48,614)	-	-	(48,614)
Balance as at June 30, 2024	77,242	1,121,631	(859)	-	1,198,014

11.2 Under the Finance Act, 2023, a corporate tax rate of 29% has been fixed with an additional super tax of 10% (2023: 10%) for the persons having income more than Rs. 500 million (2023: Rs. 500 million). Therefore, deferred tax assets and liabilities have been recognized using the enacted applicable rate i.e. 39% (2023: 39%).

	Note	2024	2023
(Rupees in thousand)			
12	Trade and other payables		
	Trade creditors	4,851,078	2,602,123
	Accrued liabilities	326,133	186,103
	Bills payable	1,242,850	183,045
	Security deposits	676,247	24,626
	Trademark fee payable	730,919	538,791
	Workers' Welfare Fund	314,544	84,349
	Accrued markup on long-term finances	56,427	74,240
	Accrued markup on running finance	469,000	452,000
	Payable against sale tax withheld	79,045	56,294
	Others	144,220	126,799
		8,890,463	4,328,370

12.1 These include balances due to related parties amounting Rs. 930,850 thousand (2023: Rs. 779,994 thousand).

12.2 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.

12.3 These include deposits by employees under car and motorcycle scheme amounting to Rs. 39,603 thousand (2023: Rs. 40,407 thousand) and carry no markup.

13 Contract liabilities

13.1 These represent the amounts 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. 3,772 thousand (2023: Rs. 19,013 thousand). Further, as referred in note 31 to these financial statements, these also include Rs. 247,020 thousand (2023: 30,231 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.

13.2 Revenue recognised during the period that was included in the contract liability balance at the beginning of the year amounted to Rs. 1,703,837 thousand (2023: Rs. 5,239,963 thousand).

13.3 The decrease in contract liabilities is primarily due to payment of an amount of Rs. 1,194,026 thousand to the adjudicating authority, which was disputed by the customer on account of price increase after initial booking as referred in note 16.1.3. The Company, in consultation with its legal counsel is confident that this amount does not attract the discount as referred above, since the transaction could not be completed due to non-payment of price differential by the customer. Other than aforementioned reason the decrease in contract liabilities is also due to increase in sales in the last quarter of the current period as compared to the last period. The transaction price allocated to unsatisfied performance obligations as at June 30, 2024 is expected to be recognised as revenue during the next reporting period.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

14 Short-term borrowing facilities

- 14.1** The Company has obtained short-term borrowing facilities from various banks to meet its working capital requirements against aggregate sanctioned limit of Rs. 13,000,000 thousand (2023: Rs. 11,200,000 thousand) out of which Rs. 6,128,985 thousand (2023: 3,846,739 thousand) remained unutilized as at the reporting date. The rates of mark up range from KIBOR + 0.04% to KIBOR + 0.40% (2023: KIBOR + 0.04% to KIBOR + 0.25%) per annum.
- 14.2** Out of the above mentioned authorized limit, an amount of Rs. 2,500,000 thousand (2023:Rs. 2,500,000 thousand) has been obtained under Islamic mode of financing.
- 14.3** The Company has facilities for opening of letters of credit and guarantees aggregating to Rs. 7,040,241 thousand (2023: Rs. 5,090,241 thousand) out of which Rs. 500,000 thousand (2023: Rs. 500,000 thousand) has been obtained under Islamic mode of financing.
- 14.4** Out of the authorized limit of letter of credit and guarantees Rs. 3,796,394 thousand (2023: Rs. 2,037,248 thousand) remained unutilized at the end of the year.
- 14.5** These facilities are secured by pari passu hypothecation charge over current and future assets and book debts of the Company, lien over import documents and counter guarantees of the Company.

	Note	2024	2023
		(Rupees in thousand)	
15	Current portion of non-current liabilities		
	Current portion of long term finances - secured	356,902	360,769
	Current portion of deferred grant	2,784	3,066
	Current portion of lease liabilities against right-of-use assets	5,850	4,019
		365,536	367,854

16 Contingencies and commitments

16.1 Contingencies

- 16.1.1** The Income tax department has disputed the Company's treatment on certain tax matters relating to certain tax years from 2013 till 2022, entailing a possible additional tax liability of Rs. 886,291 thousand (2023: 311,800 thousand). These primarily include disallowances made by tax authorities in respect of apportionment of expenses to export sales, super tax liability effect, tax refunds / adjustments claimed by the Company, consumption of stock and consequently value of closing stock claimed by the Company, 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 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 (2023: 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.
- 16.1.3** A customer has filed recovery suit of 1,194,026 thousand along with compensation and other damages amounting to Rs. 1,170,990 in the Sindh High Court (SHC). During the year, an order was passed by the learned single bench of SHC, which dropped the injunction order and instructed the Company to deposit Rs. 1,194,026 thousand with the Nazir of

SHC with which Company has complied. The customer has filed an appeal against the single bench order restraining the Company from selling undelivered tractors of specified model to any third party. The hearings in this regard have been initiated which are pending adjudication. The Company is confident that the case will be decided in its favour; therefore no provision has been deemed necessary in these financial statements.

- 16.1.4** The Federal Board of Revenue (FBR) has conducted sales tax audits for the years 2019-20 and 2020-21. In both the years, the liability adjudged by the appellate forum amounts to Rs. 55,861 thousand, which has been contested by the Company at the Appellate Tribunal Inland Revenue (ATIR) and stay orders have been obtained. The management, in consultation with their tax advisor, is confident that the tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.
- 16.1.5** FBR has conducted post-refund audits of the Company's monthly sales tax refunds for nine tax periods selected from April 2020 to June 2021. The Company is defending a demand of Rs. 116,173 thousand at different appellate forums, and based on the advice of the Company's legal advisor, the management is confident of a positive outcome in this regard, hence the same has not been provided for in these financial statements.
- 16.1.6** The Company has filed an appeal dated January 13, 2023 to the Commissioner, Customs Appeal, against the order dated October 26, 2022 of the Additional Collector of Customs, Adjudication, regarding the short payment of custom duties amounting to Rs. 2,330 thousand. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.
- 16.1.7** The Company has filed a reference in Lahore High Court on March 12, 2023 against an order of the ATIR for non-payment of sales tax amounting to Rs. 29,413 thousand on after-sales services (warranty parts) for the period July, 2012 to June, 2014. The management and the legal advisor are confident of a favorable outcome in the case; therefore no provision has been made in these financial statements.
- 16.1.8** 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 have 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 markup @ 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.
- 16.1.9** The show cause proceedings were initiated against the Company by the Competition Commission of Pakistan ('CCP') on September 08, 2021 under the Competition Act, 2010. The Company has filed a writ petition before the Islamabad High Court against the CCP. The matter is pending adjudication. 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.
- 16.1.10** The Company is defending a demand of Rs. 31,869 thousand from the Customs Authorities (Authorities), alleging the Company for non payment of custom and other additional duties. The demand is on account of purchase of certain starter motors and alternators to be used for the assembly of the tractors. The Company filed an appeal against the said demand and the order passed by Additional Collector, Lahore and Collector Appeals, Lahore before the Customs Appellate Tribunal, Lahore and the said tribunal passed order in favour of the Company. The Custom department has filed reference against the decision in Honourable Lahore High Court, which is pending adjudication. The Company made payment of Rs. 8,000 thousand under protest in response to demand notice served and obtained stay order from Honourable High Court, Lahore against further recovery action of Authorities. The management and legal advisor are confident that the outcome of the case would be decided in their favour, hence no provision relating to aforesaid demand has been made in these financial statements.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

16.1.11 The Company had lodged sales tax refund claims for the tax periods July, 2021, September, 2021, November, 2021, December, 2021, and February, 2022, amounting to Rs. 3,806,856 thousand under SRO 363(I)/2012, which did not contain any provision relating to pre-refund audit and did not lay down any condition for availing benefit of the reduced rate of 5% on sale of tractors. The Deputy Commissioner Inland Revenue issued refund processing orders (RPOs) amounting to Rs. 77,945 thousand for the above tax periods and deferred the remaining amount of Rs. 3,728,911 thousand on the basis that the reduced rate of 5% was only available to supplies made to persons involved in agricultural activities. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) against the RPOs and is also contesting the legality of these RPOs in the Lahore High Court. The Commissioner Appeals directed the department to re-examine the complete refund claims and sanction them accordingly. The Company has filed an appeal to the ATIR against this direction, since the claims have already been deferred by the department. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Company; therefore, no provision has been made in these financial statements.

16.1.12 The Federal Board of Revenue (FBR) has conducted a sales tax audit for the year 2021-22 and issued a show cause notice amounting to Rs. 13,286,998 thousand and imposed penalty of Rs. 5,414,611 thousand. The demand has primarily arisen on account of retrospective application of SRO-563(I)/2022 dated April 29, 2022 and inadmissible claim of input tax. The Appellate Tribunal Inland Revenue and the Honorable Lahore High Court have already nullified the retrospective applicability of SRO 563 in a separate appeal filed by the company, challenging SRO 563 on the grounds that it was issued without lawful authority. The Company has submitted a reply to the show cause notice, and audit proceedings are under way. The management, in consultation with the tax advisor, is confident that the tax matter will eventually be decided in favor of the company; therefore, no provision has been made in these financial statements.

16.2 Commitments

16.2.1 The Company has provided guarantee amounting to Rs. 5,000 thousand (2023: Rs.5,000 thousand) to banks for repayment of loan by employees. At June 30, 2024 an amount of Rs. 500 thousand (2023: Rs. 641 thousand) was utilized by employees.

16.2.2 Guarantees issued by the banks on behalf of the Company in the normal course of business at June 30, 2024 amount to Rs. 656,134 thousand (2023: Rs. 633,723 thousand).

16.2.3 Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs. 2,587,714 thousand (2023: Rs. 2,419,270 thousand) at the reporting date.

16.2.4 The Company has a commitment to deliver tractors against booking orders amounting to Rs. 256,757 (2023: Nil) other than those reflected in note 13.

	Note	2024	2023
		(Rupees in thousand)	
17	Property, plant and equipment		
	Operating fixed assets	17.1	890,583
	Capital work in progress	17.2	87,220
			977,803
			827,326
			22,613
			849,939

17.1 Operating fixed assets

Note	Land		Buildings		Owned					Total
	Freehold	Leasehold	On freehold land	On leasehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	
(Rupees in thousand)										
Net book value basis										
Year ended June 30, 2024										
	58,308	8	206,829	-	231,724	39,097	256,478	24,266	10,616	827,326
17.1.2 and 17.1.3	-	-	1,158	-	8,494	9,044	145,914	46,134	9,894	220,638
17.1.4	-	-	-	-	(1)	-	(38,086)	-	(325)	(38,412)
	-	-	-	-	-	-	(3,974)	-	(30)	(4,004)
17.1.1	-	-	(11,216)	-	(23,752)	(5,283)	(63,228)	(5,528)	(5,959)	(114,965)
	58,308	8	196,772	-	216,465	42,858	297,104	64,872	14,196	890,583
Gross book value basis										
As at June 30, 2024										
	-	-	-	-	-	-	-	-	-	-
Cost	58,308	8	453,750	2,900	667,670	108,530	511,730	153,526	70,319	2,026,741
Accumulated depreciation	-	-	(256,978)	(2,900)	(451,205)	(65,672)	(214,626)	(88,654)	(56,123)	(1,136,158)
Net book value	58,308	8	196,772	-	216,465	42,858	297,104	64,872	14,196	890,583
Depreciation rate % per annum	-	-	5-10	5	10	10-15	20	10-15	33	
Net book value basis										
Year ended June 30, 2023										
	58,308	8	211,255	-	241,835	36,519	190,090	26,493	10,642	775,150
17.1.2 and 17.1.3	-	-	7,111	-	14,663	7,464	145,632	1,928	4,715	181,513
17.1.4	-	-	-	-	-	-	(29,189)	-	(714)	(29,903)
	-	-	-	-	-	-	(2,390)	-	(73)	(2,463)
	-	-	-	-	(4)	-	-	-	(1)	(5)
17.1.1	-	-	(11,537)	-	(24,770)	(4,886)	(47,665)	(4,155)	(3,953)	(96,966)
	58,308	8	206,829	-	231,724	39,097	256,478	24,266	10,616	827,326
Gross book value basis										
As at June 30, 2023										
	58,308	8	452,592	2,900	659,207	99,485	441,183	107,392	62,046	1,883,121
Accumulated depreciation	-	-	(245,763)	(2,900)	(427,483)	(60,388)	(184,705)	(83,126)	(51,430)	(1,055,795)
Net book value	58,308	8	206,829	-	231,724	39,097	256,478	24,266	10,616	827,326
Depreciation rate % per annum	-	-	5-10	5	10	10-15	20	10-15	33	

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees in thousand)	
17.1.1	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	43,588	44,276
	Distribution and marketing expenses	14,666	13,136
	Administrative expenses	56,711	39,554
		114,965	96,966

17.1.2 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.

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

17.1.4 Disposal of operating fixed assets

Particulars of asset	Sold to	Mode of disposal	Cost	Book value	Sale proceeds	Gain on disposal
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(Rupees in thousand)

Fixed assets sold having book value greater than Rs. 500,000

Directors:						
Vehicle	Mr. Laeeq Ud Din Ansari - a related party	As approved by the Board	11,250	6,042	6,042	-
Vehicle	Mr. Laeeq Ud Din Ansari - a related party	As approved by the Board	6,545	1,722	1,722	-
Vehicle	Mr. Sikandar Mustafa Khan - a related party	As approved by the Board	10,471	2,333	2,333	-
Employees :						
Vehicle	Mr. Usman Javaid	Company car scheme	2,487	2,321	2,321	-
Vehicle	Mr. Asif Ramzan	Company car scheme	2,487	2,012	2,012	-
Vehicle	Mr. Hafeez Ullah Baloch	Company car scheme	2,250	1,991	1,991	-
Vehicle	Mr. Ali Akhtar	Company car scheme	2,803	1,558	1,558	-
Vehicle	Mr. Muhammad Arslan Haider	Company car scheme	2,543	1,519	1,519	-
Vehicle	Mr. Jan Muhammad Bugti	Company car scheme	1,781	1,331	1,331	-
Vehicle	Mr. Ali Akhtar	Company car scheme	2,543	1,294	1,294	-
Vehicle	Mr. Ansar Abbas	Company car scheme	1,335	908	908	-
Vehicle	Mr. Muhammad Shoaib Rahim	Company car scheme	1,780	870	870	-
Vehicle	Mr. Azhar Noor	Company car scheme	2,247	596	596	-
Vehicle	Mr. Abdul Waheed Khan	Company car scheme	1,987	527	527	-
Vehicle	Mr. Muhammad Irfan Daha	Company car scheme	1,987	526	526	-
Vehicle	Mr. Khalid Mehmood	Company car scheme	1,410	513	513	-
Third party :						
Vehicle	East West Insurance Company Limited	As approved by the Board	3,445	3,049	3,445	396

Fixed assets sold having book value less than Rs. 500,000

	17,669	9,300	9,332	32
Year ended: June 30, 2024	77,020	38,412	38,840	428
Year ended: June 30, 2023	65,641	29,903	29,903	-

	Note	2024 (Rupees in thousand)	2023
17.2	Capital work in progress		
	Plant and machinery	87,220	22,613
17.2.1	Movement in capital work in progress is as follows:		
	Opening balance	22,613	10,419
	Additions during the year	100,687	52,036
	Capitalized during the year	(36,080)	(39,842)
		87,220	22,613
18	Right-of-use assets		
	This represents the right-of-use asset in respect of warehouses, leased by the Company.		
	Opening net book value	12,857	1,123
	Additions during the year	-	16,196
	Depreciation charged during the year	34 (6,127)	(4,462)
		6,730	12,857
19	Investment property		
	Land	258,444	258,444
	Provision for impairment	19.5 (2,736)	(2,736)
		255,708	255,708

19.1 This represents residential plots stated at cost. As at June 30, 2024 and June 30, 2023, the fair values of these properties were Rs. 666,000 thousand and Rs. 599,400 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.

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

19.3 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.

19.4 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.

19.5 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 (2023: 2,736 thousand) at the reporting date.

19.6 The forced sale value of these properties is estimated to be 85% (2023: 80%) of current market value which is Rs. 566,100 thousand (2023: Rs. 479,520 thousand) as at period end.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

20 Intangible assets

	Note	Software with definite life	Licenses	Total
(Rupees in thousand)				
Net carrying value basis:				
Opening net book value as at July 1, 2023		-	31,440	31,440
Amortization charge	35	-	(7,860)	(7,860)
As at June 30, 2024		-	23,580	23,580
Gross carrying value basis:				
As at June 30, 2024				
Cost		5,992	39,300	45,292
Accumulated amortization		(5,992)	(15,720)	(21,712)
		-	23,580	23,580
Opening net book value as at July 1, 2022		-	39,300	39,300
Amortization charge	35	-	(7,860)	(7,860)
As at June 30, 2023		-	31,440	31,440
Gross carrying value basis:				
As at June 30, 2023				
Cost		5,992	39,300	45,292
Accumulated amortization		(5,992)	(7,860)	(13,852)
		-	31,440	31,440
Rate of amortization		33%	20%	

	Note	2024		2023	
		Equity % held	Amount	Equity % held	Amount
(Rupees in thousand)					
21	Long-term investments				
	- Investment in related parties				
	In subsidiary undertakings - at cost:				
	Unquoted:				
	Millat Industrial Products Limited				
	6,598,125 (2023: 6,598,125) fully paid ordinary shares of Rs.10/- each	64.09	57,375	64.09	57,375
	TIPEG Intertrade DMCC				
	1,500 (2023: 1,500) fully paid ordinary shares of AED 1,000/- each	21.1	40,020	75.00	40,020
	Millat Equipment Limited				
	13,455,000 (2023: 13,455,000) fully paid ordinary shares of Rs. 10/- each	45.00	117,000	45.00	117,000
	Quoted:				
	Bolan Castings Limited				
	5,306,979 (2023: 5,306,979) fully paid ordinary shares of Rs. 10/- each	46.26	76,610	46.26	76,610
			291,005		291,005
	Other investments - at FVOCI:				
	Unquoted:				
	Arabian Sea Country Club Limited				
	500,000 (2023: 500,000) fully paid ordinary shares of Rs. 10/- each	6.45	5,000	6.45	5,000
	Loss on fair valuation of investment		(5,000)		(5,000)
			-		-
	Hyundai Nishat Motors (Private) Limited				
	310,302,936 (2023: 310,302,936) fully paid ordinary shares of Rs. 10/- each	21.2	3,103,029	15.86	3,103,029
	Surplus on fair valuation of investment				
	- notes 21.2 and 48.1 (Level - 3)		2,721,356		3,000,628
			5,824,385		6,103,657
	- Investments other than related parties - at FVOCI				
	Quoted:				
	Baluchistan Wheels Limited				
	1,282,825 (2023: 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)		154,622		72,521
			166,767		84,666
	Unquoted:				
	TCC Management Services (Private) Limited				
	40,000 (2023: 40,000) fully paid ordinary shares of Rs. 10/- each	21.3	400		400
	- note 48.1 (Level - 3)				
			6,282,557		6,479,728

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

21.1 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
Country of incorporation:	United Arab Emirates
Basis of association:	Subsidiary
Aggregate percentage of shareholding:	75%
Details of litigation status (as on June 30, 2024):	None
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. 40,020 thousand as on June 30, 2024 (2023: Rs. 40,020 thousand), as disclosed in note 21 to these financial statements.

The foreign subsidiary has remitted back dividend / return of Rs. 45,389 thousand (2023: Rs. 53,017 thousand) during the year.

21.2

This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup 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 has estimated a fair value of Rs 18.77 per ordinary share as at June 30, 2024 (2023: Rs. 19.67 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 279,272 thousand (2023: fair value gain of Rs. 720,701 thousand) is included in the fair value loss / gain 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 22.46% per annum.
- Long-term growth rate of 2% per annum for computation of terminal value; and
- Annual growth in costs are linked to inflation and currency devaluation with a range of 6.17% to 11.74%, and 2.17% to 3% per annum respectively, and revenues are linked to currency devaluation at 2.17% to 3% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique is as follows, with all other variables held constant as at June 30, 2024:

Significant assumptions	Impact on fair value gain	
	+1%	- 1%
	(Rupees in thousand)	
- Discount rate	(248,242)	273,067
- Long-term growth rate	111,709	(99,297)
- Inflation rate per annum	(161,358)	152,048
- Interest rate per annum	60,071	(60,664)

21.3 The fair value of this investment approximates its cost.

	Note	2024	2023	
		(Rupees in thousand)		
22	Employees' defined benefit plan			
22.1	Present value of defined benefit obligation	22.4	1,031,486	880,488
	Fair value of plan assets	22.5	(1,319,567)	(1,170,364)
	Asset recognized in the statement of financial position		(288,081)	(289,876)
22.2	Charge for the year			
	Salaries, wages and amenities include the following in respect of employees' pension scheme:			
	Current service cost		7,599	7,967
	Interest cost		133,600	119,932
	Interest Income on plan assets		(181,488)	(139,446)
			(40,289)	(11,547)
22.3	Remeasurements chargeable in other comprehensive income			
	Remeasurement of plan obligation:			
	Actuarial losses / (gains) from changes in financial assumptions		77,702	(143,808)
	Experience adjustments		48,762	46,530
			126,464	(97,278)
	Interest income on plan assets		(74,741)	(29,747)
			51,723	(127,025)
22.4	The movement in present value of defined benefit obligation is as follows:			
	Present value of defined benefit obligation at beginning of the year		880,488	960,430
	Current service cost		7,599	7,967
	Interest cost		133,600	119,932
	Benefits paid		(116,665)	(110,364)
	Benefits due but not paid		-	(199)
	Actuarial loss / (gain) from changes in financial assumptions		77,702	(143,808)
	Experience adjustments		48,762	46,530
	Present value of defined benefit obligation at end of the year		1,031,486	880,488

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	2024	2023
	(Rupees in thousand)	
22.5 The movement in fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	1,170,364	1,103,481
Interest Income on plan assets	181,488	139,446
Contributions	9,639	8,253
Benefits paid	(116,665)	(110,364)
Benefits due but not paid	-	(199)
Return on plan assets, excluding interest income	74,741	29,747
Fair value of plan assets at end of the year	<u>1,319,567</u>	<u>1,170,364</u>
Actual return on plan assets	<u>256,229</u>	<u>169,193</u>
22.6 Plan assets comprise of :		
Term Deposit Receipts:		
Zarai Taraqiyati Bank Limited	905,000	723,000
Mutual funds:		
NAFA Capital Protected Fund	371,953	302,886
Accrued interest and bank balance:		
Bank balances	31,906	135,537
Other receivables	8,931	7,363
Advance income tax	1,777	1,777
Less: Payables	-	(199)
	<u>1,319,567</u>	<u>1,170,364</u>

Investments out of fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

22.7 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:

	2024	2023	2022	2021	2020
As at June 30	(Rupees in thousand)				
Present value of defined benefit obligation	1,031,486	880,488	960,430	1,160,998	1,232,563
Less: Fair value of plan assets	1,319,567	1,170,364	1,103,481	1,110,743	1,109,534
Surplus/ (deficit)	<u>288,081</u>	<u>289,876</u>	<u>143,051</u>	<u>(50,255)</u>	<u>(123,029)</u>
Experience adjustment on obligation	<u>77,702</u>	<u>(143,808)</u>	<u>(218,848)</u>	<u>(89,128)</u>	<u>345,900</u>
Return on plan assets, excluding interest income	<u>74,741</u>	<u>29,747</u>	<u>(17,990)</u>	<u>(1,530)</u>	<u>(28,095)</u>

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 June 30, 2024 and June 30, 2023 consists of term deposits and mutual funds.

Sensitivity analysis

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase as disclosed in note 4.13.

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. 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 / asset to significant actuarial assumptions the same method (present value of the defined benefit obligation / asset calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation / asset recognised in the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

	2024	2023
	(Rupees in thousand)	
Discount rate + 100 bps	976	835
Discount rate - 100 bps	1,093	930
Salary increase + 100 bps	1,039	887
Salary increase - 100 bps	1,025	875
Indexation rate + 100 bps	1,100	936

22.8 Risks on account of defined benefit plan

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

Final salary risk (linked to inflation risk) - the risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks:

- **Mortality risk** - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.
- **Withdrawal risk** - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Investment risk:

The risk of the investment underperforming and being not sufficient to meet the liabilities

22.9 The Company's net refund from the pension fund for the year ending June 30, 2025 is expected to be Rs. 11,675 thousand.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Note	2024 (Rupees in thousand)	2023
23	Long-term loans and advances		
	Loan to employees - considered good:		
	Company loan	6,203	5,895
	Motor cycle loan	1,351	1,454
		<u>7,554</u>	<u>7,349</u>

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. They have not been carried at amortized cost since the impact of discounting is not material.

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. They have not been carried at amortized cost since the impact of discounting is not material.

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

	Note	2024 (Rupees in thousand)	2023
24	Stores, spare parts and loose tools		
	Stores, spare parts and loose tools	234,855	224,348
	Less: Provision for obsolescence	-	-
		<u>234,855</u>	<u>224,348</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	2024 (Rupees in thousand)	2023
25	Stock-in-trade		
	Raw material	12,303,224	8,217,666
	Work-in-process	87,363	44,826
	Finished goods:		
	Manufacturing	894,873	1,174,015
	Trading	542,101	367,378
		<u>1,436,974</u>	<u>1,541,393</u>
		<u>13,827,561</u>	<u>9,803,885</u>
	Provision for obsolete / slow-moving stock-in-trade	-	-
		<u>13,827,561</u>	<u>9,803,885</u>

25.1 This includes stock in transit amounting to Rs. 2,509,312 thousand (2023: Rs. 326,602 thousand).

25.2 This includes raw materials and components held with third parties amounting to Rs. 88,581 thousand (2023: Rs. 31,903 thousand) and with related party, Bolan Castings Limited, amounting to Rs. 40,137 thousand (2023: Nil).

25.3 The movement in provision for obsolete / slow-moving stock-in-trade during the year is as follows:

	2024	2023
	(Rupees in thousand)	
Opening balance	-	-
Charged during the year	12,438	-
Stock-in-trade scrapped against provision during the year	(12,438)	-
Closing balance	-	-

25.4 Obsolete / slow-moving stock-in-trade written off during the year amounts to Rs. 15,446 thousand.

	Note	2024	2023
		(Rupees in thousand)	
26 Trade debts			
26.1 Trade debts from contracts with customers			
- considered good	26.3	375,537	245,821

26.2 The maximum aggregate amount of trade debts / receivable from related parties at the end of any month during the year was Rs. 44,094 thousand (2023: Rs. 32,200 thousand).

	2024	2023
	(Rupees in thousand)	
26.3 This includes amounts due from following related parties:		
- Bolan Casting Limited	-	20,198
- Millat Equipment Limited	-	67
- Millat Industrial Products Limited	-	36
- Hyundai Nishat Motors (Private) Limited	44,094	11,899
	44,094	32,200

26.4 Aging analysis of the amounts due from related parties is as follows:

	Not yet Due	Past Due less than 60 Days	Past Due less than 90 Days	Past Due less than 365 Days	Past Due Over 365 Days	Total
	(Rupees in thousand)					
2024	43,569	-	-	-	525	44,094
2023	31,348	40	-	812	-	32,200

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Note	2024 (Rupees in thousand)	2023
27	Loans and advances		
	Advances to employees - considered good	3,912	3,876
	Advances to suppliers - considered good	36,328	97,971
		40,240	101,847
	Advances to suppliers - considered doubtful	-	2,485
	Less: provision for doubtful advances	-	(2,485)
		-	-
	Letter of credit opening charges	31	31
		40,271	101,878

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. These advances have not been discounted at present value as the resultant impact is immaterial.

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

	Note	2024 (Rupees in thousand)	2023
28	Trade deposits and short-term prepayments		
	Security deposits	27,986	243,070
	Prepayments	86,157	40,805
		114,143	283,875

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

	Note	2024 (Rupees in thousand)	2023
29	Balances with statutory authorities		
	Excise duties receivable	-	1,509
	Sales tax recoverable	6,283,650	6,014,838
	Less: Allowance for doubtful claims	-	(34,147)
		6,283,650	5,980,691
		6,283,650	5,982,200
29.1	The reconciliation of allowance for doubtful claims during the year is as follows:		
	Opening Balance	34,147	34,147
	Amounts written off	(34,147)	-
	Closing Balance	-	34,147

29.2 Included in this is a sales tax refund of Rs. 289,430 thousand, withheld by the Deputy Commissioner Inland Revenue, Lahore, regarding the reduced payment of sales tax on the sale of tractors by the Company to its customers in the period June to November 2016. The case is pending in the Lahore High Court against the decision of the ATIR for re-examination. The management and the legal advisor are confident that the outcome of the case will be in the Company's favor.

	Note	2024	2023
(Rupees in thousand)			
30	Other receivables		
	Claims receivable from suppliers	197,107	66,173
	Interest accrued	2,685	619
	Workers' Profit Participation Fund	73,814	50,513
		<u>273,606</u>	<u>117,305</u>
30.1	Balance at start of the year	50,513	13,581
	Receipts during the year	(64,094)	-
	Payments made during the year	963,582	325,001
		<u>950,001</u>	<u>338,582</u>
	Charge for the year	36	(876,187)
	Balance at end of the year	30	73,814
			<u>50,513</u>
31	Cash and bank balances		
	Cash in hand	1,990	16,329
	Cheques in hand	13.1	247,020
		<u>249,010</u>	<u>46,560</u>
	At banks:		
	Current accounts	686,701	459,043
	Deposit accounts	31.1	432,657
		<u>1,119,358</u>	<u>960,165</u>
		<u>1,368,368</u>	<u>1,006,725</u>

31.1 These deposits are made under conventional arrangements and carry mark-up at the rates ranging from 19% to 20.50% (June 30, 2023: 18% to 19.50%) per annum.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Note	2024	2023	
		(Rupees in thousand)		
32	Revenue from contracts with customers			
	Disaggregation of revenue			
	Timing of revenue recognition			
	Local:			
	Tractors	Point-in-time	85,134,969	39,707,798
	Implements	Point-in-time	251,566	145,629
	Multi-application products	Point-in-time	485,513	533,612
	Trading goods	Point-in-time	2,255,741	1,775,126
	IFS services	Point-in-time / Over time	54,638	18,085
			88,182,427	42,180,250
	Less:			
	- Trade discount		(220,344)	(178,611)
	- Delayed delivery charges	13.1	(982)	(2,176)
	- Sales tax and special excise duty		(440,898)	(360,633)
	- Provincial sales tax on services		(12,519)	(3,576)
			(674,743)	(544,996)
			87,507,684	41,635,254
	Export:			
	Tractors	Point-in-time	5,103,522	2,975,177
	Implements	Point-in-time	223	3,789
	Trading goods	Point-in-time	159,202	108,237
	IFS services	Point-in-time / Over time	6,244	26,410
			5,269,191	3,113,613
			92,776,875	44,748,867
	Less: Commission		(1,268,249)	(558,024)
		32.1	91,508,626	44,190,843

32.1 Revenues earned are from shariah compliant business segments.

32.2 Payments for sale of tractors are received in advance, whereas credit terms for other products extend between 45 to 60 days.

	Note	2024	2023
		(Rupees in thousand)	
33	Cost of sales		
	Components consumed	67,151,268	33,732,137
	Salaries, wages and amenities	570,539	384,439
	Contract services	730,920	425,511
	Fuel and power	154,012	107,996
	Communication	-	42
	Travelling and vehicle running	38,485	29,659
	Printing and stationery	12,579	4,521
	Insurance	48,276	41,345
	Repairs and maintenance	150,074	76,384
	Stores and spares consumed	244,746	115,889
	Depreciation	43,588	44,276
	Other expenses	101,197	155,015
		69,245,684	35,117,214
	Add: Opening work-in-process	44,826	22,975
	Less: Closing work-in-process	(87,363)	(44,826)
		(42,537)	(21,851)
	Cost of goods manufactured	69,203,147	35,095,363
	Add: Opening finished goods	1,174,015	224,455
	Less: Closing finished goods	(894,873)	(1,174,015)
		279,142	(949,560)
	Cost of sales - manufactured	69,482,289	34,145,803
	Cost of sales - trading	1,373,470	1,202,650
		70,855,759	35,348,453
33.1	Components consumed		
	Opening stock	8,217,666	6,316,773
	Add: Purchased during the period / year	71,236,826	35,633,030
		79,454,492	41,949,803
	Less: Closing stock	(12,303,224)	(8,217,666)
		67,151,268	33,732,137
33.2	This includes the following staff retirement benefit (income) / expense:		
	Defined benefit plan - pension	(16,208)	(4,393)
	Defined contribution plan - gratuity	2,541	2,832
	Defined contribution plan - provident fund	11,171	8,435
	Provision for compensated absences	29,015	6,433
		26,519	13,307

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees in thousand)	
33.3	Cost of sales - trading		
	Opening stock	367,378	194,695
	Purchases	1,548,193	1,375,333
		1,915,571	1,570,028
	Closing stock	(542,101)	(367,378)
		<u>1,373,470</u>	<u>1,202,650</u>
34	Distribution and marketing expenses		
	Salaries and amenities	34.1	263,862
	Contract services		124,917
	Fuel and power		16,144
	Communication		944
	Travelling and vehicle running		58,157
	Printing and stationery		7,874
	Insurance		276,671
	Trademark fee	34.2	847,866
	Advertisement and sales promotion		40,472
	Depreciation	17.1.1	14,666
	Depreciation charge for the right-of-use assets	18	6,127
	Meeting/convention fee		17,511
	After sales support		65,837
	Carriage, sea freight and wharfage		25,448
	Other expenses		131,817
		<u>1,898,313</u>	<u>1,070,694</u>

34.1 This includes the following staff retirement benefit (income) / expense:

	2024	2023	
		(Rupees in thousand)	
	Defined benefit plan - pension	(3,041)	(4,305)
	Defined contribution plan - gratuity	4,290	2,823
	Defined contribution plan - provident fund	7,197	5,066
	Provision for compensated absences	17,139	3,594
		<u>25,586</u>	<u>7,178</u>

34.2 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	2024	2023
		(Rupees in thousand)	
35	Administrative expenses		
	Salaries and amenities	466,202	287,286
	Contract services	141,068	78,720
	Fuel and power	32,818	20,285
	Communication	5,251	4,162
	Travelling and vehicle running	80,904	62,361
	Insurance	18,138	16,552
	Repairs and maintenance	90,483	41,365
	Security	31,986	23,372
	Legal and professional	35.2	89,086
	Depreciation	17.1.1	56,711
	Amortization of intangible assets	20	7,860
	Rent, rates and taxes	6,181	1,927
	Fee and subscription	2,028	11,039
	Entertainment	14,431	9,214
	Other expenses	150,127	98,478
		<u>1,193,274</u>	<u>745,465</u>
35.1	This includes the following staff retirement benefit (income) / expense:		
	Defined benefit plan - pension	(21,040)	(2,849)
	Defined contribution plan - gratuity	2,428	1,866
	Defined contribution plan - provident fund	14,081	11,038
	Provision for compensated absences	42,608	8,865
		<u>38,077</u>	<u>18,920</u>
35.2	Legal and professional expenses include following in respect of:		
	Audit Services		
	Statutory audit	3,300	2,200
	Special purpose audit	3,000	-
	Half year review	900	600
	Special reports and sundry certifications	500	500
	Out of pocket expenses	450	561
	Sales tax	385	193
		<u>8,535</u>	<u>4,054</u>
	Non-Audit Services		
	Valuation services	26,000	-
	Sales tax	1,300	-
		<u>27,300</u>	<u>-</u>

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees in thousand)	
36	Other operating expenses		
	Workers' Profit Participation Fund	876,187	288,069
	Workers' Welfare Fund	332,951	115,228
	Donations	5,082	2,100
	Exchange loss - net	-	384,885
		<u>1,214,220</u>	<u>790,282</u>

36.1 The particulars of the donation exceeding 10 per cent of company's total amount of donation or Rs. 1,000 thousand, whichever is higher are as follows:

	Note	2024	2023
		(Rupees in thousand)	
Name of donee			
Lahore Hospital Welfare Society	36.2	2,500	-
Progressive Education Network	36.2	1,000	-
Developments in Literacy	36.2	1,000	-

36.2 The Company's Directors and / or their spouse(s) have no interest in the donees at the reporting dates.

	Note	2024	2023
		(Rupees in thousand)	
37	Other income		
	Income from financial assets		
	Dividend income from Baluchistan Wheels Limited	17,318	14,111
	Return on bank deposits	205,097	71,892
	Gain on sale of short-term investments net - at FVPL	29,949	-
	Dividend income from short-term investments - at FVPL	47,475	-
	Interest received on early payments and advances	103,907	42,578
		<u>403,746</u>	<u>128,581</u>
	Income from investment in subsidiary		
	Dividend income from Millat Equipment Limited	336,375	175,500
	Dividend income from Millat Industrial Products Limited	98,972	57,375
	Dividend income from TIPEG Intertrade DMCC	45,389	53,017
		<u>480,736</u>	<u>285,892</u>
	Income from assets other than financial assets		
	Rental income	40,675	27,650
	Scrap sales	35,812	14,302
	Exchange gain - net	53,752	-
	Sundry income	18,527	1,450
	Multiapp products service income	1,618	13,150
	Gain on sale of fixed assets	428	-
	Lab income	422	249
		<u>151,234</u>	<u>56,801</u>
		<u>1,035,716</u>	<u>471,274</u>

37.1 Dividend income is earned from investments in non-shariah compliant companies.

	Note	2024	2023
		(Rupees in thousand)	
37.2	Gain on sale of short-term investments - at FVPL:		
	ABL Cash Fund	5,441	-
	Atlas Money Market Fund	4,956	-
	Lakson Money Market Fund	19,544	-
		29,941	-
37.3	Dividend income from short-term investments - at FVPL:		
	ABL Cash Fund	24,906	-
	Atlas Money Market Fund	11,781	-
	Lakson Money Market Fund	10,788	-
		47,475	-

37.4 This includes income received as tender money in case of auctions and late delivery charges from suppliers.

37.5 Exchange gains earned are from actual currency.

	Note	2024	2023
		(Rupees in thousand)	
38	Finance cost		
	Mark-up on short-term borrowings	802,081	1,196,780
	Interest expense on long-term finances - secured	258,120	154,344
	Interest expense against lease liabilities	1,976	1,349
	Mark-up on Workers Profit Participation Fund	1,146	-
	Bank charges	4,841	4,527
		1,068,164	1,357,000

38.1 This represents markup and profit paid under conventional and Islamic mode of financing arrangements respectively having mark up and profit rates ranging from KIBOR plus 0.04% to KIBOR plus 0.40% (2023: KIBOR plus 0.04% to KIBOR plus 0.25%) per annum.

38.2 This includes an amount of Rs. 156,476 thousand (2023: Rs. 258,806 thousand) paid as markup under Islamic mode of financing.

38.3 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. 616 thousand (2023: 748 thousand).

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Note	2024 (Rupees in thousand)	2023
39	Taxation		
	For the year final taxes - levies		
	- Tax on exports	52,629	31,136
	- Tax on dividend	11,614	-
	39.3	64,243	31,136
	For the year income tax charge		
	- Current	6,343,816	1,911,475
	- Deferred	7,113	10,356
		6,350,929	1,921,831
	Prior years income tax charge		
	- Current	(17,165)	19,620
	39.1	6,398,007	1,972,587

		2024 %	2023 %
39.1	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	(0.11)	0.37
	- Income chargeable to tax at different rates	1.03	(1.24)
	- Tax effect of super tax	10.20	9.16
	- Effect on opening deferred taxes on increase of rate	-	0.20
	- Others	(0.90)	(0.62)
		10.22	7.87
	Average effective tax rate	39.22	36.87

39.2 The current tax expense has been computed using the tax rate enacted for the tax year 2024, which includes an additional 10% Super Tax levied under the Finance Act, 2023.

39.3 This represents final taxes paid under section 5, section 8 and section 154 of Income Tax Ordinance, 2001 (ITO 2001), representing levy in terms of requirements of IAS 37/ IFRIC 21.

39.4 Reconciliation between current tax and levy

Reconciliation of current tax charged as per tax laws for the year, with current tax recognised in profit and loss accounts as follows:

	2024	2023
	(Rupees in thousand)	
Current tax liability for the period as per applicable laws	6,390,894	1,962,231
Less:		
Portion of current tax liability as per tax laws, representing income tax under IAS 12	6,326,651	1,931,095
Portion of current tax computed as per current tax Laws representing levy in terms of requirements of Requirements of IAS 37/ IFRIC 21	64,243	31,136
	-	-

40 Transactions with related parties

Related parties include subsidiaries, associates, entities under common control, entities with common directors, group companies, major shareholders, post employment benefit plans and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes to these financial statements other than the following:

Relation with undertaking	Nature of transaction	2023	2022
		(Rupees in thousand)	
Subsidiaries	Sale of goods	432,291	1,076,156
	Purchase of components	16,648,756	8,979,310
	Payment of compensation to staff	31,978	39,430
	Dividend income	480,736	285,892
Associates	Sale of services	38,219	17,213
	Purchase of fixed assets	23,825	55,521
	Investment made	-	1,598,126
Key Management Personnel	Remuneration paid	407,692	203,047
	Disposal of fixed assets	10,097	-
	Dividend paid - net	973,362	390,998
Employees' defined benefit plan	Contribution to employees' defined benefit plan	9,639	8,468
Defined contribution plans	Contribution to defined contribution plan	9,259	7,317
Provident Fund	Amount contributed	32,449	24,744

40.1 Transactions with related parties are carried out on mutually agreed terms and conditions.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

40.2 The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the period, are as follows:

Name of the related party	Basis of relationship	Country of Incorporation	Percentage of shareholding (%)
Millat Equipment Limited	Subsidiary	Pakistan	45.00
Millat Industrial Products Limited	Subsidiary	Pakistan	64.09
Bolan Castings Limited	Subsidiary	Pakistan	46.26
TIPEG Intertrade DMCC	Subsidiary	United Arab Emirates	75.00
Arabian Sea Country Club Limited	Common Directorship	Pakistan	6.45
Hyundai Nishat Motors (Private) Limited	Common Directorship	Pakistan	15.86

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 is as follows:

	Chief Executive Officer		Directors				Executives	
	2024	2023	2024		2023		2024	2023
			Non Executive Director	Executive Director	Non Executive Director	Executive Director		
Number of persons	1	2	6	1	6	1	78	57
	(Rupees in thousand)							
Managerial remuneration	25,864	27,998	2,161	1,751	420	392	201,358	128,339
Cost of living allowance	-	-	2,161	1,751	420	392	37,780	33,648
Bonus	12,464	3,899	19,451	15,086	5,675	4,402	150,528	57,642
House rent	11,639	13,586	972	788	189	177	86,061	53,617
Contribution to provident fund and gratuity funds	2,588	2,803	-	-	-	-	26,121	18,446
Pension contribution	-	-	-	-	-	-	6,423	5,720
Medical expenses	462	586	2,802	1,490	2,418	1,189	11,535	11,536
Utilities	652	948	3,195	1,444	1,886	647	21,938	14,150
Other allowances and reimbursable expenses	4,100	4,584	2,167	1,746	1,556	1,230	25,174	16,241
Meeting fees	-	-	5,050	-	4,000	-	-	-
Travelling expenses	-	-	641	-	1,095	-	-	-
	57,769	54,404	38,600	24,056	17,659	8,429	566,918	339,339

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 During the preceeding year, remuneration represents amounts paid to current and former Chief Executive Officer.

42 Earnings per share - Basic and diluted

42.1 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:

		2024	2023
		(Rupees in thousand)	
Profit after tax for the year		9,916,605	3,377,636
		(Number of shares in thousand)	
	Note	2024	2023
Weighted average number of ordinary shares outstanding during the year	5	191,798	191,798
		(Rupees)	
Earnings per share		51.70	17.61

42.2 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.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees in thousand)	
43	Cash generated from operations		
	Profit before income taxes	16,250,369	5,319,087
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation of property, plant and equipment	17.1	114,965
	Depreciation charged to related parties	17.1	4,005
	Depreciation of right-of-use assets	18	6,127
	Amortization of intangible assets	20	7,860
	Provision for accumulating compensated absences		88,762
	Obsolete stock-in-trade written off		12,438
	Balances with statutory authorities written off		34,147
	Profit on bank deposits	37	(205,097)
	Dividend income from long-term investments	37	(498,054)
	Dividend income from short-term investments	37.3	(47,475)
	Credited to employees' defined benefit plan		(40,289)
	Provision for gratuity		9,259
	Gain on disposal of property, plant and equipment	17.1.4	(428)
	Gain on sale of short-term investments - at FVPL	37.2	(29,949)
	Finance cost	38	1,060,201
	Finance cost on lease liability	38	1,976
	Amortization of deferred grant	8	(3,066)
	Unwinding of long-term loan	7.1	3,682
	Unrealised exchange loss	37	-
	Final tax - levy	39	64,243
	Provision for Workers' Profit Participation Fund	36	876,187
	Provision for Workers' Welfare Fund	36	332,951
			18,042,814
			6,912,940
	Working capital changes		
	(Increase) / decrease in current assets		
	Stores and spares		(10,507)
	Stock-in-trade		(4,036,114)
	Trade debts		(129,716)
	Loans and advances		61,607
	Trade deposits and short-term prepayments		169,732
	Balances with statutory authorities		(335,597)
	Other receivables		(130,934)
			(4,411,529)
	Increase / (decrease) in current liabilities:		
	Trade and other payables		4,332,710
	Contract liabilities		(1,881,935)
			2,450,775
	Net cash flows from operating activities		16,082,060
			(1,301,192)

	Note	2024	2023
(Rupees in thousand)			
44	Cash and cash equivalents		
	Cash and bank balances	1,368,368	1,006,725
	Short-term borrowings - secured	(6,871,015)	(7,353,261)
		<u>(5,502,647)</u>	<u>(6,346,536)</u>

45 Operating segments

45.1 These financial statements have been prepared on the basis of a single reportable segment.

45.2 Revenue from contracts with customers relating to sale of tractors represents 97% (2023: 94%) of the gross revenue from contracts with customers of the Company.

45.3 96% (2023: 93%) of the revenue from contracts with customers of the Company relates to customers in Pakistan.

45.4 All non-current assets of the Company at the respective reporting dates are located in Pakistan.

46 Financial risk management

46.1 Financial risk factors

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, borrowings, lease liabilities and trade and other payables.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board of Directors ('the Board'). The Company's finance department evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The Company's overall risk management procedures to minimize the potential adverse effects of financial market on the Company's performance are as follows:

(i) 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 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:

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Currency	2024	2023
(FCY in thousand)			
Receivables	GBP	4	-
	USD	549	393
	EUR	17	14
	CNY	316	27
Trade and other payables	GBP	2,325	2,559
	USD	1,995	5,251
	EUR	752	43
	CNY	17,230	13,279
	JPY	7,198	-

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	Effects on profit before tax
		2024	2023
(Rupees in thousand)			
Receivables / (Trade and other payables) - GBP	+15	(34,815)	(38,385)
	-15	34,815	38,385
Receivables / (Trade and other payables) - USD	+15	(21,690)	(72,870)
	-15	21,690	72,870
Receivables / (Trade and other payables) - EUR	+15	(11,025)	(435)
	-15	11,025	435
Receivables / (Trade and other payables) - CNY	+15	(253,710)	(198,780)
	-15	253,710	198,780
Trade and other payables - JPY	+15	(107,970)	-
	-15	107,970	-

	2024	2023
(Rupees)		
Reporting date rate per:		
GBP to PKR	351.85	364.77
USD to PKR	278.80	286.60
EUR to PKR	298.41	313.72
CNY to PKR	38.53	39.91
JPY to PKR	1.73	1.99

(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 Company is exposed to equity securities price risk because of investments held by the Company and classified as fair value through other comprehensive income. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Company's investment strategy is to maximise investment returns.

The Company's certain investments in equity instruments are publicly traded on the Pakistan Stock Exchange Limited.

The table below summarises the impact of increases/decreases of the KSE-100 index on the Company's equity. The analysis is based on the assumption that the KSE-100 index had increased/decreased by 10% with all other variables held constant and all the Company's equity investments moved according to the historical correlation with the index:

	Impact on other components of equity	
	2024	2023
	(Rupees in t)	
Pakistan Stock Exchange Limited	16,677	8,467

As at June 30, 2024, the Company had no investments classified as at fair value through profit or loss, hence there is no impact on the profit for the year.

(c) Cash flow and fair value 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, lease liabilities and bank balances. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Note	2024 (Rupees in thousand)	2023
Fixed rate instruments:			
Financial liabilities			
Lease liabilities	9	(8,184)	(10,986)
Long-term finances - secured	7	(1,017,534)	(1,377,687)
Net exposure		<u>(1,025,718)</u>	<u>(1,388,673)</u>
Floating rate instruments			
Financial liabilities			
Short-term borrowings	14	(6,871,015)	(7,353,261)
Financial assets			
Bank balances - deposit accounts	31	432,657	501,122
Net exposure		<u>(6,438,358)</u>	<u>(6,852,139)</u>

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.

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	2024	+5%	21,633
		-5%	(21,633)
	2023	+5%	25,056
		-5%	(25,056)
Short-term borrowings	2024	+5%	(343,551)
		-5%	343,551
	2023	+5%	(367,663)
		-5%	367,663

(ii) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Company arises from deposits with banks and other financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2024	2023
	(Rupees in thousand)	
Trade debts	375,537	245,821
Long term investments	6,282,557	6,479,728
Long term loans	7,554	7,349
Security deposits	27,986	243,070
Other receivables	199,792	66,792
Bank balances and cheques in hand	1,366,378	990,396
	<u>8,259,804</u>	<u>8,033,156</u>

(b) Impairment of financial assets

The Company's financial assets, other than investments in equity instruments, are subject to the expected credit losses model.

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

	2024	2023
	(Rupees in thousand)	
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 months	181,603	186,825
Past due 4 - 6 months	15,924	46,706
Past due 7 - 12 months	143,588	9,913
Past due one year	34,422	2,377
	<u>375,537</u>	<u>245,821</u>

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 and security deposits, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

While bank balances, loans to employees, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and are therefore not exposed to any material credit risk.

(c) Credit quality of financial assets

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.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

The table below shows the bank balances held with some major counterparties at the reporting date:

Balances with banks	Rating			2024	2023
	Short term	Long term	Agency	(Rupees in thousand)	
Allied Bank Limited	A-1+	AAA	PACRA	125,094	34,857
Bank Alfalah Limited	A-1+	AAA	PACRA	10,572	12,750
Habib Bank Limited	A-1+	AAA	VIS	149,288	157,006
MCB Bank Limited	A-1+	AAA	PACRA	446,483	360,455
MCB Islamic Bank Limited	A-1	A+	PACRA	2,092	2,092
Meezan Bank Limited	A-1+	AAA	VIS	295,123	-
National Bank of Pakistan	A-1+	AAA	PACRA	1,303	9,912
Sindh Bank Limited	A-1+	AA-	VIS	2,951	2,492
Standard Chartered Bank Limited	A-1+	AAA	PACRA	1,694	3,208
Askari Bank Limited	A-1+	AA+	PACRA	10,917	-
The Bank of Punjab Limited	A-1+	AA+	PACRA	10,302	8,317
United Bank Limited	A-1+	AAA	VIS	54,662	365,889
Zarai Taraqati Bank Limited	A-1+	AAA	VIS	8,809	3,108
Industrial and Commercial Bank of China Limited	P-1	A-2	Moody's	68	79
				1,119,358	960,165

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

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, 2024, the Company had Rs. 13,000,000 thousand (2023: Rs. 11,200,000 thousand) available borrowing limits from financial institutions and Rs. 1,368,368 thousand (2023: Rs. 1,006,725 thousand) cash and bank balances.

Management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Total	On demand	Less than one year	More than one year
	(Rupees in thousand)			
June 30, 2024				
Trade and other payables	8,575,919	-	8,575,919	-
Unclaimed dividend	327,150	-	327,150	-
Unpaid dividend	40,734	-	40,734	-
Long-term finances - secured	1,028,896	-	359,686	669,210
Short-term borrowings	6,871,015	6,871,015	-	-
Lease liabilities against right-of-use assets	9,653	-	7,182	2,471
Long-term deposits	15,433	-	-	15,433
	16,868,800	6,871,015	9,310,671	687,114
	Total	On demand	Less than one year	More than one year
	(Rupees in thousand)			
June 30, 2023				
Trade and other payables	4,188,062	-	4,188,062	-
Unclaimed dividend	329,143	-	329,143	-
Unpaid dividend	10,620	-	10,620	-
Long-term finances - secured	1,392,115	-	94,551	1,297,564
Short-term borrowings	7,353,261	7,353,261	-	-
Lease liabilities against right-of-use assets	12,785	-	6,597	6,188
Long-term deposits	14,633	-	-	14,633
	13,300,619	7,353,261	4,628,973	1,318,385

46.2 Reconciliation of movements in liabilities to cash flows arising from financing activities

	Long-term finances - secured	Dividends	Lease liabilities against right-of-use assets	Total
	(Rupees in thousand)			
Balance at July 01, 2023	1,377,687	339,763	10,986	1,728,436
Changes in liabilities				
Dividend announced during the year	-	7,671,931	-	7,671,931
Finance cost	3,682	-	1,976	5,658
Total liability related changes	3,682	7,671,931	1,976	7,677,589
Changes from financing cash flows				
Principal payment against lease liabilities	-	-	(4,778)	(4,778)
Long-term financing received	-	-	-	-
Long-term financing repaid	(363,835)	-	-	(363,835)
Dividend paid during the year including unclaimed / unpaid balances	-	(7,643,810)	-	(7,643,810)
Total changes from financing cash flows	(363,835)	(7,643,810)	(4,778)	(8,012,423)
Balance at June 30, 2024	1,017,534	367,884	8,184	1,393,602

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	Long-term finances - secured	Dividends	Lease liabilities against right- of-use assets	Total
(Rupees in thousand)				
Balance at July 01, 2022	124,296	325,021	1,331	450,648
Changes in liabilities				
Dividend announced during the year	-	3,099,769	-	3,099,769
Modifications	-	-	16,196	16,196
Finance cost	3,312	-	1,349	4,661
Total liability related changes	3,312	3,099,769	17,545	3,120,626
Changes from financing cash flows				
Principal payment against lease liabilities	-	-	(7,890)	(7,890)
Long-term financing received	1,427,606	-	-	1,427,606
Long-term financing repaid	(177,527)	-	-	(177,527)
Dividend paid during the year including unclaimed / unpaid balances	-	(3,085,027)	-	(3,085,027)
Total changes from financing cash flows	1,250,079	(3,085,027)	(7,890)	(1,842,838)
Balance at June 30, 2023	1,377,687	339,763	10,986	1,728,436

46.3 Financial instruments by categories

	FVOCI		At amortised cost		TOTAL	
	2024	2023	2024	2023	2024	2023
(Rupees in thousand)						
Financial assets						
Long-term investments	5,991,552	6,188,723	-	-	5,991,552	6,188,723
Loans and advances	-	-	11,466	11,225	11,466	11,225
Trade debts	-	-	375,537	245,821	375,537	245,821
Trade deposits	-	-	27,986	243,070	27,986	243,070
Other receivables	-	-	199,792	66,792	199,792	66,792
Bank balances	-	-	1,119,358	960,165	1,119,358	960,165
	5,991,552	6,188,723	1,734,139	1,527,073	7,725,691	7,715,796

	2024	2023
(Rupees in thousand)		
Comprised of:		
Total current	1,726,585	1,519,724
Total non-current	5,999,106	6,196,072
	7,725,691	7,715,796

	At amortised cost	
	2024	2023
	(Rupees in thousand)	
Financial liabilities		
Trade and other payables	8,575,919	4,188,062
Short-term borrowings	6,871,015	7,353,261
Unclaimed dividend	327,150	329,143
Unpaid dividend	40,734	10,620
Long-term finances - secured	1,017,534	1,377,687
Lease liabilities	8,184	10,986
Long-term deposits	15,433	14,633
	<u>16,855,969</u>	<u>13,284,392</u>
Comprised of:		
Total current	16,168,992	11,965,228
Total non-current	686,977	1,319,164
	<u>16,855,969</u>	<u>13,284,392</u>

The Company has no financial asset or liabilities valued at fair value through profit and loss.

47 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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:

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

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.

As at June 30, 2024, the Company held the following financial instruments carried at fair value:

Note	Total 2024	Level 1	Level 2	Level 3	
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long-term investments	21	5,991,552	166,767	-	5,824,785

Date of valuation : June 30, 2024

There were no financial liabilities measured at fair value as at June 30, 2024.

As at June 30, 2023, the Company held the following financial instruments carried at fair value:

	Note	Total 2023	Level 1	Level 2	Level 3
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long-term investments	21	6,188,723	84,666	-	6,104,057

Date of valuation : June 30, 2023

There were no financial liabilities measured at fair value as at June 30, 2023.

Movement / reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

	Note	2024	2023
(Rupees in thousand)			
Opening balance		6,103,657	3,784,830
Investment made during the year		-	1,598,126
(Deficit) / surplus on fair valuation of investment		(279,272)	720,701
	21	5,824,385	6,103,657

49 Provident fund trust

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

	2023	2022
Units per annum		
50 Capacity and production		
Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	30,479	19,022

The Company has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the lower production compared to normal capacity in 2023 was due to the lower demand.

Note to The Unconsolidated Financial Statements

For the year ended June 30, 2024

	2024	2023
51		
Number of employees		
Total number of employees at the end of the year	335	336
Total number of factory employees at the end of the year	126	138
Average number of employees during the year	336	335
Average number of factory employees during the year	132	137

The number of employees mentioned above does not include third party contractual employees.

52 Corresponding Figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangements have been made.

53 Subsequent events

Subsequent events not disclosed elsewhere in the financial statements include:

The Board of Directors of the Company in its meeting held on _____ has proposed a final cash dividend of Rs. ___ per share (2023: Rs. 15 per share) and ___ bonus shares (2023: Nil). 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.

54 Date of authorization for issue

These financial statements were authorized for issue by Board of Directors of the Company in the meeting held on _____.



Chief Financial Officer



Chief Executive Officer



Director

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, 2024.

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 eight directors. The present directors of the company are: M/s. Sikandar Mustafa Khan, Sohail Bashir Rana, Laeeq Uddin Ansari, Muhammad Mustafa Khan, Muhammad Mustafa Sohail, Shehryar Ansari, Qaiser Saleem and Mr. Ghulam Mustafa, CEO.

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. 3.727 billion and net profit after tax was Rs.278.198 million. Earning per share for the year was Rs.27.02.

During the year batteries for solar system with extended backup time were also manufactured keeping in view of increasing demand of the same. Sale of deep cycle batteries also increased during the year. Keeping in view the market requirement, maintenance free battery has been successfully marketed.

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.

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 0.939 million and registered sale of AED 24.56 million for the period. Earnings per share were AED 469.49. 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 elected directors and a Chief Executive Officer. The Directors of the company are: M/s. Sikandar Mustafa Khan, Sohail Bashir Rana, Laeeq Uddin Ansari, Syed Muhammad Irfan Aqueel, Aamir Amin, Tabassum Rana, Abdul Hamid Ahmed Dagia and Chief Executive Officer Mr. Mujtaba Ahmad.

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. 7,227 tons of casting has been produced during the fiscal year against 4,824 tons of last year resulting in an increase of 49.81%, while 7,136 tons of casting has been sold against 5,386 tons sold last year i.e., an increase of 51.05%.

The sales revenues of the Company for the year under review amounted to Rs. 3,390.175 million against Rs. 2,164.908 million of last year. In the financial year under review, the profit tax was Rs. 319.403 million against profit before tax Rs. 27.486 million of last year. The profit after tax was Rs. 118.666 million against loss after tax Rs. 24.725 million of last year. The profit per share was Rs 10.34 against loss per share of Rs. (2.16).

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 mitigate 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

Economic activities are gradually improving, inflation is trending downward and the external sector is also stabilizing. Moving forward, the economy is expected

to have favorable external and domestic economic prospects. The positive spillover effects are observed on industries and services sectors. The current positive IMF deal may further bring ease to the overall economy as well as for the tractor and its allied industries including Bolan Castings Limited.

e) 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, Sohail Bashir Rana, Laeeq Uddin Ansari, Muhammad Mustafa Khan, Muhammad Mustafa Sohail, Murad Naseer uddin Ansari, Qaiser Saleem and Mr. Raheel Asghar. Mr. Ahsan Imran is CEO of the company who was appointed on July 01, 2024.

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. 916.460 million and registered sale of Rs. 9,167.674 million for the year. Earnings per share were Rs. 30.65.

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, the tractor demand will not decrease 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 or observation was given by the auditors' of any group company in their reports for the year ended June 30, 2024.

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, 2024 was Rs. 55.46 as against Rs. 18.53 of the preceding year.



Chief Executive Officer
Lahore:
September 09, 2024



Director

معمولاً دکالین داتی ہے۔

گروپ کی آئے والے واقعات

گروپ کی مالیاتی سالانہ رپورٹ اور اس رپورٹ کی تاریخ کے درمیان نہ ہی کوئی مزاحمت کے اور نہ ہی کوئی واضح تبدیلی ہوئی جس سے گروپ کی مالیاتی پوزیشن اثر انداز ہو سوائے جن کو محققہ سالانہ رپورٹس میں بیان کیا گیا ہے۔

کاروبار کی نوعیت میں تبدیلی

سال کے دوران کسی بھی گروپ کی کاروبار کی نوعیت میں کوئی اہم تبدیلی نہیں ہوئی۔

آڈیٹرز کا مشاہدہ

سالانہ 30 جون، 2024 کی سالانہ آڈٹ رپورٹ میں کسی بھی گروپ کی بارے میں آڈیٹرز نے اپنی رپورٹ میں کسی قسم کی تعلق رائے نہیں دی۔

مستقل کے امکانات

گروپ کی ملاجیوں پر کسی کو کوئی بھی ٹک نہیں اس لئے مستقل میں ترقی کے امکانات روشن ہیں۔

شیئر ہولڈنگ (پتین)

ایم ای ایل کی شیئر ہولڈنگ (پتین) کو ایگزیکٹوز رپورٹ کے ساتھ منسلک کیا گیا ہے جبکہ ایم ای ایل ای، ایچ بی، ای ایل اور ایم ای ایل کی شیئر ہولڈنگ (پتین) بھی منسلک ہے۔

نی صص آمدنی

سالانہ 30 جون، 2024 کی گروپ کی نی صص آمدنی 55.46 روپے رہی جو کہ 18.53 روپے تھا۔

نیل
Niltal

ڈائریکٹر

R. D. D.

چیف ایگزیکٹو آفیسر

لاہور: 09 ستمبر، 2024

ہوان کا سٹیٹس

ا۔ بورڈ آف ڈائریکٹرز

موجودہ بورڈ 17 ڈائریکٹرز اور ایک چیف ایگزیکٹو آفیسر پر مشتمل ہے۔ کینٹی کے ڈائریکٹرز ہیں: میسرز سکندر مصطفیٰ خان، سہیل بشیر رانا، بشیق الدین انصاری، سید محمد عرفان عثمان، عامر امین مجسم رانا اور عبداللطیف احمد ڈاگہ اور مسز سہتی چیف ایگزیکٹو آفیسر ہیں۔

ب۔ کینٹی کاروبار کی کارکردگی و ترقی اور بنیادی سرگرمیاں

بی ای ایل پاکستان نے گزشتہ سال کے پچھلے سال سے ایک پبلک لیٹنگ کینٹی ہے۔ بی ای ایل ڈائریکٹرز کے پیچھے ہر دو بات جاتی ہے جیسا کہ ایم بی ایل کیلئے میگزین کا سٹاک وغیرہ۔ ایم بی ایل کینٹی کے کل ادا شدہ سرمائے میں 48.28 فیصد کے شیئرز رکھتی ہے۔ اس مالیاتی سال کے دوران کینٹی نے 7,227 ایم بی ایل کا سٹاک جاتی ہیں جو گزشتہ سال 4,824 ایم بی ایل تھیں۔ یوں اس میں 49.81 فیصد اضافہ ہوا جبکہ اس سال 17,136 ایم بی ایل کا سٹاک ملز کی گئیں جبکہ گزشتہ سال یہ مقدار 15,386 ایم بی ایل تھیں یوں اس میں 51.05 فیصد اضافہ ہوا۔

سال کیلئے کینٹی کا سٹاک ریویو 3,390.175 ملین روپے رہا جبکہ گزشتہ سال یہ سٹاک 2,164.908 ملین روپے رہا۔ نئی سال میں ٹیکس سے پہلے کا منافع 319,403 ملین روپے جبکہ گزشتہ سال ٹیکس سے پہلے کا منافع 27,486 ملین روپے تھا بعد ازاں ٹیکس منافع 118,666 ملین روپے تھا جو پچھلے سال کی تصانیف کی صورت میں 24,725 ملین روپے تھا۔ نی شیئرز منافع 10.34 روپے جبکہ اس کے برعکس فی شخص نقصان (2.16) روپے تھا۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

موٹر رسک مینجمنٹ پانڈیا کاروبار کی کلید ہے۔ رسک مینجمنٹ کا فریم ورک اور اندرونی کنٹرول کی پالیسیوں کے ساتھ کینٹی کو تیز ہو کر ڈرکٹس اور کینٹی پر اثر انداز ہونے والے بنیادی خطرات کو کم کرنے میں مدد ملی ہے۔ تاہم کینٹی کے مالیاتی آلات سے متعلق مجموعی خطرات محدود ہیں کیونکہ ایسے آلات کے حوالے سے مارکیٹ کے خطرات کا کوئی خاص سامنا نہیں ہے۔ داخلی آڈٹ ملکر بورڈ آف ڈائریکٹرز کو رسک مینجمنٹ اور کنٹرول کے عمل کی موثریت پر آڈٹ رپورٹ فراہم کرتا ہے۔

ج۔ مستقبل میں منافع کے امکانات

معاشی سرگرمیاں بتدریج بہتر ہو رہی ہیں، افریڈ کاروبار کا رجحان کم ہو رہا ہے، اور بیرونی شعبہ بھی مستحکم ہو رہا ہے۔ آگے چل کر ہمیشہ کے بیرونی اور داخلی اقتصادی رجحان سے فائدہ ہونے کی توقع ہے۔ ان مثبت اثرات کا مشاہدہ مستقبل اور تصانیف کے شعبوں پر بھی کیا جا رہا ہے۔ موجودہ قیمت IMF معاہدہ مجموعی معیشت کے ساتھ ساتھ ڈائریکٹرز اور اس سے وابستہ صنعتوں بشمول ہوان کا سٹاک لیٹنگ کے لیے بھی آسانیاں فراہم کر سکتا ہے۔

د۔ موزوں داخلی مالیاتی کنٹرولز

بی ای ایل کے پاس داخلی کنٹرولز کا ایک منظم سسٹم ہے جسے ایسے خطرات کی شناخت اور ناکارہی کے لئے تیار کیا گیا ہے جو کینٹی کے کاروباری اہداف میں رکاوٹ بن سکتے ہیں۔ اس لئے یہ سسٹم کسی بنیادی غلط مالیاتی یا نقصان کے حوالے سے ایک معقول اور یقینی مل چیل کرتا ہے۔ آڈٹ کینٹی داخلی کنٹرولز سسٹم کی افادیت کو جانچنے کی ذمہ دار ہے۔

نتیجہ بحث لیٹنگ

الف۔ بورڈ آف ڈائریکٹرز

کینٹی کے ڈائریکٹرز میسرز سکندر مصطفیٰ خان، سہیل بشیر رانا، بشیق الدین انصاری، محمد مصطفیٰ خان، محمد مصطفیٰ سہیل، مراد حسین الدین انصاری، فیصلہ سلیم اور مسز راجیل امفر ہیں۔ مسز احسن عمران کینٹی کے چیف ایگزیکٹو آفیسر ہیں جن کو 01 جولائی 2024 کو تعینات کیا گیا۔

ب۔ کینٹی کاروبار کی کارکردگی و ترقی اور بنیادی سرگرمیاں

ایم ای ایل ایک نان لسٹڈ پبلک لیٹنگ کینٹی ہے جو ایم بی ایل کے لئے کھری، شاپس اور دیگر متعلقہ پورٹس جاتی ہے۔ ایم ای ایل کے کل ادا شدہ سرمائے میں ایم بی ایل 45% شیئرز رکھتی ہے۔ کینٹی کی بنیادی سرگرمیوں میں پاکستان میں بھی فرگن ڈائریکٹرز کے مختلف ماڈلز کے گیزٹرز اور ڈائریکٹس شاپس کی تیاری شامل ہے۔ سال کے دوران کینٹی کی کارکردگی شاندار رہی۔ ایم ای ایل کی اس سال کی ریٹرنز سٹیک 9,167.674 ملین روپے رہی جبکہ منافع بعد از ٹیکس 916,460 ملین روپے رہا۔ فی شخص آمدنی 30.65 روپے رہی۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

ظاہری طور پر ایک سنگل کنٹرول کینٹی اور اس سے منسلک خدمات کے علاوہ اور کوئی ڈیگر جو بات نہیں جو مستقل میں کینٹی کے کاروبار کو متاثر کریں۔ کینٹی کے کاروبار کی نوعیت کے حوالے سے مالیاتی سال کے دوران کوئی تبدیلی نہیں آئی۔

ج۔ مستقبل میں منافع کے امکانات

موجودہ معاشی مشکلات کے باوجود ڈائریکٹرز کی طلب میں کمی نہیں ہوئی کیونکہ رواں سال کے دوران ملک میں معاشی سرگرمیاں تیز ہوئی ہیں۔ اس لیے آئندہ مالی سال میں کینٹی کے منافع میں بہتری کی توقع ہے۔

د۔ موزوں داخلی مالیاتی کنٹرولز

موزوں داخلی مالیاتی کنٹرولز پہلے سے اپنی جگہ پر ہیں جبکہ بورڈ کی آڈٹ کینٹی کے مکمل اور تسلی بخش

گروپ ڈائریکٹرز رپورٹ

ڈائریکٹرز کی جانب سے گروپ کی 30 جون، 2024 کو ختم ہونے والے سال کی رپورٹ ہمراہ گروپ کی آڈٹ شدہ مجموعی فیصلہ کنٹریولنگ سٹیٹمنٹس پیش کی جاتی ہیں۔

گروپ

گروپ جو کہ گولڈ ٹریڈ لیونڈ (ایم بی ایل) (ہولڈنگ کمپنی) اور اس کی فیلی میٹیاں جیسے کہ گولڈ انڈسٹریل اینڈ انویسٹمنٹ (ایم آئی بی ایل)، ٹائی بیگ انڈسٹری ڈی ایم سی سی، ودی، بی اے سی، بولان کاسٹنگ لیونڈ (بی سی ایل) اور گولڈ انویسٹمنٹ لیونڈ (ایم ای ایل) پر مشتمل ہے۔

پر عزم ہے۔ اسکے ساتھ ساتھ کوآپریٹو اور کاسٹ کنٹریول کے ذریعے مارکیٹ میں رولنا ہونے والی تبدیلیوں اور نئے رجحانات کا اہم مقابلہ کیا جائے گا۔

و۔ موزوں داخلی مالیاتی کنٹرولز

داخلی مالیاتی کنٹرولز اپنی جگہ پر ہیں اور انٹرنل آڈٹ اسپارٹسٹ کے متعلقہ افرو کی جانب سے ان کا مستقل بنیادوں پر باہر ایک بیٹی سے مشابہہ کیا جا رہا ہے۔

گولڈ انڈسٹری ڈی ایم سی سی

گولڈ انڈسٹری ڈی ایم سی سی

ای بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز میسرز سکندر مصطفیٰ خان، سہیل بشیر رانا اور بشیق اللہ بن انصاری ہیں۔

ای بورڈ آف ڈائریکٹرز

موجودہ بورڈ 18 ڈائریکٹرز پر مشتمل ہے۔ کمپنی کے موجودہ ڈائریکٹرز دو ہیں: سہیل بشیر رانا اور بشیق اللہ بن انصاری، سہیل بشیر رانا، بشیق اللہ بن انصاری، محمد مصطفیٰ خان، محمد مصطفیٰ سہیل، شہزاد انصاری، قیصر سلیم اور مسز نظام مصطفیٰ حنیف، ایگزیکٹو آفیسر۔

ب۔ بنیادی سرگرمیاں

گولڈ انڈسٹری ڈی ایم سی سی، ودی، بی اے سی میں ایک لیونڈ لیمٹیڈ کمپنی ہے جو کہ داخلی کنٹرولز سٹریٹجی کے ساتھ رجسٹرڈ ہے۔ گولڈ انڈسٹری ڈی ایم سی سی کی ایکٹیوٹی میں 75% کا ملکیٹی حصہ کمپنی ہے۔ کمپنی کی بنیادی سرگرمیوں میں مشینری اور بیماری انویسٹمنٹ اور پارٹس کی ٹریڈنگ شامل ہے۔ کمپنی کے کاروبار کی جگہ جو میرہ لیک ٹاورز (Jumeirah Lake Towers) ودی، دبئی، اے ای ہے۔ ٹائی بیگ کی اس عرصہ کے دوران خالص منافع 0.939 ملین (اے ای ڈی) رہا اور جزیئر ٹیکس 24.56 ملین (اے ای ڈی) رہی۔ فی حصص آمدنی 489.49 (اے ای ڈی) رہی۔ اب تک کمپنی کی کارروائی اطمینان بخش رہی اور پاکستان سے ٹریڈنگ کی زیادہ برآمدات کے بعد برائے کوثر پروفروغ ملے گا۔

ب۔ بنیادی سرگرمیاں، کمپنی کا کاروبار کی کارروائی اور ترقی

کمپنی کا ڈیپو، فیکٹریوں اور گارڈنوں میں استعمال ہونے والی فیلڈوں بنانے کے کام سے وابستہ ہے۔ کمپنی نے رواں سال کے دوران 3.727 ملین روپے کی سٹیکس اور خاص منافع بعد ٹیکس 278.198 ملین روپے رہا۔ سال کیلئے مجموعی منافع فی شیئر کے حساب سے 27.02 روپے رہا۔

ب۔ 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 کارروائی کو متاثر کرے۔ کمپنی کے کاروبار کی اہمیت کے حوالے سے مالیاتی سال میں کوئی تبدیلی نہیں آئی۔

سال کے دوران، انسانی کلام کے لیے طویل عرصے تک اپ وقت والی بیٹریاں تیار کی گئیں، کیونکہ اس کی طلب میں اضافہ ہو رہا تھا۔ گہرے سائیکس والی بیٹریوں کی فروخت بھی سال کے دوران بڑھی۔ مارکیٹ کی ضروریات کو مد نظر رکھتے ہوئے، بغیر دیکھ بھال والی بیٹری کو کامیابی کے ساتھ فروخت کیا گیا۔

ب۔ بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو رجسٹرڈ اہم مسائل اور خطرات میں خام مال کی قیمتوں میں تبدیلی اور روپے کی غیر معمولی گراؤت کی وجہ سے آڈٹ شدہ خالص منافع کی لاگت میں اضافہ اور مارکیٹ میں نئے مقابلہ ورروں 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 اہمیت کی بابت اس مالی سال میں کوئی تبدیلی واقعہ نہ ہوئی۔

ب۔ مستقبل میں منافع کے امکانات

کمپنی کا پر عزم ہے کہ ایم بی ایل اور دیگر گروپ کمپنیوں کی مارکیٹنگ، پروڈکشن اور مینجمنٹ اتھارٹی مارکیٹس تک رسائی دے کر سٹیکس میں اضافہ کیا جائے۔

و۔ موزوں داخلی مالیاتی کنٹرولز

موزوں داخلی مالیاتی کنٹرولز اپنی جگہ پر ہیں اور ان کا مشابہہ کیا جا رہا ہے۔

ب۔ مستقبل میں منافع کے امکانات

کمپنی آئندہ مالی سال فروخت کے نئے اہل مقرر کر کے اپنے منافع میں اضافہ کرنے کے لئے



Independent Auditor's Report

To the members of Millat Tractors Limited

Report on the Audit of the Consolidated Financial Statements as at 30 June 2024

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, 2024, 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 material 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, 2024, 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:

Key audit matter	How the matter was addressed in our audit
<p>Investment measured at Fair Value</p> <p>(Refer note 4.13, 22.1 and 49.1 to the annexed consolidated financial statements)</p> <p>The Group 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.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <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;

Key audit matter	How the matter was addressed in our audit
<p>Investments measured at fair value</p> <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>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • 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; • 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 Unconsolidated 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 unconsolidated 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.

Other Matter

The consolidated financial statements for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated October 4, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: September 24, 2024

UDIN: AR202410118jbrO3slt1

Consolidated Statement of Financial Position

As at June 30, 2024

	Note	2024	2023
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (2023: 400,000,000) ordinary shares of Rs. 10/- each		4,000,000	4,000,000
Issued, subscribed and paid up capital	5	1,917,983	1,917,983
Reserves	6	8,954,891	6,684,246
Capital and reserves attributable to owners		10,872,874	8,602,229
Non-controlling interest		1,346,327	1,126,518
Total equity		12,219,201	9,728,747
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - secured	7	959,651	1,044,655
Deferred grant	8	10,527	13,300
Lease liabilities against right-of-use assets	9	2,334	6,967
Employees' defined benefit plan	10	21,867	26,981
Long term deposits	11	40,277	34,406
Deferred tax liabilities - net	12	1,202,362	1,163,558
		2,237,018	2,289,867
CURRENT LIABILITIES			
Trade and other payables	13	9,349,033	4,917,119
Contract liabilities	14	1,095,641	2,850,865
Taxation - net		1,086,918	378,161
Short term borrowings	15	8,189,336	8,643,357
Current portion of non-current liabilities	16	488,747	377,544
Unclaimed dividend		350,269	354,971
Unpaid dividend		87,472	52,499
Accumulating compensated absences		243,309	171,903
		20,890,725	17,746,419
CONTINGENCIES AND COMMITMENTS			
	17	35,346,944	29,765,033

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	2024	2023
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	1,961,223	1,917,490
Right-of-use assets	19	6,730	12,857
Intangible assets	20	24,550	36,145
Goodwill		18,572	18,572
Investment property	21	294,569	255,708
Long term investments	22	6,028,927	6,207,698
Long term loans and advances	23	8,144	8,375
Long term deposits	24	12,927	12,527
Employees' defined benefit plan	10	305,262	310,475
		8,660,904	8,779,847
CURRENT ASSETS			
Stores, spare parts and loose tools	25	860,319	684,460
Stock in trade	26	15,911,416	11,593,666
Trade debts	27	805,680	651,205
Loans and advances	28	430,932	197,343
Trade deposits and short term prepayments	29	146,279	305,145
Balances with statutory authorities	30	6,316,129	6,104,232
Other receivables	31	251,012	92,910
Tax refunds due from the Government		85,603	69,942
Short term investments	32	3,856	3,856
Cash and bank balances	33	1,874,814	1,282,427
		26,686,040	20,985,186
		35,346,944	29,765,033

By
Subash

Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2024

	Note	2024	Restated 2023
(Rupees in thousand)			
Revenue from contracts with customers	34	95,020,571	47,139,352
Cost of sales	35	(71,048,945)	(36,734,913)
Gross profit		23,971,626	10,404,439
Distribution and marketing expenses	36	(2,090,918)	(1,216,288)
Administrative expenses	37	(1,883,112)	(1,206,190)
Other operating expenses	38	(1,385,284)	(859,980)
		(5,359,314)	(3,282,458)
Other income	39	768,556	364,921
Operating profit		19,380,868	7,486,902
Finance cost	40	(1,381,806)	(1,649,620)
Profit before income taxes and final taxes		17,999,062	5,837,282
Levy - Final taxes	41	(64,243)	(31,136)
Profit before income tax		17,934,819	5,806,146
Taxation - Income tax	41	(7,297,572)	(2,251,560)
Profit after tax for the year		10,637,247	3,554,586
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		190,203	33,079
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement (loss) / gain on employees' defined benefit plan		(53,911)	125,423
Deferred tax		723	462
Unrealized (loss) / gain on revaluation of investments at fair value through other comprehensive income		(178,771)	704,997
Deferred tax		48,614	(417,869)
		(183,345)	413,013
Total other comprehensive income		6,858	446,092
Total comprehensive income for the year		10,644,105	4,000,678
Attributable to:			
- Owners of the holding company			
Profit after tax		10,093,504	3,293,346
Other comprehensive (loss) / income for the year		(150,928)	439,980
		9,942,576	3,733,326
- Non-controlling interests			
Profit after tax		543,743	261,240
Other comprehensive income for the year		157,786	6,112
		701,529	267,352
		10,644,105	4,000,678
Earnings per share - basic and diluted (Rupees)	44	55.46	18.53

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2024

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserves		Total	Non controlling interest	Total equity
		Exchange translation reserve	Other reserves	Fair value reserve	General reserves	Unappropriated profit			
(Rupees in thousand)									
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
Transaction with owners in their capacity									
as owners recognised directly in equity:									
Final dividend for the year ended									
June 30, 2022 @ Rs. 20 per share	-	-	-	-	-	(1,937,356)	(1,937,356)	-	(1,937,356)
Bonus shares issued for the year ended									
June 30, 2022 @ 20% per share	193,736	-	-	-	-	(193,736)	-	-	-
Interim dividend for the year ended									
June 30, 2023 @ Rs. 10 per share	-	-	-	-	-	(1,162,414)	(1,162,414)	-	(1,162,414)
Interim bonus shares issued for the year ended									
June 30, 2023 @ 10% per share	116,241	-	-	-	-	(116,241)	-	-	-
Interim bonus shares issued for the year ended									
June 30, 2023 @ 50% per share	639,327	-	-	-	-	(639,327)	-	-	-
Dividend payment to non controlling interest	-	-	-	-	-	-	-	(225,500)	(225,500)
Transfer to capital reserve from									
unappropriated profit	-	-	208,929	-	-	(208,929)	-	-	-
Net profit for the year	-	-	-	-	-	3,293,346	3,293,346	261,240	3,554,586
Other comprehensive income for the year	-	24,809	-	288,673	-	126,498	439,980	6,112	446,092
Total comprehensive income	-	24,809	-	288,673	-	3,419,844	3,733,326	267,352	4,000,678
Balance as on June 30, 2023	1,917,983	101,134	208,929	1,947,260	2,475,309	1,951,614	8,602,229	1,126,518	9,728,747
Transaction with owners in their capacity									
as owners recognised directly in equity:									
Final dividend for the year ended									
June 30, 2023 @ Rs. 15 per share	-	-	-	-	-	(2,876,973)	(2,876,973)	-	(2,876,973)
Interim dividend for the year ended									
June 30, 2024 @ Rs. 25 per share	-	-	-	-	-	(4,794,958)	(4,794,958)	-	(4,794,958)
Dividend payment to non controlling interest	-	-	-	-	-	-	-	(481,720)	(481,720)
Net profit for the year	-	-	-	-	-	10,093,504	10,093,504	543,743	10,637,247
Other comprehensive income / (loss) for the year	-	41,518	-	(178,167)	-	(14,279)	(150,928)	157,786	6,858
Total comprehensive income	-	41,518	-	(178,167)	-	10,079,225	9,942,576	701,529	10,644,105
Balance as on June 30, 2024	1,917,983	142,652	208,929	1,769,093	2,475,309	4,358,908	10,872,874	1,346,327	12,219,201

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Consolidated Statement of Cash Flow

For the year ended June 30, 2024

	Note	2024 (Rupees in thousand)	Restated 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	45	18,095,566	84,245
Finance cost paid		(1,353,392)	(1,203,936)
Payment of long term loans to employees – net		231	11,585
Workers' Profit Participation Fund paid	31	(1,016,450)	(363,719)
Workers' Welfare Fund paid		(123,966)	(200,496)
Income taxes paid		(6,516,335)	(2,152,399)
Levy – final taxes paid		(64,243)	(31,136)
Retirement benefits paid – net		(40,138)	(14,023)
Long term security deposits received		4,144	5,919
		(9,110,149)	(3,948,205)
Net cash generated from / (used in) operating activities		8,985,417	(3,863,960)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		(389,232)	(357,303)
Proceeds from disposal of property, plant and equipment		45,620	39,267
Short term investments made during the year		(3,000,000)	-
Short term investments redeemed during the year		3,029,949	280,000
Long term investments made – net		-	(1,598,126)
Profit on bank deposits received		221,495	88,916
Dividend received from investments		68,674	19,359
Net cash used in investing activities		(23,494)	(1,527,887)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to non-controlling interests		(481,720)	(225,500)
Payments made against lease liabilities		(4,778)	(7,890)
Short term financing paid – net		(214,780)	(272,346)
Long term financing received during the year		434,571	1,427,606
Long term financing paid during the year		(412,131)	(255,042)
Dividends paid to owners of the holding company		(7,641,660)	(3,101,573)
Net cash used in financing activities		(8,320,498)	(2,434,745)
Net increase / (decrease) in cash and cash equivalents		641,425	(7,826,592)
Cash and cash equivalents at the beginning of the year		(6,962,791)	830,722
Foreign exchange difference		190,203	33,079
Cash and cash equivalents at the end of the year	46	(6,131,163)	(6,962,791)

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

1 Legal status and nature of business

1.1 Holding company:

Millat Tractors Limited (MTL)

Millat Tractors Limited (the holding 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, 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 registered office of MIPL is situated at 8.8 km, Lahore - Sheikhupura Road, Shahdara, Lahore and the manufacturing facility of MIPL is located at 49 km., off Multan Road, Bhai Pheru, Distt. Kasur.

b) TIPEG Intertrade DMCC (TIPEG)

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 (now the Companies Act, 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 MEL is situated at 10 km Raiwind Road, Lahore.

d) Bolan Castings Limited (BCL)

Bolan Castings Limited, a public limited company incorporated in Pakistan under the repealed Companies Ordinance 1984 (now the Companies Act, 2017), 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 registered office and address of BCL's business unit, including plant is RCD Highway, Hub Chowki, District Lasbela, Baluchistan, Pakistan.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

2 Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the 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.

2.2 The Board of Directors of the holding company and Millat Equipment Limited, in their meetings held on May 6, 2024, have considered, and approved the Scheme of Compromises, Arrangements and Reconstruction (the Scheme) drafted under the relevant provisions of the Companies Act, 2017 by amalgamating the holding company's operations with Millat Equipment Limited with effect from January 1, 2024.

A petition has been submitted in the Lahore High Court ('LHC') for obtaining sanction of this Scheme wherein under the supervision of the LHC, the above Scheme has been duly approved by the members/shareholders of the holding company and Millat Equipment Limited in their extraordinary general meetings held on June 15, 2024. The Scheme is currently pending approval through an order by the LHC subject to the receipt of necessary approvals, sanctions, consents, observations, no objection certificates from the creditors of the holding company and Millat Equipment Limited, Securities and Exchange Commission of Pakistan or such other competent authority as may be applicable. These consolidated financial statements have been prepared to comply with the statutory requirements under the Companies Act, 2017.

Furthermore, the separate financial statements of the Millat Equipment Limited have been prepared on the going concern basis of accounting since Millat Equipment Limited's business activities, assets and liabilities will continue unaffected by the proposed merger transaction.

3 Basis of measurement

3.1 These consolidated financial statements have been prepared under the historical cost convention except as stated otherwise.

3.2 Critical accounting estimates and judgments

The Group's material accounting policies are stated in note 4. Not all of these material accounting policies require management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that management considers significant because of the 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 expectations 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 involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements 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, 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 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.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

3.2.8 Contingencies

The Group reviews the status of all the legal cases on a regular basis. Based on the expected outcomes and lawyers' judgements, appropriate disclosure or provision is made.

3.3 Functional and presentation currency

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

4 Summary of material accounting policies

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 'Making Materiality Judgements') from January 1, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the consolidated financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the consolidated financial statements.

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

4.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, amendments and interpretations to approved accounting standards that are effective in current year or have been early adopted

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on or after July 01, 2023 but are considered not to be relevant to the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements, except for application of Amendments to IAS 1 and IFRS Practice Statements 2 as referred above and the application guidance issued by ICAP as mentioned below.

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Group has changed its accounting policy to designate the amount calculated on taxable income using the notified tax rate as an income tax expense. Any excess over the amount designated as income tax, is then recognized as a 'Levy' under 'IAS 37, Provisions, Contingent Liabilities and Contingent Assets' and IFRIC 21, which were previously being recognized as 'Income tax'.

The Group has accounted for the effects of these changes in accounting policy retrospectively under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these unconsolidated financial statements. The effects of restatements are as follows:

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
(Rupees in thousand)			
Effect on statement of profit or loss			
For the year ended June 30, 2024			
Taxation - final taxes	-	(64,243)	(64,243)
Profit before tax	17,999,062	(64,243)	17,934,819
Taxation - Income tax	(7,361,815)	64,243	(7,297,572)
Profit after tax	10,637,247	-	10,637,247
Earnings per Share - Rupees	55.46		55.46
Effect on statement of profit or loss			
For the year ended June 30, 2023			
Taxation - final taxes	-	(31,136)	(31,136)
Profit before tax	5,837,282	(31,136)	5,806,146
Taxation - Income tax	(2,282,696)	31,136	(2,251,560)
Profit after tax	3,554,586	-	3,554,586
Earnings per Share - Rupees	18.53		18.53

The related changes to the consolidated statement of cash flows with respect to the amount of profit before taxation have been made as well.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 1, 2024, but are considered not to be relevant to the Group's operations and are, therefore, not detailed in these consolidated financial statements, except for the following:

i) Amendment to IAS 1- Non-current liabilities with covenants

These amendments were in response to concerns raised on applying previous amendments to the classification of liabilities as current or non-current that would have become effective for reporting periods beginning on or after January 01, 2024. The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

The Group is in the process of assessing the impact of this amendment on the Group's consolidated financial statements.

The new amendments are effective for annual reporting periods beginning on or after January 01, 2024 and override the previous amendments.

ii) Amendment to IAS 7 and IFRS 7 - Supplier finance

These amendments to IAS 7 and IFRS 7 require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

The IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to investors that said they urgently need more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk.

Entities will be required to aggregate the information they provide about SFAs. However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information when the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods.

The Group is in the process of assessing the impact of this amendment on the Group's consolidated financial statements.

The above mentioned amendments are effective for accounting periods beginning on or after January 01, 2024.

iii) **Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments**

The amendments clarify the timing for recognizing and derecognizing certain financial assets and liabilities, introduce an exception for some financial liabilities settled via electronic cash transfers, provide additional guidance for assessing if a financial asset meets the SPPI criterion, require new disclosures for instruments with cash flow changes linked to ESG targets, and update disclosures for equity instruments designated at FVOCI.

The Group is in the process of assessing the impact of this amendment on the Group's consolidated financial statements.

The above mentioned amendments are effective for accounting periods beginning on or after January 01, 2026.

iv) **IFRS 18 Presentation and Disclosure in Financial Statements**

The new standard on presentation and disclosure in financial statements, IFRS 18, focuses on updates to the statement of profit or loss. It introduces key concepts such as the structure of the statement of profit or loss, required disclosures for certain profit or loss performance measures reported outside the financial statements (management-defined performance measures), and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

The Group is in the process of assessing the impact of this amendment on the Group's consolidated financial statements.

The above mentioned standard is effective for accounting periods beginning on or after January 01, 2027.

4.2 **Principles of consolidation**

4.2.1 **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income as a bargain purchase.

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 Group'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.

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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

4.4.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

4.4.2 Post employment benefits

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

4.4.2.1 Defined benefit plan

Pension

MTL 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, 2024.

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. Past service costs are recognized immediately in the consolidated statement of profit or loss.

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:

	Pension scheme	
	Millat Tractors Limited	
	2024	2023
Expected rate of increase in salary level	14.75%	15.25%
Discount rate used for interest cost in profit and loss	16.25%	13.25%
Discount rate used for year end obligation	14.75%	16.25%
Retirement Assumption	60 years	60 years
	SLIC 2001	SLIC 2001
	- 2005	- 2005
Expected mortality rates	Set back	Set back
	one year	one 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.

The amount recognized in the consolidated statement of financial position represents the fair value of the plan assets reduced by the present value of defined benefit obligation.

Gratuity

BCL operates a defined benefit gratuity for its permanent employees. The plan defines an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors, such as age, years of service and compensation. A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The liability recognised in the consolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds or the market rates on Government bonds. These are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related employee benefit obligation.

BCL operates the following schemes:

- i) Funded gratuity scheme for all of its eligible executive employees appointed under the old salary grade scale up to 2006. Provisions are made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2024, using the 'Projected Unit Credit Method'.
- ii) Unfunded gratuity scheme for all of its eligible non-executive employees. Provisions are made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2024, using the 'Projected Unit Credit Method'.

The amount arising as a result of remeasurements are recognised in the consolidated statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which these occur.

Past service costs are recognised immediately in the consolidated statement of profit or loss.

4.4.3 Defined contribution plans

4.4.3.1 Provident fund

The Group operates an approved defined contribution provident fund for all permanent employees. Equal contributions are made by employees and the Group at the rate of 10 percent of basic salary per month. The Group has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognised as an expense in the consolidated statement of profit or loss as and when incurred.

4.4.3.2 Accumulating compensated absences

The Group provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 150 days in case of executives and management and 180 days in case of workers. Workers, executives and management are entitled to encash the unutilised earned leave accrued on or before retirement date, or due to medical grounds could utilize / encash their outstanding days of leaves before leaving. Any further unutilised leaves lapse. The earned leave encashment is based on basic salaries for executives and management, and in case of workers, basic salaries plus house rent allowance.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to statement of profit or loss. The most recent valuation was carried out as at June 30, 2024 using the "Projected Unit Credit Method.

The amount recognised in the consolidated statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated statement of profit or loss immediately in the period when these occur.

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Projected unit credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

	2024	2023
Expected rate of increase per annum in salary level	13.75%	15.25%
Discount rate per annum used for interest cost in profit or loss	16.25%	13.25%
Discount rate per annum used for year end obligation	14.75%	16.25%
	SLIC 2001	SLIC 2001
	- 2005	- 2005
Expected mortality rates	Set back	Set back
	one year	one year
Duration of the plan (years)	8	8

4.5 Contingent liabilities and assets

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.

Contingent liabilities are not recognized. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in these consolidated financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or
- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

4.6 Taxation

Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these consolidated financial statements, except for taxes on normal business income and dividend earned from investment in subsidiaries, associates and joint arrangements which is specifically within the scope of IAS 12 and hence it continues to be categorised as current income tax.

Income Tax

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current

The charge for current tax is calculated using prevailing tax rates at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

4.7 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. Freehold and leasehold land is stated at cost less any identified impairment loss.

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 18. 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 assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual value and useful life of its operating fixed assets during the year has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.11 to these financial statements).

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.

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.

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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.

4.8 Right-of-use asset and Lease liability

At inception of a 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.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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 is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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 consolidated 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, if any, and adjusted for certain remeasurements of the lease liability.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

4.9 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.10 Intangible assets

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

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 to five 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.11 to these financial statements).

4.11 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.12 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 i.e. at cost less any identified 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 investment property represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in profit or loss.

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4.13 Investments and other financial assets

4.13.1 Classification

The Group classifies its financial assets other than investments in subsidiaries in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. 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.

4.13.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being 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.

4.13.3 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 payments of principal and interest.

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:

- 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. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.
- FVOCI:** Assets that are held for 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 income 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. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.

- iii) **FVPL:** 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 in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value through other comprehensive income. 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 the consolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.13.4 Impairment of financial assets other than investment in equity instruments

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables, while general 3-stage approach for deposits, loans, bank balances and other receivables i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Loans and advances;
- Loans to employees;
- Trade deposits and other receivables; and
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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Irrespective of the above analysis, in case of trade debts, the Group considers that default has occurred when a debt is more than 360 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.14 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 Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.15 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.16 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 weighted average cost and net realisable value ("NRV"). Cost of work-in-process and finished goods comprises cost of direct materials, labour and related production overheads (based on normal operating capacity).

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the consolidated financial statements for obsolete and slow moving stock-in-trade based on management estimate.

4.17 Trade debts and other receivables

Trade debts are amounts due from customer for goods sold or services performed in ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method less loss allowance.

4.18 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

4.19 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies.

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4.19.1 a) Sale of goods

Tractors, Implements, multi-application products and trading 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 Group 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 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.

Castings

Revenue is recognised when control of the goods has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised upon transfer of title to the customers, which generally coincides with physical delivery.

No element of financing is deemed present as the sales are made with a credit term of up to 90 days, which is consistent with the market practice.

Tractor components

The Group is also engaged in the business of manufacturing and sale of transmission gears for tractors. The Group also has a performance obligation to arrange for delivery of goods at locations specified by the customers. Revenue from sale of goods is recognized when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are delivered to customers. Revenue is measured at the transaction price agreed under the contract, adjusted for variable consideration such as discount, if any. In almost all cases, the consideration is received before the goods are delivered/invoiced. Sales made to the Parent Company are made on pre-agreed deferred payment terms. Transaction price is adjusted for time value of money in case of significant financing component.

Revenue is measured at the transaction price agreed under the contract, adjusted for variable consideration such as discount, if any. Since there is only one performance obligation, the revenue is recognized at full amount.

The Group has concluded that it is the principal in such revenue arrangements.

Others

Sale of batteries and others are recognized as revenue when goods are dispatched and invoiced to the customers. Revenue is measured at the transaction price agreed under the contract, adjusted for variable consideration such as discount, if any. In most cases, the advances from customers are received before the goods are dispatched/invoiced. Deferred parent terms may also be agreed in case of sale to certain categories of customers.

In case of tractor components and batteries contracts with customers include promises to transfer goods or services without charges such as free inspections. Such promised goods or services are generally considered performance obligations and related sale revenue is deferred under IFRS 15, if it is deemed material. The Group also has a performance obligation to arrange for delivery of goods at locations specified by the customers. However, the Group acts as an agent in satisfaction of this performance obligation and net income/(expense) in this respect is recognized in the consolidated statement of profit or loss and other comprehensive income.

Sale of scrap items

Revenue from sale of scrap and store items is recognized when control of items passes to buyers which is generally on dispatch of goods.

b) Sale of service

- Warranties

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

Revenue shall be recognized when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

Sales of batteries are recognized as revenue when goods are dispatched and invoiced to the customers. Revenue is measured at the transaction price agreed under the contract, adjusted for variable consideration such as discount, if any. In most cases, the consideration is received before the goods are dispatched / invoiced, Deferred payment terms may also be agreed in case of sales to certain categories of customers.

Transaction price is adjusted for time value of money in case of significant financing component.

The Group's contracts with customers include promises to transfer goods or services without charges such as free inspections, Such promised goods or services are generally considered performance obligations and related sales revenue is deferred under IFRS 15, if it is deemed material.

The Group also has performance obligation to arrange for delivery of goods at locations specified by the customers. However, the Group acts as an agent in satisfaction of this performance obligation and net income/(expense) in this respect is recognized in the consolidated statement of profit or loss.

Amount received on account of sale of extended warranty is recognized initially as deferred revenue and is credited to the consolidated statement of profit or loss and other comprehensive income in the relevant period covered by the warranty.

- 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 on straight-line method over-time i.e. duration of the Service Level Agreement. Invoice is usually charged with 45 days credit period or as per contract terms.

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For the year ended June 30, 2024

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.

4.20 Research cost

These costs are charged to profit and loss when incurred.

4.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

4.22 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current. Deferred tax liabilities are classified as non-current assets or liabilities.

4.23 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.24 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.

4.25 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

4.26 Financial liabilities

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. The Group's financial liabilities include long-term finances, lease liabilities, short-term finances utilized under mark-up arrangements, trade and other payables and are measured at amortized cost.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the consolidated statement of profit or loss.

4.27 Offsetting 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 Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.28 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.29 Reserves

Reserve are classified into two categories as follows:

4.29.1 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.

4.29.2 Capital reserve

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

4.30 Earning per share

The Group presents basic and diluted earnings 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 or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.31 Dividend and appropriations

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

4.32 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.33 Non-current assets held for sale

The Group 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 consolidated statement of financial position.

4.34 Transactions with related parties

Transactions with related parties are conducted in normal course of business in accordance with the agreed terms and conditions. All the related party transactions are presented for approval of shareholders in General Meeting in accordance with the requirements of Section 208 of Companies Act, 2017.

5 Issued, subscribed and paid up capital

2024 (Number of shares in thousand)		2023		2024 (Rupees in thousand)		2023	
2,543		2,543					
189,255		94,324		1,892,554		943,250	
-		-		-		-	
-		19,374		-		193,736	
-		11,624		-		116,241	
-		63,933		-		639,327	
189,255		189,255		1,892,554		1,892,554	
191,798		191,798		1,917,983		1,917,983	

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

	Note	2024	2023	
		(Rupees in thousand)		
6	Reserves			
	Capital reserve			
	Fair value reserve - Investments measured at FVOCI	1,769,093	1,947,260	
	Other reserves	208,929	208,929	
	Exchange translation reserve	142,652	101,134	
		2,120,674	2,257,323	
	Revenue reserve			
	General reserve	2,475,309	2,475,309	
	Unappropriated profit	4,358,908	1,951,614	
		6,834,217	4,426,923	
		8,954,891	6,684,246	
7	Long term finances - secured			
	Long term loan	7.1	1,438,764	1,411,910
	Less: Current portion shown under current liabilities	7.1	(479,113)	(367,255)
			959,651	1,044,655
7.1	The reconciliation of carrying amount is as follows:			
	Opening balance	7.2, 7.3 & 7.4	1,411,910	231,603
	Loan received during the year	7.5 & 7.6	434,571	1,427,606
	Repayments during the year		(412,131)	(255,042)
	Unwinding of interest cost		4,414	7,743
		7	1,438,764	1,411,910
	Less: Current portion shown under current liabilities		(479,113)	(367,255)
			959,651	1,044,655

7.2 This includes amount of loan against facility of Rs.100,000 thousand (2023: Rs.100,000 thousand) obtained under renewable energy finance scheme announced by the State Bank of Pakistan (SBP) to promote renewable energy use in Pakistan. It carries 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, in the year ended June 30, 2022, the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022. The modification was considered to be non-substantial, with the resulting impact recognized in these financial statements accordingly. The discount rate used is 11.47% per annum (2023: 11.47% 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. The carrying amount of loan as of year end is Rs. 36,055 thousand (2023: Rs. 39,306 thousand). This facility is secured by specific and exclusive charge on the purchased machinery and ranking charge over current assets of the Group.

7.3 This includes loan of Rs. 49,560 thousand (2023: Rs. 49,560 thousand) obtained from Habib Bank Limited under renewable energy finance scheme announced by State Bank of Pakistan (SBP) to promote renewable energy use in Pakistan. The facility has an aggregate sanctioned limit of Rs. 60,000 thousand. Currently, the loan carries a fixed markup of 2.5%. This loan is secured against first charge over current assets of the Group amounting to Rs. 267,000 thousand with 25% margin. The loan is repayable in twenty four quarterly installments with first installment commencing on January 01, 2022. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant in accordance with IAS 20 'Government Grants'.

7.4 This also represents facility of Rs. 1,500,000 thousand (30 June 2023: 1,500,000) to maintain the Group's ownership stake of 15.86% in Hyundai Nishat Motors (Private) Limited. The loan is repayable in 16 equal quarterly installments commencing from April 1, 2023 and carries markup at the rate of base rate plus 0.4% per annum, which is payable quarterly. Base rate is defined as the 'average of 3-month offer rate of KIBOR'. The base rate will be set for the first time at the date of initial disbursement and subsequently reset on the first working day of each calendar quarter, using the rate prevailing on last working day of preceding calendar quarter. The carrying amount of loan as of year end is Rs. 981,479 thousand (2023: 1,338,381). This facility is secured by first exclusive mortgage charge over land of the factory situated at 9 KM, Sheikhpura Road, Lahore, amounting to Rs. 2,000,000 thousand (including 25% margin).

7.5 This represents long-term financing arrangements obtained by the Group through restructuring of its short-term running finance facility with Bank Alfalah Limited. Facility is payable in equal monthly installments over a period of 36 months which include a grace period of 3 months. This facility carries mark-up at the rate of one month KIBOR plus 1.6% per annum and it is secured by way of hypothecation charge over plant and machinery and current assets of the company amounting to Rs. 266,670 thousand.

7.6 This represents Term Finance loan facility amounting to Rs. 269,570 thousand (2023: Nil) availed from The Bank of Punjab in April 2024 to finance capital expenditure. The facility has a sanctioned limit of Rs 500,000 thousand. The loan carries markup at the rate of 1 month KIBOR plus 0.95%. The loan is secured against 1st Pari Passu charge over present and future fixed assets of the Group amounting to Rs 666,670 thousand with 25% margin. The loan is repayable in 20 equal quarterly installments. The first repayment installment was made subsequent to the year end in July 2024.

	2024	2023
	(Rupees in thousand)	
8		
Deferred grant		
At start of year	18,109	26,345
Transferred to profit or loss during the year	(3,932)	(8,236)
At end of year	14,177	18,109
Represented by:		
Non-current	10,527	13,300
Current	3,650	4,809
	14,177	18,109

8.1 Government grants have been recognized against loan obtained under the 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.

	2024	2023
	(Rupees in thousand)	
9		
Lease liabilities against right-of-use assets		
Lease liabilities at start of year	10,986	1,331
Additions during the year	-	16,196
Interest accrued	1,976	1,349
Payments made during the year	(4,778)	(7,890)
Lease liabilities at year end	8,184	10,986
Less: current portion of lease liabilities	(5,850)	(4,019)
Non current lease liabilities	2,334	6,967

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	Note	2024 (Rupees in thousand)	2023
9.1	Commitments in relations to finance leases recognised under IFRS 16 are payable as follows:		
	Payable not later than one year	7,182	6,597
	Payable later than one year but not later than five years	2,471	6,188
	Payable later than five years	-	-
		9,653	12,785
	Future finance charges	(1,469)	(1,799)
	Total lease liabilities	8,184	10,986
10	Employees' defined benefit plan		
	Staff retirements benefit plan- Liability		
	Holding company	10.1	-
	Subsidiary	10.2	26,981
		21,867	26,981
	Staff retirements benefit plan- Asset		
	Holding company	10.1	(289,876)
	Subsidiary	10.2	(20,599)
		(305,262)	(310,475)
10.1	Holding staff retirement benefit plan - MTL		
	Present value of defined benefit obligation	10.1.2	880,488
	Fair value of plan assets	10.1.3 & 10.1.4	(1,170,364)
	Asset recognized in the statement of financial position		(289,876)
10.1.1	For the year		
	Salaries, wages and amenities include the following in respect of employees' pension scheme:		
	Current service cost	7,599	7,967
	Interest cost	133,600	119,932
	Interest Income on plan assets	(181,488)	(139,446)
		(40,289)	(11,547)
	Remeasurements chargeable in other comprehensive income		
	Remeasurement of plan obligation:		
	Actuarial losses / (gains) from changes in financial assumptions	77,702	(143,808)
	Experience adjustments	48,762	46,530
		126,464	(97,278)
	Interest income on plan assets	(74,741)	(29,747)
		51,723	(127,025)

	2024	2023
	(Rupees in thousand)	
10.1.2 The movement in present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of year	880,488	960,430
Current service cost	7,599	7,967
Interest cost	133,600	119,932
Benefits paid	(116,665)	(110,364)
Benefits due but not paid	-	(199)
Actuarial losses / (gains) from changes in financial assumptions	77,702	(143,808)
Experience adjustments	48,762	46,530
Present value of defined benefit obligation at end of year	1,031,486	880,488
10.1.3 The movement in fair value of plan assets is as follows:		
Fair value of plan assets at beginning of year	1,170,364	1,103,481
Interest Income on plan assets	181,488	139,446
Contributions	9,639	8,253
Benefits paid	(116,665)	(110,364)
Benefits due but not paid	-	(199)
Return on plan assets	74,741	29,747
Fair value of plan assets at end of year	1,319,567	1,170,364
Actual return on plan assets	256,229	169,193
10.1.4 Plan assets comprise of :		
Term deposit receipts:		
Zarai Taraqiati Bank Limited	905,000	723,000
Special Bank account:		
NAFA Capital Protected Fund	371,953	302,886
Accrued interest and bank balance:		
Bank balances	31,906	135,537
Accrued interest	8,931	7,363
Advance income tax	1,777	1,777
Less: payables	-	(199)
	1,319,567	1,170,364

Investments out of fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

10.1.5 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:

	2024	2023	2022	2021	2020
	(Rupees in thousand)				
Present value of defined benefit obligation	1,031,486	880,488	960,430	1,160,998	1,232,563
Less: Fair value of plan assets (Surplus) / deficit	(1,319,567)	(1,170,364)	(1,103,481)	(1,110,743)	(1,109,534)
Experience adjustment on obligation	77,702	(143,808)	(218,848)	(89,128)	345,900
Return on plan assets, excluding interest income	74,741	29,747	(17,990)	(1,530)	(28,095)

Sensitivity analysis

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. 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 / asset to significant actuarial assumptions the same method (present value of the defined benefit obligation / asset calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation / asset recognised in the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

	2024	2023
	(Rupees in thousand)	
Discount rate + 100 bps	976	835
Discount rate - 100 bps	1,093	930
Salary increase + 100 bps	1,039	887
Salary increase - 100 bps	1,025	875
Indexation rate + 100 bps	1,100	936

10.1.6 The Group's net refund from the pension fund for the year ending June 30, 2025 is expected to be Rs. 11,675 thousand.

	2024	2023
	(Rupees in thousand)	
10.2 Subsidiary staff retirement benefit plan - BCL		
Employees' defined benefit plan - liability	21,867	26,981
Employees' defined benefit plan - asset	(17,181)	(20,599)

	2024		2023	
	Funded	Un-funded	Funded	Un-funded
	Executives' Gratuity	Non-Executives' Gratuity	Executives' Gratuity	Non-Executives' Gratuity
	(Rupees in thousand)			
Balance sheet reconciliation				
Present value of defined benefit obligation at end of year	(10,102)	(21,867)	(15,194)	(26,981)
Less: Fair value of plan assets at end of year	27,283	-	35,793	-
Surplus / (deficit)	17,181	(21,867)	20,599	(26,981)
Movement in the present value of defined benefit obligation				
Balances at beginning of year	15,194	26,981	20,501	26,004
Benefits paid by the plan	(13,836)	(5,912)	(7,699)	(4,508)
Current service costs	351	1,087	619	1,158
Interest cost	1,542	4,154	2,206	3,147
Actuarial (gain) / loss arising from experience adjustment	6,851	(4,443)	(433)	1,180
Balance at end of year	10,102	21,867	15,194	26,981
Movement in the fair value of plan assets				
Balance at beginning of year	35,793	-	38,871	-
Contributions paid into the plan	325	-	309	-
Benefits paid by the plan	(13,836)	-	(7,699)	-
Interest income	4,781	-	5,170	-
Remeasurement	220	-	(858)	-
Balance at end of year	27,283	-	35,793	-
Expense / (income) recognised in profit and loss account				
Current service costs	351	1,087	619	1,158
Net Interest (income) / cost	(3,239)	4,154	(2,964)	3,147
(Income) / expense recognised in profit or loss	(2,888)	5,241	(2,345)	4,305
Remeasurement recognised in other comprehensive income				
Experience (gains) / losses	6,851	(4,443)	(433)	1,180
Remeasurement of fair value of plan assets	(220)	-	858	-
Remeasurements	6,631	(4,443)	425	1,180

Notes to The Consolidated Financial Statements

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	2024		2023	
	Funded	Un-funded	Funded	Un-funded
	Executives' Gratuity	Non-Executives' Gratuity	Executives' Gratuity	Non-Executives' Gratuity
	(Rupees in thousand)			
Net recognised liability / (asset)				
Net recognised (asset) / liability at beginning of year	(20,599)	26,981	(18,370)	26,004
(Income) / expense recognised in profit or loss	(2,888)	5,241	(2,345)	4,305
Contribution made during the year to the Fund	(325)	(5,912)	(309)	(4,508)
Remeasurements recognised in other comprehensive income / (loss)	6,631	(4,443)	425	1,180
Recognised (asset) / liability at end of year	(17,181)	21,867	(20,599)	26,981
Plan assets comprise of following:				
Mutual funds	10,000	-	8,800	-
Cash at Bank	17,283	-	26,993	-
Total plan asset	27,283	-	35,793	-
Actuarial assumptions				
Discount rate	14.75%	14.75%	15.75%	15.75%
Future salary increases	14.75%	13.75%	14.50%	14.50%

Mortality was assumed to be SLIC (2001-2005) table.

	2024	2023
	(Rupees in thousand)	
Maturity profile of the defined benefit obligation		
Distribution of timing of benefit payments		
One year	5,861	8,472
Two years	4,600	7,812
Three years	6,671	3,606
Four years	7,645	2,910
Five years	936	7,663
Six years to ten years	28,497	20,246

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Sensitivity analysis for actuarial assumptions			
Discount rate at June 30, 2024	0.50%	18,735	21,845
Future salary increases	0.50%	38,599	32,425

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.

	2024	2023	2022	2021	2020
	(Rupees in thousand)				
Pension fund					
Fair value of plan assets	-	-	-	-	127,508
Present value of the defined benefit obligation	-	-	-	-	(187,627)
(Surplus) / deficit	-	-	-	-	(60,119)
Experience adjustments on plan obligations - (gain) / loss	-	-	-	(7,114)	47,137
Experience adjustments on plan assets - gain / (loss)	-	-	-	(9,205)	6,478
Executives' gratuity fund					
Fair value of plan assets	27,283	35,792	38,871	39,589	51,279
Present value of the defined benefit obligation	(10,102)	(15,194)	(20,501)	(26,205)	(25,978)
Surplus	17,181	20,598	18,370	13,384	25,301
Experience adjustments on plan obligations - (gain) / loss	6,851	(433)	(1,841)	254	(7,665)
Experience adjustments on plan assets - gain / (loss)	220	(858)	1,906	(13,441)	(5,329)
Non-Executives' gratuity fund					
Present value of the defined benefit obligations	(21,867)	(26,981)	26,004	(34,817)	(29,840)
Experience adjustments on plan obligations	(4,443)	1,180	(5,694)	4,932	(5,694)

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

	2024	2023
	Number of years	
The weighted average duration of the plans are as follows:		
Executives' gratuity fund	3.11	2.11
Non-executives' gratuity	5.65	7.88

Amounts in this note are based on the latest actuarial valuation carried out as at June 30, 2024.

10.3 Risks on account of defined benefit plan

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

Final salary risk (linked to inflation risk) - The risk that the final salary at the time of cessation of service is greater than what is currently assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Asset volatility - Most assets are invested in risk free investments of 3 year Special Savings Certificates. However, instruments in Open-ended Mutual Funds is subject to adverse fluctuation as a result of change in 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.

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

Demographic risks:

- **Mortality risk** - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.
- **Withdrawal risk** - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.
- **Investment risk** - The risk of the investment underperforming and not being sufficient to meet the liabilities.

11 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 Group policy.

	Note	2024	2023
(Rupees in thousand)			
12	Deferred tax liabilities - net		
	The liabilities / (asset) for deferred tax comprises temporary differences relating to:		
	Taxable temporary differences:		
	Accelerated tax depreciation	201,285	203,668
	Change in fair value of investments	1,121,631	1,170,245
		1,322,916	1,373,913
	Deductible temporary differences:		
	Accumulating compensated absences	(25,177)	(14,180)
	Provision for impaired / doubtful receivables	-	(13,296)
	Lease liabilities	(859)	(2,529)
	Provision for warranty	(5,978)	(5,522)
	Unused tax losses	(3,743)	(73,357)
	12.1 Unrealised gain on closing stock-in-trade	(66,512)	(80,870)
	Provision for impairment of intangible	-	(2,367)
	Provision for retirement benefit obligations	(17,242)	(17,346)
	Provision for slow moving stores	(1,043)	(888)
		(120,554)	(210,355)
	Net deferred tax liability at the year end	1,202,362	1,163,558

12.1 Reconciliation of deferred tax liabilities - net

	Unrealised gain on closing stock -in-trade	Accelerated tax depreciation	Change in fair value of investments	Accumulating compensated absences	Provisions	Unused tax losses	Net liability / (asset)
(Rupees in thousand)							
Balance as at June 30, 2022	-	191,105	752,376	(11,869)	(36,510)	(98,723)	796,379
Tax (income) / expense during the year recognised in							
- profit or loss	(80,870)	10,031	-	(2,312)	(2,443)	25,366	(50,228)
- Other comprehensive income	-	-	417,869	-	(462)	-	417,407
Balance as at June 30, 2023	(80,870)	201,136	1,170,245	(14,181)	(39,415)	(73,357)	1,163,558
Tax expense / (income) during the year recognised in							
- profit or loss	14,358	(710)	-	(10,996)	15,875	69,614	88,141
- Other comprehensive income	-	-	(48,614)	-	(723)	-	(49,337)
Balance as at June 30, 2024	(66,512)	200,426	1,121,631	(25,177)	(24,263)	(3,743)	1,202,362

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

	Note	2024 (Rupees in thousand)	2023
13	Trade and other payables		
	Trade creditors	5,056,465	2,989,367
	Accrued liabilities	424,419	258,085
	Bills payable	1,242,850	183,045
	Security deposits	13.1	677,647
	Trademark fee payable	730,919	538,791
	Income tax deducted at source	691	563
	Sales tax payable	-	10,913
	Workers' Welfare Fund	368,007	109,641
	Accrued markup on running finance	606,152	595,537
	Payable against sale tax withheld	79,045	56,294
	Others	13.2	162,838
		9,349,033	4,917,119

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 Group's business. As at year end, the Group has utilized these security deposits for business operations of the Group in accordance with the terms of the contract in writing.

13.2 These include deposits by employees under car and motorcycle scheme amounting to Rs. 46,023 thousand (2023: Rs. 40,849 thousand) and carry no markup.

14 Contract liabilities

14.1 These represent amounts 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. 247,020 thousand (2023: Rs.30,231 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. 1,704,882 thousand (2023: 5,299,944 thousand).

14.3 The decrease in contract liabilities is primarily due to payment of an amount of Rs. 1,194,026 thousand to the adjudicating authority, which was disputed by the customer on account of price increase after initial booking as referred in note 17.1.1.3. The Group, in consultation with its legal counsel is confident that this amount does not attract the discount as referred above, since the transaction could not be completed due to non-payment of price differential by the customer. Other than aforementioned reason the decrease in contract liabilities is also due to increase in sales in the last quarter of the current period as compared to the last period. The transaction price allocated to unsatisfied performance obligations as at June 30, 2024 is expected to be recognised as revenue during the next reporting period.

	Note	2024	2023
		(Rupees in thousand)	
15	Short term borrowings		
	Short term running finance	7,909,951	8,096,582
	Invoice bill discounting	183,359	198,139
	Short term finance	-	200,000
	Istisna / Musawammah facility	21,026	73,636
	Istisna Cum Wakala arrangement	75,000	75,000
		8,189,336	8,643,357

15.1 The Group has obtained short term borrowing and running facilities from various banks having an aggregate sanctioned limit of Rs. 15,300,000 thousand (2023: Rs. 13,509,870 thousand) out of which Rs. 2,500,000 thousand (2023: Rs.2,500,000 thousand) represent facilities obtained under Islamic mode of financing. The rates of mark up range from KIBOR minus 0.04% to KIBOR plus 0.40% (2023: KIBOR minus 0.04% to KIBOR plus 2%) per annum. At year end, the unutilized facility aggregated to Rs. 7,390,049 thousand (2023: Rs. 5,413,288 thousand). Facilities amounting to Nil (2023: Rs. 279,870 thousand) were secured by way of hypothecation over plant and machinery and current assets of the Group amounting to Rs. 334,000 thousand and the facilities amounting to Rs. 200,000 thousand are secured against first charge of PKR 266,800 thousand on land, building, 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.

15.2 This facility has been obtained by the Group from a commercial bank for the purpose of discounting invoices to facilitate in managing cash flows of the Group. Total sanctioned limit under the facility is Rs. 300,000 thousand (2023: Rs. 200,000 thousand) out of which, Rs. 183,359 thousand (2023: Rs. 198,140 thousand) was utilized as at the reporting date. The rates of mark-up on this facility range from 22.39% to 22.67% (2023: 14.29% to 21.75%) per annum on the discounted invoice amount.

15.3 Money market loan represents loan of Rs. 200,000 thousand taken from a commercial bank to finance working capital requirements which was fully repaid during the current year. The loan carried markup at the rate of one-month KIBOR plus 0.7% and the principal was to be repaid on monthly basis and early settlement was allowed. The loans were secured against ranking charge over current assets of the Group.

15.4 The Group has also obtained finance under Istisna cum Wakala arrangement from a commercial bank amounting to Rs. 75,000 thousand (2023: Rs. 75,000 thousand) and Istisna / Musawammah arrangement from another commercial bank amounting to Rs. 100,000 thousand (2023: 100,000 thousand). The profit rates on these facilities are 6 months KIBOR plus 2% (2023: 6 months KIBOR plus 2%) and 6 month KIBOR plus 1% (2023: 6 month KIBOR plus 1%) per annum respectively. They are secured by way of hypothecation charge over fixed assets and current assets of the Group amounting to Rs. 333,330 thousand and hypothecation charge over present and future stocks and book debts with 25% margin respectively. Amount utilised as at June 30, 2024 is Rs. 75,000 thousand (2023: Rs. 75,000 thousand) and Rs. 21,026 thousand (2023: 73,640 thousand) respectively.

15.5 The Group has facilities for opening of letters of credit and guarantees aggregating to Rs. 7,772,571 thousand (2023: Rs. 5,662,141 thousand) out of which Rs. 500,000 thousand (2023: Rs. 500,000 thousand) have been obtained under Islamic mode of financing. These include facilities for opening letter of credits and guarantees of Rs. 140,000 thousand and Rs. 30,000 thousand, respectively, that are a sub-limit of the short term borrowings facilities as disclosed in note 15.1. At year end, the unutilized portion of the group-wide facilities for opening of letters of credit and guarantees aggregated to Rs. 4,085,984 thousand (2023: Rs. 2,504,934 thousand). These facilities are secured by pari passu hypothecation charge over current assets and book debts of the Group, lien over import documents and counter guarantees.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

	2024	2023
	(Rupees in thousand)	
16		
Current portion of non - current liabilities		
Current portion of term finances - secured	479,113	367,255
Current portion of deferred grant	3,650	4,809
Current portion of lease liabilities against right-of-use assets	5,850	4,019
Current portion of long term deposit	134	1,461
	488,747	377,544

17 Contingencies and commitments

17.1 Contingencies

17.1.1 Holding company

17.1.1.1 The Income tax department has disputed the Company's treatment on certain tax matters relating to certain tax years from 2013 till 2022, entailing a possible additional tax liability of Rs. 886,291 thousand (2023: 311,800 thousand). These primarily include disallowances made by tax authorities in respect of apportionment of expenses to export sales, super tax liability effect, tax refunds / adjustments claimed by the Company, consumption of stock and consequently value of closing stock claimed by the Company, 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 consolidated financial statements.

17.1.1.2 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 (2023: 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 consolidated financial statements.

17.1.1.3 A customer has filed recovery suit of Rs. 1,194,026 thousand along with compensation and other damages amounting to Rs. 1,170,990 in the Sindh High Court (SHC). During the year, an order was passed by the learned single bench of SHC, which dropped the injunction order and instructed the Company to deposit Rs. 1,194,026 thousand with the Nazir of SHC with which Company has complied. The customer has filed an appeal against the single bench order restraining the Company from selling undelivered tractors of specified model to any third party. The hearings in this regard have been initiated which are pending adjudication. The Company is confident that the case will be decided in its favour; therefore no provision has been deemed necessary in these consolidated financial statements.

17.1.1.4 The Federal Board of Revenue (FBR) has conducted sales tax audits for the years 2019-20 and 2020-21. In both the years, the liability adjudged by the appellate forum amounts to Rs. 55,861 thousand, which has been contested by the Company at the Appellate Tribunal Inland Revenue (ATIR) and stay orders have been obtained. The management, in consultation with their tax advisor, is confident that the tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these consolidated financial statements.

17.1.1.5 FBR has conducted post-refund audits of the Company's monthly sales tax refunds for nine tax periods selected from April 2020 to June 2021. The Company is defending a demand of Rs. 116,173 thousand at different appellate forums, and based on the advice of the Company's legal advisor, the management is confident of a positive outcome in this regard, hence the same has not been provided for in these consolidated financial statements.

- 17.1.1.6** The Company has filed an appeal dated January 13, 2023 to the Commissioner, Customs Appeal, against the order dated October 26, 2022 of the Additional Collector of Customs, Adjudication, regarding the short payment of custom duties amounting to Rs. 2,330 thousand. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Company; therefore no provision has been made in these consolidated financial statements.
- 17.1.1.7** The Company has filed a reference in Lahore High Court on March 12, 2023 against an order of the ATIR for non-payment of sales tax amounting to Rs. 29,413 thousand on after-sales services (warranty parts) for the period July, 2012 to June, 2014. The management and the legal advisor are confident of a favorable outcome in the case; therefore no provision has been made in these consolidated financial statements.
- 17.1.1.8** 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 have 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 markup @ 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.
- 17.1.1.9** The show cause proceedings were initiated against the Company by the Competition Commission of Pakistan ('CCP') on September 08, 2021 under the Competition Act, 2010. The Company has filed a writ petition before the Islamabad High Court against the CCP. The matter is pending adjudication. 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.
- 17.1.1.10** The Company is defending a demand of Rs. 31,869 thousand from the Customs Authorities (Authorities), alleging the Company for non payment of custom and other additional duties. The demand is on account of purchase of certain starter motors and alternators to be used for the assembly of the tractors. The Company filed an appeal against the said demand and the order passed by Additional Collector, Lahore and Collector Appeals, Lahore before the Customs Appellate Tribunal, Lahore and the said tribunal passed order in favour of the Company. The Custom department has filed reference against the decision in Honourable Lahore High Court, which is pending adjudication. The Company made payment of Rs. 8,000 thousand under protest in response to demand notice served and obtained stay order from Honourable High Court, Lahore against further recovery action of Authorities. The management and legal advisor are confident that the outcome of the case would be decided in their favour, hence no provision relating to aforesaid demand has been made in these consolidated financial statements.
- 17.1.1.11** The Company had lodged sales tax refund claims for the tax periods July, 2021, September, 2021, November, 2021, December, 2021, and February, 2022, amounting to Rs. 3,806,856 thousand under SRO 363(I)/2012, which did not contain any provision relating to pre-refund audit and did not lay down any condition for availing benefit of the reduced rate of 5% on sale of tractors. The Deputy Commissioner Inland Revenue issued refund processing orders (RPOs) amounting to Rs. 77,945 thousand for the above tax periods and deferred the remaining amount of Rs. 3,728,911 thousand on the basis that the reduced rate of 5% was only available to supplies made to persons involved in agricultural activities. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) against the RPOs and is also contesting the legality of these RPOs in the Lahore High Court. The Commissioner Appeals directed the department to re-examine the complete refund claims and sanction them accordingly. The Company has filed an appeal to the ATIR against this direction, since the claims have already been deferred by the department. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Company; therefore, no provision has been made in these consolidated financial statements.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

17.1.1.12 The Federal Board of Revenue (FBR) has conducted a sales tax audit for the year 2021-22 and issued a show cause notice amounting to Rs. 13,286,998 thousand and imposed penalty of Rs. 5,414,611 thousand. The demand has primarily arisen on account of retrospective application of SRO-563(I)/2022 dated April 29, 2022 and inadmissible claim of input tax. The Appellate Tribunal Inland Revenue and the Honorable Lahore High Court have already nullified the retrospective applicability of SRO 563 in a separate appeal filed by the company, challenging SRO 563 on the grounds that it was issued without lawful authority. The Company has submitted a reply to the show cause notice, and audit proceedings are under way. The management, in consultation with the tax advisor, is confident that the tax matter will eventually be decided in favor of the company; therefore, no provision has been made in these consolidated financial statements.

Subsidiaries

17.1.2 Bolan Casting Limited

17.1.2.1 In a suit filed against the Company before the Senior Civil Judge at Hub Baluchistan, 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 Baluchistan High Court, which suspended the said order. In November 2019, the Government of Baluchistan enhanced the limit of session courts from claims of Rs. 50,000 thousand to Rs. 100,000 thousand. 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 Baluchistan 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. 89,500 thousand (2023: Rs. 57,000 thousand). The management of the Company based on the views of its legal advisor is confident that decision will be given in favor of the Company and therefore, no provision has been made in these consolidated financial statements.

17.1.3 Millat Industrial Products Limited

17.1.3.1 Demand of Rs. 5,436 thousand was created vide order dated June 29, 2021 u/s 124/129/122 for the year 2013. CIR(A) vide appellate order dated April 28, 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.

17.1.3.2 Proceedings under section 122(5A) for the tax year 2015 were finalized by the Additional Commissioner on May 05, 2021, creating a demand of Rs. 17,937 thousand. The Company filed an appeal to the Commissioner of Inland Revenue (Appeals) [CIR(A)], who, on December 03, 2021 deleted the material addition and set aside a partial issue. Based on the appeal effect/re-assessment, a tax liability of Rs. 6 thousand was anticipated. However, the Additional Commissioner created a demand of Rs. 13,404 thousand by disallowing the tax credit under section 65B. The Company has filed a rectification application and an appeal to the Commissioner of Inland Revenue (Appeals) against the Additional Commissioner's order. The CIR(A) deleted the liability of Rs. 13,404 thousand, remanding the case back and directing the assessing officer to re-examine the record and issue a tax credit adjustment as per the law. Prima facie no tax demand is anticipated.

17.1.3.3 Proceeding finalized u/s 122(1)/177 of tax year 2016 vide order dated June 01, 2021 creating demand Rs.173,761 thousand. The Company had filed appeal to CIR(A) who vide order dated December 09,2021 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.

- 17.1.3.4** Proceeding finalized u/s 122(1)/177/214C of tax year 2017, vide order dated June 25, 2021 creating demand Rs. 184,515 thousand. The Company had filed an appeal to CIR(A) who vide order dated January 03, 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.
- 17.1.3.5** Proceedings were finalized under sections 122(1)/177/214C for the tax year 2018, with an order dated September 30, 2022 creating a demand of Rs. 206,769 thousand. The Company filed an appeal to the CIR(A), who, through an order dated March 31, 2023 deleted the material additions and reduced the demand to Rs. 24,854 thousand, while setting aside partial issues. The Company then appealed to the Income Tax Appellate Tribunal against the decision of the CIR(A). The ATIR, in its order dated March 20, 2024 remanded the case back, instructing the assessing officer to recheck the company records and pass a speaking order, as no prima facie errors were found in the records. No tax liability is anticipated.
- 17.1.3.6** Proceedings for the tax year 2019 were finalized under sections 122(1)/177/214C with an order dated October 03, 2022 creating a demand of Rs. 191,460 thousand. The Company appealed to the CIR(A), who, in an order dated May 21, 2023 deleted the material additions, reduced the demand to Rs. 126 thousand, and set aside partial issues. The Company then appealed to the Income Tax Appellate Tribunal against the CIR(A)'s decision. The ATIR, in its order dated March 20, 2024 remanded the case back, directing the assessing officer to recheck the company records and issue a speaking order, as no prima facie errors were found in the records. No tax liability is anticipated.
- 17.1.3.7** Proceeding finalized u/s 221(1) of tax year 2021, vide order dated August 11, 2022 creating demand Rs.3,062 thousand. The Company had filed appeal to CIR(A).Commissioner Appeals vide order dated August 23, 2023 remanded it back to assessing officer to credit to taxpayer as per law. 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.
- 17.1.3.8** 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 thousand. 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 April 28, 2017 registered by the Additional Director, Intelligence and Investigation - FBR, Karachi. Total demand raised against the Company is Rs. 2,439 thousand which the FBR allowed to deposit in two equal instalments of which first instalment of Rs. 1,220 thousand was deposited on June 16, 2017 and second Installment of Rs. 1,220 thousand was deposited on September 25, 2017 by the Company. The management, in consultation with the legal advisor, is confident that the matter will eventually be decided in favor of the company; therefore, no consolidated provision has been made in these financial statements.
- 17.1.3.9** A sales tax audit under section 25 of the Sales Tax Act, 1990, for the period from July 1, 2015 to June 30, 2016 was initiated by the FBR on May 03, 2018. Proceedings were finalized with an order dated March 22, 2019 creating a demand of Rs. 939 thousand. The Company filed an appeal with the CIR(A) on April 15, 2019 who upheld the sales tax amounting to Rs. 936 thousand. The Company then appealed to the Appellate Tribunal Inland Revenue under section 46 of the Sales Tax Act, 1990, which decided the case in favor of the Company. No liability is anticipated.
- 17.1.3.10** A Sales Tax Audit under section 25(3) of the Sales Tax Act, 1990, for the years 2017-2020 was initiated by the FBR (Inland Revenue) on December 14, 2021. The Company filed writ petition no. 35175/2021 before the Honourable Lahore High Court, Lahore, seeking an interlocutory injunction and interim relief against proceedings pursuant to section 25 of the Act. The Honourable Lahore High Court, Lahore, issued an order dated June 04, 2021 suspending the operations of the impugned notices. The appeal is currently pending adjudication before the Honourable Lahore High Court. According to the Company's legal advisor, there is a significant likelihood of a favorable decision for the Company.

Notes to The Consolidated Financial Statements

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17.1.3.11 The Directorate of Internal Audit - Inland Revenue, Karachi filed the 5th interim challan in the honorable court of the Special Judge of Customs, Taxation, and Anti-Smuggling-Karachi on July 31, 2023. The challan alleges that the Company purchased goods from a dummy or fake supplier, M/s. Premier Metals Industries (Pvt.) Limited (NTN: 4378071-7), who issued fake sales tax invoices. As a result, the Company allegedly claimed illegal and inadmissible input tax adjustments amounting to Rs 124,519 thousand.

In response, the Company provided all necessary records and submitted a detailed reply stating that they purchased supplies from a Sales Tax Registered Party. Throughout the entire reported period, the concerned party was active on the FBR website. All payments were made via crossed cheques, pay orders, IBFTs, RTGS, and through banking channels in compliance with Section 73 of the Sales Tax Act, 1990. The supplies were genuinely purchased, and no fake invoice business was conducted. The Company has proof of the supplies actually purchased, including weighing slip receipts, gate passes, GRNs, and consumption records.

Furthermore, the FBR issued a withholding tax exemption to the party under Section 153 (4) to not deduct withholding tax under Section 153 1(a) of the Income Tax Ordinance, 2001. During periods when the exemption certificate was not issued, the Company duly deducted and deposited withholding tax under Section 153 1(a) to the Government.

The management, in consultation with the legal advisor, is confident that the matter will eventually be decided in favor of the company; therefore, no provision has been made in these consolidated financial statements.

17.1.3.12 The Directorate of Intelligence & Investigation - Inland Revenue, Karachi, issued a notice to the Company on September 12, 2023 and subsequently filed an interim challan with the honorable court of the special judge of customs, taxation, and anti-smuggling in Karachi. The allegation claims that the Company purchased goods from a dummy/fake supplier, M/s. Nasif Private Limited, NTN 7309657-1, who issued fake sales tax invoices. Consequently, the Company is accused of claiming illegal/inadmissible input tax adjustments amounting to Rs 134,319 thousand.

In response, the Company has provided all necessary records and submitted a detailed reply, asserting that the purchases were made from a Sales Tax Registered Party. Throughout the reported period, the concerned party was active on the FBR website. All payments were made through Crossed Cheque, Pay Order, IBFTs, RTGS, and Banking channels, in compliance with Section 73 of the Sales Tax Act, 1990. The supplies were indeed purchased, and there was no involvement in fake invoicing. Evidence supporting the actual purchase of supplies includes Weighing Slip Receipts, Gate Passes, GRNs, and consumption records.

Furthermore, the FBR issued a withholding tax exemption to the party under Section 153 (4), exempting them from withholding tax under Section 153 1(a) of the Income Tax Ordinance, 2001. For periods when the exemption certificate was not issued, the Company duly deducted and deposited withholding tax under Section 153 1(a) with the Government.

The Company maintains that it has fully complied with all relevant provisions of the Sales Tax Act, 1990, and no liability is anticipated. The Company's legal advisor has also stated that the Company has a strong case, and the chances of success are bright.

17.1.3.13 The Competition Commission of Pakistan imposed a penalty of Rs 1,000 thousand on the Company on March 30, 2018 for allegedly engaging in deceptive marketing practices. The Company contested this decision before the Competition Appellate Tribunal in Islamabad, asserting that it was not involved in any deceptive marketing practices. However, on April 17, 2024 the Tribunal upheld the penalty against the Company. Under the Competition Act of 2010, the Company filed an appeal with the Honourable Supreme Court of Pakistan. On June 11, 2024 the Supreme Court granted a stay and suspended the impugned judgment of the Competition Appellate Tribunal. The Company's legal advisor believes there is a strong chance of winning the case, and no liability is anticipated.

17.1.4 Millat Equipment Limited

17.1.4.1 Federal Board of Revenue (FBR) contested the income tax treatments by the Company for the tax year 2016, 2017, 2018, 2019 and 2021 related to allowances claimed by the Company amounting to Rs. 2,629,520 thousand and created an income tax demand of Rs. 1,009,430 thousand. The allowances contested by FBR significantly pertained to salaries and wages, import and domestic purchases. The Company, aggrieved from the order, appealed to the Commissioner Inland Revenue (Appeals) who partially granted relief by allowing previously disallowed deductions amounting to Rs. 1,008,170 thousand. The Company is presently pursuing these tax matters at the Appellate Tribunal level, with pending decisions. The management, in consultation with their tax advisor, is confident that since the Company had already received partial relief from Commissioner Inland Revenue (Appeals), all the tax matters are highly probable to be decided in the favor of the Company therefore, no provision has been made in these consolidated financial statements.

17.2 Commitments

17.2.1 The Group has given guarantee amounting to Rs. 5,000 thousand (2023: Rs. 5,000 thousand) to bank for repayment of loan by employees. An amount of Rs.500 thousand (2023: Rs. 641 thousand) was utilized by employees as at June 30, 2024.

17.2.2 Guarantees issued by various banks on behalf of the Group in the normal course of business amount to Rs. 706,774 thousand out of which Rs. 26,242 thousand relates to Sui Northern Gas Pipelines Limited (2023: Rs.680,503 thousand).

17.2.3 Commitments in respect of outstanding letters of credit amounting to Rs. 3,164,154 thousand (2023: Rs. 2,660,366 thousand) at the reporting date.

17.2.4 The Group has a commitment to deliver tractors against booking orders amounting to Rs. 256,757 (2023: Nil) other than those reflected in note 14.

	Note	2024	2023
(Rupees in thousand)			
18	Property, plant and equipment		
	Operating fixed assets	1,873,144	1,890,312
	Capital work-in-progress	88,079	27,178
		<u>1,961,223</u>	<u>1,917,490</u>

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

18.1 Operating fixed assets

	Land Note 18.1.2 & 18.1.3				Buildings		Owned			Total
	Freehold	Leasehold	On freehold land	On leasehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	
(Rupees in thousand)										
Net book value basis										
Year ended June 30, 2024										
Opening Net Book Value	158,551	8	341,942	-	724,433	56,454	398,315	198,672	11,937	1,890,312
Additions (at cost)	-	-	4,660	-	34,868	14,288	207,263	56,868	10,394	328,331
Disposals (at NBV)	-	-	-	-	(1)	(98)	(43,738)	-	(325)	(44,162)
Adjustments	1	-	(496)	-	(2,856)	2,857	(3,974)	(2)	(27)	(4,497)
Transfer to investment property	(38,861)	-	-	-	-	-	-	-	-	(38,861)
Write offs	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(28,645)	-	(78,514)	(8,534)	(98,012)	(37,824)	(6,450)	(257,979)
Closing Net Book Value	119,691	8	317,461	-	677,930	64,967	459,854	217,704	15,529	1,873,144
Gross book value basis										
As at June 30, 2024										
Cost	119,691	8	854,681	2,900	2,233,158	175,391	764,379	583,527	79,786	4,813,521
Accumulated depreciation	-	-	(537,220)	(2,900)	(1,555,228)	(110,424)	(304,525)	(365,823)	(64,257)	(2,940,377)
Net Book Value	119,691	8	317,461	-	677,930	64,967	459,854	217,704	15,529	1,873,144
Depreciation rate % per annum			5-10	5	10-15	10-33	20	10-20	30-33	
Net book value basis										
Year ended June 30, 2023										
Opening Net Book Value	158,551	8	349,811	-	743,101	51,094	279,935	196,094	12,252	1,790,846
Additions (at cost)	-	-	13,063	-	59,241	12,906	226,607	38,672	4,945	355,434
Disposals (at NBV)	-	-	-	-	(153)	-	(35,168)	-	(71)	(36,038)
Adjustments	-	-	7,474	-	-	-	(2,390)	-	(72)	5,012
Write offs	-	-	-	-	(4)	-	-	-	(1)	(5)
Depreciation charge	-	-	(28,406)	-	(77,752)	(7,546)	(70,669)	(36,094)	(4,470)	(224,937)
Closing Net Book Value	158,551	8	341,942	-	724,433	56,454	398,315	198,672	11,937	1,890,312
Gross book value basis										
As at June 30, 2023										
Cost	158,551	8	852,584	2,900	2,191,560	155,730	590,781	495,845	71,013	4,518,972
Accumulated depreciation	-	-	(510,642)	(2,900)	(1,467,128)	(99,277)	(192,467)	(297,174)	(59,072)	(2,628,660)
Net Book Value	158,551	8	341,942	-	724,432	56,453	398,314	198,671	11,941	1,890,312
Depreciation rate % per annum			5-10	5	10-15	10-33	20	10-20	30-33	

	Note	2024	2023
(Rupees in thousand)			
18.1.1	The depreciation charge for the year has been allocated as follows		
	Cost of sales	146,122	144,378
	Distribution and marketing expenses	16,026	14,434
	Administrative expenses	95,831	66,125
		<u>257,979</u>	<u>224,937</u>

18.1.2 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;
- 100.9 Kanals of factory land and head office, 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, District Kasur - MIPL; and
- 22.93 acres of factory land situated at Main RCD Highway, Hub Chowki, Tehsil Hub, District Lasbella, Baluchistan - BCL

18.1.3 Leasehold property represents Igloo Hanger Godown measuring total area of 6,662 square meters situated near Brooke Bond factory SITE area, Karachi.

18.1.4 Disposal of operating fixed assets

Particulars of asset	Sold to	Mode of disposal	Cost	Book value	Sale proceeds	Gain/(Loss) on disposal
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(Rupees in thousand)

Fixed assets sold having book value greater than Rs. 500,000

Directors:						
Vehicle	Mr. Laeeq Ud Din Ansari - a related party	As approved by the BOD	11,250	6,042	6,042	-
Vehicle	Mr. Laeeq Ud Din Ansari - a related party	As approved by the BOD	6,545	1,722	1,722	-
Vehicle	Mr. Sikandar Mustafa Khan - a related party	As approved by the BOD	10,471	2,333	2,333	-
Employees :						
Vehicle	Mr. Usman Javaid	Company car scheme	2,487	2,321	2,321	-
Vehicle	Mr. Asif Ramzan	Company car scheme	2,487	2,012	2,012	-
Vehicle	Mr. Hafeez Ullah Baloch	Company car scheme	2,250	1,991	1,991	-
Vehicle	Mr. Ali Akhtar	Company car scheme	2,803	1,558	1,558	-
Vehicle	Mr. Muhammad Arslan Haider	Company car scheme	2,543	1,519	1,519	-
Vehicle	Mr. Jan Muhammad Bugti	Company car scheme	1,781	1,331	1,331	-
Vehicle	Mr. Ali Akhtar	Company car scheme	2,543	1,294	1,294	-
Vehicle	Mr. Zuhair Riaz	Company car scheme	1,433	939	939	-
Vehicle	Mr. Ansar Abbas	Company car scheme	1,335	908	908	-
Vehicle	Mr. Muhammad Shoaib Rahim	Company car scheme	1,780	870	870	-
Vehicle	Mr. Azhar Noor	Company car scheme	2,247	596	596	-

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

Particulars of asset	Sold to	Mode of disposal	Cost	Book value	Sale proceeds	Gain/(Loss) on disposal
(Rupees in thousand)						
Vehicle	Mr. Abdul Waheed Khan	Company car scheme	1,987	527	527	-
Vehicle	Mr. Muhammad Irfan Daha	Company car scheme	1,987	526	526	-
Vehicle	Mr. Khalid Mehmood	Company car scheme	1,410	513	513	-
Third Party:						
Vehicle	East West Insurance Company Limited	As approved by the Board	3,445	3,049	3,445	396
Fixed assets sold having book value less than Rs. 500,000			33,681	14,111	15,173	1,062
Year ended: June 30, 2024			94,465	44,162	45,620	1,458
Year ended: June 30, 2023			82,120	36,038	39,267	3,229

	Note	2024	2023
(Rupees in thousand)			
18.2	Capital work in progress		
	Plant and machinery	87,220	22,613
	Factory building	859	147
	Others	-	4,418
	18.2.1	88,079	27,178
18.2.1	Movement in capital work in progress is as follows:		
	Opening balance	27,178	25,309
	Additions during the year	101,547	52,826
	Capitalized during the year	(40,646)	(50,957)
		88,079	27,178
19	Right-of-use assets		
	Opening net book value	12,857	1,123
	Derecognition during the year	-	16,196
	Depreciation charged during the year	36 (6,127)	(4,462)
	Closing net book value	6,730	12,857
20	Intangible assets		
	Software and licenses	20.1 24,550	36,145

20.1 Software and licenses

	Note	Software with definite life	Licenses	Total
(Rupees in thousand)				
Net carrying value basis:				
Opening net book value as at June 30, 2023		4,705	31,440	36,145
Additions		-	-	-
Amortization charge	35 & 37	(3,735)	(7,860)	(11,595)
As at June 30, 2024		970	23,580	24,550
Gross carrying value basis:				
As on June 30, 2024				
Cost		33,857	39,300	73,157
Additions		-	-	-
Accumulated amortization		(32,887)	(15,720)	(48,607)
		970	23,580	24,550
Net carrying value basis:				
Opening net book value as at June 30, 2022		13,210	39,300	52,510
Amortization charge	35 & 37	(8,505)	(7,860)	(16,365)
As at June 30, 2023		4,705	31,440	36,145
Gross carrying value basis:				
As on June 30, 2023				
Cost		33,857	39,300	73,157
Accumulated amortization		(29,152)	(7,860)	(37,012)
		4,705	31,440	36,145
Rate of amortization		33%	20%	

	Note	2024	2023
(Rupees in thousand)			
21 Investment property			
Land		297,305	258,444
Provision for impairment	21.7	(2,736)	(2,736)
		294,569	255,708
21.1 Land			
As at July 01	21.2 & 21.7	258,444	258,444
Transfers from operating fixed assets	21.3	38,861	-
As at June 30		297,305	258,444

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

21.2 This represents residential plots stated at cost. As at June 30, 2024 and June 30, 2023, the fair values of these properties were Rs.666,000 thousand and Rs. 599,400 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.

The forced sale value of these properties is estimated to be 85% (2023: 80%) of current market value which is Rs. 566,100 thousand (2023: Rs. 479,520 thousand) as at year end.

21.3 During the year, the Group decided to transfer the land measuring 45 kanals at the plant site to investment property from property, plant and equipment for capital appreciation. Previously, this area was used as main ground and additional parking space.

The Group carried out the fair valuation of this property in February 2024 which was Rs. 1,935,000 thousand. These valuations were performed by an independent valuer, who has appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuation is based on the comparable market transactions that considers sales of similar properties that have been transacted in open market.

The Group asserts that the above mentioned amount fairly represents the fair value of the investment property as at June 30, 2024.

21.4 The valuation method used by the independent valuers were based on market approach method.

21.5 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.

21.6 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.

21.7 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 (2023: 2,736 thousand) at the reporting date.

	Note	2024	2023
		(Rupees in thousand)	
22 Long term investments			
Investment in related parties - at FVOCI			
Unquoted			
Arabian Sea Country Club Limited			
500,000 (2023: 500,000) fully paid ordinary shares of Rs. 10/- each		5,000	5,000
Equity held 6.45% (2023: 6.45%)			
Loss on fair valuation of investment		(5,000)	(5,000)
		-	-
Hyundai Nishat Motors (Private) Limited			
310,302,936 (2023: 150,490,300) fully paid ordinary shares of	22.1		
Rs. 10/- each		3,103,029	3,103,029
Equity held 15.86% (2023: 15.86%)			
Surplus on fair valuation of investment - note 22.1 & 49.1 (Level -3)		2,721,356	3,000,628
		5,824,385	6,103,657
Investment other than related parties - at FVOCI			
Quoted			
Baluchistan Wheels Limited			
1,570,325 (2023: 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)		179,778	79,277
		204,142	103,641
Unquoted			
TCC Management Services (Private) Limited			
40,000 (2023: 40,000) fully paid ordinary shares of Rs. 10/- each - note 48.1 (Level-3)	22.2	400	400
		6,028,927	6,207,698

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 has estimated a fair value of Rs 18.77 per ordinary share as at June 30, 2024 (2023: Rs.19.67 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 49.1 to these consolidated financial statements. The fair value loss of Rs 279,272 thousand (2023: fair value gain of Rs. 720,701 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, 2024

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

- Discount rate of 22.46% per annum.
- Long term growth rate of 2% per annum for computation of terminal value; and
- Annual growth in costs are linked to inflation and currency devaluation with a range of 6.17% to 11.74%, and 2.17% to 3% per annum respectively, and revenues are linked to currency devaluation at 2.17% to 3% 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, 2024:

	Impact on fair value gain	
	Increased by 1%	Decreased by 1%
	(Rupees in thousand)	
- Discount rate	(248,242)	273,067
- Long term growth rate	111,709	(99,297)
- Inflation rate per annum	(161,358)	152,048
- Interest rate	60,071	(60,664)

22.2 The fair value of this investment approximates its cost.

	Note	2024	2023
(Rupees in thousand)			
23	Long term loans and advances		
	Loan to employees:		
	Company loan	23.1	6,203
	Motor cycle loan	23.2	2,859
		23.3	9,062
	Less: Current portion included in current assets	28	(918)
			8,144
			8,375

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. They have not been carried at amortized cost since the impact of discounting is not material.

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 sixty months. They have not been carried at amortized cost since the impact of discounting is not material.

23.3 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 include Rs. 11,753 thousand (2023: Rs. 11,753 thousand) deposits placed with utility companies. These deposits are non- interest bearing.

	Note	2024	2023
(Rupees in thousand)			
25	Stores, spare parts and loose tools		
	Stores, spare parts and loose tools	863,480	687,273
	Less: Provision for obsolescence	(3,161)	(2,813)
		<u>860,319</u>	<u>684,460</u>

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.

	Note	2024	2023
(Rupees in thousand)			
26	Stock in trade		
	Raw material	13,074,274	8,823,628
	Work in process	914,502	751,584
	Finished goods:		
	Manufacturing	1,380,539	1,651,076
	Trading	542,101	367,378
		<u>1,922,640</u>	<u>2,018,454</u>
	Provision for obsolete / slow-moving stock-in-trade	-	-
		<u>15,911,416</u>	<u>11,593,666</u>

26.1 This includes stock in transit amounting to Rs. 2,514,942 thousand (2023: Rs. 333,102 thousand).

26.2 Finished goods include inventories which have been written-down to net realisable value by Rs. 4,610 thousand (2023: Rs. 2,320 thousand).

26.3 The movement in provision for obsolete / slow-moving stock-in-trade during the year is as follows:

	2024	2023
(Rupees in thousand)		
Opening balance	-	-
Charged during the year	12,438	-
Stock-in-trade scrapped against provision during the year	(12,438)	-
Closing balance	<u>-</u>	<u>-</u>

26.4 Included in stocks are raw materials and components held with third parties amounting to Rs. 105,600 thousand (2023: Rs. 77,749 thousand).

26.5 Obsolete / slow-moving stock-in-trade written off during the year amounts to Rs. 15,446 thousand.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

	Note	2024 (Rupees in thousand)	2023
27 Trade debts			
Trade debts from contracts with customers - considered good	27.1	805,680	651,205

27.1 This includes amount of Rs. 44,094 thousand (2023: 11,899 thousand) due from related party Hyundai Nishat Motors (Private) Limited.

27.2 Aging analysis of the amounts due from related parties is as follows:

	Not yet Due	Past Due less than 60 Days	Past Due less than 90 Days	Past Due less than 365 Days	Past Due Over 365 Days	Total
	(Rupees in thousand)					
2024	43,569	-	-	-	525	44,094
2023	11,118	-	-	781	-	11,899

27.3 Age analysis of these trade debts is given in note 47.2 of these consolidated financial statements.

	Note	2024 (Rupees in thousand)	2023
28 Loans and advances			
Current portion of long term loans to employees	23	918	714
Advances to employees - considered good	28.1	10,777	6,499
Advances to suppliers - considered good	28.2	419,047	190,099
		430,742	197,312
Advances to suppliers - considered doubtful		-	2,485
Less: Provision for doubtful advances		-	(2,485)
		-	-
Letter of credit opening charges		190	31
		430,932	197,343

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. These advances have not been discounted at present value as the resultant impact is immaterial.

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

	Note	2024 (Rupees in thousand)	2023
29 Trade deposits and short term prepayments			
Security deposits	29.1	31,388	245,797
Prepayments		114,891	59,348
		146,279	305,145

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

	Note	2024	2023
(Rupees in thousand)			
30	Balances with statutory authorities		
	Excise duties receivable	-	1,509
	Sales tax recoverable	6,316,129	6,136,870
	Less: provision for doubtful claims	-	(34,147)
		6,316,129	6,102,723
	30	6,316,129	6,104,232
	The reconciliation of allowance for doubtful claims during the year is as follows:		
	Opening balance	34,147	34,147
	Amounts written off	(34,147)	-
	Closing balance	-	34,147

30.1 Included is this is a sales tax refund of Rs. 289,430 thousand, withheld by the Deputy Commissioner Inland Revenue, Lahore, regarding the reduced payment of sales tax on the sale of tractors by the holding company to its customers in the period June to November, 2016. The case is pending in the Lahore High Court against the decision of the ATIR for re-examination. The management and the legal advisor are confident that the outcome of the case will be in the Group's favor.

	Note	2024	2023
(Rupees in thousand)			
31	Other receivables		
	Claims receivable from suppliers	205,199	67,602
	Interest accrued	2,685	619
	Workers' Profit Participation Fund - net	43,128	24,689
		251,012	92,910
31.1	Workers' Profit Participation Fund - net		
	Balance at start of year	24,689	171
	Mark-up on Workers Profit Participation Fund	(141)	-
	Expense for the year	(997,870)	(339,201)
		(973,322)	(339,030)
	Payments made during the year	1,016,450	363,719
	Balance receivable at end of year	43,128	24,689
32	Short term investments		
	Term Deposit Receipt	3,856	3,856

32.1 These deposits are made under conventional arrangements and carry mark-up at the rate of 19.9% (2023: 17.2%) per annum.

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

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees in thousand)	
33	Cash and bank balances		
	Cash in hand	4,049	16,947
	Cheques in hand	247,020	30,231
		251,069	47,178
	At banks:		
	Current accounts	1,127,154	627,300
	Deposit accounts	496,591	607,949
		1,623,745	1,235,249
		1,874,814	1,282,427

33.1 These carry mark-up ranging from 10% to 21% (2023: 9% to 20%) per annum.

	Note	2024	2023	
		(Rupees in thousand)		
34	Revenue from contracts with customers			
	Disaggregation of revenue			
	Timing of revenue recognition			
	Local:			
	Tractors	Point-in-time	85,134,969	39,707,798
	Implements and tractor components	Point-in-time	2,294,565	1,146,124
	Multi-application products	Point-in-time	485,513	533,612
	Trading goods	Point-in-time	2,255,098	1,751,165
	Batteries	Point-in-time	4,097,119	3,265,531
	Castings	Point-in-time	662,514	491,084
	IFS services	Point-in-time / Over time	54,638	18,085
			94,984,416	46,913,399
	Less:			
	Trade discount	(876,896)	(607,655)	
	Delayed delivery charges	(982)	(2,176)	
	Sales tax and special excise duty	(3,360,035)	(2,123,027)	
	Provincial Sales tax on services	(12,518)	(3,576)	
		(4,250,431)	(2,736,434)	
		90,733,985	44,176,965	
	Export:			
	Tractors	Point-in-time	5,114,778	3,136,549
	Trading goods and tractor components	Point-in-time	159,305	109,611
	Implements	Point-in-time	223	3,789
	IFS services	Point-in-time / Over time	6,244	26,410
	Batteries	Point-in-time	275,959	247,068
			5,556,509	3,523,427
			96,290,494	47,700,392
	Less: Commission	(1,269,923)	(561,040)	
		34.1	95,020,571	47,139,352

34.1 Revenues earned are from shariah compliant business segments.

34.2 Payments for sale of tractors are received in advance, whereas credit terms for other products extend between 45 to 60 days.

	Note	2024	2023
(Rupees in thousand)			
35	Cost of sales		
	Components consumed	63,956,332	32,692,164
	Salaries, wages and amenities	1,264,745	897,015
	Contract services	1,462,457	907,808
	Fuel and power	1,000,002	689,450
	Oil and lubricants	266,034	215,766
	Communication	137	287
	Travelling and vehicle running	143,992	87,418
	Printing and stationery	12,579	4,521
	Insurance	73,823	62,585
	Repairs and maintenance	328,547	232,228
	Stores and spares consumed	660,044	372,207
	Packing material consumed	20,656	11,159
	Depreciation	146,122	144,378
	Amortization	2,435	3,634
	Other expenses	229,953	267,554
		69,567,858	36,588,174
	Add: Opening work-in-process	751,583	659,853
	Less: Closing work-in-process	(914,501)	(751,584)
		(162,918)	(91,731)
	Cost of goods manufactured	69,404,940	36,496,443
	Add: Opening finished goods	1,651,076	686,897
	Less: Closing finished goods	(1,380,541)	(1,651,077)
		270,535	(964,180)
		69,675,475	35,532,263
	Cost of sales - trading	1,373,470	1,202,650
		71,048,945	36,734,913
35.1	Components consumed		
	Opening stock	8,823,628	7,117,310
	Add: Purchased during the year	68,206,978	34,398,482
		77,030,606	41,515,792
	Less: Closing stock	(13,074,274)	(8,823,628)
		63,956,332	32,692,164
35.2	It includes the following staff retirement benefits expense / (income):		
	Defined benefit plan - pension	(16,208)	(4,393)
	Defined benefit plan - gratuity	4,190	2,430
	Defined contribution plan - gratuity	2,541	2,832
	Defined contribution plan - provident fund	22,852	18,877
	Provision for compensated absences	29,015	6,433
		42,390	26,179

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For the year ended June 30, 2024

	Note	2024	2023
		(Rupees in thousand)	
35.3	Cost of sales - trading		
	Opening stock	367,378	194,695
	Purchases	1,548,193	1,375,333
		1,915,571	1,570,028
	Closing stock	(542,101)	(367,378)
		<u>1,373,470</u>	<u>1,202,650</u>
36	Distribution and marketing expenses		
	Salaries and amenities	36.1	308,700
	Contract services		124,917
	Fuel and power		20,930
	Communication		1,265
	Travelling and vehicle running		71,026
	Carriage and freight		129,309
	Printing and stationery		9,316
	Insurance		288,874
	Trademark fee	36.2	847,866
	Advertisement and sales promotion		44,877
	Depreciation	18.1.1	16,026
	Depreciation charge for the right-of-use assets	19	6,127
	Meeting/convention fee		39,146
	After sales support		65,837
	Other expenses		116,702
		<u>2,090,918</u>	<u>1,216,288</u>
36.1	It includes the following staff retirement benefits expense / (income):		
	Defined benefit plan - pension		(3,041)
	Defined benefit plan - gratuity		130
	Defined contribution plan - gratuity		4,290
	Defined contribution plan - provident fund		8,058
	Provision for compensated absences		17,139
		<u>26,576</u>	<u>9,155</u>

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	2024	2023
		(Rupees in thousand)	
37	Administrative expenses		
	Salaries and amenities	946,225	603,676
	Contract services	145,039	81,929
	Fuel and power	56,011	37,361
	Communication	9,229	7,390
	Travelling and vehicle running	123,630	82,310
	Insurance	27,973	23,552
	Repairs and maintenance	90,934	42,659
	Security	39,312	28,417
	Legal and professional	37.2	116,156
	Depreciation	18.1.1	95,831
	Amortization	20.1	9,162
	Rent, rates and taxes	9,087	4,340
	Fee and subscription	19,023	25,829
	Entertainment	18,048	11,950
	Other expenses	177,452	118,383
		1,883,112	1,206,190
37.1	It includes the following staff retirement benefits expense / (income):		
	Defined benefit plan - pension	(21,040)	(2,849)
	Defined benefit plan - gratuity	130	60
	Defined contribution plan - gratuity	2,428	1,866
	Defined contribution plan - provident fund	22,613	14,816
	Provision for compensated absences	42,608	8,865
		46,739	22,758
37.2	Legal and professional expenses include following in respect of auditors' services:		
	Statutory audit	7,065	5,018
	Special audit	6,500	-
	Half year review	1,200	1,115
	Special reports and sundry certifications	600	500
	Sales tax	1,180	298
	Out of pocket expenses	1,137	1,054
		17,682	7,985
	Non-Audit Services		
	Valuation services	26,000	-
	Sales tax	1,300	-
		27,300	-

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	Note	2024	2023
		(Rupees in thousand)	
38	Other operating expenses		
	Workers' Profit Participation Fund	997,870	338,893
	Workers' Welfare Fund	382,332	134,028
	Exchange loss - net	-	384,959
	Donations	5,082	2,100
		1,385,284	859,980
38.1	The particulars of the donation exceeding Rs 1,000 thousand are as follows:		
	Name of Donee		
	Lahore Hospital Welfare Society	2,500	-
	Progressive Education Network	1,000	-
	Developments in Literacy	1,000	-

38.2 The Group's Directors and / or their spouse have no interest in the donee(s) at the reporting dates.

	Note	2024	2023
		(Rupees in thousand)	
39	Other income		
	Income from financial assets		
	Dividend income from Baluchistan Wheels Limited	21,199	16,770
	Return on bank deposits	223,561	89,215
	Gain on sale of short term investments	29,949	-
	Dividend income from short term investments	47,475	2,589
	Gain on translation of foreign investment	-	-
	Interest charged on early payments and advances	103,907	42,578
		426,091	151,152
	Income from assets other than financial assets		
	Rental income	40,675	27,650
	Scrap sales	215,910	144,192
	Exchange gain - net	53,752	-
	Gain on disposal of property, plant and equipment	1,458	3,229
	Laboratory testing	421	249
	Multiapp products service income	1,618	13,150
	Others	28,631	25,299
		342,465	213,769
		768,556	364,921

39.1 Dividend income is earned from investments in non-shariah compliant companies.

39.2 This includes income received as tender money in case of auctions and late delivery charges from suppliers.

	Note	2024	2023	
(Rupees in thousand)				
40	Finance cost			
	Mark-up on short term borrowings - secured	40.1 & 40.2	1,059,042	1,480,595
	Interest expense on long term financing - net	40.3	303,678	158,123
	Mark-up on Workers' Profit Participation Fund		1,287	308
	Interest expense against lease liability		1,976	1,349
	Bank charges and commission		15,823	9,245
			<u>1,381,806</u>	<u>1,649,620</u>

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 plus 0.04% to KIBOR plus 0.40% (2023: KIBOR plus 0.04% to KIBOR plus 0.25%) per annum.

40.2 This includes Rs. 183,074 thousand (2023: Rs. 285,482 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. 3,932 thousand (2023: Rs. 8,236 thousand).

	Note	2024	2023	
(Rupees in thousand)				
41	Taxation			
	For the year final taxes - levies:			
	- Tax on exports		52,629	31,136
	- Tax on dividend		11,614	-
		41.3	64,243	31,136
	For the year income tax charge:			
	- Current		7,177,315	2,292,271
	- Deferred		88,141	(73,228)
			7,265,456	2,219,043
	Prior years income tax charge:			
	- Current		32,116	9,517
	- Deferred		-	23,000
			32,116	32,517
			<u>7,361,815</u>	<u>2,282,696</u>

Notes to The Consolidated Financial Statements

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	2024 %	2023 %
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	0.47	0.36
- Unutilized tax losses	-	-
- Income chargeable to tax at different rates	0.81	(1.59)
- Tax effect of super tax	10.18	9.50
- Effect on opening deferred taxes on reduction of rate	(0.02)	0.20
- Others	0.46	1.64
	11.90	10.11
Average effective tax rate	40.90	39.11

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 2024, which includes an additional Super Tax levied under the Finance Act, 2023.

41.3 This represents final taxes paid under section 5, section 8 and section 154 of Income Tax Ordinance, 2001 (ITO 2001), representing levy in terms of requirements of IAS 37/ IFRIC 21.

Reconciliation between current tax and levy

Reconciliation of current tax charged as per tax laws for the year, with current tax recognised in profit and loss accounts is as follows:

	2024 (Rupees in thousand)	2023
Current tax liability for the period as per applicable laws	7,273,674	2,355,924
Less:		
Portion of current tax liability as per tax laws, representing income tax under IAS 12	(7,209,431)	(2,324,788)
Portion of current tax computed as per current tax Laws representing levy in terms of requirements of Requirements of IAS 37/ IFRIC 21	(64,243)	(31,136)
	-	-

42 Transactions with related parties

Related parties comprise 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 18.1.4. Amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in Note 43. Other significant transactions with related parties are as follows:

Relation with undertaking	Nature of transaction	2024 (Rupees in thousand)	2023
Associates	Sale of services	38,219	17,213
	Investment made	-	1,598,126
	Purchase of fixed assets	23,825	55,521
Employees' defined benefit plan	Contribution to staff retirement benefit plan	9,639	8,468
	Defined contribution plan	Contribution to defined contribution plan	9,584
Executives' gratuity fund	Benefits paid on behalf of the fund	13,836	7,699
Provident fund	Amount contributed	55,894	40,942
Directors and key management personnel	Remuneration and benefits paid	596,717	341,441
	Sale of assets at net book value	10,693	2,259

42.1 The Group intends to take the approval of the transactions with related parties from the shareholders in the 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 Group has entered into transactions or had agreements / arrangements in place during the year, are as follows:

Name of the related party	Basis of relationship	Percentage of shareholding (%)
- Arabian Sea Country Club Limited	Common Directorship	6.45
- Hyundai Nishat Motors (Private) Limited	Common Directorship	15.86

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43 Remuneration of Chief Executive Officers, 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	
	2024	2023	2024		2023		2024	2023
			Non Executive Director	Executive Director	Non Executive Director	Executive Director		
Number of persons	4	5	6	8	6	4	133	76
	(Rupees in thousand)							
Managerial remuneration	68,467	55,405	2,161	81,289	420	52,504	361,768	185,461
Cost of living allowance	-	-	2,161	1,751	420	392	37,780	33,648
Bonus	29,743	9,706	19,451	43,063	5,675	16,527	211,557	72,566
House rent	13,607	15,017	972	788	189	177	94,278	57,132
Contribution to provident fund and gratuity funds	3,953	3,735	-	-	-	-	36,084	21,577
Pension contribution	-	-	-	-	-	-	6,423	5,720
Medical expenses	11,441	1,868	2,802	3,102	2,418	1,918	16,640	13,680
Utilities	5,724	4,713	3,195	3,880	1,886	2,091	40,430	20,022
Other reimbursable expenses	8,098	9,871	2,167	1,955	1,556	8,522	33,292	20,691
Meeting fees	-	-	6,825	-	5,400	-	-	-
Travelling expenses	-	-	641	-	867	-	-	-
	141,033	100,315	40,375	135,828	18,831	82,131	838,252	430,497

43.1 The Group also provides the Chief Executive Officer(s), Director(s) and certain employees with free use of company maintained cars and residential utilities.

43.2 Executive means an employee of the Group whose basic salary exceeds Rs. 1,200 thousand (2023: Rs. 1,200 thousand) during the year.

* The holding company had two Chief Executives during the last year due to role termination.

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:

	2024	2023
	(Rupees in thousand)	
Profit for the year after tax	10,637,247	3,554,586

	(Number of shares in thousand)	
	2024	2023
Weighted average number of ordinary shares outstanding during the year	191,798	191,798

	(Rupees)	
	2024	2023
Earnings per share	55.46	18.53

44.2 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, 2024

	Note	2024	2023
		(Rupees in thousand)	
45	Cash generated from operations		
	Profit before taxation	17,934,819	5,806,146
	Adjustment for:		
	Depreciation on property, plant and equipment	18.1.1	257,979
	Depreciation charge for the right-of-use assets	19	6,127
	Adjustments pertaining to property, plant and equipment	18.1	4,497
	Amortization of intangible assets	20.1	11,595
	Provision for accumulating compensated absences		88,762
	Provision for slow moving stores and spares	25	348
	Obsolete stock-in-trade written off	26	12,438
	Balances with statutory authorities written off	30	34,147
	Profit on bank deposits	39	(223,561)
	Dividend income	39	(21,199)
	Charged to employees' defined benefit plan		(40,289)
	Provision for gratuity		9,259
	Property, plant and equipment written off	18.1	-
	Exchange gain - net	38	(53,752)
	Dividend income from short term investments	39	(47,475)
	Gain on disposal of property, plant and equipment	39	(1,458)
	Gain on sale of short term investments	39	(29,949)
	Finance cost	40	1,364,007
	Finance cost on lease liability	40	1,976
	Amortization of deferred grant	8	(3,932)
	Unwinding of long-term loan	7	4,414
	Provision for Workers' Profit Participation Fund	38	998,011
	Provision for Workers' Welfare Fund	38	382,332
	Final tax - levy	41	64,243
	Working capital changes	45.1	(2,657,773)
			18,095,566
			84,245
45.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Stores and spares		(176,207)
	Stock in trade		(4,330,188)
	Trade debts		(154,475)
	Loans and advances		(233,589)
	Trade deposits and short term prepayments		158,866
	Balances with statutory authorities		(246,044)
	Other receivables		(137,597)
			(5,119,234)
	Increase/ (decrease) in current liabilities:		
	Trade and other payables		4,216,685
	Contract liabilities		(1,755,224)
			(2,657,773)
			(8,407,942)

	Note	2024	2023
(Rupees in thousand)			
46	Cash and cash equivalents		
	Cash and bank balances	1,874,814	1,282,427
	Portion of short term borrowings classified as cash and cash equivalents	(8,005,977)	(8,245,218)
		<u>(6,131,163)</u>	<u>(6,962,791)</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, borrowings, 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 Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors ('the Board') of the holding company as well as its subsidiaries. Finance departments evaluate and hedge financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The Group's overall risk management procedures to minimise the potential adverse effects of financial market on the Group's performance are as follows:

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 or loss. Currently, the Group's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities. The Group's exposure to currency risk is as follows:

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	Changes in rate	Effects on profit before tax	Effects on profit before tax
		2024	2023
(Rupees in thousand)			
Receivables/ (Trade and other payables) - GBP	+15	(34,900)	(38,527)
	-15	34,900	38,525
Receivables/ (Trade and other payables) - USD	+15	(23,552)	(79,142)
	-15	23,552	79,142
Receivables/ (Trade and other payables) - EUR	+15	(11,628)	(435)
	-15	11,628	435
Receivables/ (Trade and other payables) - CNY	+15	(253,710)	(198,780)
	-15	253,710	198,780
Receivables/ (Trade and other payables) - JPY	+15	(107,970)	(198,780)
	-15	107,970	198,780
		2024	2023
(Rupees)			
Reporting date rate per:			
GBP to PKR		351.85	364.77
USD to PKR		278.80	286.60
EUR to PKR		298.41	313.72
CNY to PKR		38.53	39.91
JPY to PKR		1.73	1.99

(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).

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 exposed to equity securities price risk because of investments held by the Group and classified as fair value through other comprehensive income. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's certain investments in equity instruments are publicly traded on the Pakistan Stock Exchange Limited

The table below summarises the impact of increases/decreases of the KSE-100 index on the Group's equity. The analysis is based on the assumption that the KSE-100 index had increased/decreased by 10% with all other variables held constant and all the Group's equity investments moved according to the historical correlation with the index:

	Impact on other components of equity	
	2024	2023
	(Rupees in thousand)	
Pakistan Stock Exchange Limited	(20,414)	(10,364)

As at June 30, 2024, the Group had no investments classified as at fair value through profit or loss, hence there is no impact on the profit for the year.

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) Cash flow and fair value 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 lease liabilities, 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.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

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For the year ended June 30, 2024

	Note	2024 (Rupees in thousand)	2023
Fixed rate instruments			
Financial assets			
Investment in Term Deposit Receipt	32	3,856	3,856
Financial liabilities			
Lease liabilities	9	(8,184)	(10,986)
Long term financing	7	(1,438,764)	(1,411,910)
Net exposure		(1,443,092)	(1,419,040)
Floating rate instruments			
Financial assets			
Bank balances - deposit accounts	33	496,591	607,949
Financial liabilities			
Short term borrowings	15	(8,189,336)	(8,643,357)
Net exposure		(7,692,745)	(8,035,408)

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	2024	+5	24,830
		-5	(24,830)
	2023	+5	30,397
		-5	(30,397)
Short term borrowings	2024	+5	(409,467)
		-5	409,467
	2023	+5	(432,168)
		-5	432,168

47.2 Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Group arises from deposits with banks and other financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(a) Exposure to credit risk

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	2024	2023
(Rupees in thousand)			
Trade debts	27	805,680	651,205
Long term investments	22	6,028,927	6,207,698
Trade deposits	29	31,388	245,797
Other receivables	31	207,884	92,910
Short term investments	32	3,856	3,856
Bank balances and cheques in hand	33	1,870,765	1,265,480
Long term deposits	24	12,927	12,527
		<u>8,961,427</u>	<u>8,479,473</u>

(b) Impairment of financial assets

The Group's financial assets, other than investments in equity instruments, are subject to the expected credit losses model.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts. 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.

	2024	2023
(Rupees in thousand)		
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 Months	564,216	566,548
Past due 4 - 6 Months	20,322	19,536
Past due 7 - 12 Months	153,116	52,526
Past due one year	68,026	12,595
	<u>805,680</u>	<u>651,205</u>

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 and security deposits, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

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While bank balances, loans to employees, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and are therefore not exposed to any material credit risk.

(c) Credit quality of financial assets

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 held with some major counterparties at the reporting date:

Balances with banks	Rating			2024	2023
	Short term	Long term	Agency	(Rupees in thousand)	
Allied Bank Limited	A1+	AAA	PACRA	125,094	34,857
Askari Bank Limited	A1+	AA+	PACRA	12,884	1,658
Bank Al Habib Limited	A1+	AAA	PACRA	1,485	2,932
Bank Alfalah Limited	A1+	AAA	PACRA	87,835	54,229
Dubai Islamic Bank	A-1+	AA	VIS	1,095	2,794
Emirates NBD Bank	F1	A+	FITCH	37,841	45,625
Faysal Bank Limited	A1+	AA	PACRA	3,826	3,583
Habib Bank Limited	A-1+	AAA	VIS	151,236	168,919
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	82
JS Bank Limited	A1+	AA	PACRA	4	4
MCB Bank Limited	A1+	AAA	PACRA	691,943	413,500
MCB Islamic Bank Limited	A1	A+	PACRA	2,092	2,092
Meezan Bank Limited	A-1+	AAA	VIS	374,514	77,124
National Bank of Pakistan	A-1+	AAA	VIS	1,314	9,923
Sindh Bank Limited	A-1+	AA-	VIS	2,951	2,492
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,694	3,208
Soneri Bank Limited	A1+	AA-	PACRA	5,876	668
The Bank of Punjab	A1+	AA+	PACRA	13,835	8,317
United Bank Limited	A-1+	AAA	VIS	99,349	400,055
Industrial and Commercial Bank of China Limited	F1+	A	FITCH	68	79
Zarai Taraqati Bank Limited	A-1+	AAA	VIS	8,809	3,108
				1,623,745	1,235,249

Short term investments	Rating		2024	2023
	Short term	Agency	(Rupees in thousand)	
Term Deposit Receipts				
Bank Alfalah Limited	AA+ (long term)	VIS	3,856	3,856
			3,856	3,856

47.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Group's businesses, the finance departments maintains flexibility in funding by maintaining availability under committed credit lines.

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, 2024, 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.

Management monitors the forecasts of the Group's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring consolidated statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Carrying amount	On Demand	Less than one year	More than one year
	(Rupees in thousand)			
June 30, 2024				
Trade and other payables	8,981,026	-	8,981,026	-
Long term finances - secured	1,438,764	-	479,113	959,651
Lease liabilities against right-of-use assets	8,184	-	5,850	2,334
Short term borrowings	8,189,336	7,909,951	279,385	-
Unclaimed dividend	350,269	-	350,269	-
Unpaid dividend	87,472	-	87,472	-
Long term deposits	40,277	-	-	40,277
	19,095,328	7,909,951	10,183,115	1,002,262
June 30, 2023				
Trade and other payables	4,807,478	-	4,807,478	-
Long term finances - secured	1,411,910	-	367,255	1,044,655
Lease liabilities against right-of-use assets	10,986	-	4,019	6,967
Short term borrowings	8,643,357	8,096,582	546,775	-
Unclaimed dividend	354,971	-	354,971	-
Unpaid dividend	52,499	-	52,499	-
Long term deposits	34,406	-	-	34,406
	15,315,607	8,096,582	6,132,997	1,086,028

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(a) 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	Total
(Rupees in thousand)					
Balance at July 01, 2023	1,411,910	546,775	407,470	10,986	2,377,141
Changes in liabilities					
Dividend announced during the year	-	-	8,153,651	-	8,153,651
Finance cost	4,414	-	-	1,976	6,390
Total liability related changes	4,414	-	8,153,651	1,976	8,160,041
Changes from financing cash flows					
Payments made against lease liabilities	-	-	-	(4,778)	(4,778)
Long term financing (paid) / received - net	22,440	-	-	-	22,440
Short term financing repaid	-	(214,780)	-	-	(214,780)
Dividend paid during the year	-	-	(8,123,380)	-	(8,123,380)
Total changes from financing cash flows	22,440	(214,780)	(8,123,380)	(4,778)	(8,320,498)
Balance at June 30, 2024	1,438,764	331,995	437,741	8,184	2,216,684
Balance at July 01, 2022	231,603	844,266	409,273	1,331	1,486,473
Changes in liabilities					
Dividend announced during the year	-	-	3,325,270	-	3,325,270
Others	2,073	-	-	-	2,073
Addition in lease	-	-	-	16,196	16,196
Finance cost	158,123	-	-	1,349	159,472
Finance cost paid	(152,453)	-	-	-	(152,453)
Total liability related changes	7,743	-	3,325,270	17,545	3,350,558
Changes from financing cash flows					
Payments made against lease liabilities	-	-	-	(7,890)	(7,890)
Long term financing (paid) / received - net	1,172,564	-	-	-	1,172,564
Short term financing repaid	-	(297,491)	-	-	(297,491)
Dividend paid during the year	-	-	(3,327,073)	-	(3,327,073)
Total changes from financing cash flows	1,172,564	(297,491)	(3,327,073)	(7,890)	(2,459,890)
Balance at June 30, 2023	1,411,910	546,775	407,470	10,986	2,377,141

	FVOCI		At amortised cost		Total	
	2024	2023	2024	2023	2024	2023
(Rupees in thousand)						
47.4 Financial instruments by categories						
Financial assets						
Long term investments	6,028,927	6,207,698	-	-	6,028,927	6,207,698
Long term loans	-	-	8,144	8,375	8,144	8,375
Long term deposits	-	-	12,927	12,527	12,927	12,527
Loans to employees	-	-	11,695	7,213	11,695	7,213
Trade debts	-	-	805,680	651,205	805,680	651,205
Trade deposits	-	-	31,388	245,797	31,388	245,797
Other receivables	-	-	207,884	92,910	207,884	92,910
Short term investments	-	-	3,856	3,856	3,856	3,856
Cash and bank balances	-	-	1,874,814	1,282,427	1,874,814	1,282,427
	6,028,927	6,207,698	2,956,388	2,304,310	8,985,315	8,512,008

	2024	2023
(Rupees in thousand)		
Comprised of:		
Total current	2,935,317	2,283,408
Total non-current	6,049,998	6,228,600
	8,985,315	8,512,008

	At amortised cost	
	2024	2023
(Rupees in thousand)		
Financial liabilities		
Trade and other payables	8,981,026	4,807,478
Short term borrowings	8,189,336	8,643,357
Unclaimed dividend	350,269	354,971
Unpaid dividend	87,472	52,499
Long term finance	1,438,764	1,411,910
Lease liabilities against right-of-use assets	16,377	17,319
Long term deposits	40,277	28,442
	19,103,521	15,315,976
Comprised of:		
Total current	18,101,259	15,217,995
Total non-current	1,002,262	97,981
	19,103,521	15,315,976

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48 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

49 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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 consolidated financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

49.1 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 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 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 analysed 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, 2024, the Group held the following financial instruments carried at fair value:

	Note	Total	Level 1	Level 2	Level 3
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long term investments - Equity shares	22	6,028,927	204,142	-	5,824,785

Date of valuation : June 30, 2024

There were no financial liabilities measured at fair value as at June 30, 2024.

As at June 30, 2023, the Group held the following financial instruments carried at fair value:

	Note	Total	Level 1	Level 2	Level 3
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long term investments - Equity shares	22	6,207,698	103,641	-	6,104,057

Date of valuation : June 30, 2023

There were no financial liabilities measured at fair value as at June 30, 2023.

Movement / reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

	Note	2024	2023
(Rupees in thousand)			
Opening balance		6,104,057	3,785,230
Investment made during the year		-	1,598,126
(Deficit) / surplus on fair valuation of investment		(279,272)	720,701
	22	5,824,785	6,104,057

50 Provident fund trust

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

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51 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in thousand)											
Revenue from contracts with customers	91,508,626	44,190,843	9,167,674	4,778,869	3,390,175	2,164,908	5,635,772	4,601,546	(14,681,676)	(8,596,814)	95,020,571	47,139,352
Cost of sales	(70,855,759)	(35,348,453)	(7,115,606)	(3,963,766)	(2,809,936)	(1,957,962)	(4,778,774)	(3,854,183)	14,511,130	8,389,451	(71,048,945)	(36,734,913)
Gross profit	20,652,867	8,842,390	2,052,068	815,103	580,239	206,946	856,998	747,363	(170,546)	(207,363)	23,971,626	10,404,439
Distribution and marketing expenses	(1,888,313)	(1,070,694)	(8,470)	(5,724)	(83,448)	(52,418)	(100,687)	(87,452)	-	-	(2,090,918)	(1,216,288)
Administrative expenses	(1,193,274)	(745,465)	(369,238)	(213,095)	(106,848)	(62,330)	(213,752)	(185,300)	-	-	(1,883,112)	(1,206,190)
Other operating expenses	(1,214,220)	(790,282)	(114,382)	(35,618)	(24,153)	(2,243)	(32,529)	(31,837)	-	-	(1,385,284)	(859,980)
Other income	(4,305,807)	(2,606,441)	(492,090)	(254,437)	(214,449)	(116,991)	(346,988)	(304,589)	-	-	(5,359,314)	(3,282,458)
Operating profit	10,355,716	471,274	182,127	137,457	19,219	16,664	12,230	25,418	(480,736)	(285,892)	7,685,556	364,921
Finance cost	(1,068,164)	(1,357,000)	(238,310)	(209,608)	(65,606)	(79,133)	(9,726)	(3,879)	-	-	(1,381,806)	(1,649,620)
Profit before income taxes and final taxes	16,314,612	5,350,223	1,503,795	488,515	319,403	27,486	512,534	464,313	(651,282)	(493,255)	17,999,062	5,837,282
Lewy - Final taxes	(64,243)	(31,136)	-	-	-	-	-	-	-	-	(64,243)	(31,136)
Profit before income tax	16,250,369	5,319,087	1,503,795	488,515	319,403	27,486	512,534	464,313	(651,282)	(493,255)	17,934,819	5,806,146
Taxation	(6,333,764)	(1,941,451)	(587,335)	(182,468)	(200,736)	(52,211)	(161,379)	(156,300)	(14,358)	80,870	(7,297,572)	(2,251,560)
Profit after tax for the year	9,916,605	3,377,636	916,460	306,047	118,667	(24,725)	351,155	308,013	(665,640)	(412,385)	10,637,247	3,554,586

51.1 Inter-segment / group transactions have been eliminated for the purpose of consolidation.

51.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Others		Inter-segment / group eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in thousand)											
Segment operating assets												
Non-current assets												
Property, plant and equipment	977,803	849,939	646,566	714,222	159,519	170,927	188,787	193,853	(11,452)	(11,451)	1,961,223	1,917,490
Right-of-use assets	6,730	12,857	-	-	-	-	-	-	-	-	6,730	12,857
Intangible assets	23,580	31,440	7,584	11,319	-	-	-	-	(6,614)	(6,614)	24,550	36,145
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Investment property	255,708	255,708	38,861	-	-	-	-	-	-	-	294,569	255,708
Long term investments	6,282,557	6,479,728	-	-	37,375	18,975	-	-	(291,005)	(291,005)	6,028,927	6,207,698
Long term loans	7,554	7,349	-	-	590	1,026	-	-	-	-	8,144	8,375
Long term deposits	-	-	3,518	3,518	4,748	4,348	4,661	4,661	-	-	12,927	12,527
Deferred tax asset - net	-	-	-	-	138	72,525	-	-	(138)	(72,525)	-	-
Employees' defined benefit plan	288,081	289,876	-	-	17,181	20,599	-	-	-	-	305,262	310,475
Current assets												
Stores, spare parts and loose tools	234,855	224,348	446,922	313,072	145,301	117,631	33,241	29,409	-	-	860,319	684,460
Stock in trade	13,827,561	9,803,885	1,123,216	958,066	415,505	313,746	715,678	725,329	(170,544)	(207,360)	15,911,416	11,593,666
Trade debts	375,537	245,821	915,264	692,844	122,330	99,401	323,400	418,240	(930,851)	(805,101)	805,680	651,205
Loans and advances	40,271	101,878	376,816	108,868	9,963	9,005	7,652	10,642	(3,770)	(33,050)	430,932	197,343
Trade deposits and short term prepayments	114,143	283,875	9,997	8,763	1,127	468	2,1012	12,039	-	-	14,6279	305,145
Balances with statutory authorities	6,283,650	5,982,200	11,105	111,684	18,935	-	2,439	10,347	-	1	6,316,129	6,104,232
Other receivables	273,606	117,305	-	-	1,733	900	6,359	529	(30,686)	(25,824)	25,1012	92,910
Tax refunds due from the Government	-	-	73,897	-	6,147	69,942	5,559	-	-	-	85,603	69,942
Short term investments	-	-	-	-	3,856	3,856	-	-	-	-	3,856	3,856
Cash and bank balances	1,368,368	1,006,725	27,131	20,230	43,496	26,173	435,819	229,299	-	-	1,874,814	1,282,427
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total operating assets	30,360,004	25,692,934	3,650,877	2,942,586	987,944	929,522	1,744,607	1,634,348	(1,426,488)	(1,434,357)	35,346,944	29,765,033

Allocation of assets and liabilities (Continued)

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	Tractors		Tractor components		Castings		Others		Inter-segment / group eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Segment operating liabilities												
Non-current liabilities												
Long term finance- secured	660,632	1,016,918	234,019	27,737	65,000	-	-	-	-	-	959,651	1,044,655
Deferred grant	8,578	11,362	1,949	1,938	-	-	-	-	-	-	10,527	13,300
Lease liabilities against right-of-use assets	2,334	6,967	-	-	-	-	-	-	-	-	2,334	6,967
Employees' defined benefit plan	-	-	-	-	21,867	26,981	-	-	-	-	21,867	26,981
Long term deposits	15,433	14,633	22,784	18,192	2,060	1,581	-	-	-	-	40,277	34,406
Deferred tax liabilities - net	1,198,014	1,239,515	66,560	70,450	-	-	4,436	6,982	(66,648)	(153,389)	1,202,362	1,163,558
Current liabilities												
Trade and other payables	8,890,463	4,328,370	638,696	619,905	386,284	316,782	395,130	482,987	(961,540)	(830,925)	9,349,033	4,917,119
Contract liabilities	954,874	2,836,809	5,931	25,626	1,579	1,045	137,029	20,434	(3,772)	(33,049)	1,095,641	2,850,865
Taxation- net	1,086,918	332,411	-	-	-	10,263	-	35,487	-	-	1,086,918	378,161
Short term borrowings	6,871,015	7,353,261	1,222,295	934,506	96,026	355,590	-	-	-	-	8,189,336	8,643,357
Current portion of non-current liabilities	365,536	367,854	63,077	8,229	60,134	1,461	-	-	-	-	488,747	377,544
Unclaimed dividend	327,150	329,143	17,391	15,757	3,395	3,399	2,333	6,672	-	-	350,269	354,971
Unpaid dividend	40,734	10,620	-	-	-	-	46,738	41,879	-	-	87,472	52,499
Accumulating compensated absences	176,277	127,419	50,981	32,012	16,051	12,472	-	-	-	-	243,309	171,903
Total operating liabilities	20,597,958	17,975,282	2,323,683	1,754,352	652,396	729,574	585,666	594,441	(1,031,960)	(1,017,363)	23,127,743	20,036,286

* Inter-segment / group balances have been eliminated for the purpose of consolidation.

52 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.

52.1 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	3,680,877	1,395,181	987,944	349,427
Total liabilities	2,323,683	436,360	652,396	149,306
Total comprehensive income	916,460	278,198	117,202	72,957
Total comprehensive income allocated to NCI	504,053	99,901	62,984	18,239
Accumulated NCI	756,109	347,407	162,165	50,030
Cash and bank balances, excluding term deposit receipts	27,131	152,897	43,496	282,922
Cash generated from / (used in):				
Operating activities	49,541	202,791	147,563	164,932
Investing activities	(60,616)	(29,758)	4,328	-
Financing activities	(484,592)	(160,880)	124,996	(54,986)

	2024	2023
	Units per annum	
53 Capacity and production		
a) Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	30,479	19,022

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 291,985 batteries {Standard 15 plates 232,038 batteries} compared with (2023: 300,700 standard 15 plates 230,028 batteries} against annual manufacturing capacity of 360,000 standard 15 plates batteries (2023: 330,000).

There has been low market demand of batteries which led to under utilization of our production capacity.

Notes to The Consolidated Financial Statements

For the year ended June 30, 2024

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

	2024	2023
	(Metric tons)	
Installed capacity (single shift without overtime)	13,200	13,200
Actual production	7,227	4,824
Capacity utilisation	54.75%	36.55%

Production during the year was as per the market demand.

	2024	2023
54 Number of employees		
Number of employees at the end of the year	855	882
Average number of employees during the year	867	681
Total number of factory employees at the end of the year	452	733
Average number of factory employees during the year	467	532

The number of employees mentioned above does not include third party contractual employees.

55 Subsequent events

The Board of Directors of the holding company in its meeting held on _____ has proposed a final cash dividend of Rs. _____ per share (2023: Rs. 15 per share) and _____ bonus shares (2023: Nil) in respect of the year ended June 30, 2024. 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.

56 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangements have been made.

57 Date of authorization for issue

These consolidated financial statements have been approved for issue by Board of Directors of the holding company in their board meeting held on _____.

58 General

Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Chief Financial Officer



Chief Executive Officer



Director

Pattern of Shareholding

As on June 30, 2024

No. of share Holders	From	Shareholding To	Number of Shares Held	% of Capital
3504	1	100	117,761	0.06
2205	101	500	620,756	0.32
942	501	1,000	723,621	0.38
1801	1001	5,000	4,413,911	2.30
484	5001	10,000	3,479,206	1.81
240	10001	15,000	2,969,830	1.55
144	15001	20,000	2,502,278	1.30
106	20001	25,000	2,383,782	1.24
82	25001	30,000	2,241,018	1.17
62	30001	35,000	2,019,490	1.05
48	35001	40,000	1,805,485	0.94
34	40001	45,000	1,447,464	0.75
25	45001	50,000	1,203,379	0.63
18	50001	55,000	934,455	0.49
13	55001	60,000	746,060	0.39
16	60001	65,000	1,000,901	0.52
15	65001	70,000	1,020,285	0.53
12	70001	75,000	878,185	0.46
14	75001	80,000	1,096,366	0.57
6	80001	85,000	497,914	0.26
8	85001	90,000	700,652	0.37
8	90001	95,000	742,687	0.39
18	95001	100,000	1,774,270	0.93
5	100001	105,000	510,625	0.27
10	105001	110,000	1,081,318	0.56
4	110001	115,000	450,609	0.23
3	115001	120,000	358,639	0.19
4	120001	125,000	482,755	0.25
8	125001	130,000	1,016,740	0.53
4	130001	135,000	531,707	0.28
8	135001	140,000	1,103,520	0.58
5	140001	145,000	713,889	0.37
2	145001	150,000	298,768	0.16
4	150001	155,000	611,411	0.32
4	155001	160,000	636,540	0.33
3	160001	165,000	489,216	0.26
1	165001	170,000	170,000	0.09
3	170001	175,000	515,226	0.27
5	175001	180,000	886,853	0.46
3	180001	185,000	547,557	0.29
1	185001	190,000	185,644	0.10
3	190001	195,000	572,514	0.30
2	195001	200,000	396,570	0.21
1	200001	205,000	203,034	0.11
3	205001	210,000	627,641	0.33
3	210001	215,000	632,944	0.33
1	215001	220,000	216,507	0.11
2	225001	230,000	455,829	0.24
2	235001	240,000	479,127	0.25
3	240001	245,000	728,112	0.38

Pattern of Shareholding

As on June 30, 2024

No. of share Holders	From	Shareholding To	Number of Shares Held	% of Capital
1	245001	250,000	245,227	0.13
1	250001	255,000	253,993	0.13
2	255001	260,000	516,750	0.27
1	260001	265,000	261,009	0.14
1	265001	270,000	269,854	0.14
2	270001	275,000	542,012	0.28
1	275001	280,000	275,945	0.14
3	280001	285,000	847,868	0.44
1	295001	300,000	295,805	0.15
1	305001	310,000	308,528	0.16
2	310001	315,000	622,759	0.32
2	320001	325,000	645,616	0.34
1	330001	335,000	330,667	0.17
4	335001	340,000	1,347,960	0.70
1	345001	350,000	346,420	0.18
1	350001	355,000	352,434	0.18
2	365001	370,000	734,010	0.38
1	370001	375,000	371,473	0.19
1	375001	380,000	376,728	0.20
2	380001	385,000	763,959	0.40
1	405001	410,000	407,000	0.21
1	445001	450,000	450,000	0.23
2	455001	460,000	916,940	0.48
1	465001	470,000	466,356	0.24
1	480001	485,000	483,209	0.25
1	485001	490,000	488,668	0.25
3	490001	495,000	1,474,912	0.77
1	495001	500,000	499,764	0.26
1	510001	515,000	510,087	0.27
1	535001	540,000	536,754	0.28
1	590001	595,000	592,081	0.31
1	595001	600,000	600,000	0.31
1	615001	620,000	615,786	0.32
2	645001	650,000	1,295,709	0.68
1	660001	665,000	662,073	0.35
1	690001	695,000	691,605	0.36
1	695001	700,000	696,800	0.36
1	700001	705,000	704,959	0.37
3	770001	775,000	2,313,162	1.21
1	825001	830,000	825,518	0.43
1	850001	855,000	850,776	0.44
1	890001	895,000	893,046	0.47
1	1000001	1,005,000	1,000,125	0.52
1	1175001	1,180,000	1,178,796	0.61
1	1265001	1,270,000	1,265,295	0.66
1	1295001	1,300,000	1,298,528	0.68
1	1300001	1,305,000	1,302,898	0.68
1	1330001	1,335,000	1,333,047	0.70
1	1345001	1,350,000	1,346,175	0.70
1	1395001	1,400,000	1,395,329	0.73

No. of share Holders	Shareholding		Number of Shares Held	% of Capital
	From	To		
1	1510001	1,515,000	1,514,407	0.79
1	1535001	1,540,000	1,536,448	0.80
1	1565001	1,570,000	1,565,747	0.82
1	1580001	1,585,000	1,581,258	0.82
2	1600001	1,605,000	3,209,332	1.67
1	1740001	1,745,000	1,743,117	0.91
1	1745001	1,750,000	1,747,391	0.91
1	2015001	2,020,000	2,016,482	1.05
1	2035001	2,040,000	2,039,766	1.06
1	2165001	2,170,000	2,168,434	1.13
3	2195001	2,200,000	6,588,756	3.44
1	2305001	2,310,000	2,306,824	1.20
1	2360001	2,365,000	2,360,325	1.23
4	2375001	2,380,000	9,518,896	4.96
1	2750001	2,755,000	2,754,405	1.44
1	2815001	2,820,000	2,816,397	1.47
1	3255001	3,260,000	3,255,508	1.70
2	3535001	3,540,000	7,075,558	3.69
1	3600001	3,605,000	3,604,957	1.88
1	3775001	3,780,000	3,778,375	1.97
1	3870001	3,875,000	3,870,238	2.02
1	4350001	4,355,000	4,353,781	2.27
1	4495001	4,500,000	4,499,316	2.35
1	4525001	4,530,000	4,529,956	2.36
1	4755001	4,760,000	4,759,450	2.48
1	5175001	5,180,000	5,177,208	2.70
1	14395001	14,400,000	14,398,431	7.51
10,003	Total		191,798,229	100.00

Categories of Shareholding

As on June 30, 2024

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
1 Directos, CEO and their spouse & minor children	11	54,661,728	28.50
Mr. Sikandar Mustafa Khan	1	17,616,640	9.18
Mr. Sohail Bashir Rana	1	11,211,565	5.85
Mr. Laeeq Uddin Ansari	1	14,836,547	7.74
Mr. Qaiser Saleem	1	4,778,500	2.49
Mr. Saad Iqbal	1	4,529,956	2.36
Mr. Muhammad Javed Rashid	1	1	0.00
Mr. Nasar Us Samad Qureshi	1	487	0.00
Mrs. Ambreen Waheed	1	3,604	0.00
Mrs. Cyra Khan (Spouse of Mr. Sikandar Mustafa Khan)	1	253,993	0.13
Mrs. Ayesha Sohail (Spouse of Mr. Sohail Bashir Rana)	1	1,397,096	0.73
Mrs. Rabia Qaiser (Spouse of Mr. Qaiser Saleem)	1	33,339	0.02
2 Associated Companies, Undertakings and Related parties	39	27,166,825	14.16
a- Associated Companies	0	0	0.00
b- Associated Undertakings	3	609,420	0.32
c- Related Parties	36	26,557,405	13.85
3 NIT and ICP	6	2,120,146	1.11
4 "Banks, Development Financial Institutions, Non-Banking Financial Institutions & Pension Funds"	7	3,882,660	2.02
5 Insurance Companies	8	17,760,542	9.26
6 Modarabas & Mutual Funds	29	688,167	0.36
7 Shareholders Holding 10% or more Voting Interest	-	-	-
8 General Public	9,805	77,573,066	40.45
a-Local	9,783	71,197,430	37.12
b-Foreign	22	6,375,636	3.32
9 Others	98	7,945,095	4.14
Joint Stock Companies	73	1,121,284	0.58
Trusts	21	6,589,541	3.44
Others	4	234,270	0.12
	10,003	191,798,229	100.00

Millat Group of Companies

Consolidated Pattern of Shareholding

As on June 30, 2024

Pattern of Shareholding of Millat Industrial Products Limited

As on 30-06-2024

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
6	1	100	420
49	101	500	14,278
51	501	1,000	43,157
51	1,001	1,500	65,414
36	1,501	2,000	64,730
35	2,001	3,000	84,098
33	3,001	5,000	134,411
47	5,001	40,000	728,441
11	40,001	100,000	614,449
4	100,001	400,000	910,082
1	400,001	600,000	415,724
2	600,001	6,000,000	7,220,562
326			10,295,766

Pattern of Shareholding of Tipej Intertrade DMCC

As on 30-06-2024

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
5	1	100	500
1	101	1,500	1,500
6			2,000

Pattern of Shareholding of Bolan Castings Limited

As on 30-06-2024

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
212	1	100	7,948
489	101	500	125,754
141	501	1000	116,443
227	1001	5000	531,541
40	5001	10000	291,269
12	10001	15000	148,676
7	15001	20000	125,366
9	20001	25000	203,041
6	25001	30000	169,331
2	30001	35000	63,270
3	35001	40000	117,300
1	40001	45000	44,794
2	45001	50000	96,276
1	55001	60000	60,000
2	70001	75000	148,430
2	95001	100000	199,100
1	105001	110000	110,000
1	165001	170000	166,369
1	210001	215000	213,000
1	255001	260000	258,266
1	270001	275000	275,000
1	295001	300000	300,000
1	485001	490000	488,276
1	775001	780000	776,100
1	1125001	1130000	1,130,000
1	535001	5310000	5,306,979
1166			11,472,529

Pattern of Shareholding of Millat Equipment Limited

As on 30-06-2024

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
38	1	1000	17,213
30	1001	2000	40,151
27	2001	3000	62,724
43	3001	4000	150,038
33	4001	5000	143,999
96	5001	10000	666,197
31	10001	15000	378,462
28	15001	20000	486,531
18	20001	25000	412,144
10	25001	30000	275,496
13	30001	35000	438,444
4	35001	40000	146,625
5	40001	45000	205,538
9	45001	50000	423,674
4	50001	55000	207,891
4	55001	60000	231,208
3	60001	65000	186,357
3	65001	75000	200,618
4	75001	100000	342,559
4	100001	120000	505,583
5	150001	200000	867,010
2	200001	300000	555,517
6	300001	700000	3,002,170
5	700001	2500000	6,498,859
1	2500001	11700000	13,454,992
426		Total	29,900,000

Consolidated Categories of Shareholding

As on June 30, 2024

Categories of Shareholders	MIPL	%	TIPEG	%	BCL	%	MEL	%
1- Directors, CEO's, spouse & minor children								
Mr. Sikandar Mustafa Khan	622,437	6.05	100	5.00	166,369	1.45	2,036,288	6.81
Mr. Sohail Bashir Rana	415,724	4.04	100	5.00	4,359	0.04	2,306,249	7.71
Mr. Laeeq Uddin Ansari	390,425	3.79	100	5.00	3,120	0.03	535,201	1.79
Mr. Ahsan Imran Shaikh (CEO- MEL)	-	0.00	-	-	-	-	648,837	2.17
Mr. Raheel Asghar (CEO-MTL)	-	0.00	-	-	-	-	115	0.00
Mr. Mujtaba Ahmed (CEO-BCL)	-	0.00	-	-	14,000	0.12	-	-
Syed Muhammad Irfan Aqueel (BCL Director only)	-	0.00	-	-	2,500	0.02	-	-
Mr. Abdul Hamid Ahmed Dagia (BCL Director only)	-	0.00	-	-	2,500	0.02	-	-
Mrs. Tabassum Rana (BCL Director only)	-	0.00	-	-	80	0.00	-	-
Mr. Muhammad Mustafa Khan (Director in MEL and MIPL only)	2,875	0.03	-	-	-	-	9,018	0.03
Mr. Muhammad Mustafa Sohail (Director in MEL and MIPL only)	1,150	0.01	-	-	-	-	4,542	0.02
Mr. Muraad Naseer Uddin Ansari (MEL Director only)	-	0.00	-	-	-	-	705,750	2.36
Mr. Shehryar Ansari (MIPL Director only)	26,450	0.26	-	-	-	-	-	-
Mr. Qaiser Saleem (Not a Director in TIPEG & BCL)	227,845	2.21	-	-	3,248	0.03	725,502	2.43
	1,686,906	16.38	300	15.00	196,176	1.71	6,971,502	23.32
2- Associated Companies, Undertakings and related parties								
a) Millat Tractors Limited	6,598,125	64.09	1,500	75.00	5,306,979	46.26	13,454,992	45.00
b) Associated Undertakings	-	-	-	-	46,278	0.40	-	0.00
c) Related Parties	-	-	-	-	-	-	-	-
3- NIT and ICP					488,276	4.26	-	-
4- Banks, Development Financial Institutions , Non-Banking Financial Institutions & Pensions Funds					75,713	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	-	-	-	-	4,422,698	38.55	-	-
b-Foreign	-	-	-	-	11,880	0.10	-	-
9- Others								
Joint Stock Companies	-	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-	-
Public	2,010,735	19.53	-	-	-	-	9,473,506	31.68
Miscellaneous	-	-	200	10.00	624,529	5.44	-	-
	10,295,766	100.00	2,000	100.00	11,472,529	100.00	29,900,000	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.
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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(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 نظمہ کی مرتب کردہ اطلاقی معلومات (پڑتال شدہ مالیاتی حسابات) بشمول سالانہ اجلاس عام کی اطلاع اپنے شیئر ہولڈرز کو بذریعہ ای میل ارسال کر سکتی ہے۔ وہ تمام شیئر ہولڈرز جو کمپنی کی سالانہ رپورٹ بذریعہ ای میل حاصل کرنے کے خواہش مند ہیں ان سے التماس ہے کہ تکمیل شدہ رضامندی کے فارم کمپنی کے شیئر رجسٹر اری میسرز سی ڈی سی شیئر رجسٹر اری سرورسز لمیٹڈ کو مہیا کریں۔

یاد دہانی رہے کہ سالانہ رپورٹ کی بذریعہ ای میل وصولی اختیاری ہے لازمی نہیں ہے۔

اظہار رضامندی بابت ترسیل برق روی فارم

تاریخ: _____

شیئر رجسٹرار

میسرز سی ڈی سی شیئر رجسٹر اری سرورسز لمیٹڈ

کراچی	لاہور	اسلام آباد
سی ڈی سی ہاؤس، 99-بی، بلاک-بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس، میزانا نائن فلور، ساؤتھ ٹاور، ایل۔ ایس۔ ای پلازہ، خیابان ایوان اقبال، لاہور	میٹروپولیٹن فلور، ساؤتھ ٹاور، ایل۔ ایس۔ ای پلازہ،	روم نمبر 410، 4th فلور، آئی۔ ایس۔ ای ٹاورز، جناح ایوینیو، بلدیہ ایریا، اسلام آباد

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2014/1(1) 787 مورخہ 08 ستمبر، 2014 کی تعمیل کرتے ہوئے میں مسمی / مسمات _____ ولد/بیت / زوجیت _____ ملت ٹریڈنگز لمیٹڈ 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 / شیئر 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 شیئر رجسٹر اری کو تحریری طور پر ای میل ایڈریس میں تبدیلی 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 / شیئر ہولڈر کے دستخط _____

Ballot Paper



MILLAT TRACTORS LIMITED

Millat Tractors Limited POSTAL BALLOT PAPER

for voting through post for the Special Business at the Annual General Meeting to be held on Friday, October 18, 2024, at 12:00 noon. at 9 K.M. Sheikhpura Road, Shahdara, Lahore

Tel (92-42) 37911021-25 Fax: (92-42) 37924166 UAN: 042 111 200 786 Website: www.millat.com.pk

Folio / CDS Account Number	
Name of Shareholder / Proxy Holder	
Registered Address	
Number of shares Held	
CNIC/Passport No. (in case of foreigner) (copy to be attached)	
Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government)	
Name of Authorized Signatory	
CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)	

Resolution For Agenda Item No. 5

- 5) To ratify and approve transactions conducted with subsidiary/associated companies for the year ended June 30, 2024 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, 2024 be and are hereby ratified, approved and confirmed."

Particulars	2024 (AMOUNT IN RUPEES)			
	TIPEG INTERTRADE DMCC	MILLAT INDUSTRIAL PRODUCTS LIMITED	BOLAN CASTINGS LIMITED	MILLAT EQUIPMENT LIMITED
Purchase of components	1,465,772,134	805,955,773	3,838,249,666	10,538,738,094
Sale of components	431,602,674	45,542	402,914	240,086

Resolution For Agenda Item No.6

- 6) To authorize Chief Executive of the Company to approve transactions with subsidiary/associated companies for the year ending June 30, 2025 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 61st 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.

Resolution For Agenda Item No.7

- 7) To consider, adopt with or without modification the following ordinary resolution for holding office of profit by the directors.

"Resolved that sanction/approval be and is hereby accorded for holding the office of profit under the Company by the Directors Mr. Sikandar Mustafa Khan and Mr. Sohail Bashir Rana for a period of three years commencing October 30, 2024 subject to their election as directors.

Instructions For Poll

- Please indicate your vote by ticking (✓) the relevant box.
- In case if both the boxes are marked as (✓), you poll shall be treated as "Rejected".

I/we hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick (✓) mark in the appropriate box below;

Resolution	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Resolution No. 5		
Resolution No. 6		
Resolution No. 7		

NOTES:

- Dully filled ballot paper should be sent to the Chairman of Millat Tractors Limited at 9 K.M. Sheikhpura Road, Shahdara, Lahore or e-mail at corporate.affairs@millat.com.pk
- Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
- Ballot paper should reach the Chairman within business hours by or before Thursday, October 17, 2024. Any postal Ballot received after this date, will not be considered for voting.
- Signature on ballot paper should match with signature on CNIC/ Passport. (in case of foreigner).
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.
- In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
- Ballot Paper form has also been placed on the website of the Company at: www.millat.com.pk. Members may download the Ballot paper from the website or use an original/ photocopy published in newspapers.

Shareholder / Proxy holder Signature/Authorized Signatory
(In case of corporate entity, please affix company stamp)

Date



ملٹ ٹریکٹرز لمیٹڈ پوسٹل بیلٹ سپر

اکتوبر، 2024ء بروز جمعہ 12:00 بجے، بمقام 9K.M شیخوپورہ روڈ، شاہدرہ، لاہور ٹیلیفون نمبر 25-37911021 (92-42) فیکس، 37924166 (92-42) UAN:042-111-200-786 ویب سائٹ www.millat.com.pk پر منصفہ ہونے والے سالانہ اجلاس عام میں خصوصی امور کیلئے بذریعہ پوسٹ ونگٹ کیلئے بیلٹ سپر

فولیو/ CDS کا ڈسٹ نمبر	
ٹریکٹر ہولڈر پر کسی ہولڈر کا نام	
رہنہ ڈپنٹ	
موجودہ ٹریکٹر کی تعداد	
CNIC / پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں) (نقل منسلک کریں)	
اضافی معلومات اور انگریزی (ہاڈی کا پورٹ، کارپوریشن اور وفاقی حکومت کے نام سے کی صورت میں)	
مجاز دستخط کنندہ کا نام	
مجاز دستخط کنندہ کا CNIC / پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں) (نقل منسلک کریں)	

ایجنڈا آئٹم نمبر 5 کیلئے قرارداد:

(5) 30 جن، 2024 کو ختم ہونے والے سال کیلئے ماتحت/ واریسٹ کیٹیوں کے ساتھ لگنے والے توثیق اور منظوری کیلئے درج ذیل خصوصی قرارداد کو ترمیم کیا جائے یا اسے بغیر منظور کرنا۔
”قرارداد یا اس کے ماتحت/ واریسٹ کیٹیوں کیساتھ 30 جن، 2024 کو ختم ہونے والے سال کیلئے کیے گئے مندرجہ ذیل لین دین کی توثیق منظوری اور تصدیق کی جاتی ہے“

2024 (قرارداد میں)				
تفصیلات	DMCC	ITIPEG	ملٹ انڈسٹریل پروڈکٹ لمیٹڈ	بولان کاسٹنگ لمیٹڈ
اشیا کی خریداری	1,465,772,134	805,955,773	10,538,738,094	3,838,249,666
اشیا کی فروخت	431,602,674	45,542	240,086	402,914

ایجنڈا آئٹم نمبر 6 کیلئے قرارداد:

(6) کینی کے چیف ایگزیکٹو آفیسر 30 جون، 2025 کو ختم ہونے والے سال کیلئے ماتحت/ واریسٹ کیٹیوں کے ساتھ لین دین کی منظوری کیلئے درج ذیل خصوصی قرارداد کو ترمیم کیا جائے یا اسے بغیر منظور کرنے کا اختیار دینا۔
”مٹے پاپا کی کینی کے چیف ایگزیکٹو آفیسر کے 61 ویں سالانہ اجلاس عام سے لے کر اگلے سالانہ اجلاس عام تک کی مدت کے دوران امور کو معمول کے مطابق ذیلی/ واریسٹ کیٹیوں کیساتھ تمام لین دین کی منظوری دینے کا اختیار ہے“
”مزید سے پاپا کی لین دین اور اگلے سالانہ اجلاس عام میں ٹریکٹر ہولڈرز کے سامنے ان کی توثیق منظوری کیلئے رکھا جائیگا“

ایجنڈا آئٹم نمبر 7 کیلئے قرارداد:

(7) ڈائریکٹرز کے ذریعہ منافع کا عہدہ رکھنے کیلئے درج ذیل عام قرارداد پر غور کرنے کے سہ ماہی کے ساتھ یا اسے بغیر اختیار کرنے کیلئے۔
”قرارداد یا اس کے ماتحت/ واریسٹ کیٹیوں کیساتھ 130 اکتوبر، 2024ء سے شروع ہونے والی تین سال کی مدت کیلئے ڈائریکٹرز/ منسٹر سکندر مصطفیٰ خان اور منسٹر سہیل بیہرانا کے ذریعے کینی کے تحت منافع کا عہدہ رکھنے کیلئے اختیار/ منظوری دی جائیگی جو کہ ان کے بطور ڈائریکٹر انتخاب سے مشروط ہے“

پول کیلئے ہدایات

- برادہ مہربانی متعلقہ خاندان کو (a) کا نشان لگا کر اپنے ووٹ کی نشاندہی کریں۔
- اگر دونوں خاندانوں کو (a) کے بطور نشان زدہ کیا گیا ہے، تو آپ کے پول کو ”مسز ڈی“ سمجھا جائیگا۔
- میں/ ہم، ہڈر/ ریج ہڈر/ مندرجہ بالا قرارداد کے سلسلے میں اپنا ووٹ بیلٹ کے ذریعے استعمال کرتے ہیں اور ذیل میں مناسب خاندان (a) کا نشان لگا کر قرارداد پر ہماری/ اپنی رضامندی یا اختلاف رائے پہنچاتے ہیں۔

قرارداد	میں/ ہم اس قرارداد کی منظوری دیتے ہیں (متم)	میں/ ہم اس قرارداد سے اختلاف کرتے ہیں (خلاف)
قرارداد نمبر-5		
قرارداد نمبر-6		
قرارداد نمبر-7		

نوٹس:

- باقاعدہ پر کیا گیا بیلٹ سپر، چیئر مین ملٹ ٹریکٹرز لمیٹڈ واقع 9K.M شیخوپورہ روڈ، شاہدرہ، لاہور یا ای میل corporate.affairs@millat.com.pk پر ارسال جائے۔
- پوسٹل بیلٹ فارم کیساتھ CNIC / پاسپورٹ کی نقل (غیر ملکی ہونے کی صورت میں) منسلک کریں۔
- بیلٹ سپر، چیئر مین تک 17 اکتوبر، 2024 تک اس سے قبل دفتری اوقات کار کے اندر پہنچ جائیں، اس تاریخ کے بعد موصول ہونے والے کسی بھی بیلٹ سپر پر ونگٹ کیلئے غور نہیں کیا جائیگا۔
- بیلٹ سپر کے دستخط CNIC / پاسپورٹ پر کئے گئے دستخط کیساتھ منسلک ہونی چاہئے۔ (غیر ملکی ہونے کی صورت میں)
- ناکمل، غیر دستخط شدہ، غلط نسخہ شدہ، پھٹا ہوا، بیوی لیجنڈ، اور وریشن پول سپر، ہسٹریکٹرز یا دیگر۔
- ایک ہاڈی کارپوریشن یا وفاقی حکومت کا ایک نمائندہ ہونے کی صورت میں کینیبرا ایکٹ 2017 کے سیکشن 138 یا 139 کا اطلاق ہوگا، بیلٹ سپر کے ہمراہ لازمی طور پر مجاز فرد کے CNIC کی ایک نقل، بورڈ قرارداد کی تصدیق شدہ نقل/ پابند آف انارنی/ اتھارائزیشن لیٹر وغیرہ منسلک ہونا چاہئے۔ غیر ملکی ہاڈی کارپوریشن وغیرہ ہونے کی صورت میں تمام دستاویزات تو فیصل جنرل آف پاکستان سے تصدیق شدہ ہونا ضروری ہے جو میجر پروڈر/ اختیار رکھتا ہے۔
- بیلٹ سپر فارم کینی کی ویب سائٹ www.millat.com.pk پر بھی موجود ہے، مجوز، بیلٹ سپر ویب سائٹ سے ڈاؤن لوڈ کر کے بیلٹ سپر یا اور بجیل/ اخبار میں شائع شدہ کی فوٹو کاپی بھی استعمال کی جاسکتی ہے۔

Proxy Form

61st Annual General Meeting



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 _____
_____ CDC Account No./Folio No., another member of the Company or
failing him, _____ (Name) of _____
_____(Full Address) CDC Account No./Folio No., another member
of the Company as my/our proxy to attend and vote for me/us and on my/ our behalf at the 61st Annual General Meeting
of the Company to be held at the Company's Registered office 9 K.M, Sheikhpura Road, Lahore on Friday, October 18,
2024 at 12:00 P.M and at every adjournment thereof.

Signed this _____ day of October, 2024

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.

میں اہم
ساکن
رکن و حامل
اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر
عام حصص بر مطابق شیئر رجسٹرڈ فولیو نمبر
اور ذیلی کھاتہ نمبر
ساکن یا بصورت دیگر
ساکن
کو اپنی جگہ بروز جمعہ مورخہ 18 اکتوبر، 2024ء وقت 12:00 بجے، بمقام کمپنی کے رجسٹرڈ آفس، 9- گلومیٹر شیخوپورہ روڈ شاہد روڈ لاہور میں منعقد یا ملتوی ہونے والے 61 ویں سالانہ اجلاس عام میں رائے و ہمتی کے لئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط کئے گئے مورخہ 2024ء

براہ کرم پچاس روپے مالیت
کے ریونیو ٹکٹ چسپاں کریں۔

دستخط

(دستخط کھلی میں درج نمونہ کے
دستخط کے مطابق ہونے چاہئے)

نوٹس:

1. کمپنی کی سالانہ جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کا حق وادار رکن یعنی بھائے دوسرے کو شرکت کرنے اور ووٹ دینے کا حق دے سکتا ہے۔ جو کمپنی کا رکن نہیں ہے کوئی بھی شخص پر کسی کے طور پر کام نہیں کرسے گا سوائے اس کے کہ ایک کلرپریشن کسی ایسے شخص کو مقرر کرے جو رکن نہیں ہے۔
2. پر کسی کا تقرر کرنے والے پر کسی پر رکن (ممبران) یا اس کے وکیل کی طرف سے تحریری طور پر مجاز ہونا چاہیے۔ اگر ممبر ایک کلرپریشن ہے تو اس کی عام ممبر کو پر کسی پر چسپاں کیا جانا چاہیے۔
3. یہ پر کسی قدم کمپنی کے رجسٹرڈ آفس 9- گلومیٹر شیخوپورہ روڈ لاہور میں اجلاس کے انعقاد سے 48 گھنٹے پہلے وصول ہو جانی چاہیے۔

Instructions for using QR Code for downloading the Company's Annual Report for the year ended June 30, 2024.

QR Code MTL Annual Report-2023-24

For Android Users

1. Open Play Store and download QR Code reader.
2. Open "QR Code reader"
3. Scan the QR Code to access the Annual Report-2023-24.
Or
4. Type link in your search bar : <https://www.millat.com.pk/wp-content/uploads/2024/10/MTL-AR-2324.pdf>

For IOS Users

1. Open the Camera application
2. Scan the QR Code
3. A Notification will appear on the top of the Screen, click it to access the Annual Report-2023-24.
Or
4. Type link in your search bar : <https://www.millat.com.pk/wp-content/uploads/2024/10/MTL-AR-2324.pdf>



Scan QR Code
for AR-2023-24



www.millat.com.pk

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UAN: 111 200 786