



# Leading the Way

for the 3<sup>rd</sup> Quarter and  
nine months ended March 31, 2023





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# 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

EY Ford Rhodes

Chartered Accountants

### Legal Advisors

Riaa Barker Gillete

Akhtar Ali & Associates

Ch. Law Associates Inn

### Company Share Registrar

#### Karachi

CDC Share Registrar Services Limited.

CDC House, 99 – B, Block 'B',

S.M.C.H.S., Main Shahra-e-Faisal,

Karachi-74400.

Tel: Customer Support Services (Toll Free)

0800-CDCPL (23275)

Fax: (92-21) 34326053

Email: info@cdcsrsl.com

Website: www.cdcsrsl.com

#### Lahore

Mezzanine Floor, South Tower, LSE Plaza,

Khayaban-E-Aiwan-E-Iqbal,

Lahore.

Tel: (92-42)- 36362061-66

#### Islamabad

Room # 410,

4th Floor, ISE Towers, 55-B, Jinnah Avenue,

Blue Area,

Islamabad.

Tel. (92-51) 2895456-9

#### Bankers

Bank Alfalah Limited.

Habib Bank Limited.

MCB Bank Limited.

Standard Chartered Bank (Pakistan) Limited.

United Bank Limited.

Allied Bank Limited.

Meezan Bank Limited.

The Bank of Punjab

Industrial and Commercial Bank of China 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

# Directors' Review

I am pleased to present the interim unaudited financial statements of Millat Tractors Limited (the 'Company') for the nine months ended March 31, 2023, along with consolidated interim unaudited financial information of the Millat Group of Companies (the 'Group').

The economy of Pakistan continues to face strong headwinds. Average inflation has climbed to 31.6% from 12.2% in February 2022, on account of higher domestic energy prices, weaker currency, flood-related disruptions to supply, and restraints on imports caused by the balance of payment crisis. Nevertheless, your Company has been able to make sales of 13,775 units during the nine months ended March 31, 2023, against the sales of 25,866 units in the comparative period, representing a decrease of 46.7% from the previous period. Accordingly, the sales revenue has also decreased from Rs. 38.361 billion to Rs. 30.297 billion, representing a dip of 21%. Resultantly, the earnings per share (EPS) of the nine months ended March 31, 2023, witnessed a decline to Rs. 16.63 in contrast with EPS of Rs. 36.57 (restated) for the corresponding period, last year.

The rise in central banks' rates to curb inflation by most of the countries and Russia's war in Ukraine, continue to weigh on global economic activity. The global growth is projected to fall from an estimated 3.4% in 2022 to 2.9% in 2023, and the global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023. In most economies, amid the cost-of-living crisis, the priority remains achieving sustained disinflation. Although the energy cost has declined, the recent decision by OPEC+ to cut production, would likely result in an increase in the oil prices globally.

The parity of Pak Rupee against US Dollar is declining, which has resulted in higher input costs and inflation. The restrictions on import due to shrinking foreign reserves by the commercial banks has also caused supply chain disruptions. However, on a positive note, the fiscal deficit is projected to narrow down slightly to the equivalent of 6.9% of the gross domestic product (GDP) in FY 2023. The government has been able to restrict the fiscal deficit in terms of GDP at the same level as last year while primary balance remained in surplus. If the International Monetary Fund program remains on track, the deficit will likely continue to shrink in the medium term.

The economic outlook will be shaped largely by the restoration of political stability and the continued implementation of reforms. The management remains optimistic about its future, keeping in view the fiscal tightening measures adopted by the Government for the revival of Pakistan's economy. Increase in exports is the only option left to sustain the growth.

The Company has remained resilient in the face of adversity with an aim to sustain its long term growth and maximize the stakeholder value. This has been made possible due to the Company's relations with its vending associates, and the untiring efforts made by the Company's employees, vendors and all other stakeholders for sustaining the operations.

For and on behalf of the Board



**Sikandar Mustafa Khan**

Chairman  
April 20, 2023  
Lahore



**Unconsolidated Condensed Interim Financial Statements**

# MILLAT TRACTORS LIMITED

**For the 3<sup>rd</sup> quarter and nine months ended  
March 31, 2023 (unaudited)**

# Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	(Un-audited) March 31, 2023 (Rupees in thousand)	Restated (Audited) June 30, 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
200,000,000 (June 30, 2022: 200,000,000)			
ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid up capital		1,278,656	968,679
Reserves		5,067,800	6,054,078
		6,346,456	7,022,757
<b>Non-current liabilities</b>			
Long term deposits		14,633	13,833
Deferred tax liabilities - net		957,359	811,291
Lease liabilities against right-of-use assets		9,511	-
Long term finances - secured	6	1,107,496	36,162
Deferred grant		12,102	14,427
		2,101,101	875,713
<b>Current liabilities</b>			
Accumulating compensated absences		110,572	108,527
Trade and other payables	7	7,299,463	4,683,108
Contract liabilities		2,665,797	6,685,800
Current portion of lease liabilities against right-of-use assets		4,274	1,331
Current portion of long term finances - secured	6	360,703	88,134
Current portion of deferred grant		3,132	5,604
Taxation - net		-	225,825
Unclaimed dividend		335,257	297,326
Unpaid dividend		17,782	27,695
Short term borrowings - secured	8	6,044,999	-
		16,841,979	12,123,350
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	25,289,536	20,021,820



Chief Financial Officer



Director



	Note	(Un-audited) March 31, 2023 (Rupees in thousand)	Restated (Audited) June 30, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Operating fixed assets	10	805,580	775,150
Capital work in progress	11	23,843	10,419
Right-of-use assets		14,207	1,123
Intangible assets		39,300	39,300
Investment property		255,708	255,708
Long term investments	12	6,218,264	4,173,730
Long term loans to employees		8,023	2,412
Employees' defined benefit plan		152,513	143,051
		7,517,438	5,400,893
<b>Current assets</b>			
Stores and spares		189,402	182,625
Stock-in-trade		10,097,400	6,758,898
Trade debts		127,038	235,269
Loans and advances		204,119	56,176
Trade deposits and short term prepayments		50,193	58,440
Balances with statutory authorities		5,955,834	5,707,842
Other receivables		146,951	115,989
Tax refunds due from the Government		315,787	–
Cash and bank balances	13	685,374	1,505,688
		17,772,098	14,620,927
		25,289,536	20,021,820

The annexed notes 1 to 24 form an integral part of the unconsolidated condensed interim financial statements.



Chairman

# Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

## For the nine months ended March 31, 2023 (Unaudited)

	Note	Nine months ended 31, March		Quarter ended 31, March	
		2023	Restated 2022	2023	Restated 2022
<b>(Rupees in thousand)</b>					
Revenue from contracts with customers - net	14	30,297,344	38,361,380	16,922,190	13,769,317
Cost of sales		(24,988,127)	(31,020,684)	(14,003,399)	(10,974,664)
<b>Gross profit</b>		<b>5,309,217</b>	<b>7,340,696</b>	<b>2,918,791</b>	<b>2,794,653</b>
Distribution and marketing expenses		(850,782)	(734,188)	(361,949)	(289,449)
Administrative expenses		(523,779)	(465,502)	(185,048)	(163,627)
Other operating expenses		(656,435)	(465,503)	(453,644)	(170,520)
		(2,030,996)	(1,665,193)	(1,000,641)	(623,596)
Other income	15	369,543	786,404	54,315	208,526
<b>Operating profit</b>		<b>3,647,764</b>	<b>6,461,907</b>	<b>1,972,465</b>	<b>2,379,583</b>
Finance cost		(828,069)	(92,888)	(338,036)	(78,913)
<b>Profit before taxation</b>		<b>2,819,695</b>	<b>6,369,019</b>	<b>1,634,429</b>	<b>2,300,670</b>
Taxation		(692,696)	(1,692,673)	(354,586)	(644,227)
<b>Profit after taxation for the period</b>		<b>2,126,999</b>	<b>4,676,346</b>	<b>1,279,843</b>	<b>1,656,443</b>
<b>Other comprehensive income / (loss)</b>					
Items that may not be reclassified to profit or loss in subsequent periods:					
Unrealized gain / (loss) on revaluation of investments measured at fair value through other comprehensive income - net of taxation		296,470	(190,190)	(1,321)	(12,828)
<b>Total comprehensive income for the period</b>		<b>2,423,469</b>	<b>4,486,156</b>	<b>1,278,522</b>	<b>1,643,615</b>
			Restated		Restated
<b>Earnings per share - basic and diluted (Rupees)</b>		<b>16.63</b>	<b>36.57</b>	<b>10.01</b>	<b>12.95</b>

The annexed notes 1 to 24 form an integral part of the unconsolidated condensed interim financial statements.



Chief Financial Officer



Director



Chairman

# Unconsolidated Condensed Interim Statement of Changes in Equity

For the nine months ended March 31, 2023

	Issued, subscribed and paid up capital	Capital reserves Fair value reserves	Revenue reserves		Total
			General reserves	Unappropriated profit	
(Rupees in thousand)					
<b>Balance as on July 1, 2021</b>					
<b>(audited) - Restated</b>	560,578	3,435,887	2,278,935	2,792,485	9,067,885
Final dividend for the year ended					
June 30, 2021 @ Rs. 50 per share	-	-	-	(2,802,888)	(2,802,888)
Bonus shares issued for the year ended					
June 30, 2021 @ 20% per share	112,116	-	-	(112,116)	-
Interim dividend for the year ended					
June 30, 2022 @ Rs. 45/- per share	-	-	-	(3,027,119)	(3,027,119)
Interim bonus shares issued for the year ended					
June 30, 2022 @ 20% per share	134,539	-	-	(134,539)	-
Total comprehensive (loss) / income					
for the nine months ended 31 March 2022 - Restated	-	(190,190)	-	4,676,346	4,486,156
<b>Balance as on March 31, 2022</b>					
<b>(unaudited) - Restated</b>	807,233	3,245,697	2,278,935	1,392,169	7,724,034
<b>Balance as on 01 July 2022</b>					
<b>(audited) - Restated</b>	968,679	1,612,902	2,278,935	2,162,241	7,022,757
Final dividend for the year ended					
June 30, 2022 @ Rs. 20 per share	-	-	-	(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)
Interim bonus shares issued for the year ended					
June 30, 2023 @ 10% per share	116,241	-	-	(116,241)	-
Total comprehensive income					
for the nine months ended 31 March 2023	-	296,470	-	2,126,999	2,423,469
<b>Balance as on 31 March 2023</b>					
<b>(unaudited)</b>	1,278,656	1,909,372	2,278,935	879,493	6,346,456

The annexed notes 1 to 24 form an integral part of the unconsolidated condensed interim financial statements.



Chief Financial Officer



Director



Chairman

# Unconsolidated Condensed Interim Statement of Cash Flows

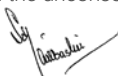
For the nine months ended March 31, 2023 (Unaudited)

	Note	Nine months ended March 31,	
		2023	Restated 2022
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,819,695	6,369,019
Adjustment for:			
Depreciation on property, plant and equipment	10	70,934	67,441
Amortization of intangible assets		-	1,457
Net gain from short term investments		-	(20,762)
(Reversal) / Provision for employee benefits		(1,146)	22,768
Finance cost		828,069	92,888
Property, plant and equipment written off		-	(805)
Profit on bank deposits	15	(45,026)	(26,363)
Dividend income	15	(244,420)	(665,955)
		608,411	(529,331)
<b>Cash flow from operating activities before working capital changes</b>		<b>3,428,106</b>	<b>5,839,688</b>
<b>Effect on cash flow due to working capital changes</b>			
(Increase) / decrease in current assets:			
Stores and spares		(6,777)	(14,478)
Stock in trade		(3,338,502)	(2,275,102)
Trade debts		108,231	(16,399)
Loans and advances		(147,943)	(107,627)
Trade deposits and short term prepayments		8,247	20,503
Other receivables		(27,162)	(23,837)
		(3,403,906)	(2,416,940)
Increase / (Decrease) in current liabilities:			
Trade and other payables		2,616,355	2,021,359
Contract liabilities		(4,020,003)	(5,056,951)
<b>Cash flows (used in) / generated from operations</b>		<b>(1,379,448)</b>	<b>401,871</b>
Taxes paid - net		(1,336,232)	(3,861,749)
Increase in long term loans to employees		(5,611)	(4,731)
Long term security deposits paid		800	400
Employee benefits paid		(6,271)	(6,390)
Finance cost paid		(827,221)	(92,526)
		(2,174,535)	(3,964,996)
<b>Net cash used in operating activities</b>		<b>(3,553,983)</b>	<b>(3,577,840)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(141,605)	(52,896)
Long term investments (made) / redeemed		(1,867,130)	52,528
Disposal of short term investments - net		-	5,805,398
Proceeds from sale of property, plant and equipment		26,050	27,104
Dividend received		244,420	665,955
Profit on bank deposits		45,026	26,363
<b>Net cash (used in) / generated from investing activities</b>		<b>(1,693,239)</b>	<b>6,523,157</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(3,071,752)	(5,833,136)
Principal payment against lease liabilities		(4,511)	(2,885)
Long term financing received / (repaid)		1,339,106	(122,641)
Net cash used in financing activities		(1,737,157)	(5,958,662)
<b>Net decrease in cash and cash equivalents</b>		<b>(6,984,379)</b>	<b>(3,013,345)</b>
Cash and cash equivalents at the beginning of the period		1,505,688	1,199,602
Effect of exchange rate changes on cash and cash equivalents		119,066	4,470
<b>Cash and cash equivalents at the end of the period</b>	17	<b>(5,359,625)</b>	<b>(1,809,273)</b>

The annexed notes 1 to 24 form an integral part of the unconsolidated condensed interim financial statements.



Chief Financial Officer



Director



Chairman

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months ended March 31, 2023

## 1 The Company And Its Activities

1.1 Millat Tractors Limited (the Company) is a public limited company and was incorporated in Pakistan in 1964 under the Companies Act, 1913 (now the Companies Act, 2017), and is listed on the Pakistan Stock Exchange Limited. The registered office and factory of the Company is situated at 9 km Sheikhpura Road, District Sheikhpura. The Company also has regional offices located in Karachi, Multan, Sukkur and Islamabad. The Company is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products. The Company is also involved in the sale, implementation and support of Industrial and Financial Systems (IFS) applications in Pakistan and abroad.

## 2 Basis of Preparation

### 2.1 Statement of compliance

These unconsolidated condensed interim financial statements of the Company for the nine months ended March 31, 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable for interim financial reporting comprise of :

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of or directives issued under the Companies Act 2017 have been followed.

2.2 These unconsolidated condensed interim financial statements are un-audited and do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2022. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2.3 In order to comply with the requirements of the IAS 34, the unconsolidated condensed interim statement of financial position has been compared with the balances of annual financial statements of the immediately preceding financial year, whereas, the unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cashflows have been compared with the balances of comparable period of the immediately preceding financial year.

2.4 The Company is required to issue consolidated condensed interim financial statements along with its condensed interim separate financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Consolidated condensed interim financial statements are prepared separately.

2.5 This interim financial information is un-audited and is being submitted to shareholders, as required under section 237 of the Act.

## 3 Significant Accounting Policies

3.1 The accounting policies and methods of computation adopted in the preparation of this unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended June 30, 2022, except for the estimation of income tax (see note 5) and adoption of new and amended standards as set out in note 3.2.

# Notes to the Unconsolidated Condensed Interim Financial Statements

## For the nine months ended 31 March 2023

### 3.2 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2022, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

### 3.3 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, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

## 4 Critical Accounting Estimates and Judgments

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 30 June 2022, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

## 5 Taxation

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

	Note	(Un-audited) March 31, 2023 (Rupees in thousand)	(Audited) June 30, 2022
<b>6 Long Term Finances - Secured</b>			
Long-term loan		1,468,199	124,296
Current portion shown under current liabilities		(360,703)	(88,134)
	6.1	1,107,496	36,162
<b>6.1 The reconciliation of the carrying amount is as follows:</b>			
Opening balance		124,296	291,612
Loan received during the period / year		1,427,606	5,000
Modification during the period / year		-	(3,646)
Repayments during the period / year		(88,500)	(182,303)
Transferred to deferred grant		-	(1,491)
Unwinding of discount on liability		4,797	15,124
		1,468,199	124,296
Less: Current portion shown under current liabilities		(360,703)	(88,134)
Closing balance	6.2, 6.3 and 6.4	1,107,496	36,162

- 6.2** This includes amount of loan against facility of Rs 400,000 thousand (30 June 2022: Rs 400,000 thousand) under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan (SBP) to mitigate the effect of COVID-19 on employment in Pakistan. The loan is repayable in 8 equal quarterly installments commencing from January 31, 2021 and carries markup from the rate of 0.15% to 0.4% per annum which is payable quarterly. The loan was initially recognized at amortized cost using prevailing market rate of mark-up for similar instruments. The average discount rate used ranges from 7.41% to 7.66% per annum. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant. This facility is secured by first charge on plant and machinery and joint pari passu hypothecation charge over current assets and book debts of the Company.
- 6.3** This includes amount of loan against facility of Rs 100,000 thousand (30 June 2022: Rs 100,000) obtained under renewable energy finance scheme announced by 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 during the last year, the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022. The discount rate used is 11.47% per annum (30 June 2022: 11.47% per annum). This facility is secured by specific and exclusive charge on the purchased machinery and ranking charge over current assets of the Company.
- 6.4** This includes amount of loan against facility of Rs. 1,500,000 thousand (30 June 2022: Nil) to maintain the Company'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 will be reset on the first working day of each calendar quarter, using the rate prevailing on last working day of preceding calendar quarter. This facility is secured by first exclusive mortgage charge over land of the factory situated at 9 KM, Sheikhpura Road, Lahore, amounting Rs. 2,000,000 thousand (including 25% margin).

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	(Rupees in thousand)	
<b>7 Trade and Other Payables</b>		
Trade creditors	4,889,879	3,210,150
Bills payable	188,969	341,626
Accrued liabilities	172,306	280,412
Trademark fee payable	630,855	290,522
Workers' Profit Participation Fund	388,021	–
Workers' Welfare Fund	116,569	142,860
Security deposits	84,610	14,713
Accrued mark-up	316,813	133,000
Others	511,441	269,825
	<b>7,299,463</b>	<b>4,683,108</b>

## **8 Short Term Borrowings - Secured**

The effective rate of mark-up on short-term running finance facility ranges from KIBOR less 0.04% to KIBOR plus 0.25% (30 June 2022: KIBOR plus 0.05% to KIBOR plus 0.25%) per annum. The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The total limit of short term running financing facilities available from banks

# Notes to the Unconsolidated Condensed Interim Financial Statements

## For the nine months ended 31 March 2023

aggregate to Rs. 11,700,000 thousand (30 June 2022: Rs. 6,305,000 thousand) out of which Rs. 5,655,001 thousand (30 June 2022: 4,132,708 thousand) remained unutilised as of reporting date. Facilities are secured by way of pari passu hypothecation charge over Company's present and future current assets.

### 9 Contingencies and Commitments

9.1 There is no significant change in contingencies from the preceding annual audited financial statements of the Company for the year ended 30 June, 2022, except for the following:

a) FBR has issued a show cause notice in respect to a decision of Federal Tax Ombudsman (FTO) regarding short payment of Sales Tax amount to Rs. 6,723 thousand. The matter is still pending for decision by assessing officer. The management and the legal counsel are of the view that this is not a liability of the company and hence no provision has been made in these unconsolidated condensed interim financial statements.

9.2 Commitments in respect of outstanding letters of credit and contracts other than for capital expenditure, are Rs. 1,465,339 thousand (30 June, 2022: Rs 1,359,511 thousand).

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		(Rupees in thousand)	
<b>10</b>	<b>Operating Fixed Assets</b>		
	Opening book value	775,150	777,638
	Add: Additions during the period / year	128,181	118,647
		903,331	896,285
	Less:		
	Deletions during the period / year - at net book value	(26,050)	(29,713)
	Adjustments made during the period / year	(767)	(696)
	Depreciation charge for the period / year	(70,934)	(90,726)
		(97,751)	(121,135)
	Closing book value	805,580	775,150
<b>10.1</b>	<b>Additions during the period</b>		
	- Buildings on freehold land	6,623	1,101
	- Plant and machinery	7,124	26,741
	- Tools and equipment	1,928	3,038
	- Furniture, fixture and office equipment	3,921	7,580
	- Vehicles	105,917	76,144
	- Computers	2,668	4,043
		128,181	118,647
<b>11</b>	<b>Capital Work In Progress</b>		
	Plant and machinery	23,843	10,377
	Office equipment	-	42
		23,843	10,419



		(Un-audited) March 31, 2023	Restated (Audited) June 30, 2022	Restated (Audited) June 30, 2021
	Note	(Rupees in thousand)		
<b>12</b>	<b>Long Term Investments</b>			
	<b>Investments in related parties:</b>			
	In subsidiary undertakings - At cost			
	- Millat Industrial Products Limited - unquoted	57,375	57,375	57,375
	- Tipeg Intertrade DMCC - unquoted 12.1	40,020	40,020	40,020
	- Bolan Castings Limited - quoted	76,610	76,610	76,610
	- Millat Equipment Limited - unquoted	117,000	117,000	117,000
		291,005	291,005	291,005
	Other investment - At fair value through other comprehensive income			
	- Arabian Sea Country Club Limited - unquoted	-	-	-
	- Hyundai Nishat Motors (Pvt.) Limited - unquoted			
	Cost 12.2	3,103,029	1,504,903	1,504,903
	Surplus on fair valuation of investment	2,734,289	2,279,927	4,276,935
		5,837,318	3,784,830	5,781,838
		6,128,323	4,075,835	6,072,843
	<b>Investments other than related parties</b>			
	<b>At fair value through other comprehensive income</b>			
	Baluchistan Wheels Limited - quoted			
	Cost	12,145	12,145	12,145
	Surplus on revaluation of investment	77,396	85,350	89,185
		89,541	97,495	101,330
	TCC Management Services (Private) Limited - unquoted			
	Cost	400	400	400
		6,218,264	4,173,730	6,174,573

### 12.1 Investment held at cost adjustment - restatement

The Company in financial year ended June 30, 2013, acquired 75% investment in TIPEG Intertrade DMCC, a limited liability Company registered with Dubai Multi Commodities Centre Authority, at an amount of AED 1500 thousand equivalent to Rs. 40,020 thousand and recorded this in separate financial statements as investment in subsidiary at cost in accordance with IAS 27. Subsequently, the Company has erroneously treated this investment as a monetary asset and at each reporting period retranslated and recognized exchange gain / loss in respective periods accumulating to Rs. 44,505 thousand as at 30 June 2022 (30 June 2021: Rs. 24,885 thousand). Under the measurement principle of IAS 21 The Effects of Changes in Foreign Exchange Rates, investment in subsidiary is a non-monetary asset and should be translated at the exchange rate of the transaction date.

The Company, considering requirement of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, corrected this error by retrospective restatement whereby the previously recognized exchange gains on the above-mentioned investment have been reversed.

Similarly, exchange gain recorded on the investment during the year ended 30 June 2022, amounting to Rs. 19,620 thousand (30 June 2021: Rs. 4,020 thousand) has also been reversed in statement of

# Notes to the Unconsolidated Condensed Interim Financial Statements

## For the nine months ended 31 March 2023

total comprehensive income and which resulted in decrease in profit for the year ended 30 June 2022 by Rs. 19,620 thousand.

The restatement has impacted the statement of financial position and statement of changes in equity as at and for the year ended 30 June 2022, however, since this error is not considered by management to be material to overall financial statements, therefore, a third statement of financial position is not being presented.

- 12.2** During the period, Hyundai Nishat Motors (Private) Limited issued 159,813 thousand fully paid ordinary shares of Rs. 10 each to the Company against right issue at amount of Rs. 1,598,126 thousand. The Company owns a total of 310,303 thousand fully paid ordinary shares of Rs. 10 each as of 31 March 2023 (30 June 2022: 150,490 thousand fully paid ordinary shares of Rs. 10 each).

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		(Rupees in thousand)	
<b>13</b>	<b>Cash and Bank Balances</b>		
	In hand		
	- Cash	1,803	1,915
	- Cheques	132,907	123,312
	Cash at bank		
	- Current accounts	100,193	132,058
	- Deposits accounts	450,471	1,248,403
		685,374	1,505,688

		(Un-audited) Nine months ended March 31, 2023	(Un-audited) Nine months ended March 31, 2022
		(Rupees in thousand)	
<b>14</b>	<b>Revenue From Contracts with Customers</b>		
	<b>Disaggregation of revenue</b>		
	<b>Timing of revenue recognition</b>		
	<b>Local:</b>		
	Tractors	Point-in-time	26,685,530
	Implements	Point-in-time	37,203,110
	Multi-application products	Point-in-time	103,150
	Trading goods	Point-in-time	331,340
	IFS services	Point-in-time / Over time	1,066,803
		6,624	728,055
		28,193,447	1,629
		38,309,110	
	<b>Export:</b>		
	Tractors	Point-in-time	2,354,311
	Implements	Point-in-time	429,574
	Trading goods	Point-in-time	3,023
	IFS services	Point-in-time / Over time	72,827
		16,398	80,860
		2,446,559	6,077
		516,511	
	Less: Commission	(342,662)	(464,241)
		30,297,344	38,361,380

		(Un-audited) Nine months ended March 31, 2023 (Rupees in thousand)	(Un-audited) Nine months ended March 31, Restated 2022
<b>15</b>	<b>Other Income</b>		
	<b>Income from financial assets</b>		
	Dividend income on long-term investments	244,420	564,497
	Dividend income on mutual funds	–	101,458
	Gain on disposal of short-term investments	–	20,762
	Mark-up on bank deposits	45,026	26,363
	Mark-up on early payments	34,802	50,593
		324,248	763,673
	<b>Income from assets other than financial assets</b>	45,295	22,731
		369,543	786,404

## 16 Transactions with Related Parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. The Company in the normal course of business carries out transactions with various related parties on mutually agreed terms and conditions. The period end balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

		(Un-audited) Nine months ended March 31, 2023 (Rupees in thousand)	(Un-audited) Nine months ended March 31, 2022
<b>Relation with undertaking</b>	<b>Nature of transaction</b>		
Subsidiaries	Purchase of components	5,662,543	6,556,783
	Sale of goods and services	811,812	352,587
	Dividend income	232,875	556,800
Associates	Purchase of components	416,914	474,421
	Sale of goods and services	6,625	4,296
	Dividend income	11,545	7,697
	Contribution to staff retirement benefit plans	23,827	22,454
	Disposal of assets to key management personnel	20,346	–

# Notes to the Unconsolidated Condensed Interim Financial Statements

## For the nine months ended 31 March 2023

16.1 The outstanding balances of such parties are as under:

Relation with undertaking	Nature of balance	(Un-audited)	(Audited)
		March 31, 2023	June 30, 2022
(Rupees in thousand)			
Subsidiaries	Payable to related parties	752,134	692,189
	Receivable from related parties	34	4,044
Associates	Payable to related parties	103,319	65,151
	Receivable from related parties	781	3,789
	Advance against purchases	11,895	3,500

		(Un-audited)	(Audited)
		March 31, 2023	March 31, 2022
(Rupees in thousand)			
<b>17</b>	<b>Cash and Cash Equivalents</b>		
	Cash and bank balances	685,374	649,898
	Short term borrowings	(6,044,999)	(2,459,171)
		(5,359,625)	(1,809,273)

## 18 Operating Segments

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

18.2 Revenue from sale of tractors represents 96% (31 March, 2022: 98%) of the net sales of the Company.

18.3 92% (31 March, 2022: 99%) sales of the Company relate to customers in Pakistan.

18.4 All non-current assets of the Company as at 31 March, 2023 and 30 June, 2022 are located in Pakistan.

## 19 Fair Value of Financial Assets and Liabilities

19.1 Fair value of financial assets measured at fair value through other comprehensive income is derived from quoted market prices in active markets, if available.

19.2 The carrying values of other financial assets and financial liabilities reflected in these unconsolidated condensed interim financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at end of each reporting period.

19.3 Long term investment in the unquoted shares of Hyundai Nishat Motors (Private) Limited (HNMPL) are currently classified as a Level 3 financial asset and measured at fair value on the reporting dates. Due to change in underlying factors, there has been an unrealized gain of Rs 454,362 thousand recognised during the period.

**20 Financial Risk Management**

The Company's financial risk management objective and policies are consistent with those disclosed in the unconsolidated annual audited financial statements for the year ended 30 June, 2022.

**21 Events After The Reporting Date**

The Board of Directors has declared Rs. Nil cash dividend (30 June, 2022: Rs. 20 per share) and Nil% bonus shares (30 June, 2022: 20%) in their meeting held on 20 April, 2023.

**22 Corresponding Figures**

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation, however no significant reclassification has been made except as mentioned below:

Particulars	From	To	30 June 2022
			<b>Rupees in thousand</b>
Advances against vehicle and equipment	Capital work-in-progress	Loans and advances	16,611

**23 Date Of Authorisation For Issue**

These unconsolidated condensed interim financial statements were authorized for issue on 20 April, 2023 by the Board of Directors of the company.


**24 General**

**24.1** Provisions in respect of Worker's Welfare Fund, Worker's Profit Participation Fund, Employees' defined benefit plan, accumulating compensated absences and taxation are estimated and these are subject to final adjustment in the unconsolidated annual audited financial statements.

**24.2** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated



Chief Financial Officer



Director



Chairman



**Consolidated Condensed Interim Financial Statements**

# MILLAT TRACTORS LIMITED

**For the 3<sup>rd</sup> quarter and nine months ended  
March 31, 2023 (unaudited)**

# Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	(Un-audited) December 31, 2023 (Rupees in thousand)	Restated (Audited) June 30, 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
200,000,000 (June 30, 2022: 200,000,000) ordinary shares of Rs. 10/- each		2,000,000	2,000,000
Issued, subscribed and paid up capital		1,278,656	968,679
Reserves		5,976,581	6,968,395
Attributable to owners of the Holding Company		7,255,237	7,937,074
Non-controlling interests		1,017,609	1,084,666
Total equity		8,272,846	9,021,740
<b>Non-current liabilities</b>			
Long term deposits		30,310	28,719
Deferred tax liabilities - net		943,167	796,379
Employees' defined benefit plan		25,092	26,004
Lease liabilities against right-of-use assets		9,511	-
Long term finances - secured	5	1,136,329	69,262
Deferred grant		14,475	18,106
		2,158,884	938,470
<b>Current liabilities</b>			
Accumulating compensated absences		154,396	145,916
Trade and other payables	6	7,982,799	4,895,782
Contract liabilities		2,704,932	6,739,316
Current portion of lease liabilities against right-of-use assets		4,274	1,331
Current portion of long term finances - secured	5	367,189	162,341
Current portion of deferred grant		4,875	8,239
Current portion of long term deposits		787	929
Taxation - net		-	213,667
Unclaimed dividend		397,012	353,895
Unpaid dividend		80,908	55,378
Short term borrowings - secured	7	7,863,284	1,594,845
		19,560,456	14,171,639
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	29,992,186	24,131,849



Chief Financial Officer



Director



	Note	(Un-audited) March 31, 2023 (Rupees in thousand)	Restated (Audited) June 30, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Operating fixed assets	9	1,809,895	1,790,846
Capital work in progress	10	48,153	41,920
		1,858,048	1,832,766
Intangible assets		46,132	52,510
Right-of-use assets		14,207	1,123
Goodwill		18,572	18,572
Investment property		255,708	255,708
Long term investments	11	5,947,327	3,860,070
Long term loans		9,189	3,349
Long term deposits		12,427	12,227
Employees' defined benefit plan		172,523	161,421
		8,334,133	6,197,746
<b>Current assets</b>			
Stores and spares		666,142	601,629
Stock in trade		12,085,491	8,658,755
Trade debts		933,670	405,421
Loans and advances		228,798	205,866
Trade deposits and short term prepayments		153,005	72,952
Other receivables		148,729	96,502
Balances with statutory authorities		5,948,775	5,786,297
Tax refunds due from the Government		477,865	67,743
Short term investments		110,000	283,856
Cash and bank balances	12	905,578	1,755,082
		21,658,053	17,934,103
		29,992,186	24,131,849

The annexed notes 1 to 22 form an integral part of the consolidated condensed interim financial statements.



Chairman

# Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

## For the nine months ended March 31, 2023

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2023	2022	2023	2022
<b>(Rupees in thousand)</b>					
Revenue from contracts with customers - net	13	31,907,828	39,633,657	17,386,431	14,602,945
Cost of sales		(25,501,794)	(30,848,888)	(13,785,934)	(11,303,235)
<b>Gross profit</b>		6,406,034	8,784,769	3,600,497	3,299,710
Distribution and marketing expenses		(954,862)	(825,415)	(398,240)	(318,470)
Administrative expenses		(820,900)	(747,004)	(293,753)	(247,592)
<b>Other operating expenses</b>		(698,932)	(542,005)	(487,206)	(198,172)
		(2,474,694)	(2,114,424)	(1,179,199)	(764,234)
Other income	14	258,656	400,331	94,314	87,266
<b>Operating profit</b>		4,189,996	7,070,676	2,515,612	2,622,742
Finance cost		(1,038,447)	(177,824)	(424,225)	(114,803)
<b>Profit before taxation</b>		3,151,549	6,892,852	2,091,387	2,507,939
Taxation		(878,280)	(1,996,232)	(491,764)	(748,492)
Profit after tax for the period		2,273,269	4,896,620	1,599,623	1,759,447
<b>Other comprehensive income / (loss):</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		12,725	19,512	(34,035)	3,766
Unrealized gain / (loss) on revaluation of investments measured at fair value through other comprehensive income		294,687	(195,075)	(1,618)	(15,704)
		307,412	(175,563)	(35,653)	(11,938)
Total comprehensive income for the period		2,580,681	4,721,057	1,563,970	1,747,509
Attributable to:					
- Equity holders of the Holding Company					
Profit after tax		2,112,744	4,516,437	1,453,769	1,620,939
Other comprehensive income / (loss) for the period		305,189	(172,938)	(26,985)	(6,456)
		2,417,933	4,343,499	1,426,784	1,614,483
- Non-controlling interests					
Profit after tax		160,525	380,183	145,854	138,508
Other comprehensive income / (loss) for the period		2,223	(2,625)	(8,668)	(5,482)
		162,748	377,558	137,186	133,026
		2,580,681	4,721,057	1,563,970	1,747,509
			Restated		Restated
Earnings per share - basic and diluted (Rupees)		17.78	38.29	12.51	13.76

The annexed notes 1 to 22 form an integral part of the consolidated condensed interim financial statements.



Chief Financial Officer



Director



Chairman

# Consolidated Condensed Interim Statement of Changes in Equity

For the nine months ended March 31, 2023

	Issued, subscribed and paid up Capital	Revenue reserves		Capital reserves		Non-controlling interests	Total
		General reserves	Unappropriated profit	Exchange translation reserve	Fair value reserve		
(Rupees in thousand)							
<b>Balance as on July 01, 2021 (audited) - restated</b>	560,578	2,475,309	3,436,642	54,833	3,481,970	1,049,532	11,058,864
Bonus shares issued for the year ended							
June 30, 2021 @ 20% per share	112,116	-	(112,116)	-	-	-	-
Final dividend for the year ended							
June 30, 2021 @ Rs. 50 per share	-	-	(2,802,888)	-	-	-	(2,802,888)
Dividend payment to NCI	-	-	-	-	-	(474,480)	(474,480)
Interim dividend for the year ended							
June 30, 2022 @ Rs. 45/- per share	-	-	(3,027,119)	-	-	-	(3,027,119)
Interim bonus shares issued for the year ended							
June 30, 2022 @ 20% per share	134,539	-	(134,539)	-	-	-	-
Total comprehensive income / (loss) for the nine months ended March 31, 2022	-	-	4,516,437	19,512	(195,075)	377,558	4,718,432
<b>Balance as on March 31, 2022 (unaudited) - restated</b>	807,233	2,475,309	1,876,417	74,345	3,286,895	952,610	9,472,809
<b>Balance as on July 01, 2022 (audited) - restated</b>	968,679	2,475,309	2,758,174	76,325	1,658,587	1,084,666	9,021,740
Bonus shares issued for the year ended							
June 30, 2022 @ 20% per share	193,736	-	(193,736)	-	-	-	-
Final dividend for the year ended							
June 30, 2022 @ Rs. 20 per share	-	-	(1,937,356)	-	-	-	(1,937,356)
Dividend payment to NCI	-	-	-	-	-	(229,805)	(229,805)
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)	-	-	-	-
Total comprehensive income / (loss) for the nine months ended March 31, 2023	-	-	2,112,744	10,502	294,687	162,748	2,580,681
<b>Balance as on March 31, 2023 (unaudited)</b>	1,278,656	2,475,309	1,461,171	86,827	1,953,274	1,017,609	8,272,846

The annexed notes 1 to 22 form an integral part of the consolidated condensed interim financial statements.



Chief Financial Officer



Director



Chairman

# Consolidated Condensed Interim Statement of Cash Flows

For the nine months ended March 31, 2023

Nine months ended  
March 31,

Note	2023	Restated 2022
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,151,549	6,892,852
Adjustment for:		
Depreciation on property, plant & equipment	9 163,738	162,596
Amortization of intangible assets	5,610	9,127
Gain on disposal of short term investments	-	(20,762)
(Reversal) / provision for employee benefits	(3,534)	14,335
Finance cost	1,038,447	177,824
Property, plant and equipment written off	-	(805)
Profit on bank deposits	(61,577)	(26,686)
Dividend income	(11,545)	(668,183)
	1,131,139	(352,554)
<b>Cash flow from operating activities before working capital changes</b>	<b>4,282,688</b>	<b>6,540,298</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares	(64,513)	(9,142)
Stock in trade	(3,426,736)	(2,695,943)
Trade debts	(528,249)	(466,529)
Loans and advances	(22,932)	2,110
Trade deposits and prepayments	(80,053)	(350,294)
Other receivables	(48,346)	(41,683)
	(4,170,829)	(3,561,481)
(Decrease) / Increase in current liabilities:		
Trade and other payables	3,128,632	2,595,598
Contract liabilities	(4,034,384)	(5,033,041)
<b>Cash flow (used in) / generated from operations</b>	<b>(793,893)</b>	<b>541,374</b>
Taxes paid	(1,517,759)	(4,171,980)
Increase in long term loans	(5,840)	(4,875)
Decrease / increase in long term security deposits	1,249	40,553
Mark-up paid	(1,080,062)	(248,971)
	(2,602,412)	(4,385,273)
<b>Net cash used in operating activities</b>	<b>(3,396,305)</b>	<b>(3,843,899)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(219,085)	(114,134)
Proceeds from disposal of property, plant and equipment	30,574	-
Purchase of intangible assets	768	(1,295)
Short term investments redeemed - net	173,856	5,655,398
Long term investment made- net	(1,792,570)	-
Dividend received	11,545	668,183
Profit on bank deposits	61,577	26,686
<b>Net cash (used in) / generated from investing activities</b>	<b>(1,733,335)</b>	<b>6,234,838</b>
<b>Cash flows from financing activities</b>		
Dividend paid to equity holders	(3,031,123)	(5,816,692)
Dividend paid to non-controlling interests	(229,805)	(474,480)
Principal payment against lease liabilities	(4,511)	(3,735)
Long term financing received	1,264,411	(210,195)
Net cash used in financing activities	(2,001,028)	(6,505,102)
<b>Net decrease in cash and cash equivalents</b>	<b>(7,130,668)</b>	<b>(4,114,163)</b>
Cash and cash equivalents at the beginning of the period	160,237	1,186,019
Effect of exchanged rate changes on cash and cash equivalents	12,725	19,512
Cash and cash equivalents at the end of the period	15 (6,957,706)	(2,908,632)

The annexed notes 1 to 22 form an integral part of the consolidated condensed interim financial statements.



Chief Financial Officer



Director



Chairman

# Notes to the Consolidated Condensed Interim Financial Statements

## For the Nine months ended March 31, 2023

### 1. The Group and Its Activities

#### 1.1 Holding Company:

Millat Tractors Limited - the Holding Company is a public limited company incorporated in Pakistan in 1964 under the Companies Act 2017 (repealed Companies Ordinance, 1984), and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Sheikhpura Road, District Sheikhpura. 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 Industrial and Financial Systems (IFS) applications in Pakistan and abroad.

#### 1.2 Subsidiary Companies:

Millat Industrial Products Limited (MIPL), an unlisted public company registered under the Companies Act 2017 (repealed Companies Ordinance, 1984), is a subsidiary of Millat Tractors Limited which holds 64.09% equity. MIPL is engaged in the business of manufacturing of industrial, domestical and vehicular batteries, cells and components.

Tipog Intertrade DMCC, Dubai, a limited liability company registered with Dubai Multi Commodities Centre Authority, is a subsidiary of Millat Tractors Limited which holds 75% 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.

Millat Equipment Limited (MEL), an unlisted public company registered under the Companies Act 2017 (repealed Companies Ordinance, 1984), is a subsidiary of Millat Tractors Limited which holds 45% equity. MEL is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles parts and components thereof.

Bolan Castings Limited (BCL), a public limited company incorporated in Pakistan under the Companies Act 2017 (repealed Companies Ordinance, 1984), and is listed on Pakistan Stock Exchange, is a subsidiary of Millat Tractors Limited which holds 46.26% equity. BCL is engaged in the business of manufacturing of castings for tractors and automotive parts thereof.

### 2. Basis of Preparation

#### 2.1 Statement of compliance

These consolidated condensed interim financial statements of the Group for the nine months ended March 31, 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable for interim financial reporting comprise of :

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of or directives issued under the Companies Act 2017 have been followed.

- #### 2.2
- These consolidated condensed interim financial statements are un-audited and do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2022. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the last annual financial statements.

# Notes to the Consolidated Condensed Interim Financial Statements

## For the Nine months ended March 31, 2023

**2.3** In order to comply with the requirements of the IAS 34, the consolidated condensed interim statement of financial position has been compared with the balances of annual financial statements of the immediately preceding financial year, whereas, the consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cashflows have been compared with the balances of comparable period of the immediately preceding financial year.

**2.4** This interim financial information is un-audited and is being submitted to shareholders, as required under section 237 of the Act.

### **3 Significant Accounting Policies**

**3.1** The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Group for the year ended June 30, 2022, except for the adoption of new and amended standards as set out in note 3.2.

### **3.2 Standards, amendments to published standards and interpretations that are effective in the current period**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2022, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements.

### **3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group**

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, 2023, but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

### **4 Critical Accounting Estimates and Judgments**

The preparation of consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2022.

		(Un-audited)	(Audited)
	Note	March 31, 2023	June 30, 2022
(Rupees in thousand)			
<b>5</b>	<b>Long Term Finances - Secured</b>		
	Long-term loan	1,503,518	231,603
	Current portion shown under current liabilities	(367,189)	(162,341)
	5.1	1,136,329	69,262

	Note	(Un-audited) March 31, 2023 (Rupees in thousand)	(Audited) June 30, 2022	
<b>5.1</b>	<b>The reconciliation of the carrying amount is as follows:</b>			
		231,603	508,436	
		1,427,606	9,931	
		–	(3,646)	
		(163,195)	(309,384)	
		–	(1,491)	
		7,504	27,757	
		1,503,518	231,603	
		(367,189)	(162,341)	
	Closing balance	5.2, 5.3 and 5.4	1,136,329	69,262

- 5.2** This represents amount of loan against facility of Rs 637,500 thousand (2022: Rs 637,500 thousand) under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan (SBP) to mitigate the effect of COVID-19 on employment in Pakistan. The loan is repayable in 8 equal quarterly installments commencing from January 31, 2021 and carries markup from the rate of 0.15% to 0.4% per annum which is payable quarterly. The loan was initially recognized at amortized cost using prevailing market rate of mark-up for similar instruments. The average discount rate used ranges from 7.41% to 8.28% per annum. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant.

In case of Millat Tractors Limited, this facility is secured by first charge on plant and machinery and joint pari passu hypothecation charge over current assets and book debts of the Company, in the case of Bolan Castings Limited it is secured by way of hypothecation of plant and machinery and current assets of the Company, while in the case of Millat Equipment Limited it is secured by way of first charge on plant and machinery of the Company.

- 5.3** This represents amount of loan against facility of Rs 160,000 thousand (June 30, 2022: Rs 160 thousand) obtained under renewable energy finance scheme announced by State Bank of Pakistan (SBP) to promote renewable energy use in Pakistan. The average discount rate used is 11.47% per annum (June 30, 2022: 11.47%). The amount is repayable ranging from 20 to 40 equal quarterly installments starting from September 30, 2021 and carries markup of 2.5% per annum which is payable quarterly. This facility is secured by specific and exclusive charge on the purchased machinery in case of Millat Tractors Limited, and first charge over the current assets of Millat Equipment Limited. The difference between cash received and present value of cash outflows upon initial recognition and subsequent modification has been recognized as deferred grant.

In case of Millat Tractors Limited the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022. The modification is considered to be non-substantial and resulting impacts has been recognized in these financial statements accordingly.

- 5.4** This includes amount of loan against facility of Rs. 1,500,000 thousand (June 30, 2022: Rs Nil) 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 will be reset on the first working day of each calendar quarter, using the rate prevailing on last working day of preceding calendar quarter. This facility is secured by 1st Exclusive Mortgage charge over land of the Millat Tractor Limited factory situated at 9 KM Sheikhpura Road Lahore amounting Rs. 2,000,000 thousand (including 25% margin).

# Notes to the Consolidated Condensed Interim Financial Statements

For the Nine months ended March 31, 2022

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	(Rupees in thousand)	
<b>6 Trade and Other Payables</b>		
Trade creditors	5,244,070	3,271,292
Bills payable	188,969	341,626
Accrued liabilities	280,844	351,471
Trademark fee payable	630,855	290,522
Workers' Profit Participation Fund	418,684	–
Workers' Welfare Fund	134,895	176,109
Security deposits	86,010	16,113
Accrued mark-up	386,559	–
Others	611,913	448,649
	<b>7,982,799</b>	<b>4,895,782</b>

## 7 Short Term Borrowings - Secured

- 7.1** These include running finance facilities which have been obtained by the Group from various financial institutions for meeting working capital requirements of the Group, under mark-up arrangements with aggregate sanctioned limit of Rs. 14,470 million (June 30, 2022: Rs. 9,105 million). The aggregate short term running finance facilities are secured by way of pari passu hypothecation charge over current assets and plant and machinery of the Group.
- 7.2** These also include other facilities for opening letters of credit and guarantees as at March 31, 2023 amounted to Rs. 900 million and Rs. 3.86 million (June 30, 2022: Rs. 900 million and Rs. 3.86 million) respectively out of which the amount unutilized as at March 31, 2023 was Rs. 900 million and Nil (June 30, 2022: Rs. 253.07 million and Rs. Nil) respectively.
- 7.3** These also include a facility for the purpose of discounting invoices accepted by a major customer, to facilitate in managing cash flows of the Group. Total sanctioned limit under the facility is Rs. 200 million (June 30, 2022: Rs. 200 million) out of which, Rs.193.478 million (June 30, 2022: Rs. 170.49 million) was utilized as at the reporting date. The rates of mark-up on this facility range from 13.64% to 17.55% per annum on the discounted invoice amount.
- 7.4** The Group has also obtained finance under Istisna cum Wakala arrangement from a commercial bank amounting to Rs. 75 million (June 30, 2022: Rs. 75 million) and Istisna / Musawammah arrangements from a commercial bank amounting to Rs.100 million (June 30, 2022: Rs. 100 million) . The profit rate on these facilities are 6 months KIBOR plus 2% (June 30, 2022: 6 months KIBOR plus 2%) and 6 months KIBOR plus 1% (June 30, 2022: 6 months 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 million and hypothecation charge over all customer's present and future stocks and book debts with 25% margin respectively. Amount utilized as at March 31, 2023 is Rs. 75 million (June 30, 2022: Rs. 75 million) and Rs. 49.87 million (June 30, 2022: Rs. 98.78 million) respectively.



## 8 Contingencies and Commitments

8.1 There is no significant change in contingencies from the preceding annual audited financial statements of the Group for the year ended June 30, 2022, except for the following:

a) FBR has issued a show cause notice in respect to a decision of Federal Tax Ombudsman (FTO) regarding short payment of Sales Tax amount to Rs. 6,723 thousand to Millat Tractors Limited. The matter is still pending for decision by assessing officer. The management and Legal counsel are of the view that this is not a liability of the company and hence no provision has been made in these unconsolidated condensed interim financial statements.

8.2 Commitments in respect of outstanding letters of credit are Rs. 1,191,113 thousand (June 30, 2022: Rs 2,374,237 thousand).

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		(Rupees in thousand)	
<b>9</b>	<b>Operating Fixed Assets</b>		
	Opening book value	1,790,846	1,793,993
	Add: Additions during the period / year	213,361	251,316
		2,004,207	2,045,309
	Less:		
	Disposals / write offs during the period / year (at book value)	(30,574)	(38,542)
	Depreciation charged during the period/ year	(163,738)	(215,921)
		(194,312)	(254,463)
	Closing book value	1,809,895	1,790,846
<b>9.1</b>	<b>Additions during the period / year</b>		
	- Buildings on freehold land	10,669	2,411
	- Plant and machinery	58,259	93,717
	- Tools and equipments	8,124	16,862
	- Furniture, fixture and office equipment	7,777	8,462
	- Vehicles	125,757	125,200
	- Computers	2,775	4,664
		213,361	251,316
<b>10</b>	<b>Capital Work in Progress</b>		
	Plant and machinery	48,153	41,878
	Advance for factory building improvements	-	42
		48,153	41,920

# Notes to the Consolidated Condensed Interim Financial Statements

For the Nine months ended March 31, 2022

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		(Rupees in thousand)	
<b>11</b>	<b>Long Term Investments</b>		
	Investment - At fair value through other comprehensive income		
	- Arabian Sea Country Club Limited - unquoted	-	-
	- Hyundai Nishat Motors (Pvt.) Limited- unquoted		
	Cost	3,103,029	1,505,303
	Surplus on revaluation of investment	2,734,289	2,279,927
	11.2	5,837,318	3,785,230
	Investment other than related parties - At fair value through other comprehensive income		
	Baluchistan Wheels Limited - quoted		
	Cost	33,995	24,364
	Surplus on revaluation of investment	75,614	50,076
		109,608	74,440
	TCC Management Services (Private) Limited - unquoted		
	Cost	400	400
		5,947,327	3,860,070

**11.2** During the period, Hyundai Nishat Motors (Private) Limited issued 159,813 thousand fully paid ordinary shares of Rs. 10 each to the Company against right issue at amount of Rs. 1,598,126 thousand. The Company owns a total of 310,303 thousand fully paid ordinary shares of Rs. 10 each as of March 31, 2023 (June 30, 2022: 150,490 thousand fully paid ordinary shares of Rs. 10 each).

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		(Rupees in thousand)	
<b>12</b>	<b>Cash and Bank Balances</b>		
	In hand		
	- Cash	3,174	3,048
	- Cheques	132,907	123,312
	Cash at bank		
	- Current accounts	224,007	288,008
	- Deposits accounts	545,490	1,340,714
		905,578	1,755,082

		(Un-audited)	(Un-audited)
		Nine months ended	
		March 31,	
		2023	2022
		(Rupees in thousand)	
<b>13</b>	<b>Revenue From Contracts With Customers - Net</b>		
	Disaggregation of revenue		
	Local:		
	Tractors	Point-in-time	21,022,987
	Implements and tractor components	Point-in-time	3,373,890
	Multi-application products	Point-in-time	331,340
	Trading goods	Point-in-time	248,366
	Batteries	Point-in-time	2,087,985
	Castings	Point-in-time	1,478,432
	IFS services	Point-in-time / Over time	6,624
			28,549,624
			38,216,594
	Export:		
	Tractors	Point-in-time	3,507,643
	Trading goods and tractor components	Point-in-time	73,465
	Implements	Point-in-time	3,023
	IFS services	Point-in-time / Over time	16,398
	Batteries	Point-in-time	116,236
			3,716,765
			1,882,498
	Less: Commission		(358,561)
			(465,435)
			31,907,828
			39,633,657

		(Un-audited)	Restated (Un-audited)
		Nine months ended	
		March 31,	
		2023	2022
		(Rupees in thousand)	
<b>14</b>	<b>Other Income</b>		
	<b>Income from financial assets</b>		
	Dividend income on long-term investments	11,545	7,697
	Dividend income on mutual funds	–	101,458
	Gain on disposal of short-term investments	–	20,762
	Mark-up on bank deposits	61,577	30,848
	Mark-up on early payments	34,802	50,593
		107,924	211,358
	<b>Income from assets other than financial assets</b>	150,732	188,973
		258,656	400,331

# Notes to the Consolidated Condensed Interim Financial Statements

For the Nine months ended March 31, 2022

		(Un-audited) March 31, 2023	(Audited) March 31, 2022
		(Rupees in thousand)	
<b>15</b>	<b>Cash and Cash Equivalents</b>		
	Cash and bank balances	905,578	883,266
	Short term borrowings	(7,863,284)	(3,791,898)
		(6,957,706)	(2,908,632)

## 16 Transactions with Related Parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. The Group in the normal course of business carries out transactions with various related parties on mutually agreed terms and conditions. The period end balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		(Rupees in thousand)	
Retirement benefit plans	Contribution to staff retirement benefit plans	36,619	29,404
Key management personnel	Disposal of vehicles	20,346	-

## 17 Operating Segment Information

### Business segments

For management purposes, the Group is organized into business units based on their nature of business and has three reportable operating segments as follows:

Tractors  
Tractor components  
Castings

No other 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		Other segments		Inter segment eliminations		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Rupees in thousands												
Revenue from contract with customers	30,297,344	38,361,380	3,255,479	4,395,508	1,478,746	2,011,423	3,357,553	2,580,121	(6,481,294)	(7,714,775)	31,907,828	39,633,657
Cost of sales	24,988,127	31,020,684	2,752,578	3,402,193	1,396,093	1,862,606	2,846,230	2,278,180	(6,481,294)	(7,714,775)	25,501,794	30,848,888
Gross profit	5,309,217	7,340,696	502,901	993,315	82,653	148,817	511,283	301,941	-	-	6,406,034	8,784,769
Distribution cost	850,782	734,188	3,707	3,051	37,124	43,077	63,249	45,099	-	-	954,862	825,415
Administrative expenses	523,779	465,502	123,665	130,203	45,919	54,294	127,537	97,005	-	-	820,900	747,004
Other operating expenses	656,465	465,503	21,666	66,189	-	3,044	20,831	7,269	-	-	688,932	542,005
	2,030,996	1,665,193	149,038	199,443	83,043	100,415	211,617	149,373	-	-	2,474,694	2,114,424
Other income	369,543	801,119	87,851	142,869	12,513	19,110	21,624	8,758	(232,875)	(571,515)	258,656	400,331
Operating profit	3,647,764	6,476,622	441,714	936,731	12,123	67,512	321,270	161,326	(232,875)	(571,515)	4,189,996	7,070,676
Finance costs	828,069	92,888	149,484	47,439	57,872	34,486	3,022	3,011	-	-	1,038,447	177,824
Profit before taxation	2,819,695	6,383,734	292,230	889,292	(45,749)	33,026	318,248	158,315	(232,875)	(571,515)	3,151,549	6,892,852
Taxation 692,666	1,682,673	82,130	257,910	18,174	30,506	85,280	15,143	-	-	-	878,280	1,996,232
Profit for the period	2,126,999	4,691,061	210,100	631,382	(63,923)	2,520	232,988	143,172	(232,875)	(571,515)	2,273,269	4,896,620

17.1 Inter segment sales and purchases have been eliminated.

## 17.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
Rupees in thousands												
Segment operating assets												
Non-Current assets	7,517,438	5,462,009	632,902	718,443	312,966	327,826	196,850	164,501	(397,981)	(493,605)	8,315,561	6,179,174
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current Assets	17,772,098	14,604,316	2,788,837	2,382,277	628,993	820,121	1,263,373	985,375	(790,248)	(846,486)	21,658,053	17,994,103
Total Assets	25,289,536	20,066,325	3,421,739	3,080,720	941,959	1,147,947	1,460,223	1,169,876	(1,169,667)	(1,246,861)	29,992,186	24,131,849
Segment operating liabilities												
Non-current liabilities	2,101,101	875,713	117,895	122,346	27,612	28,855	7,801	7,080	(95,525)	(95,524)	2,158,884	938,470
Current liabilities	16,841,979	12,123,350	2,266,554	1,686,185	751,363	890,405	497,341	332,343	(790,248)	(860,645)	19,550,456	14,171,638
Total operating liabilities	18,943,080	12,999,063	2,384,449	1,808,531	778,975	919,260	505,142	339,423	(885,773)	(956,169)	21,719,340	15,110,108

# Notes to the Consolidated Condensed Interim Financial Statements

## For the Nine months ended March 31, 2022

### 18 Fair Value Of Financial Assets and Liabilities

18.1 Fair value of financial assets measured at fair value through other comprehensive income is derived from quoted market prices in active markets, if available.

18.2 Long term investment in the unquoted shares of Hyundai Nishat Motors (Private) Limited (HNMPL) are currently classified as a Level 3 financial asset and measured at fair value on the reporting dates.

18.3 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 end of each financial year. Due to change in underlying factors, there has been an unrealized gain of Rs 454,362 thousand recognised during the period.

### 19 Financial Risk Management

The Group's financial risk management objective and policies are consistent with that disclosed in the consolidated annual audited financial statements for the year ended June 30, 2022.

### 20 Events After Balance Sheet Date

The Board of Directors of the Holding Company has declared Rs. Nil cash dividend (June 30, 2022: Rs. 20 per share) and Nil% bonus shares (June 30, 2022: 20%) in their meeting held on April 20, 2023.

### 21 Date of Authorisation

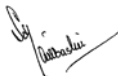
This condensed interim financial information was authorized for issue on April 20, 2023 by the Board of Directors of the Holding Company .

### 22 Corresponding Figures

Corresponding figures have been re-arranged / restated, wherever necessary, for the purpose of comparison. However, no significant re-arrangements / restatements have been made.



Chief Financial Officer



Director



Chairman





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