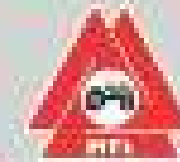


# Attaining new heights

Annual Report 2018



**MILLAT TRACTORS LIMITED**  
Annual Report 2018

Attaining new heights

MILLAT TRACTORS LIMITED



**MILLAT TRACTORS LIMITED**

Regional Office: Sheikhupura Road, Lahore  
Phone: (92) 42 3911021-25 (5 Lines)  
UAN: 111 903 996





Rs.120/-

DIVIDEND  
PER SHARE

Rs.120.43/-

EPS

### ATTAINING NEW HEIGHTS

At Millat, we believe that perpetual optimism is a great multiplier. Believing in this motto and striving for the best, we have achieved what no other tractor assembler has achieved in Pakistan:  
Highest ever production and sales in a financial year.

Touching multiple facets of life including but not limited to agriculture, construction, haulage and ancillary activities such as water pumping and power generation, Millat Tractors Limited has always been at the forefront of not only embracing change, but contributing towards the overall prosperity of the nation.

Our journey continues on this path and we have set our sights on new horizons.

**Rs. 5.3  
Billion**

**NET PROFIT  
AFTER TAX**

**Rs. 35.5  
Billion**

**NET REVENUES**

**42,708**

**TRACTORS SOLD**





# CHRONICLES

1964

Company established  
CBU Import (MF Tractors)

1982

Inauguration of Engine  
Assembly Plant- (Perkins  
Engines)

1993

Bolan Castings Ltd  
Buyout

2002

Quality Management  
System Upgraded to ISO  
9001:2000

1965

Assembly of tractors  
from SKD

1984

Inauguration of  
Machining Plant

1994

Mass Production  
of Generating Sets.

2002

Millat Industrial Products  
Ltd established.

1972

Nationalization

1990

Perkins distributor  
Agreement

1994

Millat Equipment Ltd  
established.

2011

Highest tractor  
production of 42,188  
and sale of 42,011 units  
of the decade

1973

Licensing and transfer of  
Technology Agreement  
with MF, UK

1992

Privatization through  
Employee Buyout

1998

ISO 9002 Certification  
Achieved.

2012

TIPEG Inter-trade DMCC,  
UAE established

1973

Licensing and transfer of  
Technology Agreement  
with Perkins, UK

1992

Inauguration of New Tractor  
Assembly Plant ( MF Design)

2000

Licensing Agreement – Heli  
Forklift Trucks (China)

2015

Export Agreement with  
AGCO

2017

- Business Partnership Agreement with IFS
- Launch of Emission Compliant Euro II Engines

2018

- Diversification by investment in Hyundai Nishai Motors (Pvt) Limited.
- Highest ever sales of 42,708 and production of 42,507 units achieved till date



Millat Tractors Ltd (MTL) is Pakistan's leading engineering company in the automobile sector, an ISO 9001:2015 certified company for its Assembly Plants of Tractors, Engines, Industrial and Agricultural Products.

Asia's Best 200 under a Billion Dollar Companies (Forbes Global)

16th Largest company with exceptional performance in global tractor manufacturing industry (Plimsoll UK)

Achieved FPCCI Award in Tractor & Agriculture Implements Sector 2015

31st, 32nd and 33rd Corporate Excellence Award by MAP

Declared 2nd Best Company in PSX Top 25 Companies Awards

Brand of the year Award, 2016 (Tractors) by Brands Foundation Pakistan

Production Capacity More than 30,000 Tractors per annum with double shift capacity.

Pioneer in farm mechanization

Indigenization Level: Around 90%

Market Leader with over 60% Market Share

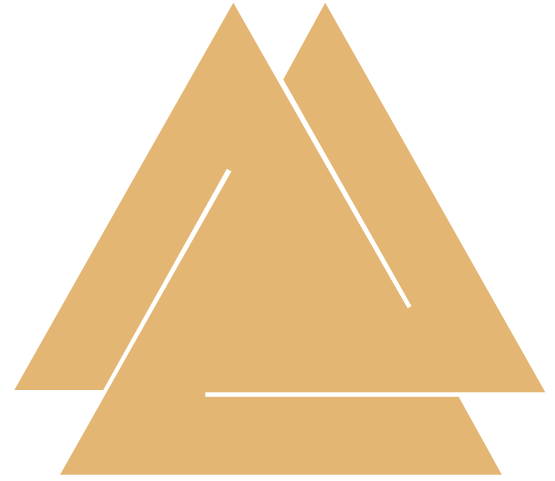




# FINANCIAL HIGHLIGHTS

	Sales Revenue Rs. in Million	Profit After Tax Rs. in Million	Number of Outstanding Shares(000's)	Earnings per Share- Basic and Diluted Rs.
2018	<b>38,517</b>	<b>5,334</b>	<b>44,293</b>	<b>120.43</b>
2017	30,014	4,258	44,293	96.12
	Dividend Rs. / Share	Dividend Payout Percentage	Long Term Investments Rs. in Million	Total Current Assets Rs. in Million
2018	<b>120.00</b>	<b>99.64</b>	<b>709.3</b>	<b>14,876</b>
2017	95.00	98.83	484	15,622
	Shareholders Equity Rs. in Million	Return on Capital Employed Percentage	Current Ratio Times	Debt : Equity Ratio Times
2018	<b>5,655</b>	<b>96.49</b>	<b>1.37:1</b>	<b>0:100</b>
2017	5,750	76.42	1.38:1	0:100
	Market Capitalization (Year End) Rs. in Million	Market Capitalization (Year End) US\$ in Million	Price to Earning Ratio Times	Net Assets per Share Rs.
2018	<b>52,623</b>	<b>433</b>	<b>9.86</b>	<b>127.67</b>
2017	60,878	580	14.30	129.82

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# Vision

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



# Mission

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





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### CHAIRMAN

Mr. Sikandar Mustafa Khan

#### CHIEF EXECUTIVE

Mr. S M Irfan Aqeel

#### DIRECTORS

Mr. Latif Khalid Hashmi

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mr. Mian Muhammad Saleem

Mr. Ahmed Aqeel

Mr. Saad Iqbal

### COMPANY SECRETARY

Mr. Muhammad Faisal Azeem

### CHIEF FINANCIAL OFFICER

Mr. Sohail A. Nisar - FCA

### AUDITORS

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

### LEGAL ADVISORS

Akhtar Ali & Associates  
Ch. Law Associates Inn

### COMPANY SHARE REGISTRARS

M/s Hameed Majeed  
Associates (Pvt.) Ltd.  
1st Floor, H.M. House, 7-Bank Square,  
Lahore.

Tel: 042-37235081-82

Fax: 042-37358817

shares@hmconsultants.com



## BANKERS

Bank Alfalah Ltd.  
Habib Bank Ltd.  
MCB Bank Ltd.  
Standard Chartered Bank  
United Bank Ltd.  
Allied Bank Ltd.  
Meezan Bank Ltd.

## REGISTERED OFFICE & PLANT

Sheikhupura Road, Disst. Sheikhupura  
Tel: 042-3791121-25  
UAN: 111-200-786  
Fax: 042-3794166, 37925835  
Website: [www.millat.com.pk](http://www.millat.com.pk)  
E-mail: [info@millat.com.pk](mailto:info@millat.com.pk)

## REGIONAL OFFICES

### KARACHI

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

### ISLAMABAD

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

### MULTAN CANTT.

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

### SUKKUR

A-3, Professor Housing Society,  
Shikarpur Road,  
Tel: 071-5633042, Fax: 071-5633187

# BOARD OF DIRECTORS



Mr. Sikandar Mustafa Khan  
Chairman



Mr. Sohail Bashir Rana  
Director



Mr. Laeeq Uddin Ansari  
Director



Mr. Latif Khalid Hashmi  
Director



Mr. S M Irfan Aqeel  
Chief Executive



Mr. Mian Muhammad Saleem  
Director



Mr. Ahmed Aqeel  
Director



Mr. Saad Iqbal  
Director

# BOARD COMMITTEES

## HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & R)

- |    |                          |          |
|----|--------------------------|----------|
| 1. | Mr. Saad Iqbal           | Chairman |
| 2. | Mr. Laeeq Uddin Ansari   | Member   |
| 3. | Mr. Mian Muhammad Saleem | Member   |

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

- i) Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors).
- ii) Recommending human resource management policies to the board.
- iii) Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of CFO, Company Secretary and head of Internal Audit.

## BOARD'S COMMITTEE FOR GROUP SUPERVISION (BCGS)

- |  |                           |          |
|--|---------------------------|----------|
|  | Mr. Sikandar Mustafa Khan | Chairman |
|  | Mr. Latif Khalid Hashmi   | Member   |
|  | Mr. Sohail Bashir Rana    | Member   |
|  | Mr. Laeeq Uddin Ansari    | Member   |
|  | Mr. Mian Muhammad Saleem  | Member   |

The Board Committee for Group Supervision is responsible for reviewing over all business performance, major projects including new investment of group companies.

## FINANCE COMMITTEE

- |    |                          |          |
|----|--------------------------|----------|
| 1. | Mr. Latif Khalid Hashmi  | Chairman |
| 2. | Mr. Laeeq Uddin Ansari   | Member   |
| 3. | Mr. S M Irfan Aqueel     | Member   |
| 4. | Mr. Mian Muhammad Saleem | Member   |

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

- i) Product(s) pricing including tractors:
- ii) Investment/disinvestment of funds:
- iii) Procurement/import of raw materials:
- iv) Capital Expenditure:
- v) Review Budget proposals prior to finalization.
- vi) Approval of Travelling Abroad up to Executive Grade
- vii) Retainership (approval and fixation of compensation).
- viii) Any matter(s) brought to the notice of committee for consideration.

## MARKETING COMMITTEE

- |    |                          |          |
|----|--------------------------|----------|
| 1. | Mr. Sohail Bashir Rana   | Chairman |
| 2. | Mr. S M Irfan Aqueel     | Member   |
| 3. | Mr. Mian Muhammad Saleem | Member   |

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

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

The Chairman of Board shall monitor the committees.

## AUDIT COMMITTEE

- |    |                         |          |
|----|-------------------------|----------|
| 1. | Mr. Saad Iqbal          | Chairman |
| 2. | Mr. Latif Khalid Hashmi | Member   |
| 3. | Mr. Sohail Bashir Rana  | Member   |

The terms of reference are as per Code of Corporate Governance.





# MANAGEMENT COMMITTEES





# MANAGEMENT COMMITTEES

## 1. BUSINESS DEVELOPMENT & REVIEW COMMITTEE

Chief Executive	Chairman
DGM Production	Member
G.M Marketing	Member
Chief Financial Officer	Member

The Business Development Committee is responsible for preparing a plan for the future growth, expansion and new projects of the Company and shall forward its recommendations to the group performance review committee.

## 2. BUSINESS STRATEGY COMMITTEE

Chief Executive	Chairman
Chief Financial Officer	Member
GM Marketing	Member

The Business Strategy Committee is responsible for preparing the strategic plan and execution/ implementation of the decisions of group performance review committee.

## 3. MANAGEMENT CO-ORDINATION COMMITTEE

Chief Executive	Chairman
All Department Heads	Member
Chief Financial Officer	Member

The Management Co-ordination Committee plays an active participative role in all operational and functional activities of the business to achieve targets and formulates strategies to ensure greater depth in decision making on important issues.

## 4. SYSTEMS & TECHNOLOGY COMMITTEE

GM Information Technology	Chairman
Chief Financial Officer	Member

The Systems & Technology Committee is responsible for developing and implementing an IT strategy for the Company. The Committee oversees the automation of processes and systems in line with

latest technology. The Committee is also responsible for development of contingency and disaster recovery plan.

## 5. SAFETY COMMITTEE

Sr. Mgr. Admin, Purchase & IR	Chairman
DGM Production	Member
Sr. Mgr. Service	Member
DGM Mfg & Maintenance	Member

The Safety Committee reviews and monitors Company safety practices. It oversees the safety planning function of the Company and is responsible for safety training and awareness initiatives.

## 6. RISK MANAGEMENT COMMITTEE

Chief Financial Officer	Member
DGM Engineering	Member
GM Marketing	Member

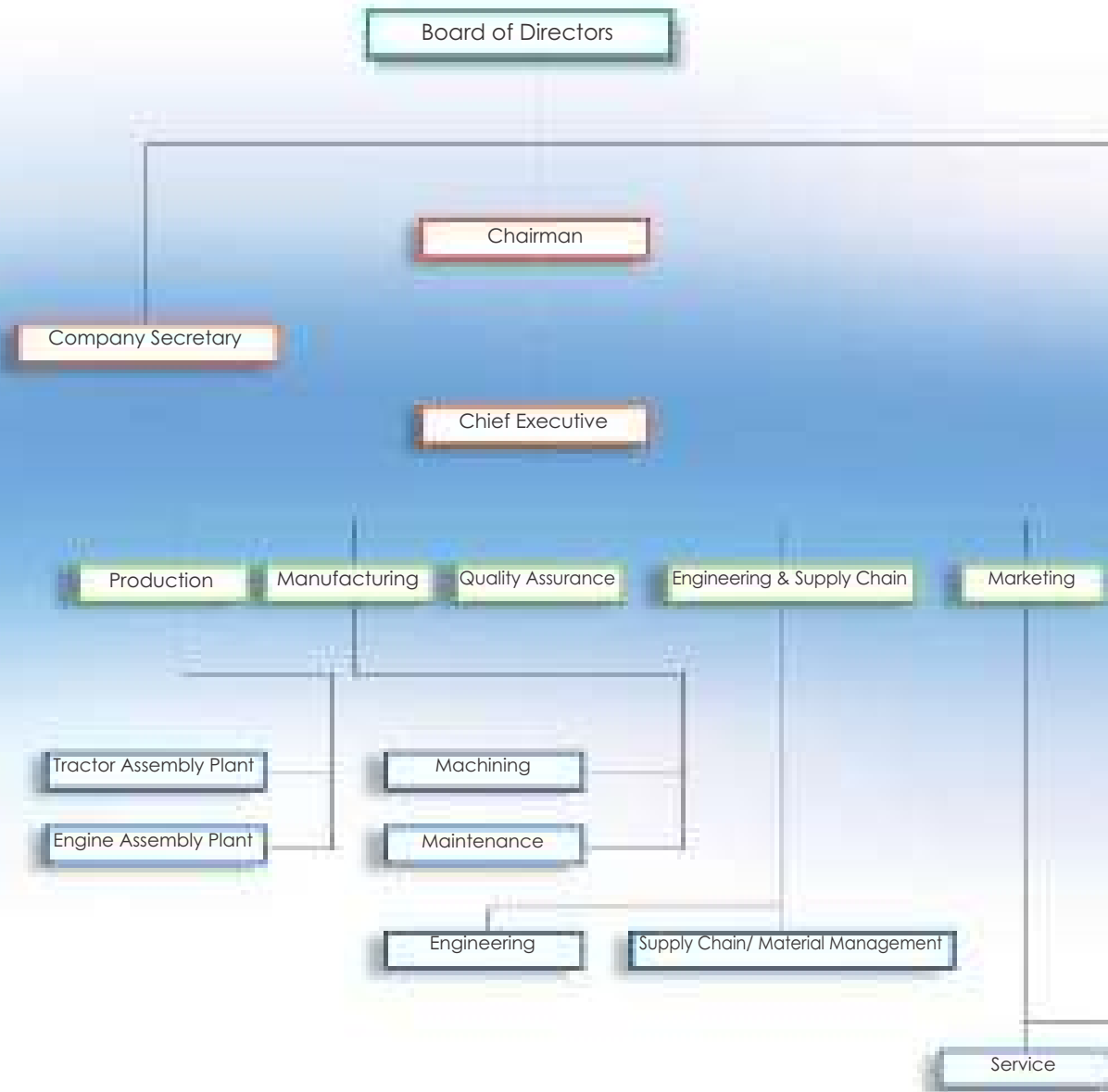
The Risk Management Committee is responsible for ensuring that procedures to identify and continuously update risks are in place. The Committee oversees the process of assessment of the possible impact and likelihood of occurrence of identified risks. The committee is also responsible for formulating a risk management response to effectively address and manage risks.

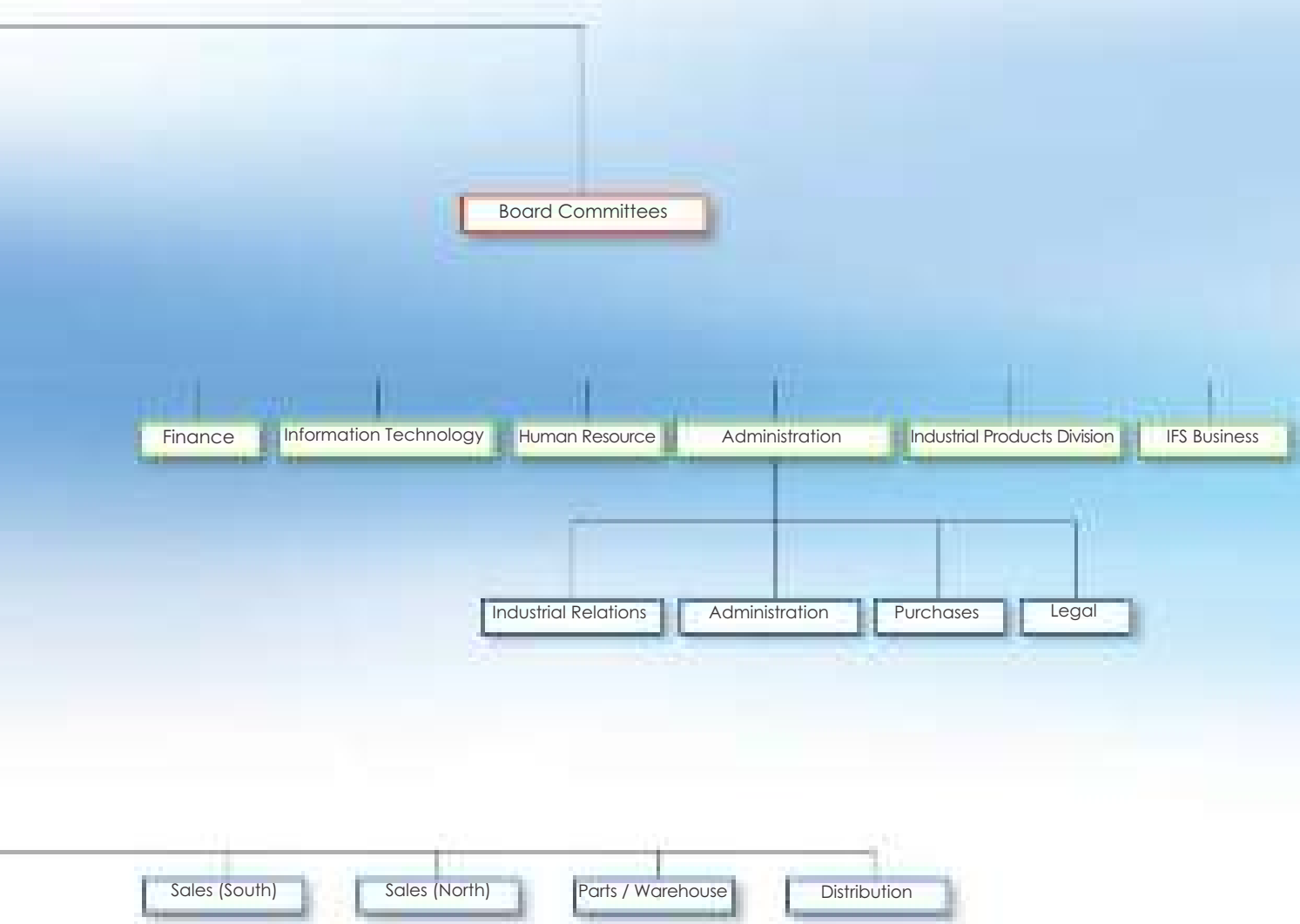
## 7. ENVIRONMENTAL COMMITTEE

Sr. Mgr. A&P	Chairman
Manager IR	Member

The Environmental Committee is responsible to ensure environment friendly operations, products and services. It establishes objectives & targets for continual improvement in resource conservation by waste control and safe operating practices. It promotes environmental awareness to all employees and community.

# ORGANIZATION STRUCTURE





## OBJECTIVES & STRATEGIC PLANNING

### OBJECTIVES

Constantly endeavour to be market leader in terms of market share and technology pace-setters in areas of operations and to continuously improve efficiency and competitive strength. To offer customers quality products and support services at competitive prices and to their satisfaction.

By continuously improving performance, aim to generate earnings sufficient to ensure a secure future for the Company and to protect and increase shareholders' return. To enhance creativity and job satisfaction, provide employees opportunity for personal development. Be an integral part of national economy with a strong sense of responsibility to society and the environment.

### STRATEGIC PLANNING

To make optimum use of ancillary industry in Pakistan to maximize indigenization of tractor parts and farm equipment. To create in-house plant facilities for manufacture of components for tractors and other agricultural machinery which cannot be fabricated by the ancillary industry, where investments required are heavy or where technology involved is intricate.

MTL will maintain a strong R&D Department to provide technical assistance to local manufacturers and for product development. Ensure customer satisfaction by providing quality products at competitive prices which warranty coverage and ensuring after sale service.





# CODE OF CONDUCT

The Company's Code of Conduct conforms to the Millat Group 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.

Every employee of the Company will ensure that he/she:

- Will not engage in any activity that might create a conflict of interest for him/her or MTL. Conflict of interest shall be disclosed where it exists and guidance sought.

- Will not take advantage of his/her position for personal gain through the inappropriate use of Company name or non-public information or abuse his position.
- Will refrain from insider trading.
- Will follow all restrictions on use and disclosure of information. This include protecting Company's information and ensuring that non-company proprietary information is used and disclosed only as authorized by the owner of the information or as otherwise permitted by law and abide by the employee non-disclosure & confidentiality undertaking already signed by him/her.
- Will observe fair dealing in all of his/her transactions and interactions.
- Will protect all assets of the Company and use them only for appropriate Company-approved activities.
- Without exception, will comply with all statutory applicable laws, regulations, company policies and rules etc.



# CORE VALUES

- Our Customers are our first priority.
- Profitability for the prosperity of our stakeholders that allows us to constantly invest, improve and succeed.
- Corporate Social Responsibilities to Enrich the Lives of community where we operate.
- Recognition and Reward for the talented and high performing employees
- Excellence in every thing we do.
- Integrity in all our dealings.
- Respect for our customers and each other.





# SAFETY, HEALTH & 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 & guarded properly to avoid any type of accident causing injury to the employees as well as to the machinery.

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

All the employees are insured under Group Life Insurance Scheme.

Regular safety inspections are carried out to improve the preparedness.

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

## HEALTH POLICY

All employees are covered in health insurance scheme. Necessary assistance is available at factory to meet any emergency requirement.

## 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.



# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 55<sup>th</sup> 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 Tuesday October 30, 2018 at 4:00 P.M to transact the following business:

## A. ORDINARY BUSINESS

- 1) To confirm minutes of the Extra Ordinary General Meeting held on March 21, 2018.
- 2) To receive, consider and adopt the audited accounts of the Company and the Group for the year ended June 30, 2018 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
- 3) To approve final cash dividend of Rs. 60.00 per share i.e., 600% in addition to the interim dividend of Rs. 60.00 per share i.e., 600% already paid making a total cash dividend of Rs. 120.00 per share i.e., 1200%.
- 4) To appoint auditors and fix their remuneration for the year ending June 30, 2019.
- 5) To elect seven directors of the Company for a period of three years. The retiring directors are M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, Saad Iqbal and Ahmed Aqeel.

As resolved by the Board in its meeting held on September 12, 2018 the number of Directors to be elected shall be seven of which one male independent and one female independent directors are proposed to be elected.

## B. SPECIAL BUSINESS

- 6) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2018 by passing the following special resolution with or without modification.

"Resolved that the following transactions conducted with Related Parties for the year ended June 30, 2018 be and are hereby ratified, approved and confirmed."

2018 (AMOUNTS IN RUPEES)

NAME(S)	PURCHASES	SALES
MILLAT EQUIPMENT LIMITED	4,232,451,712	312,053
BOLAN CASTINGS LIMITED	2,121,798,392	10,052,874
MILLAT INDUSTRIAL PRODUCTS LIMITED	289,358,930	149,250
TIPEG INTERTRADE DMCC	441,044,201	373,057,252
<b>TOTAL</b>	<b>7,084,653,235</b>	<b>383,571,429</b>

- 7) To authorize Chief Executive of the Company to approve transactions with Related Parties for the year ending June 30, 2019 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 the transactions with Related Parties during the period from July 01, 2018 till the next Annual General Meeting of the Company."

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

- 8) To consider, adopt with or without modification the following special resolution to amend Article 96(3) of the Articles of Association of the Company.

"Resolved that Article 96(3) be and is hereby substituted as under:-

The qualification of an elected Director shall be the holding of shares in the Capital Of the Company of the face value of Rs.25,000/- provided that qualification of an elected independent director as defined in Companies Act, 2017 shall be holding at least one share in the Capital of the Company of the face value of Rs.10/-. A Director may act before acquiring qualification."



- 9) 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, 2018 subject to their election as directors."

### C. ANY OTHER BUSINESS

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

Lahore:

October 04, 2018

By order of the Board

Muhammad Faisal Azeem  
Company Secretary

### NOTES

1. The share transfer books of the Company will remain closed from October 24, 2018 to October 30, 2018 (both days inclusive) and no transfer will be accepted during this period. Transfers received, complete in all respect by the Shares Registrar, M/s. Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore by the close of business on October 23, 2018 will be considered in time for the purpose of payment of final cash dividend and for the purpose of attending and voting at the meeting.
2. A member entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
3. Members, who have deposited their shares into Central Depository Company of Pakistan will further have to follow the under mentioned guidelines.

#### A. Attending of Meeting in Person:

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

#### B. Appointment of Proxies:

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC/original passport at the time of the meeting.
- v) 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. Filing of Consent for Election of Directors

As required u/s 159(3) of Companies Act, 2017, any member who seeks to contest an election to the office of a director, shall whether he/ she is retiring director or otherwise, file with the Company, not later than fourteen days before the date of meeting at which elections are to be held, a notice of his/her intention to offer himself/herself for election as a director along with consent to act as a director in form 28, duly completed as required under section 167(1) of the Companies Act, 2017; and a detailed personal profile along with office address for placement on to the Company's website in accordance with SECP's SRO No.634(I)/2014 dated July 10, 2014.

The following declaration should also be furnished as required under the Code of Corporate Governance and Listing Regulations of the Stock Exchange, I hereby declare that:

- a) I am not serving as a director on the Boards of more than five (05) listed companies.
- b) I am a registered tax payer and my National Tax No. is -----.
- c) I have never been declared defaulter in payment of any loan to banking company, a Development Financial Institution or a Non Banking Financial Institution.
- d) Neither I nor my spouse has ever been engaged in the business of "Stock Brokerage" in any Stock Exchange.

#### 5. Video Conference Facility

As per Companies Act, 2017, 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. E-voting

Pursuant to SECP S.R.O No. 254(I)/2018 dated February 22, 2018 members may also exercise their right to vote through e-voting

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. Hameed Majeed Associates (Pvt.) Limited, 1<sup>st</sup> Floor, H.M. House, 7-Bank Square, Lahore. 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. A notice of the foregoing seeking information from shareholders for payment of dividend through electronic mode was sent earlier. The shareholders who have not submitted their details are now once again requested to provide their folio number, name and details of bank account consisting of bank name, branch name, branch code, Account number, Title of Account and IBAN in which they desire their dividend to be credited, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same at the earliest possible.

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

10. Deduction of Tax from Dividend Income

The Government of Pakistan has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:

- (a) For filers of income tax returns 15.00%
- (b) For non-filers of income tax returns 20.00%

To enable the Company to make tax deduction from cash dividend @15.00% instead of 20.00% all the members whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of cash dividend, otherwise tax on their dividend will be deducted @ 20.00% instead of 15.00%.

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

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

The above required information must be provided to Share Registrar, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s)

For any further query/problem/information, the investors may contact the Company Share Registrar: M/s. Hameed Majeed Associates (Pvt.) Limited, 1<sup>st</sup> Floor, H.M. House, 7-Bank Square, Lahore, Phone: 042-37235081-82, e-mail address: shares@hmaconsultants.com Fax: 042-37358817. The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or the Shares Registrar. The shareholders while sending NTN certificates, must quote company name and their respective folio numbers.

Valid Tax Exemption Certificate for Exemption from Withholding Tax

A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Income Tax Ordinance, 2001 and wish to seek an exemption must provide a copy of their valid tax

exemption certificate to the Shares Registrar prior to the date of book closure otherwise tax will be deducted according to applicable law.

#### 11. E Dividend Registration

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

#### 12. Placement of Accounts on website

The financial statements of the Company for the year ended June 30, 2018 along with reports have been placed at the website of the Company [www.millat.com.pk](http://www.millat.com.pk).

#### 13. Transmission of Annual Financial Statements through email

The Securities and Exchange Commission of Pakistan vide SRO 787(1)/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.

#### 14. Transmission of Annual Financial Statements through CD/DVD/USB

SECP through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and directors' report etc to its members through CD/DVD/USB at their registered addresses. In view of the above the Company has sent its Annual Report-2018 to the shareholders in the form of CD. Any Member can send request for printed copy of the Annual Report-2018 to the Company on standard request form placed on its website.

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

#### AGENDA ITEM NO.6

##### Related Party Transactions (RPTs)

The Related Party Transactions conducted with group companies had to be approved by the Board duly recommended by the Audit Committee periodically pursuant to clause 15(1) of the Code of Corporate Governance. However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the group companies, the quorum of directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017 and therefore, these transactions have to be approved by the shareholders in 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.

- a. Availability of state of the art production facilities.
- b. Advanced Technical Know How.



- c. Dedicated production facilities.
- d. Elaborated testing facilities for MTL.
- e. Smooth supply chain

The Company has the following equity in the Subsidiary Companies.

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

The common directors have the following shareholding in the associated companies.

Sr. No.	Name of Director(s)	BCL	MEL	MIPL	TIPEG
		No. of Shares	No. of Shares	No. of Shares	No. of Shares
1	Mr. Sikandar Mustafa Khan	166,369	1,625,001	543,750	100
2	Mr. Latif Khalid Hashmi	32,270	1,625,001	362,500	100
3	Mr. Sohail Bashir Rana	144,359	1,708,951	362,500	100
4	Mr. Laeeq Uddin Ansari	3,120	2,004,001	362,500	100
5	Mian Muhammad Saleem	2,993	600,001	200,000	100
6	Syed Muhammad Irfan Aqueel	-	100,000	-	-
	<b>Total</b>	349,111	7,662,955	1,831,250	500
	PERCENTAGE OF SHAREHOLDING	3.043%	29.47%	20 %	25 %

In the last Annual General Meeting, the share holders 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 are being placed before the shareholders for final approval/ratification.

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

#### AGENDA ITEM NO.7

##### Authorization to CEO For Related Party Transactions (RPTs)

The Company shall be conducting Related Party Transactions (RPTs) with subsidiary companies during the year ending June 30, 2019 in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the subsidiary companies. Therefore these transactions with subsidiary companies have to be approved by the shareholders.

In order to ensure smooth supply during the year, the shareholders may authorize the Chief Executive to approve transactions with subsidiary companies on case to case basis for the period from July 01, 2018 to Next AGM The summary of commercial reasons, nature and scope of RPTs is explained above. However, these transactions shall be placed before the shareholders in the next AGM for their approval/ratification.

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

**AGENDA ITEM NO.8**

**1) Amendment in Articles of Association**

Comparative Analysis	
Existing Article	Amended Article
<p>The qualification of an elected Director shall be the holding of shares in the Capital Of the Company of the face value of Rs.25,000/-. A Director may act before acquiring qualification.</p>	<p>The qualification of an elected Director shall be the holding of shares in the Capital of the Company of the face value of Rs. 25,000/- <b><u>provided that qualification of an elected independent director as defined in Companies Act, 2017 shall be holding at least one share in the Capital of the Company of the face value of Rs. 10/-.</u></b> A Director may act before acquiring qualification.</p>

**Reasons for change**

Article 96(3) of the Articles of Association of the Company is being amended to facilitate the election of independent directors by fixing the minimum qualification shares for them.

**Statement by the Board**

The aforesaid amendment has been approved by the Board of Directors in their meeting held on August 27, 2018 and is in line with the applicable provisions of the law and regulatory framework.

A copy of the amended Articles of Association is available with the Company Secretary for inspection by the members.

The Directors are interested in the resolution to the extent of qualification shares to be acquired by them after their election.

**AGENDA ITEM NO.9**

**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. 20.00 million |
| 2. Mr. Sohail Bashir Rana    | Rs. 15.00 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 dependants.

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.

**SELECTION OF INDEPENDENT DIRECTORS**

As per Section 166 (1) read with clause 6(1) and 7 of Listed Companies (Code of Corporate Governance) Regulations, 2017, the company has selected following two candidates( one male and one Female to be elected under section 159 of the Companies Act, 2017 in this AGM) from the data bank maintained by the institute duly authorized by SECP.

The names of directors selected and justification for their selection as required under section 166(3) is as under:-

1. Mr. Saad Iqbal
2. Ms. Ambreen Waheed

**Mr. Saad Iqbal** is associated with Millat Tractors Limited since last two elections as Independent director. He is a young, confident, dynamic, enthusiastic, educated and self motivated person to take entrepreneurial challenges easily. Graduated from the Curry College, USA in the year 2007 in international Communication as major. Mastered from the Kingston University, UK in the year 2009 in Financial Resource Management, Operation Management, Marketing, international Financial Markets and International Business strategy as major. Besides above Mr. Iqbal has also obtained certificates in Finance for Non - Financial Managers from "LUMS" in the year 2011, Capital Markets and Finance from "KSBL", in the year 2011 and Financial Modeling from "IBA" in the year 2012.

**Ms. Ambreen Waheed** is MSC Computer Science, MPhil Management Studies from University of Cambridge, UK and is a Visiting Professor at Wharton Business School (USA), ESSEC Business School (France), LUMS (Pakistan). She is Founder & Advisor Responsible Business Initiative, Director Global Responsibility BSP Stora Enso JV (former), Chair SAFORB- South Asia Forum on Responsible Business, Core Group member PRME (Principles of Responsible Management Education) Anti-Corruption & Poverty Alleviation



She is globally recognized and among the pioneers of Corporate Citizenship, Sustainability and Workplace Process Integrity. Founder Responsible Business Initiative (RBI), a citizen sector enabler dedicated to Responsible Entrepreneurship and Information Communication Technology. Co-founder & Chair South Asia Forum on Responsible Business (SAFORB), the region's representative network of citizen-sector organizations. Assessing and mitigating Risks related to Responsible Business through coherent and effective engagement with all stakeholders, developing and Steering Environmental, Social, Ethical and Eco-Efficiency initiatives around Company and its Supply chains.

Ms. Ambreen has served on: the Board Nominating Committee of Global Reporting Initiative (GRI) Netherland; the Steering Board UN Global Compact in Pakistan; the Securities and Exchange Commission of Pakistan (SECP) Governance Taskforce; Board of Trustees–Asia-Pacific Roundtable on Sustainable Consumption & Production (APRSCP); Founding member of Asia-Pacific CSR Centers Group; the South Asia Alliance for Responsible Business (SAARB) and the Asian Forum on CSR; Fair-trade Pakistan; and the Globally Responsible Leaders Initiative of the UN Global Compact (US) & EFMD (Europe).



## 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.

You will be happy to learn that your company has achieved an historic landmark of highest ever tractor sales and profits. This humungous milestone could not have been possible without effective governance by the Board, dedication of employees and continued support from our external stakeholders.

### Governance role of the Board Composition and dynamics of the Board

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

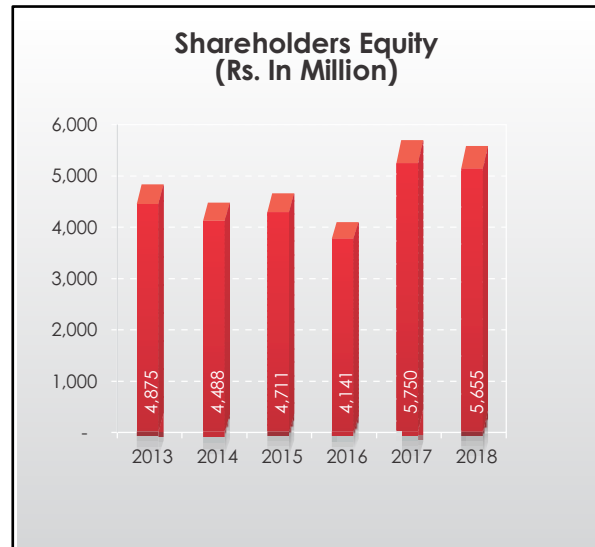
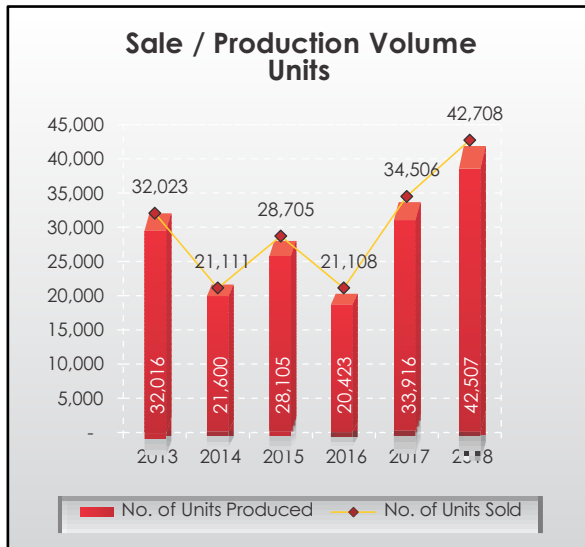


The composition of the Board is given below:

∩	Independent Directors:	01
∩	Executive Directors:	01
∩	Other Non-Executive Directors:	06

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

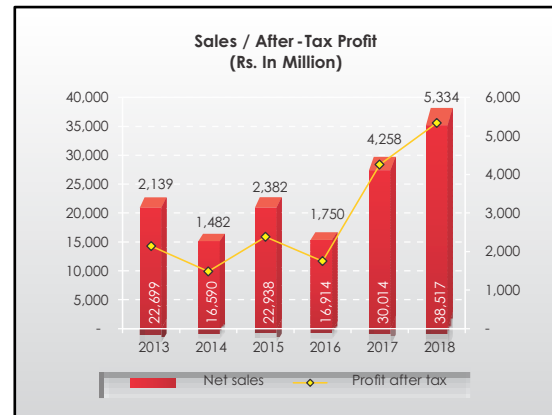
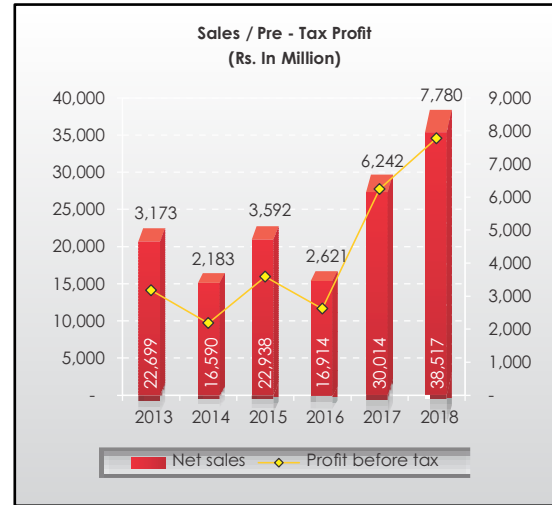


## Board Evaluation

As required vide regulation 10 (3) (v) of the Code of Corporate Governance, a mechanism consisting of a comprehensive questionnaire was circulated to all directors of the Board for evaluation of performance of Board of Directors. The key areas covered included:

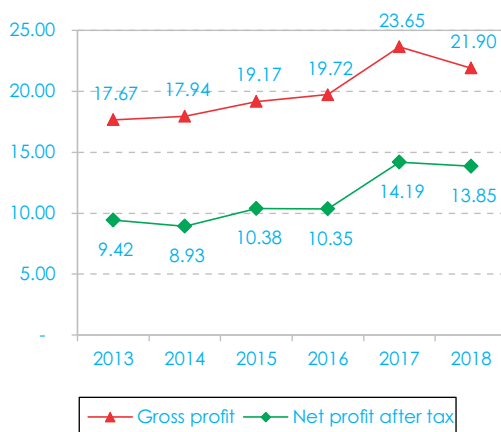
- Strategy and planning
- Board operations and effectiveness
- Measuring and monitoring of performance
- Professional development

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.

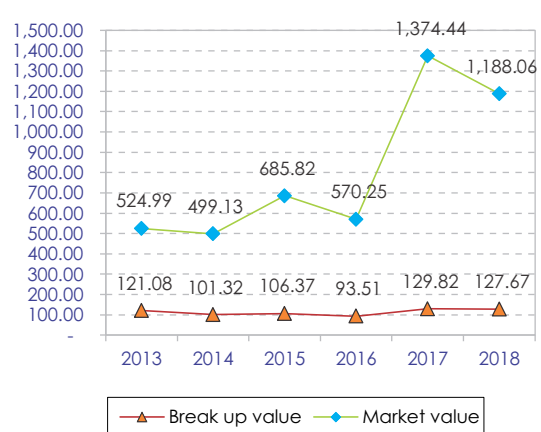




Gross Profit / Net Profit After Tax  
(Percentage)



Break up / Market Value Per Share  
(Rupees)

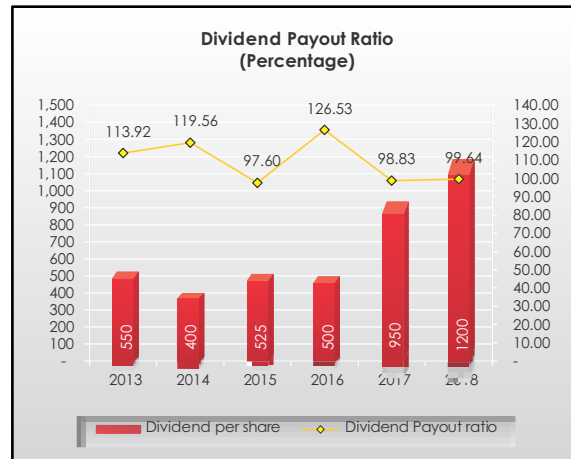
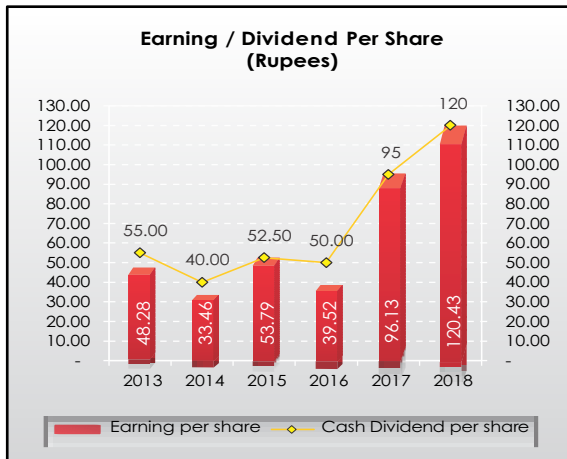




42500

Alhamdulillah; Highest ever sales  
and production in history!





## Overall Economic and Industry Review

The growth of Pakistan's economy stayed on its course during the current fiscal year. \*The economy achieved 13-year highest GDP growth rate of 5.8% for 2018. The agriculture, industrial and service sectors of Pakistan grew by 3.8 percent, 5.8 percent and 6.43 percent respectively. Economy continued to benefit from growth oriented initiatives, including higher development spending, low inflation, and CPEC related investment thus providing impetus for economic recovery. High and broad based growth in agriculture sector was achieved on the back of initiatives such as expansion in credit to agriculture sector, better quality seeds and timely availability of agriculture inputs. \*(source Pakistan Economic Survey 2017-18)

The challenges ahead for Pakistan's economy are enormous and one of the major challenges is fiscal imbalance which will prevent the government to cater for the needs of common man. Another most significant factor is rupee devaluation. This in turn has resulted in inflation. Consequently, State Bank of Pakistan has increased its base rate by more than 200 bps in last 6 months which will in turn lend to further inflation thus creating a vicious circle that can negatively impact Pakistan's economy.

The political uncertainty has started to fade away and with the formation of new government, it is expected that investors' confidence will once again return to Pakistan and help alleviate some of the negative factors that have plagued the Pakistani economy for last few months. The appreciation of the rupee has already started. In view of the above we see good prospects for future.

The tractor business is expected to cross the 70,000 units of sales this year out of which Millat's share of about 61% will give us a market of around 43,000 units. As part of diversification plan the Company's partnership with IFS has fostered into implementation of completely new ERP system which has been successfully implemented in the Company's head office and factory premises. Negotiations and preparations are underway to develop and implement similar ERP systems in its associated companies.

Under the conditions highlighted above, the Board of Directors, Management and Employees are preparing to meet the forthcoming challenges and achieve the targets of higher volumes and efficient cost cutting measures to surpass the expectations of our shareholders Insha Allah.

I am thankful to the members of BOD for extending their collective wisdom, continued support and guidance in achieving objectives in line with the mission and vision statement of the company.



**Sikandar Mustafa Khan**  
Chairman  
Millat Tractors Limited  
September 12, 2018



## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors feel pleasure in presenting their 55th annual report together with audited financial statements of the Company for the year ended June 30, 2018.

### APPROPRIATIONS

Your Directors recommended a payment of final cash dividend @ Rs.60.00 per share (600%).

The aforesaid payout shall be in addition to the interim cash dividend of Rs. 60.00 per share (600%) making a total of Rs. 120 per share (1200%) as cash dividend.

The following appropriations were made during the year:

	(Rupees in thousands)	
	General reserve	Un-appropriated profit
<b>Opening balance</b>	<b>2,278,935</b>	<b>2,849,637</b>
Less: Final dividend @ 600% of 2017	-	(2,657,553)
Transfer to general reserves	-	-
		192,084
Profit for the year ended June 30, 2018	-	5,271,762
Less: Interim dividend @ 600% of 2018	-	(2,657,553)
Un-appropriated profit carried forward	<b>2,278,935</b>	<b>2,806,293</b>

## EARNINGS PER SHARE

Earning per share for the year ended June 30, 2018 was Rs. 120.43 as against Rs. 96.12 of the preceding year.

## BOARD OF DIRECTORS

The Board comprises of eight directors as on June 30, 2018.

(a) Male:	eight
(b) Female:	nil
Composition:	
(i) Independent Director:	one
(ii) Other Non-Executive Directors:	six
(iii) Executive Director:	one

## Name of Director

1. Mr. Sikandar M. Khan – Chairman	(Non Executive Director)
2. Syed Muhammad Irfan Aqueel-CEO	(Executive Director)
3. Mr. Latif Khalid Hashmi	(Non Executive Director)
4. Mr. Sohail Bashir Rana	(Non Executive Director)
5. Mr. Laeeq Uddin Ansari	(Non Executive Director)
6. Mian Muhammad Saleem	(Non Executive Director)
7. Mr. Saad Iqbal	(Independent Director)
8. Mr. Ahmed Aqeel	(Non Executive Director)





Since the last report, there has been a change in the composition of the Board, Director Syed Zubair Ahmed Shah resigned and Mr. Ahmed Aqeel was appointed as director w.e.f January 22, 2018. The three years term of the present Board shall expire on October 30, 2018. The Board has fixed seven number of directors to be elected for the next term of which one independent (male) and one female independent director are proposed to be elected (after selection of independent directors from data bank of directors and completion of due diligence) on completion of present tenure as resolved by the Board in its meeting held on September 12, 2018.

## BOARD COMMITTEE'S

The names of members of Board Committees as on June 30, 2018 are as follows.

1. **AUDIT COMMITTEE**  
Mr. Saad Iqbal, Chairman  
Mr. Latif Khalid Hashmi, Member  
Mr. Sohail Bashir Rana, Member
2. **HUMAN RESOURCE & REMUNERATION COMMITTEE**  
Mr. Saad Iqbal, Chairman  
Mr. Laeeq Uddin Ansari, Member  
Mian Muhammad Saleem, Member
3. **FINANCE COMMITTEE**  
Mr. Latif Khalid Hashmi, Chairman  
Mr. Laeeq Uddin Ansari, Member  
Mian Muhammad Saleem, Member  
S.M Irfan Aqueel, Member
4. **MARKETING COMMITTEE**  
Mr. Sohail Bashir Rana, Chairman  
Mian Muhammad Saleem, Member  
S. M Irfan Aqueel, Member
5. **BOARD'S COMMITTEE FOR GROUP SUPERVISION**  
Mr. Sikandar Mustafa Khan, Chairman  
Mr. Latif Khalid Hashmi, Member  
Mr. Sohail Bashir Rana, Member  
Mr. Laeeq Uddin Ansari, Member  
Mian Muhammad Saleem, Member

## DIRECTOR'S 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).

**Engineering for life**





## 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.

## PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS DURING FINANCIAL YEAR-2018

The Company is a public limited Company incorporated in Pakistan in 1964 and is listed on Pakistan Stock Exchange Limited. The registered office and factory of the Company is situated at Sheikhpura Road, District Sheikhpura. It is principally engaged in assembly and manufacturing of agricultural tractors, implements 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. Continuing its positive trajectory from previous year, the tractor industry in Pakistan has touched new heights during the fiscal year 2017-18. Improved agricultural output further fueled the demand for tractors. This was supported by continued demand from developmental projects related to CPEC as well. The Company catapulted on this chance and in doing so has delivered highest ever sales of 42,708 tractors which not only bests previous year sales of 34,506 tractors but also the previous record of 42,011 tractors set in 2011.

The effects of continued growth in revenue also trickled down to profit margins but were hampered by various constraints; the most primary of which was devaluation of Pakistani rupee against foreign currencies, namely USD, Euro and British Pound. Rupee devalued by almost 10.5% during the second leg of fiscal year which has substantially impacted supply chain by straining procurement of imported components.

## 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 rate of sales tax on tractors has remained the same at 5% in this fiscal year which is a good step by government. Rate of sales tax was also reduced from 7% to 5% on certain agricultural implements which is another welcome step. However, the fundamental flaws in sales tax refund system greatly hinder our working capital requirements. The payment process is haphazard and there is no defined criteria in which our refunds are to be processed. As a result, our cash flow management becomes a tedious and never-ending task greatly increasing our cost of doing business.

### NATURAL CALAMITIES

Our water management and storage system could not keep up pace with the demand. Resultantly, our water storage is depleting and there is an emergent risk of water shortage. The effects of global warming have grown at a rapid pace and have affected Pakistan strongly. Weathers are now more extreme than ever. Without adequate water supply, our farmers will have a difficult time cultivating essential crops which can adversely affect the Company's performance.

### SUPPLY CHAIN MANAGEMENT

As surmised above, foreign currency devaluation has significantly hampered our supply chain management. The Company is managing the risk of supply shortage by facilitating its vendor base through technology up-gradation, trainings, skill

USON

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AT TRACTORS





development and alternate source developments.

## FINANCIAL RISKS

Financial risks are those that may cause financial loss to the entity. Financial risk has been described in detail in note 42 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. However, the Company's partnership with IFS has fostered into implementation of completely new ERP system which has been successfully implemented in the Company's head office and factory premises. Negotiations and preparations are underway to develop and implement similar ERP systems in its associated companies.

## INVESTMENT IN ASSOCIATED COMPANY

The Company has ventured into automotive sector with Nishat Group to introduce Hyundai automotive brand of vehicles. In relation to this, the Company has invested into Hyundai Nishat Motors (Private) Limited as approved by the Shareholders. The total investment of Millat Tractors Limited in the venture is 18% of the paid up share capital.

## OTHER INVESTMENT

Tricon Corporate Centre, 73- Jail Road Lahore (Millat head office is situated at its 14th floor) have formed a company namely TCC Management

Services (Pvt.) Limited to ensure smooth functioning of daily operation, administration, maintenance and management of the building. Each office owner shall have 10,000 shares of TCC. Millat owns entire 14th Floor which consist of 4 offices and during the year share subscription money amounting to Rs.400,000/- i.e., 40,000 shares of Rs.10/- each of TCC was paid to TCC after approval of the Board.

## FUTURE PROSPECTS OF PROFIT

Tractor sales are expected to retain the same trajectory in upcoming fiscal year provided that external factors do not shift significantly. Agricultural productivity is mainly dependent on availability of water supply and predictable weather shifts.

The Company expects to maintain and consolidate its profitability on account of effective inventory management and strengthening its supply chain management to achieve even greater economy of scales.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

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

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

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

The Company will continue to maintain its partnership with Nishat Group and plans to continue to invest in HNMPL as per agreed terms



and conditions. HNMPL is still in development / construction phase therefore MTL's business will not be impacted significantly in this fiscal year.

Similarly, IFS business is picking up its steam and external customers are being sought to penetrate the IT-Business economy within Pakistan.

### DUTY & 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 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, 2018.

### STATEMENT ON CORPORATE FINANCIAL REPORTING FRAMEWORK

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 4.1 of the Financial statements, which conform to the International Accounting 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, 2018 were the following:
 

- Provident Fund	Rs. 579,325,483
- Gratuity Fund	Rs. 381,978,281
- Pension Fund	Rs. 1,085,220,000
- The value of investment includes accrued interest.
- j) The purchase and sale of shares by directors during the year was as follows:-



## PURCHASE OF SHARES

	No. of shares Purchased
Mr. Laeeq Uddin Ansari, Director	35,072
Mrs. Ayesha Sohail (Spouse of Mr. Sohail Bashir Rana-Director)	6,500
Mr. Sohail Ahmed Nisar, CFO	1,120

## SALE OF SHARES

	No. of shares Sold
Mr. Latif Khalid Hashmi	100,000

## 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, 2018 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 which forms part of the Directors' Report.

## 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 clause 15(1) of the Code of Corporate Governance. However, the majority of company directors were interested in these transactions due to their common directorship and holding of shares in the group companies, the quorum of directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017 and therefore, these transactions are presented to the shareholders in General Meeting for their approval and 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, 2018 were 397 compared to 406 of last year.

### CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements of the Company as on June 30, 2018 are annexed.

### CORPORATE SOCIAL RESPONSIBILITY

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

### WEB PRESENCE

Company's periodic financial statements for the current financial year including annual reports for the last three years are available on the Company's website [www.millat.com.pk](http://www.millat.com.pk) for information of the investors.

For and on behalf of the Board

Chief/Executive

Lahore:

September 12, 2018

Director

# CORPORATE SOCIAL RESPONSIBILITY-2018

## CORPORATE SUSTAINABILITY

MTL strongly believes to invest in all aspects of its responsibilities towards being a sustainable and 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 society and underprivileged sectors, customers & products, ethical behaviors in our dealings, contribution to the national exchequer and welfare programs in all facets under this belief.

MTL discharges the Corporate Social Responsibilities (CSR) in a manner that would positively impact its customers, employees, shareholders, communities, and the environment. The company is demonstrating active corporate citizenship by promoting and patronizing many efforts under its CSR program including philanthropic and non-philanthropic activities.

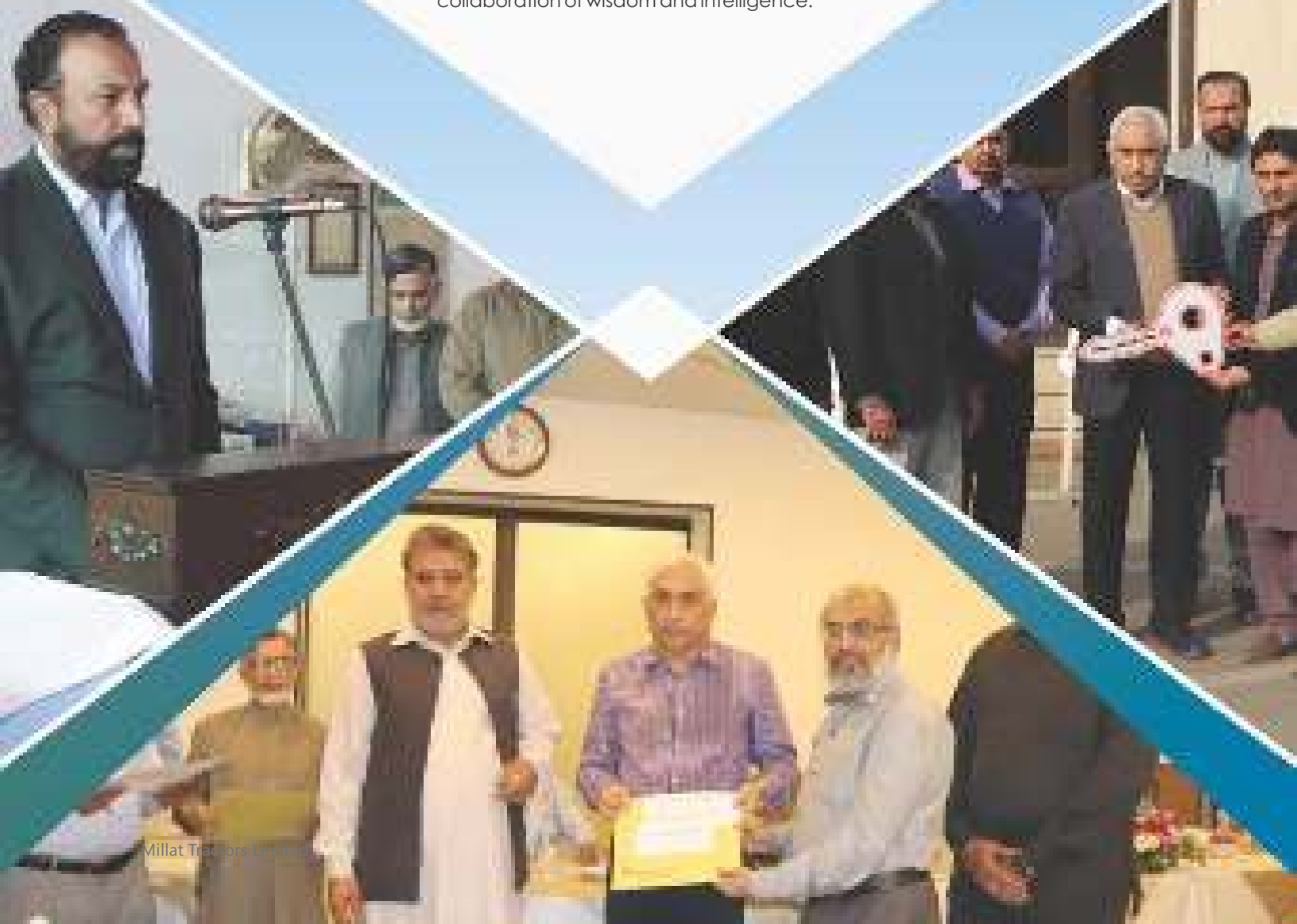
### Educational Patronage

MTL is promoting and patronizing many efforts in the field of education under its CSR program. Children Education Awards Scheme is one such activity where the Company helps in facilitating and recognizing Employee's Children Education by providing them with scholarship awards.

The Company also recognises that appropriate continuous learning can be valuable for the development and welfare of its employees and will eventually lead to benefit of the society. Therefore, the Company provides Assistance in Education that outlines the relaxation in working hours for its employees subject to pursuance of their education and eventually providing them with work-life balance.

Moreover, the Company has donated Rs. 1,000,000 to "Pakistan Center for Philanthropy" for research study and has made contribution of Rs. 500,000 to "The Citizens Foundation" for support and up gradation of schools. Another Rs. 500,000 was donated to "Development in Literacy" to support education research and study as well.

During the year the Company contributed over Rs. 0.75 million to various institutions as sponsorship for holding of conventions and seminars to promote information sharing and collaboration of wisdom and intelligence.





### Environmental Protection Measures

To combat the looming threat of global warming and its effects not only on Pakistan but the Company as well, a tree plantation drive was conducted during the year whereby employees of the Company were facilitated to not only plant a tree within factory premises but also look after it and nurture it to sustainable growth.

The Company also maintains in-house nurseries and vegetable farms to cultivate organic produce and take part in various flower / nature exhibitions throughout the year.

### Community Investment and Welfare Schemes

MTL is promoting and patronizing many efforts under its CSR program including environmental protection measures through annual flower shows like Annual Chrysanthemum Flower Show.

In addition, the Company has also sponsored various Golf Tournaments amounting to Rs. 1.2 million to bring people together and highlight the importance of extra-curricular activities to bring the people from various communities together.

### Consumer Protection

The company has state of the art production facility with a manufacturing capacity exceeding any competitor in Pakistan. The company continuously strives to provide customers with a product built on global standards with an effective and efficient after sale support.

MTL also conducts various awareness programs and carries out surveys to obtain criticism from market with respect to product faults and improvements needed. In addition, for customer convenience, rules are defined if there should arise an event of dissatisfaction to contact the Company.

Additionally, the Company partnered with its principal M/s AGCO for round the year product improvement plans to exceed customer expectations.



## Industrial Relations

The Company is an equal opportunity employer and its management and workforce relish affable association. The management conducts meetings frequently with the labor union members to ensure all their needs are fulfilled and provide a safe and friendly work environment. The Company also facilitates education of progeny of employees as well as proactively contributes and aids its employees in their religious practices by providing them financial assistance and support for Hajj process under Company's Hajj Scheme.

In order to improve employee satisfaction and boost their morale, The Company aims to improve their subsistence under various proceedings such as Annual Family 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 inabilities subject to work requirements. A total of 5 personnel with a disability of some form have been employed by Millat Tractors.

## Occupational Safety and Health

MTL urges its workers be vigilant and careful to guarantee the wellbeing and security of themselves and fellow workers. All representatives are relied upon to follow strict health and safety protocols.

All of the personnel employed at factory premises are provided with appropriate safety gears for safe and sound discharge of their duty rosters.



## Ethics and Anti-corruption

For MTL, anti-corruption is not only a legal obligation and an ethical standpoint. It is in the Company's own interest to take a firm stand against corruption and the Company has zero tolerance and is firmly opposed to all forms of corruption. 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.

How the Company wants to achieve ambitions is constituted in this Code as its ethical foundation, values for driving the right behavior and leadership attitudes for stretching corporate culture in the desired direction. This Code defines the core principles and ethical standards that form the basis on how we create value in our company. Such 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 from employees in their dealings with customers, suppliers, clients, co-workers, management and the general public. This code highlights expected behavior as well as punitive measures against violators.

## Corporate Philanthropy

For commercial altruism the company has also made contribution in conducting and promoting various activities and exhibitions in corporate sector including Pakistan Auto Parts Exhibition 2018 (PAPM 2018) and Dawn Pakistan Food & Agri. Expo. The Company has actively sponsored prizes in competitions held in Pakistan Cattle Show at district levels as well.

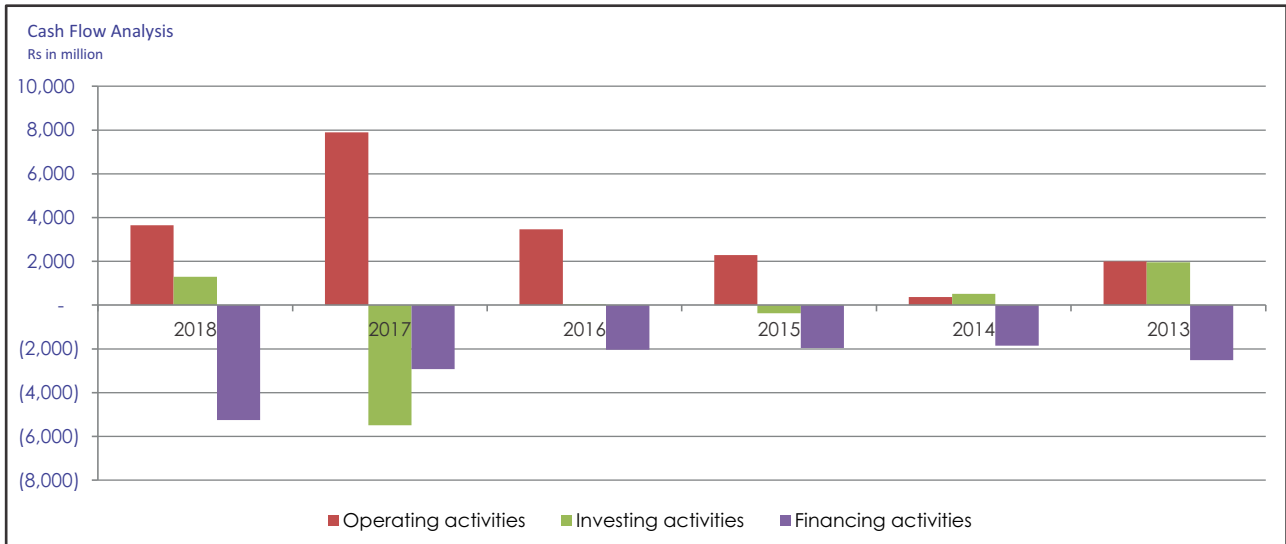






# SUMMARY OF CASH FLOW

	2018	2017	2016	2015	2014	2013
	..... (Rupees in thousand) .....					
Net Cash from / (Used in)						
Operating activities	<b>3,655,560</b>	7,900,148	3,468,778	2,294,250	365,624	1,990,541
Investing activities	<b>1,296,563</b>	(5,483,184)	42,456	(371,970)	512,669	1,951,648
Financing activities	<b>(5,252,986)</b>	(2,918,213)	(2,031,152)	(1,958,284)	(1,847,699)	(2,509,415)
Net increase / (decrease) in cash and cash equivalent	<b>(300,863)</b>	(501,249)	1,480,082	(36,004)	(969,406)	1,432,774
Cash and cash equivalent at the beginning of the year	<b>2,061,003</b>	2,562,252	1,082,170	1,118,174	2,087,580	654,806
Cash and cash equivalent at the end of the year	<b>1,760,140</b>	2,061,003	2,562,252	1,082,170	1,118,174	2,087,580

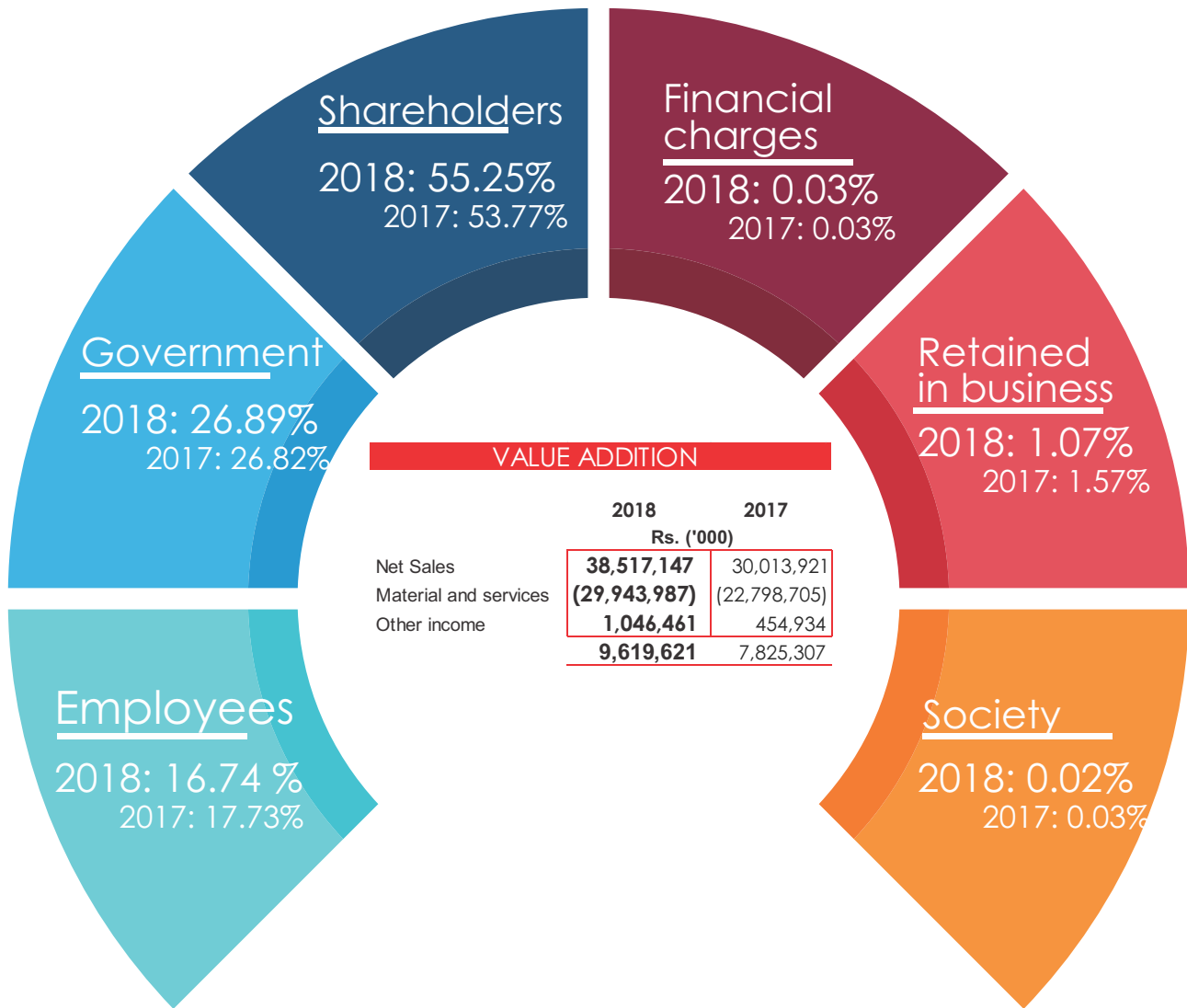


## SIX YEARS AT A GLANCE

		2018	2017	2016	2015	2014	2013
<b>Profit &amp; Loss Summary</b>							
Net sales	Rs. thousand	<b>38,517,147</b>	30,013,921	16,913,832	22,937,917	16,589,996	22,698,651
Gross profit	Rs. thousand	<b>8,434,775</b>	7,097,329	3,335,860	4,396,469	2,976,691	4,010,267
Operating profit	Rs. thousand	<b>7,782,358</b>	6,244,414	2,636,106	3,601,749	2,262,688	3,237,526
Profit before tax	Rs. thousand	<b>7,779,868</b>	6,242,233	2,620,806	3,592,389	2,183,480	3,172,972
Profit after tax	Rs. thousand	<b>5,334,362</b>	4,257,533	1,750,298	2,382,421	1,481,864	2,138,646
Earning before interest, tax, depreciation & amortization (EBITDA)	Rs. thousand	<b>7,864,556</b>	6,315,879	2,701,146	3,673,462	2,322,428	3,296,625
<b>Balance Sheet Summary</b>							
Share capital	Rs. thousand	<b>442,926</b>	442,926	442,926	442,926	442,926	402,660
General reserves	Rs. thousand	<b>2,278,935</b>	2,278,935	2,895,519	3,116,706	3,263,551	3,306,590
Property, plant & equipment	Rs. thousand	<b>700,763</b>	717,873	448,130	485,721	481,293	448,375
Other Non current assets	Rs. thousand	<b>994,243</b>	790,395	882,548	984,201	1,115,518	1,056,250
Current assets	Rs. thousand	<b>14,876,359</b>	15,622,341	8,320,644	6,239,303	5,421,289	8,732,156
Current liabilities	Rs. thousand	<b>10,822,231</b>	11,350,121	5,407,391	2,976,973	2,500,805	5,331,414
Net working capital	Rs. thousand	<b>4,054,128</b>	4,272,220	2,913,253	3,262,330	2,920,484	3,400,742
Long term / deferred liabilities	Rs. thousand	<b>94,310</b>	30,635	102,171	20,809	29,437	30,148
<b>Profitability Ratios</b>							
Gross profit	%	<b>21.90</b>	23.65	19.72	19.17	17.94	17.67
Operating profit	%	<b>20.20</b>	20.81	15.59	15.70	13.64	14.26
Profit before tax	%	<b>20.20</b>	20.80	15.50	15.66	13.16	13.98
Net profit after tax	%	<b>13.85</b>	14.19	10.35	10.39	8.93	9.42
EBITDA margin	%	<b>20.42</b>	21.04	15.97	16.01	14.00	14.52
Operating leverage	%	<b>0.87</b>	1.77	1.02	1.55	1.12	0.96
Return on equity	%	<b>94.33</b>	74.05	42.26	50.57	33.02	43.87
Return on capital employed	%	<b>96.49</b>	76.42	43.21	51.27	33.33	44.33
Return on assets	%	<b>46.95</b>	36.44	27.15	46.60	31.11	31.00
<b>Liquidity Ratios</b>							
Current	Times	<b>1.37:1</b>	1.38:1	1.54:1	2.1:1	2.17 : 1	1.64 : 1
Quick / Acid test	Times	<b>0.98:1</b>	1.04:1	1.05:1	1.24:1	1.15 : 1	1.12 : 1
Cash to current liabilities	Times	<b>0.05:1</b>	0.18:1	0.47:1	0.36:1	0.45 : 1	0.39 : 1
Cash flow from operations to sales	Times	<b>0.09:1</b>	0.26:1	0.21:1	0.10:1	0.02 : 1	0.09 : 1
<b>Activity / Turnover Ratios</b>							
Inventory turnover ratio	Times	<b>7.36</b>	7.14	5.23	7.28	5.15	6.46
No. of Days in Inventory	Days	<b>50</b>	51	70	50	71	57
Debtor turnover ratio	Times	<b>310.12</b>	127.99	71.00	149.87	30.28	32.77
No. of Days in Receivables	Days	<b>1</b>	3	5	2	12	11
Creditor turnover ratio	Times	<b>32.17</b>	23.44	13.79	19.99	7.51	7.94
No. of Days in Creditors	Days	<b>11</b>	16	26	18	49	46
Total assets turnover ratio	Times	<b>2.32</b>	1.75	1.75	2.98	2.36	2.22
Fixed assets turnover ratio	Times	<b>52.95</b>	41.41	25.12	32.99	23.91	34.79
Operating cycle	Days	<b>39</b>	38	48	34	34	22
<b>Investment / Market Ratios</b>							
Earning per share (after tax)	Rs.	<b>120.43</b>	96.12	39.52	53.79	33.46	48.28
Price earning	Times	<b>9.86</b>	14.30	14.43	12.75	14.92	10.87
Dividend yield	%	<b>9.58</b>	9.59	8.61	8.93	7.96	9.81
Dividend payout ratio (after tax)	%	<b>99.64</b>	98.83	126.53	97.60	119.56	113.92
Dividend cover	Times	<b>1.00</b>	1.01	0.79	1.02	0.64	1.02
Cash Dividend per share	Rs.	<b>120</b>	95	50	52.5	40.00	55.00
Bonus per share	%	-	-	-	-	-	19.00
<b>Market value per share:</b>							
Year end	Rs.	<b>1,188.06</b>	1,374.44	570.25	685.82	499.13	524.99
During the year:							
Highest	Rs.	<b>1,430.00</b>	1,575.99	705.00	710.99	571.54	646.00
Average	Rs.	<b>1,253.16</b>	991.10	580.95	587.99	502.64	560.50
Lowest	Rs.	<b>1,050.00</b>	538.00	460.00	465.00	433.73	475.00
Break-up value per share	Rs.	<b>127.67</b>	129.82	93.51	106.37	101.32	121.08
<b>Capital Structure Ratios</b>							
Debt to Equity ratio	Times	<b>0 : 100</b>	0 : 100	0 : 100	0 : 100	0 : 100	0 : 100
Financial charges coverage	Times	<b>149,614</b>	29,726	245	444	29.14	52.02



## STATEMENT OF VALUE ADDITION



	2018	2017
	Rs. ('000)	
Net Sales	38,517,147	30,013,921
Material and services	(29,943,987)	(22,798,705)
Other income	1,046,461	454,934
<b>VALUE ADDITION</b>	<b>9,619,621</b>	<b>7,825,307</b>

### VALUE DISTRIBUTION

	2018		2017			2018		2017	
	Rs. in '000	%	Rs. in '000	%		Rs. in '000	%	Rs. in '000	%
<b>Employees</b>					<b>Financial Charges</b>				
Salaries wages and amenities	1,190,671	12.38	1,052,736	13.45	Finance Cost	2,490	0.03	2,181	0.03
Worker's profit participation fund	419,904	4.37	334,536	4.28		2,490	0.03	2,181	0.03
	<b>1,610,575</b>	<b>16.74</b>	<b>1,387,272</b>	<b>17.73</b>					
<b>Government</b>					<b>Society</b>				
Tax	2,445,506	25.42	1,984,700	25.36	Donation	2,100	0.02	6,235	0.08
Workers welfare fund	140,849	1.46	113,950	1.46		2,100	0.02	6,235	0.08
	<b>2,586,355</b>	<b>26.89</b>	<b>2,098,650</b>	<b>26.82</b>	<b>Retained in business</b>				
<b>Share holders</b>					Depreciation	83,739	0.87	73,436	0.94
Cash Dividend	5,315,106	55.25	4,207,797	53.77	Retained profit	19,256	0.20	49,736	0.64
Bouns Shares	-	-	-	-		<b>102,995</b>	<b>1.07</b>	<b>123,172</b>	<b>1.57</b>
	<b>5,315,106</b>	<b>55.25</b>	<b>4,207,797</b>	<b>53.77</b>	<b>Total</b>	<b>9,619,621</b>	<b>100.00</b>	<b>7,825,307</b>	<b>100.00</b>

# HORIZONTAL ANALYSIS

	2018		2017	
	Rs. ('000)	Increase/ (Decrease) %	Rs. ('000)	Increase/ (Decrease) %
<b>Balance Sheet Items</b>				
Property, Plant and Equipment	<b>700,763</b>	(2.38)	717,873	60.2
Capital Work in Progress	<b>26,648</b>	282.10	6,974	(96.9)
Intangible Assets	-	(100.00)	897	(72.8)
Investment Property	<b>255,708</b>	-	255,708	-
Long Term Investments	<b>709,300</b>	46.47	484,279	22.0
Long Term Loans	<b>2,587</b>	0.47	2,575	73.6
Employee benefits	-	(100.00)	39,962	100.0
Stores, Spare parts and loose tools	<b>131,266</b>	10.84	118,431	5.8
Stock in Trade	<b>4,157,062</b>	14.00	3,646,581	43.3
Trade Debts	<b>65,578</b>	(66.25)	194,311	(32.1)
Loans and Advances	<b>39,031</b>	(28.37)	54,488	(24.4)
Trade Deposits and Prepayments	<b>16,282</b>	(16.98)	19,611	(19.5)
Balance with statutory authorities	<b>1,909,792</b>	(24.41)	2,526,588	113.4
Other receivables	<b>44,118</b>	(54.63)	97,246	(7.2)
Tax refunds due from Government	<b>725,454</b>	290.27	185,886	(70.5)
Short Term Investments	<b>7,267,636</b>	8.18	6,718,196	739.4
Cash and Bank balances	<b>520,140</b>	(74.76)	2,061,003	(19.6)
<b>Total Assets</b>	<b>16,571,365</b>	(3.26)	17,130,609	77.5
<hr/>				
Share Holder's Equity	<b>5,654,824</b>	(1.65)	5,749,853	38.8
Non Current Liabilities	<b>94,310</b>	207.85	30,635	(70.0)
Current Liabilities	<b>10,822,231</b>	(4.65)	11,350,121	109.9
<b>Total Liabilities and Equity</b>	<b>16,571,365</b>	(3.26)	17,130,609	77.5
<hr/>				
<b>Profit &amp; Loss</b>				
Sales - Net	<b>38,517,147</b>	28.33	30,013,921	77.5
Cost of Sales	<b>30,082,372</b>	31.27	22,916,592	68.8
Gross Profit	<b>8,434,775</b>	18.84	7,097,329	112.8
Distribution and marketing expenses	<b>629,779</b>	17.38	536,522	53.2
Administrative Expenses	<b>492,280</b>	4.40	471,550	10.9
Other operating income	<b>1,046,461</b>	71.53	610,091	124.1
Other operating expenses	<b>576,819</b>	26.79	454,934	131.5
Operating profit	<b>7,782,358</b>	24.63	6,244,414	136.9
Finance costs	<b>2,490</b>	14.17	2,181	(85.7)
Profit before tax	<b>7,779,868</b>	24.63	6,242,233	138.2
Taxation	<b>2,445,506</b>	23.22	1,984,700	128.0
Profit after Tax	<b>5,334,362</b>	25.29	4,257,533	143.2



2016		2015		2014		2013	
Rs. ('000)	Increase/ (Decrease) %	Rs. ('000)	Increase/ (Decrease) %	Rs. ('000)	Increase/ (Decrease) %	Rs. ('000)	Increase/ (Decrease) %
448,130	(7.7)	485,721	0.9	481,293	7.3	448,375	7.8
225,134	7.4	209,660	(1.3)	212,431	4.1	204,112	21.3
3,295	(14.8)	3,867	(34.3)	5,888	600.1	841	(85.7)
255,708	-	255,708	-	255,708	-	255,708	-
396,928	7.4	369,543	6.9	345,750	(2.4)	354,119	22.9
1,483	(22.4)	1,911	(1.5)	1,941	(6.0)	2,065	(23.6)
-	(100.0)	143,512	(51.2)	293,800	22.7	239,405	42.1
111,913	4.5	107,141	(11.4)	120,951	(9.4)	133,485	95.1
2,545,484	4.8	2,429,982	(0.2)	2,433,690	(6.5)	2,601,698	(12.9)
286,194	55.2	184,377	51.5	121,731	(87.5)	974,158	136.8
72,071	4.9	68,683	(43.7)	122,047	70.7	71,498	(60.6)
24,366	7.1	22,748	(6.0)	24,198	(11.6)	27,384	9.1
1,184,143	54.3	767,295	141.4	317,853	(83.3)	1,904,916	15.5
104,756	70.3	61,506	(48.6)	119,679	38.4	86,483	(11.4)
629,148	(22.8)	815,198	(13.5)	942,966	221.7	293,083	(41.7)
800,317	14.3	700,203	600.2	100,000	(81.9)	551,871	(77.6)
2,562,252	136.8	1,082,170	(3.2)	1,118,174	(46.4)	2,087,580	218.8
9,651,322	25.1	7,709,225	9.9	7,018,100	(31.4)	10,236,781	(1.0)
4,141,760	(12.1)	4,711,443	5.0	4,487,858	(7.9)	4,875,219	(6.5)
102,171	391.0	20,809	(29.3)	29,437	(2.4)	30,148	5.7
5,407,391	81.6	2,976,973	19.0	2,500,805	(53.1)	5,331,414	4.6
9,651,322	25.2	7,709,225	9.8	7,018,100	(31.4)	10,236,781	(1.0)
16,913,832	(26.3)	22,937,917	38.3	16,589,996	(26.9)	22,698,651	12.7
13,577,972	(26.8)	18,541,448	36.2	13,613,305	(27.2)	18,688,384	11.9
3,335,860	(24.1)	4,396,469	47.7	2,976,691	(25.8)	4,010,267	16.8
350,155	(32.0)	515,007	5.7	487,292	(1.4)	494,367	2.2
425,327	1.4	419,320	14.5	366,191	7.7	340,081	9.5
272,249	(32.6)	404,157	35.0	299,483	(0.6)	301,383	(36.2)
196,521	(25.7)	264,550	65.3	160,003	(33.2)	239,676	4.2
2,636,106	(26.8)	3,601,749	59.2	2,262,688	(30.1)	3,237,526	12.3
15,300	63.5	9,360	(88.2)	79,208	22.7	64,554	907.4
2,620,806	(27.0)	3,592,389	64.5	2,183,480	(31.2)	3,172,972	10.4
870,508	(28.1)	1,209,968	72.5	701,616	(32.2)	1,034,326	15.2
1,750,298	(26.5)	2,382,421	60.8	1,481,864	(30.7)	2,138,646	8.1

# VERTICAL ANALYSIS

	2018		2017	
	Rs. ('000)	%	Rs. ('000)	%
<b>Balance Sheet</b>				
Property, Plant and Equipment	<b>700,763</b>	4.2	717,873	4.2
Capital Work in Progress	<b>26,648</b>	0.2	6,974	0.0
Intangible Assets	-	-	897	0.0
Investment Property	<b>255,708</b>	1.5	255,708	1.5
Long Term Investments	<b>709,300</b>	4.3	484,279	2.8
Long Term Loans	<b>2,587</b>	0.0	2,575	0.0
Employee benefits	-	-	39,962	0.2
Stores, Spare Parts and loose tools	<b>131,266</b>	0.8	118,431	0.7
Stock in Trade	<b>4,157,062</b>	25.1	3,646,581	21.3
Trade Debts	<b>65,578</b>	0.4	194,311	1.1
Loans and Advances	<b>39,031</b>	0.2	54,488	0.3
Trade Deposits and Prepayments	<b>16,282</b>	0.1	19,611	0.1
Balance with statutory authorities	<b>1,909,792</b>	11.5	2,526,588	14.7
Other receivables	<b>44,118</b>	0.3	97,246	0.6
Tax refunds due from Government	<b>725,454</b>	4.4	185,886	1.1
Short Term Investments	<b>7,267,636</b>	43.9	6,718,196	39.2
Cash and Bank balances	<b>520,140</b>	3.1	2,061,003	12.0
<b>Total Assets</b>	<b>16,571,365</b>	100.0	17,130,609	100.0
Share Holder's Equity	<b>5,654,824</b>	34.1	5,749,853	33.6
Non Current Liabilities	<b>94,310</b>	0.6	30,635	0.2
Current Liabilities	<b>10,822,231</b>	65.3	11,350,121	66.3
<b>Total Liabilities and Equity</b>	<b>16,571,365</b>	100.0	17,130,609	100.0
<b>Profit &amp; Loss</b>				
Sales - Net	<b>38,517,147</b>	100.0	30,013,921	100.0
Cost of Sales	<b>30,082,372</b>	78.1	22,916,592	76.4
Gross Profit	<b>8,434,775</b>	21.9	7,097,329	23.6
Distribution and marketing expenses	<b>629,779</b>	1.6	536,522	1.8
Administrative expenses	<b>492,280</b>	1.3	471,550	1.6
Other operating income	<b>1,046,461</b>	2.7	610,091	2.0
Other operating expenses	<b>576,819</b>	1.5	454,934	1.5
Operating profit	<b>7,782,358</b>	20.2	6,244,414	20.8
Finance cost	<b>2,490</b>	0.0	2,181	0.0
Profit before tax	<b>7,779,868</b>	20.2	6,242,233	20.8
Taxation	<b>2,445,506</b>	6.3	1,984,700	6.6
Profit after tax	<b>5,334,362</b>	13.8	4,257,533	14.2



2016		2015		2014		2013	
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
448,130	4.6	485,721	6.3	481,293	6.9	448,375	4.4
225,134	2.3	209,660	2.7	212,431	3.0	204,112	2.0
3,295	0.0	3,867	0.1	5,888	0.1	841	0.0
255,708	2.6	255,708	3.3	255,708	3.6	255,708	2.5
396,928	4.1	369,543	4.8	345,750	4.9	354,119	3.5
1,483	0.0	1,911	0.0	1,941	0.0	2,065	0.0
-	-	143,512	1.9	293,800	4.2	239,405	2.3
111,913	1.2	107,141	1.4	120,951	1.7	133,485	1.3
2,545,484	26.4	2,429,982	31.5	2,433,690	34.7	2,601,698	25.4
286,194	3.0	184,377	2.4	121,731	1.7	974,158	9.5
72,071	0.7	68,683	0.9	122,047	1.7	71,498	0.7
24,366	0.3	22,748	0.3	24,198	0.3	27,384	0.3
1,184,143	12.3	767,295	9.9	317,853	4.5	1,904,916	18.6
104,756	1.1	61,506	0.8	119,679	1.7	86,483	0.8
629,148	6.5	815,198	10.6	942,966	13.4	293,083	2.9
800,317	8.3	700,203	9.1	100,000	1.4	551,871	5.4
2,562,252	26.5	1,082,170	14.0	1,118,174	15.9	2,087,580	20.4
9,651,322	100.0	7,709,225	100.0	7,018,100	100.0	10,236,781	100.0
4,141,760	42.9	4,711,443	61.1	4,487,858	63.9	4,875,219	47.6
102,171	1.1	20,809	0.3	29,437	0.4	30,148	0.3
5,407,391	56.0	2,976,973	38.6	2,500,805	35.6	5,331,414	52.1
9,651,322	100.0	7,709,225	100.0	7,018,100	100.0	10,236,781	100.0
16,913,832	100.0	22,937,917	100.0	16,589,996	100.0	22,698,651	100.0
13,577,972	80.3	18,541,448	80.8	13,613,305	82.1	18,688,384	82.3
3,335,860	19.7	4,396,469	19.2	2,976,691	17.9	4,010,267	17.7
350,155	2.1	515,007	2.2	487,292	2.9	494,367	2.2
425,327	2.5	419,320	1.8	366,191	2.2	340,081	1.5
272,249	1.6	404,157	1.8	299,483	1.8	301,383	1.3
196,521	1.2	264,550	1.2	160,003	1.0	239,676	1.1
2,636,106	15.6	3,601,749	15.7	2,262,688	13.6	3,237,526	14.3
15,300	0.1	9,360	0.0	79,208	0.5	64,554	0.3
2,620,806	15.5	3,592,389	15.7	2,183,480	13.2	3,172,972	14.0
870,508	5.1	1,209,968	5.3	701,616	4.2	1,034,326	4.6
1,750,298	10.3	2,382,421	10.4	1,481,864	8.9	2,138,646	9.4



# 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, 2017

We have reviewed the Statement of Compliance with the listed companies (code of corporate Governance) regulations, 2017 (the Regulations) prepared by the Board of Directors of Millat Tractors Limited (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 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 noncompliance 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 of 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2018.

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A.F. FERGUSON & CO.  
Chartered Accountants  
Lahore

Date: September 12, 2018



# Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2017

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

1. The total number of directors are eight as per the following
  - a. Male: eight
  - b. Female: none
2. The composition of board is as follows:

Category	Names
a) Independent Directors	Mr. Saad Iqbal
b) Other Non-executive Directors	Mr. Sikandar M. Khan Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Mian Muhammad Saleem Mr. Ahmed Aqeel
c) Executive Directors	Syed Muhammad Irfan Aqueel, CEO

3. The directors have confirmed that none of them is serving as a director on more than five 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. A complete record of particulars of significant policies along with the dates of which they were approved or amended has been maintained.
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 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 of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. No Directors Training program was arranged by the Board during the year.
10. The board has approved appointment of CFO, 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. CFO and CEO 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. Saad Iqbal, Chairman- Independent Director  
Mr. Latif Khalid Hashmi, Member  
Mr. Sohail Bashir Rana, Member

**b. HR and Remuneration Committee**

Mr. Saad Iqbal, Chairman- Independent Director  
Mr. Laeeq Uddin Ansari, Member  
Mian Muhammad Saleem, 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  
05 meetings
  - b) HR and Remuneration Committee  
03 meetings
15. The board has set up and effective internal audit function, the staff is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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 have been complied with.

Syed Muhammad Irfan Aqueel  
Chief Executive

(SIKANDAR MUSTAFA KHAN)  
Chairman  
September 12, 2018



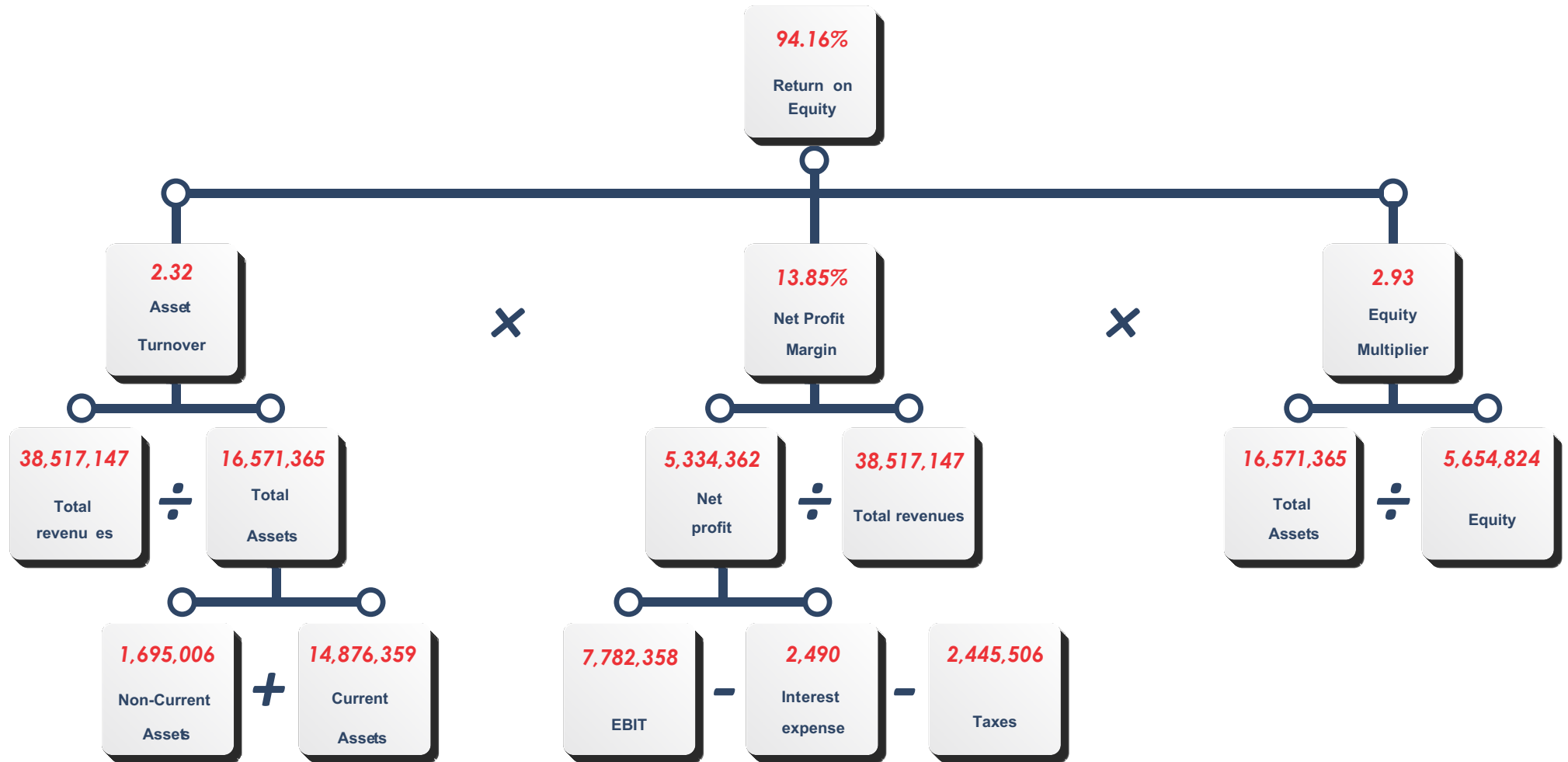
# Financial Statements

## **MILLAT TRACTORS LIMITED**

For the year ended 30 June 2018



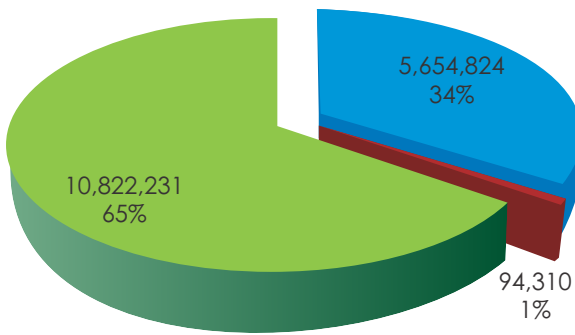
# DUPONT ANALYSIS



# GRAPHICAL ANALYSIS OF BALANCE SHEET

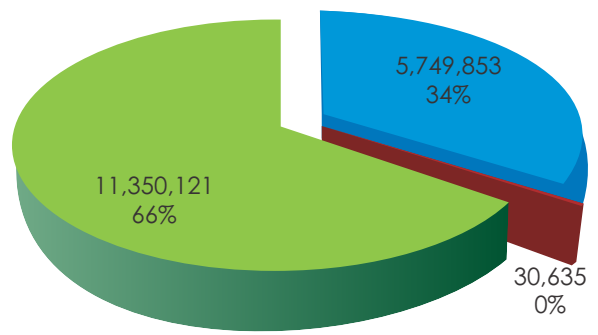
## Equity & Liabilities

2017-18



- Shareholder Equity
- Non-Current Liabilities
- Current Liabilities

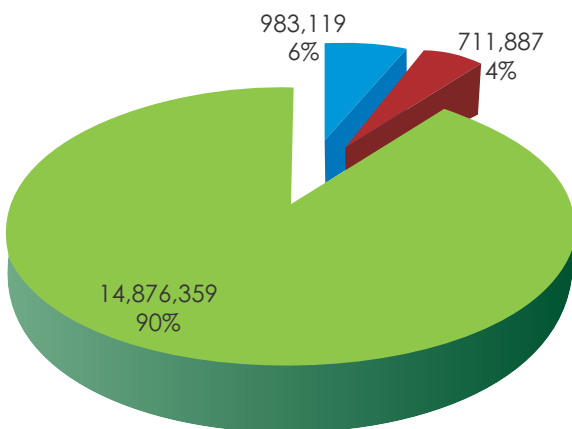
2016-17



- Shareholder Equity
- Non-Current Liabilities
- Current Liabilities

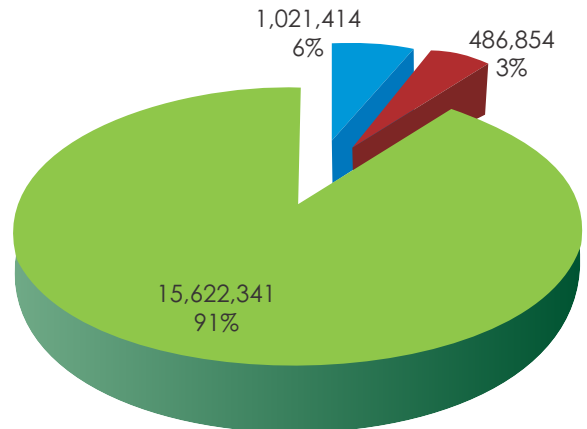
## Assets

2017-18



- Fixed Assets
- Long-term investments & Long-terms pre-payments
- Current Assets

2016-17



- Fixed Assets
- Long-term investments & Long-terms pre-payments
- Current Assets



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF MILLAT TRACTORS LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the annexed financial statements of Millat Tractors Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matter

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

Following is the Key audit matter:

Sr. #	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Additional disclosures required under the 4th schedule of Companies Act, 2017:</b> <i>(Refer note 2 to the financial statements)</i></p> <p>The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of annual financial statements.</p> <p>As part of this transition to the requirements, the management performed an analysis to identify differences between the previous and the current Fourth Schedule and as a result certain amendments relating to presentation and disclosures were made in the accompanying financial statements.</p> <p>In view of the various new disclosures prepared and presented in the financial statements, we considered this a key audit matter.</p>	<p>We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>considered the management's process to identify the additional disclosures required in the Company's annexed financial statements;</li> <li>obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and</li> <li>verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.</li> </ul>



### Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of Directors is responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### Report on Other Legal and Regulatory Requirements

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

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

#### Other Matter

The financial statements of the Company for the year ended June 30, 2017 were audited by another firm of Chartered Accountants who expressed an unqualified opinion thereon vide their report dated September 14, 2017

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

A.F. FERGUSON & CO.  
Chartered Accountants  
Lahore

Date: September 12, 2018

# STATEMENT OF FINANCIAL POSITION

## as at June 30, 2018

	Note	2018 (Rupees in thousand)	2017 (Rupees in thousand)
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 50,000,000 (2017: 50,000,000) ordinary shares of Rs. 10/- each		<b>500,000</b>	500,000
Issued, subscribed and paid up capital	5	<b>442,926</b>	442,926
Reserves	6	<b>5,211,898</b>	5,306,927
		<b>5,654,824</b>	5,749,853
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term deposits	7	<b>12,691</b>	11,515
Deferred tax liabilities - net	8	<b>57,015</b>	19,120
Employees' defined benefit plan	9	<b>24,604</b>	-
		<b>94,310</b>	30,635
<b>Current liabilities</b>			
Accumulating compensated absences		<b>107,409</b>	94,952
Trade and other payables	10	<b>10,410,009</b>	11,012,476
Unclaimed dividend		<b>256,584</b>	211,243
Unpaid dividend		<b>48,229</b>	31,250
		<b>10,822,231</b>	11,350,121
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12	-	-
		<b>16,571,365</b>	17,130,609

The annexed notes from 1 to 51 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



	Note	2018 (Rupees in thousand)	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Operating fixed assets	13	700,763	717,873
Capital work in progress	14	26,648	6,974
		<b>727,411</b>	724,847
Intangible assets	15	-	897
Investment property	16	255,708	255,708
Long term investments	17	709,300	484,279
Long term loans	18	2,587	2,575
Employees' defined benefit plan	9	-	39,962
		<b>1,695,006</b>	1,508,268
<b>Current assets</b>			
Stores, spare parts and loose tools	19	131,266	118,431
Stock in trade	20	4,157,062	3,646,581
Trade debts	21	65,578	182,827
Loans and advances	22	39,031	54,488
Trade deposits and short term prepayments	23	16,282	19,611
Balances with statutory authorities	24	1,909,792	2,526,588
Other receivables	25	44,118	108,730
Tax refunds due from the Government		725,454	185,886
Short term investments	26	7,267,636	6,718,196
Cash and bank balances	27	520,140	2,061,003
		<b>14,876,359</b>	15,622,341
		<b>16,571,365</b>	17,130,609

  
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Director

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 (Rupees in thousand)	2017
Sales - net	28	<b>38,517,147</b>	30,013,921
Cost of sales	29	<b>30,082,372</b>	22,916,592
<b>Gross profit</b>		<b>8,434,775</b>	7,097,329
Distribution and marketing expenses	30	<b>629,779</b>	536,522
Administrative expenses	31	<b>492,280</b>	471,550
Other operating expenses	32	<b>576,819</b>	454,934
		<b>1,698,878</b>	1,463,006
Other income	33	<b>1,046,461</b>	610,091
<b>Operating profit</b>		<b>7,782,358</b>	6,244,414
Finance cost	34	<b>2,490</b>	2,181
<b>Profit before tax</b>		<b>7,779,868</b>	6,242,233
Taxation	35	<b>2,445,506</b>	1,984,700
<b>Profit after tax for the year</b>		<b>5,334,362</b>	4,257,533
<b>Other comprehensive income:</b>			
Items that may be reclassified to profit or loss in subsequent periods:			
Unrealized (loss) /gain on revaluation of available for sale investments		<b>(51,685)</b>	87,232
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement (loss) /gain on defined benefit plan		<b>(62,600)</b>	142,343
<b>Total other comprehensive (losses) / income</b>		<b>(114,285)</b>	229,575
<b>Total comprehensive income for the year</b>		<b>5,220,077</b>	4,487,108
<b>Earnings per share - basic and diluted (Rupees)</b>	38	<b>120.43</b>	96.12

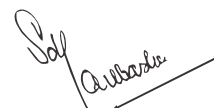
The annexed notes from 1 to 51 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director



# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid up capital	Capital reserves  Fair value reserve	Revenue reserves		Total
			General Reserves	Unappro- priated profit	
<b>Rupees in Thousands</b>					
Balance as on July 01, 2016	442,926	91,123	2,985,519	622,192	4,141,760
Final dividend for the year ended June 30, 2016 @ Rs. 30 per share	-	-	(706,584)	(622,192)	(1,328,776)
Interim dividend for the year ended June 30, 2017 @ Rs. 35 per share	-	-	-	(1,550,239)	(1,550,239)
Total comprehensive income for the year ended June 30, 2017	-	87,232	-	4,399,876	4,487,108
<b>Balance as on June 30, 2017</b>	<b>442,926</b>	<b>178,355</b>	<b>2,278,935</b>	<b>2,849,637</b>	<b>5,749,853</b>
Final dividend for the year ended June 30, 2017 @ Rs. 60 per share	-	-	-	(2,657,553)	(2,657,553)
Interim dividend for the year ended June 30, 2018 @ Rs. 60 per share	-	-	-	(2,657,553)	(2,657,553)
Total comprehensive income for the year ended June 30, 2018	-	(51,685)	-	5,271,762	5,220,077
<b>Balance as on June 30, 2018</b>	<b>442,926</b>	<b>126,670</b>	<b>2,278,935</b>	<b>2,806,293</b>	<b>5,654,824</b>

The annexed notes from 1 to 51 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 (Rupees in thousand)	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	39	<b>6,559,674</b>	11,203,535
Interest and mark-up paid		<b>(2,490)</b>	(2,491)
Increase in long term loans to employees - net		<b>(12)</b>	(1,092)
Workers' Profit Participation Fund paid	10.4	<b>(441,806)</b>	(320,507)
Workers' Welfare Fund paid		<b>(113,950)</b>	(90,245)
Taxes paid - net		<b>(2,330,384)</b>	(2,866,871)
Retirement benefits paid - net		<b>(16,648)</b>	(22,191)
Long term security deposits received		<b>1,176</b>	10
		<b>(2,904,114)</b>	(3,303,387)
<b>Net cash flows generated from operating activities</b>		<b>3,655,560</b>	7,900,148
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital expenditure		<b>(104,419)</b>	(139,210)
Proceeds from disposal of property, plant and equipment		<b>17,128</b>	17,615
Short term investments redeemed / (made) - net		<b>1,028,538</b>	(5,679,475)
Long term investments made		<b>(270,000)</b>	-
Profit on bank deposits received		<b>161,723</b>	36,821
Dividend received	39	<b>463,593</b>	281,065
<b>Net cash flows generated from / (used in) investing activities</b>		<b>1,296,563</b>	(5,483,184)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		<b>(5,252,986)</b>	(2,918,213)
<b>Net cash used in financing activities</b>		<b>(5,252,986)</b>	(2,918,213)
<b>Net decrease in cash and cash equivalents</b>		<b>(300,863)</b>	(501,249)
Cash and cash equivalents at the beginning of the year		<b>2,061,003</b>	2,562,252
<b>Cash and cash equivalents at the end of the year</b>	40	<b>1,760,140</b>	2,061,003

The annexed notes from 1 to 51 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

## 1. LEGAL STATUS AND NATURE OF BUSINESS

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

## 2. STATEMENT OF COMPLIANCE

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

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

- Provisions and directives issued under the Companies Act, 2017.

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

## 3. Basis of preparation

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

During the year, the Company has opted for the presentation of a combined 'Statement of Profit or Loss and Other Comprehensive Income' as allowed in the Companies Act, 2017 in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' instead of a separate 'Statement of Profit and Loss Account' and 'Statement of Comprehensive Income'.

### 3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for valuation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

### 3.2 Critical accounting estimates and judgments

The Company's significant accounting policies are stated in note 4 to these financial statements. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving 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. The valuation is based on assumptions as mentioned in note 4.2 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. 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 favour of the Company, the amounts are shown as contingent liabilities.

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

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

### 3.2.4 Provision for inventories and stores

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

### 3.2.5 Provision for receivables

The Company regularly reviews its receivables for impairment, if any. The provision in this regard is made, based on management's estimate, where the prospects of recovery are doubtful.

### 3.3 Functional and presentation currency

The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

## 4 Summary of significant accounting policies

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

### 4.1 Changes in accounting standards, interpretations and pronouncements

#### a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year and are relevant

The Companies Act, 2017 (the Act) has also brought certain changes with regard to the preparation and presentation of the financial statements of the Company. These changes also include change in nomenclature of the primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements;
- incorporation of significant additional disclosures;



- a single statement of profit or loss and other comprehensive income which was previously prepared as two separate statements; and
- various reserves separately shown on the statements of financial position have now been presented under Note 6-Reserves.

Keeping in view of the above, the presentation of these financial statements has been realigned with the provisions contained in the Act, however, this does not have any impact on the recognition and measurement of the amounts included in the financial statements of the Company.

**b) Standards, interpretations and amendments to published approved accounting standards that became effective during the year but are not relevant**

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- IAS 7 - Statement of Cash Flows - Disclosure initiative - (Amendment)
- IAS 12 - Income Taxes – Recognition of deferred tax assets for unrealized losses (Amendments)
- IFRS 12 - Annual Improvements to IFRS Standards 2014–2016 Cycle (Amendments)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements of the Company.

**c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

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

Standard or interpretation	Effective Date (Annual Periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2019
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IFRS 9 – Financial Instruments	July 01, 2018
IFRS 9 – Prepayment Features with Negative Compensation – (Amendments)	January 01, 2019
IFRS 15 – Revenue from Contracts with Customers	July 01, 2018
IFRS 16 – Leases	January 01, 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019

Standard or interpretation

Effective Date  
(Annual Periods  
beginning on or after)

IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Company financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in previous years. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018 and January 01, 2019 respectively. The Company's expects that such improvements to the standards will not have any significant impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard

ISAB effective date  
(Annual periods  
beginning on or after)

IFRIC 14 - Regulatory Deferral Accounts	January 01, 2016
IFRIC 17 - Insurance Contracts	January 01, 2021

**4.2 Employees' retirement benefits and other obligations**

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

**4.2.1 Defined benefit plan**

**4.2.1.1 Pension**

The Company operates a funded defined benefit pension scheme for all its eligible employees. Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Contributions under the scheme are made to this fund on the basis of actuarial recommendation and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at June 30, 2018.

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.

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

	<b>2018</b>	<b>2017</b>
Expected rate of increase in salary level	<b>8.00%</b>	6.75%
Discount rate used for interest cost in profit and loss	<b>7.75%</b>	7.25%
Discount rate used for year end obligation	<b>9.00%</b>	7.75%
Average expected remaining working life of employees	<b>9 years</b>	10 years



## 4.2.2 Defined contribution plans

### 4.2.2.1 Gratuity

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

### 4.2.2.2 Provident fund

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

### 4.2.3 Accumulating compensated absences

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

## 4.3 Taxation

### Current

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

### Deferred

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

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

## 4.4 Property, plant and equipment

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

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

Depreciation on all items of property, plant and equipment except for leasehold office building is charged to profit and loss account applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation on leasehold office building is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the asset. Depreciation is being charged at the rates given in note 13. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

The Company continually assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit and loss account for the year. Any previously recognized impairment loss is reversed only if there has been a change in the

estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, and the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

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

#### 4.5 Capital work in progress

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

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

#### 4.6 Intangible assets

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss, if any. Intangible assets are amortized using the straight line method over a period of three years.

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

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

#### 4.7 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, 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 and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.



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

#### 4.8 Investments and other financial assets

##### 4.8.1 Subsidiary and associated undertakings

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

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

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

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

##### 4.8.2 Other financial assets

Financial assets in the scope of IAS 39 : "Financial Instruments - Recognition and Measurement", are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial assets are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets are subsequently measured at fair value or cost as the case may be. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

###### 4.8.2.1 Financial assets at fair value through profit or loss

Financial assets classified as held-for-trading are included in the category 'Financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and are effective hedging instruments. Gains or losses on investments held for trading are recognized in profit and loss account.

###### 4.8.2.2 Held to maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Company has the positive intention and ability to hold to maturity and are initially measured at cost. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

#### 4.8.2.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortization process.

#### 4.8.2.4 Available for sale

The financial assets, including investments in associated undertakings where the Company has no significant influence, that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

At each reporting date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

#### 4.9 Stores, spare parts and loose tools

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

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

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

#### 4.10 Stock in trade

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

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

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

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

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

**4.11 Trade debts**

Trade debts are carried at original invoice amount less an estimate for doubtful debts balances based on review of outstanding amounts at the year end. Bad debts are written off when identified.

**4.12 Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents are stated at cost and comprise of cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

**4.13 Revenue recognition**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from maintenance services is recognized on the basis of services performed to date as a percentage of total services to be performed.

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.

**4.14 Research cost**

These costs are charged to profit and loss account when incurred.

**4.15 Borrowing costs**

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

**4.16 Trade and other payables**

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

**4.17 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**4.18 Foreign currency transactions and translation**

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

**4.19 Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### 4.20 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 Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

#### 4.21 Reserves

Reserve are classified into two categories as follows:

##### 4.21.1 Revenue reserve

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

##### 4.21.2 Capital reserve

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

#### 4.22 Earning per share

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

#### 4.23 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

#### 4.24 Dividend and appropriations

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

#### 5 Issued, subscribed and paid up capital

2018 (Number of shares in thousand)	2017		2018 (Rupees in thousand)	2017
<b>2,543</b>	2,543	Ordinary shares of Rs.10 each fully paid in cash	<b>25,429</b>	25,429
<b>41,750</b>	41,750	Ordinary shares of Rs.10 each issued as fully paid bonus shares	<b>417,497</b>	417,497
<b>44,293</b>	44,293		<b>442,926</b>	442,926



		2018	2017
		(Rupees in thousand)	
6	<b>Reserves</b>		
	<b>Capital reserve</b>		
	Fair value reserve - Available for sale investments	126,670	178,355
		126,670	178,355
	<b>Revenue reserve</b>		
	General reserve	2,278,935	2,278,935
	Unappropriated profit	2,806,293	2,849,637
		5,085,228	5,128,572
		5,211,898	5,306,927

7 **Long term deposits**

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

		2018	2017
		(Rupees in thousand)	

8 **Deferred tax liabilities - net**

The liability for deferred tax comprises temporary differences relating to:

**Taxable temporary differences:**

Accelerated tax depreciation	57,781	56,345
Change in fair value of short term investments	41,007	2,251
	98,788	58,596

**Deductible temporary differences:**

Accumulating compensated absences	(31,149)	(28,486)
Provision for doubtful receivables	(10,624)	(10,990)
	(41,773)	(39,476)

<b>Net deferred tax liability at the year end</b>	<b>57,015</b>	<b>19,120</b>
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8.1 **Reconciliation of deferred tax liabilities - net**

	Deferred tax liability		Deferred tax asset		Net liability
	Accelerated tax depreciation	Change in fair value of short term investments	Accumulating compensated absences	Provision for doubtful receivables	
	<b>(Rupees in thousand)</b>				
Balance as at June 30, 2016	43,182	129	(29,847)	(11,356)	2,108
Tax income / (expense)					
during the year					
recognised in profit and loss	13,163	2,122	1,361	366	17,012
Balance as at June 30, 2017	56,345	2,251	(28,486)	(10,990)	19,120
Tax income / (expense)					
during the year					
recognised in profit and loss	1,436	38,756	(2,663)	366	37,895
<b>Balance as at June 30, 2018</b>	<b>57,781</b>	<b>41,007</b>	<b>(31,149)</b>	<b>(10,624)</b>	<b>57,015</b>

Under the Finance Act, 2018, a change in corporate tax rate from 30% to 29% was enacted for tax year 2019. The said tax rate will gradually decrease by 1% over a period of 4 years. Therefore, deferred tax assets and liabilities have been recognized accordingly using the expected applicable rate.

	Note	2018 (Rupees in thousand)	2017 (Rupees in thousand)
<b>9 Employees' defined benefit plan</b>			
<b>9.1 Present value of defined benefit obligation</b>	9.3	<b>1,109,824</b>	1,105,684
Fair value of plan assets	9.4	<b>(1,085,220)</b>	(1,145,646)
Liability / (asset) recognized in the statement of financial position		<b>24,604</b>	(39,962)
<b>9.2 For the year</b>			
Salaries, wages and amenities include the following in respect of employees' pension scheme:			
Current service cost		<b>16,628</b>	19,443
Interest cost		<b>82,889</b>	80,332
Expected return on plan assets		<b>(86,420)</b>	(74,334)
		<b>13,097</b>	25,441
		<b>2018</b>	<b>2017</b>
		<b>(Rupees in thousand)</b>	<b>(Rupees in thousand)</b>
<b>9.3 The movement in present value of defined benefit obligation is as follows:</b>			
Present value of defined benefit obligation as at July 01		<b>1,105,684</b>	1,137,355
Current service cost		<b>16,628</b>	19,443
Interest cost		<b>82,889</b>	80,332
Benefits due but not paid		-	(34)
Benefits paid		<b>(72,290)</b>	(58,608)
Actuarial gain		<b>(23,087)</b>	(72,804)
Present value of defined benefit obligation as at June 30		<b>1,109,824</b>	1,105,684
<b>9.4 The movement in fair value of plan assets is as follows:</b>			
Fair value of plan assets as at July 01		<b>1,145,646</b>	1,048,797
Expected return on assets		<b>86,420</b>	74,334
Contributions		<b>11,131</b>	11,619
Benefits paid		<b>(72,290)</b>	(58,608)
Benefits due but not paid		-	(34)
Return on plan assets		<b>(85,687)</b>	69,538
Fair value of plan assets as at June 30		<b>1,085,220</b>	1,145,646
Actual return on plan assets		<b>733</b>	143,872
<b>9.5 Plan assets comprise of :</b>			
<b>Term deposit receipts :</b>			
United Bank Limited		<b>220,926</b>	320,000
Meezan Bank Limited		<b>148,529</b>	-
Zarai Taraqiat Bank Limited		<b>131,547</b>	-
Bonds and mutual funds :			
MCB DCF income fund		<b>190,180</b>	185,106
NAFA Capital proceeds		<b>288,491</b>	308,706
Alfalah GHP Islamic stock fund		<b>88,898</b>	104,559
<b>Accrued interest and bank balance:</b>			
Bank balances		<b>14,906</b>	225,531
Advance income tax		<b>1,743</b>	1,744
		<b>1,085,220</b>	1,145,646

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



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

	2018	2017	2016	2015	2014
<b>As at June 30</b>	<b>(Rupees in thousand)</b>				
Present value of defined benefit obligation	<b>1,109,824</b>	1,105,684	1,137,355	871,824	635,895
Less: Fair value of plan assets	<b>1,085,220</b>	1,145,646	1,048,797	1,015,336	929,695
(Deficit) / surplus	<b>(24,604)</b>	39,962	(88,558)	143,512	293,800
Experience adjustment on obligation	<b>(23,087)</b>	(72,804)	217,792	187,304	(39,678)
Experience adjustment on plan assets	<b>(85,687)</b>	69,538	(24,462)	945	8,064

**Sensitivity analysis**

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

	Note	2018 (Rupees in thousand)	2017
Discount rate + 100 bps		<b>1,022</b>	1,024
Discount rate - 100 bps		<b>1,212</b>	1,239
Salary increase + 100 bps		<b>1,126</b>	1,117
Salary increase - 100 bps		<b>1,095</b>	1,082

**10 Trade and other payables**

	Note	2018 (Rupees in thousand)	2017
Trade creditors	10.1	<b>847,255</b>	1,023,184
Accrued liabilities		<b>156,322</b>	178,484
Advances from customers	10.2	<b>8,917,449</b>	9,386,045
Bills payable		<b>155,744</b>	163,559
Security deposits	10.3	<b>7,915</b>	4,765
Trademark fee payable		<b>73,743</b>	64,738
Workers' Welfare Fund		<b>99,426</b>	72,527
Worker's Profit Participation Fund	10.4	-	19,656
Others	10.5	<b>152,155</b>	99,518
		<b>10,410,009</b>	11,012,476

10.1 These include balances due to related parties amounting Rs. 71,907 thousand (2017: Rs.107,841 thousand).

10.2 These represent advances from customers against sale of tractors and carry no mark-up and includes advance received from related party of Rs. 5,854 thousand (2017: Rs Nil). Further, as referred in note 27 to these financial statements, these also include an amount of Rs. 91,037 thousand (2017: Rs.22,991 thousand) representing cheques in hand.

10.3 These represent security deposits from contractors which, by virtue of agreement, are interest free, repayable on demand and are used in the Company's business.

**10.4 Workers' Profit Participation Fund**

	Note	2018 (Rupees in thousand)	2017
Balance payable at start of year		<b>19,656</b>	5,627
Payments made during the year		<b>(441,806)</b>	(320,507)
		<b>(422,150)</b>	(314,880)
Allocation for the year	32	<b>419,904</b>	334,536
Balance (receivable) / payable at end of year	25	<b>(2,246)</b>	19,656

10.5 These include deposits by employees under car and motorcycle scheme amounting to Rs. 31,299 thousand (2017: Rs. 27,050 thousand) and carry no markup.

## 11 Short term borrowing facilities

11.1 The Company has obtained short term borrowing facilities from various banks against aggregate sanctioned limit of Rs. 3,400,000 thousand (2017: Rs. 4,000,000 thousand). The rates of mark up range from KIBOR plus 0.05% to KIBOR plus 0.1% (2017: KIBOR plus 0.1% to KIBOR plus 0.5%) per annum.

11.2 Out of the above mentioned authorized limit, an amount of Rs. 500,000 thousand (2017: Rs. 500,000 thousand) has been obtained under Islamic mode of financing from Meezan Bank limited.

11.3 The Company has facilities for opening of letters of credit and guarantees aggregating to Rs. 3,500,000 thousand (2017: Rs. 3,726,685 thousand) out of which Rs. 400,000 thousand (2017: Rs. 400,000 thousand) has been obtained under Islamic mode of financing.

11.4 Out of the authorized limited of letter of credit and guarantees Rs. 1,238,914 thousand (2017: Rs. 1,945,362 thousand) remained unutilized at the end of the year.

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

## 12 Contingencies and commitments

### 12.1 Contingencies

12.1.1 The Company has provided guarantee amounting to Rs. 5,000 thousand (2017: Rs. 5,000 thousand) to banks for repayment of loan by employees. An amount of Rs. 30 thousand (2017: Rs. 697 thousand) was utilized by employees as at June 30, 2018.

12.1.2 Guarantees issued by the banks on behalf of the Company in the normal course of business amount to Rs. 502,140 thousand (2017: Rs. 405,533 thousand).

12.1.3 Income tax returns for the years from 2007 to 2017 have been filed by the Company under the provisions of section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

The Income tax department has disputed with the Company's treatment on certain tax matters for the tax years 2007-2013 and 2015, entailing an additional tax liability of Rs. 616,729 thousand. Of these the only significant tax matter, amounting to Rs. 380,624 thousand, relates to disallowances made by tax authorities in respect of trade mark fee / expense claimed by the Company in its income tax returns for the aforementioned tax years. Both the Company and Income tax department are currently in appeal at the appellate tribunal level regarding the tax matters, decisions of which are pending. The management in consultation with their tax advisor are confident that all the tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements accordingly.

12.1.4 The Deputy Commission Inland Revenue has issued withholding tax assessment orders u/s 161/205 of the Ordinance for the tax year 2011 creating an initial demand of Rs. 176,000 thousand. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIR(A)). The CIR(A) passed an order dated January 21, 2015 remanding back the issue to Deputy Commissioner. Reassessment proceedings after being finalized on January 25, 2016 reduced the demand to Rs. 51,000 thousand. The Company is in the process of filing appeal against reassessment proceedings with CIR(A). Furthermore, the tax authorities have filed an appeal before Appellate Tribunal (ATIR) against the order passes by CIR(A). The management in consultation with their tax advisor are confident that the above matter will eventually be decided in favor of the Company; therefore no provision has been created in these financial statements accordingly.

12.1.5 The Company is defending a demand notice issued by Vice Commissioner Punjab Employees' Social Security Institution amounting to Rs. 36,000 thousand. After further investigation, the demand notice was reduced to Rs. 12,000 thousand. The Company is in the process of filing objection against the reduced demand notice. The management and legal advisor are confident that the outcome of the case would be decided in their favor hence, no provision relating to aforesaid demand has been made in the financial statements.



- 12.1.6 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 during the last year it was held by the Civil Court that the damages of Rs. 15,000 thousand has been awarded in favor of vendor for the aforementioned inconvenience. In addition to that the Company is also required to pay the amount of parts already supplied by the vendor which amounts to Rs 4,579 thousand along with mark up @ 7% per annum till its realization. However the Company has filed an appeal in the Honorable High Court, Lahore against the aforesaid order of Civil Court. The management and the legal advisor are confident that outcome of the case would be in the Company's favor and no payment in this regard would be required, hence no provision there against has been made in these financial statements. The case is pending in the Honorable High Court, Lahore.
- 12.1.7 The Company is defending a demand of Rs. 3,944 thousand from the Additional Commissioner Inland Revenue, Lahore, regarding non payment of sales tax on replacements of warranty parts supplied by the Company to its customers. The Company filed the appeal in 2010 against the aforementioned order passed, to Commissioner of Inland Revenue, Lahore. Which held that the Company is liable to pay the amount of sales tax on warranty parts which amounts to Rs 3,944 thousand along with default surcharge and penalty @ 5% under section 33 of sales tax act 1990. The Company has filed an appeal against the aforementioned order in the Honorable High Court, Lahore. 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. The case is pending in the Honorable High Court, Lahore.
- 12.1.8 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 manufacture 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 favor of the Company. The Custom department has filed reference against the decision in Honorable High Court, Lahore, judgment of which is pending. The Company made payment of Rs. 8,000 thousand under protest in response to demand notice served and obtained stay order from Honorable 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 favor hence no provision relating to aforesaid demand has been made in these financial statements.
- 12.2 **Commitments**  
Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs. 1,758,946 thousand (2017: Rs. 1,375,790 thousand) at the reporting date.

## 13 Operating fixed assets

Net book value basis  
Year ended June 30, 2018

Opening net book value  
Additions (at cost)  
Disposals  
Write offs  
Depreciation charge  
  
Closing net book value

	Land		Buildings		Owned					Total
	Free hold	Lease-hold	On freehold land	On leasehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	
	----- (Rupees in thousand) -----									
Opening net book value	58,307	8	234,110	-	152,275	78,923	160,231	19,066	14,953	717,873
Additions (at cost)	-	-	-	-	26,174	8,586	36,098	11,500	2,387	84,745
Disposals	-	-	-	-	-	-	(16,927)	-	(201)	(17,128)
Write offs	-	-	-	-	-	(464)	-	(448)	(76)	(988)
Depreciation charge	-	-	(12,586)	-	(15,979)	(11,051)	(34,693)	(3,912)	(5,518)	(83,739)
Closing net book value	<u>58,307</u>	<u>8</u>	<u>221,524</u>	<u>-</u>	<u>162,470</u>	<u>75,994</u>	<u>144,709</u>	<u>26,206</u>	<u>11,545</u>	<u>700,763</u>

## Gross book value basis

## As at June 30, 2018

Cost  
Accumulated depreciation  
Net book value

Cost	58,307	8	387,593	2,900	504,681	128,753	306,789	88,521	46,923	1,524,475
Accumulated depreciation	-	-	(166,069)	(2,900)	(342,211)	(52,759)	(162,080)	(62,315)	(35,378)	(823,712)
Net book value	<u>58,307</u>	<u>8</u>	<u>221,524</u>	<u>-</u>	<u>162,470</u>	<u>75,994</u>	<u>144,709</u>	<u>26,206</u>	<u>11,545</u>	<u>700,763</u>

## Depreciation rate % per annum

- - 5-10 5 10 10-20 20 10-15 33

Net book value basis  
Year ended June 30, 2017

Opening net book value  
Additions (at cost)  
Disposals  
Depreciation charge  
  
Closing net book value

Opening net book value	58,307	8	25,805	-	160,155	28,985	139,644	18,695	16,531	448,130
Additions (at cost)	-	-	211,456	-	8,579	54,276	74,685	3,679	4,695	357,370
Disposals	-	-	-	-	-	-	(16,186)	(239)	(164)	(16,589)
Depreciation charge	-	-	(3,151)	-	(16,459)	(4,338)	(37,912)	(3,069)	(6,109)	(71,038)
Closing net book value	<u>58,307</u>	<u>8</u>	<u>234,110</u>	<u>-</u>	<u>152,275</u>	<u>78,923</u>	<u>160,231</u>	<u>19,066</u>	<u>14,953</u>	<u>717,873</u>

## Gross book value basis

## As at June 30, 2017

Cost  
Accumulated depreciation  
Net book value

Cost	58,307	8	387,593	2,900	478,507	120,676	301,567	79,237	48,588	1,477,383
Accumulated depreciation	-	-	(153,483)	(2,900)	(326,232)	(41,753)	(141,336)	(60,171)	(33,635)	(759,510)
Net book value	<u>58,307</u>	<u>8</u>	<u>234,110</u>	<u>-</u>	<u>152,275</u>	<u>78,923</u>	<u>160,231</u>	<u>19,066</u>	<u>14,953</u>	<u>717,873</u>

## Depreciation rate % per annum

- - 5-10 5 10 10-20 20 10-15 33

13.1	The depreciation charge for the year has been allocated as follows:	Note	2018	2017
			(Rupees in thousand)	
	Cost of sales	29	32,323	33,706
	Distribution and marketing expenses	30	7,131	6,831
	Administrative expenses	31	44,285	30,501
			<b>83,739</b>	<b>71,038</b>

13.2 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.

13.3 Leasehold property represents Igloo hanger Godown measuring total area of 6,662 square meters situated near Brook Bond factory site area, Karachi.

13.4 Disposal of operating fixed assets

Particulars of asset	Sold to	Cost	Book value	Sale proceeds	Gain on disposal	Mode of disposal
		(Rupees in thousand)				
<b>Fixed assets sold having book value greater than Rs. 500,000</b>						
<b>Directors / CEO:</b>						
Vehicle	Mr. Laeeq ud din Ansari	8,320	6,546	6,546	-	As approved by the Board of Directors
Vehicle	Mr. S M Irfan Aqueel	4,000	1,053	1,053	-	As approved by the Board of Directors
<b>Employees:</b>						
Vehicle	Mr. Mansoor Abbasi	2,025	1,253	1,253	-	Company car scheme
Vehicle	Mr. Muhammad Akram	1,973	715	715	-	Company car scheme
Vehicle	Mr. Muhammad Akram	1,881	1,572	1,572	-	Company car scheme
Vehicle	Mr. Nisar Ahmad Mirani	1,846	836	836	-	Company car scheme
Vehicle	Mr. Naveed Aslam	1,661	1,338	1,338	-	Company car scheme
Vehicle	Mr. Altaf Hussain	1,611	631	631	-	Company car scheme
<b>Fixed assets sold having book value less than Rs. 500,000</b>		<b>8,215</b>	<b>3,184</b>	<b>3,184</b>	-	
Year ended: June 30, 2018		<b>31,532</b>	<b>17,128</b>	<b>17,128</b>	-	
Year ended: June 30, 2017		45,863	16,589	17,616	1,027	

	Note	2018 (Rupees in thousand)	2017
<b>14 Capital work in progress</b>			
Plant and machinery		15,804	1,282
Advance against purchase of intangible		5,992	-
Advance for tools and equipment		1,613	-
Advance for vehicles		3,239	5,692
		<b>26,648</b>	<b>6,974</b>
<b>14.1</b> Movement in capital work in progress is as follows:			
Opening balance		6,974	225,133
Additions during the year		26,506	78,480
Capitalized / disposed off during the year		(6,832)	(296,639)
		<b>26,648</b>	<b>6,974</b>
<b>15 Intangible assets</b>			
<b>Net carrying value basis:</b>			
Opening net book value		897	3,295
Additions		-	-
Amortization charge	31	(897)	(2,398)
		-	897
<b>Gross carrying value basis:</b>			
Cost		44,981	44,981
Additions		-	-
Accumulated amortization		(44,981)	(44,084)
		-	897
Rate of amortization		33%	33%
<b>16 Investment property</b>			
Land		258,444	258,444
Provision for impairment	16.4	(2,736)	(2,736)
		<b>255,708</b>	<b>255,708</b>
<b>16.1</b>	This represents residential plots stated at cost. As at June 30, 2018 and June 30, 2017, the fair values of these properties were Rs. 310,800 thousand and Rs. 288,600 thousand respectively. These valuation 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.		
<b>16.2</b>	The valuation method used by the independent valuer was based on market approach method.		
<b>16.3</b>	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.		
<b>16.4</b>	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.		
<b>16.5</b>	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 (2017: 2,736 thousand ) at the reporting date.		



17 Long term investments

	2018		2017	
	Equity % held	Investment at cost	Equity % held	Investment at cost
Investment in related parties				
In subsidiary undertaking				
Unquoted				
<b>Millat Industrial Products Limited</b> 5,737,500 (2017: 5,737,500) fully paid ordinary shares of Rs.10/- each	<b>64.09</b>	<b>57,375</b>	64.09	57,375
<b>TIPEG Intertrade DMCC</b> 1,500 (2017: 1,500) fully paid ordinary shares of AED 1,000/- each	<b>75.00</b>	<b>49,500</b>	75.00	42,795
<b>Millat Equipment Limited</b> 11,699,993 (2017: 11,699,993) fully paid ordinary shares of Rs. 10/- each	<b>45.00</b>	<b>117,000</b>	45.00	117,000
Quoted				
<b>Bolan Castings Limited</b> 5,306,979 (2017: 5,306,979) fully paid ordinary shares of Rs. 10/- each as at	<b>46.26</b>	<b>76,610</b>	46.26	76,610
Other investment - available for sale				
Unquoted				
<b>Arabian Sea Country Club Limited</b> 500,000 (2017: 500,000) fully paid ordinary shares of Rs. 10/- each	<b>6.45</b>	<b>5,000</b>	6.45	5,000
Less: Impairment loss		<b>(5,000)</b>		<b>(5,000)</b>
<b>Hyundai Nishat Motors (Private) Limited</b> 27,000,000 (2017: Nil) fully paid ordinary shares of Rs. 10/- each	<b>18.00</b>	<b>270,000</b>	-	-
Investment other than related parties				
Quoted				
<b>Baluchistan Wheels Limited</b> 1,282,825 (2017: 1,282,825) fully paid ordinary shares of Rs. 10/- each		<b>12,145</b>		12,145
Surplus on revaluation of investment		<b>126,670</b>		178,354
Market value as at June 30		<b>138,815</b>		190,499
		<b>709,300</b>		<b>484,279</b>

17.1 Investments in associated companies or undertakings have been made in compliance with the requirements of the Companies Act, 2017.

**17.2 Subsidiaries incorporated outside Pakistan**

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

Name of Company:	TIPEG Intertrade DMCC
Registered office of the Company (location):	Unit No. 705, Fortune Executive Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates
Company of incorporation:	United Arab Emirates
Basis of Association:	Subsidiary
Aggregate percentage of shareholding:	75%
Managing Director/ Principal Officer:	Mr. Sohail Bashir Rana
Operational status:	Operational
Details of litigation status (as on June 30, 2018):	None
Auditors opinion on latest financial statements (December 31, 2017):	Unmodified opinion
Default/breach relating to foreign investment:	None

The unconditional amount of equity investment in the foreign subsidiary is AED 1,500 thousand which is equivalent to Rs. 49,500 thousand as on June 30, 2018, as disclosed in note 17 to these financial statements.

The foreign subsidiary has remitted back dividend/ return of Rs. 23,552 thousand (2017: Rs. 12,844 thousand) during the year.

<b>18 Long term loans - considered good</b>	Note	<b>2018</b>	<b>2017</b>
		<b>(Rupees in thousand)</b>	
Loan to employees:			
company loan	18.1	<b>6,014</b>	4,560
motor cycle loan	18.2	<b>1,406</b>	1,239
		<b>7,420</b>	5,799
Less: current portion included in current assets	22	<b>(4,833)</b>	(3,224)
		<b>2,587</b>	2,575

**18.1** 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 two years for executive and three years for workers.

**18.2** 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 five years.

**18.3** Reconciliation of carrying amount of long term loans is:

Balance as at July 01, 2017	Disbursement during the year	Repayments during the year	Balance as at June 30, 2018
<b>(Rupees in thousand)</b>			
Due from employees	5,799	6,705	5,084
	<b>7,420</b>	<b>5,084</b>	<b>7,420</b>

**18.4** The above loans were provided for personal use of the executives in accordance with approved Human Resource policy and employment terms.



19 Stores, spare parts and loose tools

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

20	Stock in trade	Note	2018 (Rupees in thousand)	2017
	Raw material	20.1 & 20.2	3,836,372	3,129,457
	Work-in-process		4,508	16,141
	Finished goods:			
	Manufacturing		157,468	363,676
	Trading		158,714	137,307
			316,182	500,983
			4,157,062	3,646,581

20.1 This includes stock in transit amounting to Rs. 456,745 thousand (2017: Rs. 396,588 thousand).

20.2 This includes raw materials and components held with third parties amounting to Rs. 28,250 thousand (2017: Rs. 110,017 thousand).

21	Trade debts	Note	2018 (Rupees in thousand)	2017
21.1	Trade debts- considered good	21.2	65,578	182,827
21.2	These are unsecured but considered good by the management.			
21.3	Trade debts include balances due from the following related parties			
	Millat Equipment Limited		-	1,821
	Bolan Castings Limited		-	348
	TIPEG Intertrade DMCC		-	6,474
		21.3.1	-	8,643

21.3.1	Aging of due from related parties:	2018		2017	
		Neither past due not impaired	Past due 1-6 months but not impaired	Neither past due not impaired	Past due 1-6 months but not impaired
		(Rupees in thousand)			
	Millat Equipment Limited	-	-	-	1,821
	Bolan Castings Limited	-	-	-	348
	TIPEG Intertrade DMCC	-	-	-	6,474
		-	-	-	8,643

21.4 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.19,729 thousand (2017: Rs.8,607 thousand).

21.5 The outstanding trade debts in relation to the export sales is as follows:

Name of Party	Export sale during the year		Outstanding trade debts as on	
	2018	2017	2018	2017
	(Rupees in thousand)			
TIPEG Intertrade DMCC	373,057	396,697	-	6,474

The outstanding trade debts relate to the export sales made to TIPEG intertrade DMCC, a related party, registered at Dubai, United Arab Emirates are in accordance with contract terms and is considered good.

		2018 (Rupees in thousand)	2017
<b>22</b>	<b>Loans and advances</b>		
	Current portion of long term loans to employees	4,833	3,224
	Advances to employees - considered good	1,427	1,479
	Advances to suppliers - considered good	28,085	45,515
	Advance against shares subscription	400	-
		<b>34,745</b>	50,218
	Advances to suppliers - considered doubtful	2,485	2,485
	Less: provision for doubtful advances	<b>(2,485)</b>	<b>(2,485)</b>
		-	-
	Letter of credit opening charges	4,286	4,270
		<b>39,031</b>	54,488

**22.1** These represent interest free advances to employees for the purpose of the expenses, tour and salary.

**22.2** The maximum aggregate amount at the end of any month during the year due from the Chief Executive Officer was Rs. Nil (2017: Rs.291 thousand) and Directors Rs. Nil (2017: Rs. 344 thousand) in respect of travel advance.

**22.3** This represents advance given to TCC Management Services (Pvt) Limited against shares subscription.

**23 Trade deposits and short term prepayments**

These include interest free security deposits amounting to Rs. 13,952 thousand (2017: Rs.17,861 thousand) made for tender placement.

		2018 (Rupees in thousand)	2017
<b>24</b>	<b>Balances with statutory authorities</b>		
	Special excise duty payable	(1,027)	(1,305)
	Sales tax recoverable	1,944,966	2,562,040
	Less: provision for doubtful claims	<b>(34,147)</b>	<b>(34,147)</b>
		1,910,819	2,527,893
		<b>1,909,792</b>	<b>2,526,588</b>

**25 Other receivables**

	Claims receivable from foreign suppliers	40,572	91,149
	Interest accrued	1,300	6,097
	Provident fund	-	11,484
	Worker's Profit Participation Fund	2,246	-
		<b>44,118</b>	108,730

**26 Short term investments**

		2018 (Rupees in thousand)	2017
	Mutual Funds designated at fair value through profit and loss	6,027,636	5,718,196
	Investment in Term Deposit Receipt (TDR)	1,240,000	1,000,000
		<b>7,267,636</b>	6,718,196



26.1 This represents investment in mutual funds as follows:

Mutual Funds	June 30, 2018		
	Number of units	Fair value per unit	Total
	(Number in thousand)	(Rupees)	(Rupees in thousand)
ABL Cash Fund	99,836	10.60	1,057,903
ABL Islamic Income Fund	39,118	10.61	415,093
Alfalah GHP Money Market Fund	4,234	102.74	434,996
Atlas Money Market Fund	1,024	529.42	542,344
HBL Money Market Fund	4,579	107.15	490,691
Lakson Money Market Fund	4,866	105.59	513,836
Lakson Income Fund	2,455	105.93	260,037
MCB Cash Management Optimizer Fund	9,904	105.93	1,049,181
NAFA Government Securities Liquid Fund	54,159	10.70	579,423
NIT Income Fund	38,362	10.84	415,675
United Liquidity Plus Fund	2,527	106.22	268,457
			<b>6,027,636</b>

Mutual Funds	June 30, 2017		
	Number of units	Fair value per unit	Total
	(Number in thousand)	(Rupees)	(Rupees in thousand)
ABL Cash Fund	59,981	10.11	606,325
ABL Income Fund	38,644	10.04	387,812
ABL Islamic Income Fund	39,669	10.17	403,278
Alfalah GHP Money Market Fund	1,062	97.42	103,440
Atlas Income Fund	991	512.24	507,762
Atlas Money Market	1,024	501.86	514,069
HBL Money Market Fund	4,579	101.77	465,997
Lakson Money Market Fund	4,866	100.15	487,322
MCB Cash Management Optimizer Fund	8,317	100.52	836,037
MCB DCF Fund	4,700	106.43	500,215
Meezan Cash Fund	2,008	50.43	101,278
NAFA Government Securities Liquid Fund	54,151	10.16	550,251
UBL Liquidity Income Plus Fund	2,527	100.67	254,410
			<b>5,718,196</b>

26.2 The term deposits are made under Islamic mode and carry profit at the rate of 6.30% (2017: 6.05%) per annum with maturity of one month (2017: one month).

26.3 Fair value per unit has been rounded off to 2 decimal places.

27	Cash and bank balances	Note	2018	2017
			(Rupees in thousand)	
	In hand:			
	cash		1,548	615
	cheques	10.2	91,037	22,991
			<b>92,585</b>	23,606
	At banks:			
	current accounts		266,331	695,699
	deposit accounts	27.1	161,224	1,341,698
			<b>427,555</b>	2,037,397
			<b>520,140</b>	2,061,003

27.1 These deposits are made under conventional arrangements and carry mark-up at the rate ranging from 3.80% to 6.30% (2017: 4.75% to 5.45%) per annum.

	Note	2018 (Rupees in thousand)	2017
<b>28 Sales - net</b>			
<b>Local:</b>			
Tractors		39,415,364	30,971,176
Implements		158,382	166,966
Multi-application products		350,573	209,130
Trading goods		550,836	410,362
		<b>40,475,155</b>	31,757,634
<b>Less:</b>			
Trade discount		(34,325)	(24,948)
Sales tax and special excise duty		(1,933,464)	(1,872,412)
		<b>(1,967,789)</b>	(1,897,360)
		<b>38,507,366</b>	29,860,274
<b>Export:</b>			
Tractors		429,870	502,912
Trading goods		75,424	32,691
		<b>505,294</b>	535,603
		<b>39,012,660</b>	30,395,877
Less: Commission		(495,513)	(381,956)
	28.1	<b>38,517,147</b>	<b>30,013,921</b>

28.1 This represents revenue earned from Shariah compliant business segments.

28.2 Details regarding export sales made to related parties and outstanding in trade debts has been mentioned in note 21.5 of the financial statements.

	Note	2018 (Rupees in thousand)	2017
<b>29 Cost of sales</b>			
Components consumed		28,267,781	21,397,748
Salaries, wages and amenities	29.1	348,738	340,641
Contract services		397,013	278,562
Fuel and power		99,674	83,032
Communication		321	213
Travelling and vehicle running		11,494	6,967
Printing and stationery		3,249	3,199
Insurance		17,347	13,682
Repairs and maintenance		89,628	83,601
Stores and spares consumed		120,929	91,720
Depreciation	13.1	32,323	33,706
Other expenses		18,438	29,817
		<b>29,406,935</b>	22,362,888
Add: opening work-in-process		16,141	10,432
Less: closing work-in-process		(4,508)	(16,141)
		<b>11,633</b>	(5,709)
Cost of goods manufactured		<b>29,418,568</b>	22,357,179
Add: opening finished goods		363,676	606,228
Less: closing finished goods		(157,468)	(363,676)
		<b>206,208</b>	242,552
Cost of sales - manufactured		<b>29,624,776</b>	22,599,731
Cost of sales - trading	29.2	457,596	316,861
		<b>30,082,372</b>	<b>22,916,592</b>



	Note	2018 (Rupees in thousand)	2017
<b>29.1</b>	<b>It includes the following staff retirement benefits:</b>		
	Defined benefit plan - pension	5,108	11,764
	Defined contribution plan - gratuity	2,151	5,517
	Defined contribution plan - provident fund	6,644	6,305
	Provision for compensated absences	4,858	1,170
		<b>18,761</b>	<b>24,756</b>
<b>29.2</b>	<b>Cost of sales - trading</b>		
	Opening stock	137,307	110,348
	Purchases	479,003	343,820
		<b>616,310</b>	<b>454,168</b>
	Closing stock	(158,714)	(137,307)
		<b>457,596</b>	<b>316,861</b>
<b>30</b>	<b>Distribution and marketing expenses</b>		
	Salaries and amenities	121,953	122,569
	Contract services	41,069	32,502
	Fuel and power	8,642	7,214
	Communication	578	433
	Travelling and vehicle running	16,052	15,223
	Printing and stationery	5,067	4,637
	Insurance	8,288	6,589
	Trademark fee	304,641	235,734
	Advertisement and sales promotion	15,355	20,734
	Depreciation	7,131	6,831
	Meeting / convention	7,384	9,042
	After sales support	66,371	56,105
	Other expenses	27,248	18,909
		<b>629,779</b>	<b>536,522</b>
<b>30.1</b>	<b>It includes the following staff retirement benefits:</b>		
	Defined benefit plan - pension	1,834	6,449
	Defined contribution plan - gratuity	772	2,967
	Defined contribution plan - provident fund	2,385	3,506
	Provision for compensated absences	1,744	420
		<b>6,735</b>	<b>13,342</b>

**30.2** 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	2018 (Rupees in thousand)	2017
<b>31</b>	<b>Administrative expenses</b>		
	Salaries and amenities	224,080	240,241
	Contract services	57,818	38,221
	Fuel and power	20,478	10,339
	Communication	4,185	4,632
	Travelling and vehicle running	20,528	26,841
	Insurance	7,059	5,522
	Repairs and maintenance	15,462	14,014
	Security	14,212	15,335
	Legal and professional	7,230	6,606
	Depreciation	44,285	30,501
	Amortization of intangible asset	897	2,398
	Rent, rates and taxes	2,142	8,853
	Fee and subscription	3,194	2,971
	Entertainment	4,865	5,571
	Property, plant and equipment written off	988	-
	Other expenses	64,857	59,505
		<b>492,280</b>	<b>471,550</b>

	Note	2018 (Rupees in thousand)	2017
<b>31.1 It includes the following staff retirement benefits:</b>			
Defined benefit plan - pension		6,156	7,340
Defined contribution plan - gratuity		2,593	2,090
Defined contribution plan - provident fund		8,006	5,886
Provision for compensated absences		5,855	1,410
		<b>22,610</b>	<b>16,726</b>
<b>31.2</b> Legal and professional expenses include following in respect of auditors' services:			
Statutory audit		1,550	1,470
Half year review		170	160
Special reports and sundry certifications		230	230
Out of pocket expenses		100	100
		<b>2,050</b>	<b>1,960</b>
<b>32 Other operating expenses</b>			
Workers' Profit Participation Fund	10.4	419,904	334,536
Workers' Welfare Fund		140,849	113,950
Donations	32.1	2,100	6,235
Bad debts written off		12,235	-
Exchange loss		1,731	213
		<b>576,819</b>	<b>454,934</b>
<b>32.1</b> The particulars of the donation exceeding Rs 500,000 are as follows:			
<b>Name of Donee</b>			
Pakistan Centre for Philanthropy		1,000	-
The Citizens Foundation		-	2,200
Punjab Institute of Cardiology		-	2,000
Lahore Hospital Welfare Society		-	1,000
Sargodhian Spirit Trust		-	600
<b>32.2</b> None of the Directors hold any interests in the donees to whom donations were made during the year (2017: Rs 1,000 thousand)			
<b>33 Other income</b>			
<b>Income from financial assets</b>			
Dividend income from Baluchistan Wheels Limited	33.1	5,131	6,414
Return on bank deposits and TDRs	33.2	161,723	41,481
Interest on Term Deposit Receipts (TDR)		4,912	-
Gain on sale of short term investments	33.3	64,598	230,902
Change in fair value of short term investments	33.4	273,380	7,502
Gain on translation of foreign investment		6,705	120
Interest received on early payments and advances		32,601	30,307
		<b>549,050</b>	<b>316,726</b>
<b>Income from investment in subsidiary</b>			
Dividend income from Millat Equipment Limited		351,000	210,600
Dividend income from Millat Industrial Products Limited		57,375	45,900
Dividend income from Bolan Castings Limited		26,535	5,307
Dividend income from TIPEG Intertrade DMCC		23,552	12,844
	33.1	<b>458,462</b>	<b>274,651</b>
<b>Income from assets other than financial assets</b>			
Rental income		6,198	5,101
Scrap sales		25,615	5,735
Gain on disposal of property, plant and equipment		-	1,026
Sundry income	33.5	4,769	4,710
Multiapp products service income		2,222	2,082
Lab income		145	60
		<b>38,949</b>	<b>18,714</b>
		<b>1,046,461</b>	<b>610,091</b>



- 33.1 Dividend income is earned from investments in non-Shariah-compliant companies.
- 33.2 This includes profit of Rs.102,125 thousand (2017: Rs.1,049 thousand) earned on term deposit receipts with Islamic bank.

	2018	2017
	(Rupees in thousand)	
<b>33.3 Realized gain / (loss) on sale of short term investment - net:</b>		
ABL Cash Fund	5,616	33,258
ABL Government Securities	-	228
ABL Income Fund	17,409	15,428
ABL Islamic Income Fund	2,998	6,013
Alfalah GHP Income multiplier Fund	(1,500)	-
Alfalah GHP Money Market Fund	-	4,502
Alfalah GHP Sovereign Fund	-	84
Atlas Income Fund	17,655	9,548
Atlas Money Market	-	17,781
Atlas Sovereign Fund	-	97
HLB Money Market Fund	-	19,569
Lakson Money Market Fund	-	15,667
MCB Cash Management Optimizer Fund	-	35,942
MCB DCF Fund	10,607	26,391
Meezan Cash Fund	3,110	1,685
Meezan Islamic Fund	-	20
NAFA Government Securities Liquid Fund	-	32,647
NAFA Money Market Fund	-	140
NIT Government Bond Fund	8,703	-
UBL Liquidity Income Plus Fund	-	11,814
UBL Money Market Fund	-	88
	<b>64,598</b>	<b>230,902</b>
<b>33.4 Unrealized gain:</b>		
ABL Cash Fund	51,280	756
ABL Income Fund	-	499
ABL Islamic Income Fund	20,211	821
Alfalah GHP Money Market Fund	6,484	-
Atlas Income Fund	-	565
Atlas Money Market	28,236	697
HLB Money Market Fund	24,647	830
Lakson Income Fund	9,952	-
Lakson Money Market Fund	26,479	712
MCB Cash Management Optimizer Fund	53,030	1,354
MCB DCF Fund	-	239
NAFA Government Securities Liquid Fund	23,426	661
NIT Income Fund	15,617	-
UBL Liquidity Income Plus Fund	14,018	368
	<b>273,380</b>	<b>7,502</b>

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

	Note	2018 (Rupees in thousand)	2017
<b>34 Finance cost</b>			
Mark-up on short term borrowings - secured	34.1	52	210
Bank charges and commission		2,438	1,971
		<b>2,490</b>	<b>2,181</b>
<b>34.1</b> This represents markup paid under conventional mode of financing arrangements.			
<b>35 Taxation</b>			
For the year:			
current		2,379,021	1,968,874
deferred		37,895	17,012
		<b>2,416,916</b>	<b>1,985,886</b>
Prior years:			
current	35.1	28,590	(1,186)
		<b>2,445,506</b>	<b>1,984,700</b>
<b>35.1</b> Numerical reconciliation between average effective tax rate and the applicable tax rate.		<b>2018</b>	<b>2017</b>
		%	%
Applicable tax rate		30.00	31.00
- Effect of change in prior year		0.35	(0.02)
- Income chargeable to tax at different rates		(4.21)	(6.71)
- Tax effect of super tax		9.14	9.25
- Effect on opening deferred taxes on reduction of rate		(0.02)	(0.01)
- Others		(3.81)	(1.72)
		<b>1.45</b>	<b>0.79</b>
Average effective tax rate		<b>31.45</b>	<b>31.79</b>

**35.2 Management's assessment on sufficiency of provision for income taxes**

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

	2017	2016	2015
	<b>(Rupees in thousand)</b>		
Tax assessed as per most recent tax assessment	1,997,464	869,122	1,293,050
Provision in accounts for income tax	1,997,464	869,122	1,226,983

The tax assessed as per most recent tax assessment for the year 2017 and 2016 is based on "deemed assessment" as per income tax return filed for respective years.

As at June 30, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

**35.3 Tax on undistributed reserves**

The Finance Act, 2018 has introduced tax on every public company at the rate of 5% of its profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 20% of its after tax profits within six months of the end of the tax year through cash. Liability in this respect if any, is recognised when the prescribed time period for the distribution of dividend expires.

Based on the fact, the Board of Directors of the Company has paid a interim dividend amounting to Rs 2,657,553 thousand for the financial and tax year 2018 which exceeds the prescribed minimum dividend requirement as referred above. The Company believes that it would not be liable to pay tax on its undistributed reserves as of June 30, 2018.

### 36 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate remuneration recognized in these financial statements including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Directors				Executives	
	2018	2017	2018		2017		2018	2017
			Non Executive Directors	Executive Director	Non Executive Directors	Executive Director		
Number of persons	1	1	2	1	4	1	28	20
	(Rupees in thousand)							
Managerial remuneration	9,702	9,066	5,806	1,153	18,957	3,377	46,953	32,567
Cost of living allowance	-	-	5,806	1,153	18,957	3,377	19,265	12,292
Bonus	6,716	5,052	3,365	865	13,392	1,963	19,432	18,724
House rent	4,366	4,079	2,613	519	8,531	1,520	18,404	13,266
Contribution to provident fund and gratuity funds	972	908	-	115	-	338	8,233	5,355
Pension contribution	-	-	-	-	-	-	3,275	2,090
Medical expenses	447	180	3,817	15	3,092	223	3,301	2,984
Utilities	278	293	931	368	1,701	487	4,537	3,349
Other reimbursable expenses	1,776	1,719	1,928	217	5,417	1,057	6,630	5,373
	<b>24,257</b>	<b>21,297</b>	<b>24,266</b>	<b>4,405</b>	<b>70,047</b>	<b>12,342</b>	<b>130,030</b>	<b>96,000</b>

- 36.1 The Company has also provided the Chief Executive Officer, Directors and certain employees with free use of Company maintained cars and residential telephones.
- 36.2 Aggregate amount charged to profit and loss account for the year in respect of meeting fee to two directors (2017: two directors) was Rs. 610 thousand (2017: Rs. 588 thousand) and travelling expenses Rs. 319 thousand (2017: Rs. 656 thousand).
- 36.3 The Companies Act, 2017 has changed the definition of "Executives" therefore for the purpose of comparability, corresponding figures of executive remuneration have been changed.

**37 Transactions with related parties**

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Amounts due from and to related parties are shown under respective notes to the financial statements. Amounts of operating assets sold during the year are mentioned in note 13.4. Amounts due from Directors and key management personnel are shown under receivables and remuneration of Directors and key management personnel is disclosed in note 36. Other significant transactions with related parties are as follows:

		2018	2017
		(Rupees in thousand)	
Relation with undertaking	Nature of transaction		
Subsidiaries	Sale of goods	379,111	408,814
	Scrap sales	4,460	1,150
	Purchase of components	7,084,653	5,543,101
	Payment of compensation to staff	28,138	28,442
	Dividend income	458,462	274,651
Retirement benefit plan	Contribution to staff retirement benefit plan	11,132	11,618
Defined contribution plans	Contribution to defined contribution plan	10,516	10,574
Provident Fund	Amount contributed	17,127	15,697

The Company intends to take the approval of the transactions with related parties from the shareholders in General Meeting.

**37.1** The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the year and whose names have not been disclosed elsewhere in these financial statements are as follows:

Name of the related party	Basis of relationship	Percentage of shareholding %
Millat Equipment Limited	Subsidiary	45.00
Millat Industrial Products Limited	Subsidiary	64.09
Bolan Castings Limited	Subsidiary	46.26
TIPEG Intertrade DMCC	Subsidiary	75.00
Arabian Sea Country Club Limited	Common Directorship	6.45
Hyundai Nishat Motors (Private) Limited	Common Directorship	18.00

**38 Earnings per share - Basic and diluted**
**38.1 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:

	2018	2017
	(Rupees in thousand)	
Profit for the year after tax	<u>5,334,362</u>	<u>4,257,533</u>
	(Number of shares in thousand)	
Weighted average number of ordinary shares outstanding during the year	<u>44,293</u>	<u>44,293</u>
	-----Rupees-----	
Earnings per share	<u>120.43</u>	<u>96.12</u>



### 38.2 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	2018 (Rupees in thousand)	2017
<b>39 Cash generated from operations</b>			
Profit before taxation		<b>7,779,868</b>	6,242,233
Adjustment for:			
Depreciation on property, plant and equipment	13.1	<b>83,739</b>	71,038
Amortization of intangible assets	15	<b>897</b>	2,398
Bad debts written off	32	<b>12,235</b>	-
Provision for accumulating compensated absences		<b>12,457</b>	(1,330)
Profit on bank deposits	33	<b>(161,723)</b>	(41,481)
Dividend income		<b>(463,593)</b>	(281,065)
Provision for pension obligation		<b>13,098</b>	25,441
Provision for gratuity		<b>5,516</b>	10,574
Gain on disposal of property, plant and equipment	13.4	-	(1,027)
Property, plant and equipment written off	13	<b>988</b>	-
Gain on sale of short term investments	33	<b>(64,598)</b>	(230,902)
Gain due to change in fair value of investments		<b>(280,085)</b>	(7,621)
Finance costs	34	<b>2,490</b>	2,181
Exchange loss	32	<b>1,731</b>	213
Provision for Workers' Profit Participation Fund	32	<b>419,904</b>	334,536
Provision for Workers' Welfare Fund	32	<b>140,849</b>	113,950
Working capital changes	39.1	<b>(944,099)</b>	4,964,397
		<b>6,559,674</b>	<b>11,203,535</b>
<b>39.1 Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Stores and spares		<b>(12,835)</b>	(6,518)
Stock in trade		<b>(510,481)</b>	(1,101,097)
Trade debts		<b>105,014</b>	91,883
Loans and advances		<b>15,457</b>	17,583
Trade deposits and short term prepayments		<b>3,329</b>	4,755
Other receivables		<b>64,612</b>	12,170
		<b>(334,904)</b>	(981,224)
<b>Increase/ (decrease) in current liabilities:</b>			
Trade and other payables		<b>(609,195)</b>	5,945,621
		<b>(944,099)</b>	<b>4,964,397</b>
<b>40 Cash and cash equivalents</b>			
Cash and bank balances	27	<b>520,140</b>	2,061,003
Short term investments - Term Deposit Receipt (TDR)		<b>1,240,000</b>	-
		<b>1,760,140</b>	<b>2,061,003</b>
<b>41 Operating segments</b>			
<b>41.1</b>			
These financial statements have been prepared on the basis of a single reportable segment,			
<b>41.2</b>			
Revenue from sale of tractors represents 97 % (June 30, 2017: 97%) of the total revenue of the Company.			



41.3 99% (June 30, 2017: 98%) sales of the Company relate to customers in Pakistan.

41.4 All non-current assets of the Company as at June 30, 2018 are located in Pakistan.

**42 Financial risk management**

Financial instruments comprise loans and advances, trade deposits, trade debts, other receivables, short term investments, cash and bank balances, short term borrowings, long term deposits, interest/mark-up accrued on short term borrowings, and trade and other payables.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

**42.1 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 Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss account. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from/payable to the foreign entities. The Company's exposure to currency risk is as follows:

	Currency	2018 (FCY in thousand)	2017
Receivables	GBP	14,359	49,540
	USD	68,720	697,118
	EUR	70,206	53,070
Trade and other payables	GBP	326,120	-
	USD	643,431	-
	EUR	98,212	-

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
		2018	2017
<b>(Rupees in thousand)</b>			
Receivables/ (Trade and other payables) - GBP	+1	<b>(312)</b>	50
	-1	<b>312</b>	(50)
Receivables/ (Trade and other payables) - USD	+1	<b>(575)</b>	697
	-1	<b>575</b>	(697)
Receivables/ (Trade and other payables) - EUR	+1	<b>(28)</b>	53
	-1	<b>28</b>	(53)
Reporting date rate per:		<b>2018</b>	<b>2017</b>
		<b>Rupee</b>	<b>Rupee</b>
GBP		<b>159.40</b>	136.68
USD		<b>121.60</b>	105.00
EUR		<b>141.57</b>	120.14

**(b) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers. The long-term equity instrument held by the Company does not trade on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Pakistan Stock Exchange (PSX). Therefore, it is not possible to measure the impact of increase / decrease in the PSX Index on the Company's profit after taxation for the year and on equity (fair value reserve).

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 Company is not exposed to other price risk in this avenue as well.

**(c) Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

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

	2018	2017
<b>(Rupees in thousand)</b>		
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	<b>33,046</b>	104,407
Investment in Term Deposit Receipt	<b>1,240,000</b>	1,000,000
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	<b>128,178</b>	1,237,291

### 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	2018	+1%	1,282
		-1%	(1,282)
	2017	+1%	12,373
		-1%	(12,373)

## 42.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 8,627,325 thousand (2017: Rs. 9,580,174 thousand), the financial assets which are subject to credit risk amounted to Rs. 7,907,630 thousand (2017: Rs. 9,088,002 thousand).

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. Further the Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

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

	2018	2017
(Rupees in thousand)		
Trade debts	65,578	182,827
Trade deposits	13,952	17,861
Other receivables	41,872	108,730
Short term investments	7,267,636	6,718,196
Bank balances	518,592	2,060,388
	<b>7,907,630</b>	<b>9,088,002</b>
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 Months	48,476	175,055
Past due 4 - 6 Months	5,911	3,886
Past due one year	11,191	3,886
	<b>65,578</b>	<b>182,827</b>



Based on past experience the management believes that no impairment is necessary in respect of trade receivables past due, as some receivables have been recovered subsequent to the year end and for other receivables, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the reporting date:

Banks	Rating			2018	2017
	Short term	Long term	Agency	(Rupees in thousand)	
Allied Bank Limited	A1+	AAA	PACRA	31,763	86,841
Bank Alfalah Limited	A1+	AA+	PACRA	37,396	554,064
Habib Bank Limited	A-1+	AAA	JCR-VIS	69,643	289,646
MCB Bank Limited	A1+	AAA	PACRA	110,734	105,795
Meezan Bank Limited	A-1+	AA +	JCR-VIS	19,047	44,295
National Bank of Pakistan	A1+	AAA	PACRA	14,871	80,184
Sindh Bank Limited	A-1+	AA	JCR-VIS	33,046	105,440
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	9,402	13,431
The Bank of Punjab	A1+	AA	PACRA	551	551
United Bank Limited	A-1+	AAA	JCR-VIS	89,538	302,780
Zarai Taraqati Bank Limited	A-1+	AAA	JCR-VIS	11,564	454,370
				<b>427,555</b>	<b>2,037,397</b>

Rating	Agency	2018	2017
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(Rupees in thousand)

#### Mutual funds / Term Deposit Receipts

ABL Cash Fund	AA(f)	JCR-VIS	1,057,903	606,325
ABL Income Fund	A(f)	JCR-VIS	-	387,812
ABL Islamic Income Fund	A(f)	JCR-VIS	415,093	403,278
Alfalah GHP Money Market Fund	AA+(f)	PACRA	434,996	103,440
Atlas Income Fund	AA-(f)	PACRA	-	507,762
Atlas Money Market Fund	AA(f)	PACRA	542,344	514,069
HBL Money Market Fund	AA(f)	JCR-VIS	490,691	465,997
Lakson Income Fund	A+ (f)	PACRA	260,037	-
Lakson Money Market Fund	AA(f)	PACRA	513,836	487,322
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	1,049,181	836,037
MCB Dynamic Cash Fund	A+ (f)	PACRA	-	500,215
Meezan Cash Fund	AA(f)	JCR-VIS	-	101,278
NAFA Government Securities Liquid Fund	AAA(f)	PACRA	579,423	550,251
NIT Income Fund	A+ (f)	PACRA	415,675	-
TDR - Meezan Bank Limited	AA	JCR-VIS	1,240,000	1,000,000
United Liquidity Plus Fund	AA	JCR-VIS	268,457	254,410
			<b>7,267,636</b>	<b>6,718,196</b>

### 42.3 Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2018, the Company had Rs. 3,400,000 thousand (2017: Rs.4,000,000 thousand) available borrowing limits from financial institutions and Rs. 520,140 thousand (Rs. 2,061,003 thousand) cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2018:

	Carrying amount	Less than one year	One to five years	More than five years
	<b>(Rupees in thousand)</b>			
Trade and other payables	<b>1,393,134</b>	<b>1,393,134</b>	-	-
Unclaimed dividend	<b>256,584</b>	<b>256,584</b>	-	-
Unpaid dividend	<b>48,229</b>	<b>48,229</b>	-	-
Long term deposits	<b>12,691</b>	-	<b>12,691</b>	-
	<b><u>1,710,638</u></b>	<b><u>1,697,947</u></b>	<b><u>12,691</u></b>	<b><u>-</u></b>

The following are the contractual maturities of financial liabilities as at June 30, 2017:

Trade and other payables	1,534,248	1,534,248	-	-
Unclaimed dividend	211,443	211,443	-	-
Unpaid dividend	31,250	31,250	-	-
Long term deposits	11,515	-	11,515	-
	<u>1,788,456</u>	<u>1,776,941</u>	<u>11,515</u>	<u>-</u>

#### 42.4 Financial instruments by categories

Available for sale		At fair value through profit and loss		Held to maturity		Loans and receivables		Total	
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017

(Rupees in thousand)

#### Financial assets as per Statement of financial position

Long term investments	408,815	190,499	-	-	-	-	300,485	293,780	709,300	484,279
Loans and advances to employees	-	-	-	-	-	-	8,847	7,278	8,847	7,278
Trade debts	-	-	-	-	-	-	65,578	182,827	65,578	182,827
Trade deposits	-	-	-	-	-	-	13,952	17,861	13,952	17,861
Other receivables	-	-	-	-	-	-	41,872	108,730	41,872	108,730
Short term investments	-	-	6,027,636	5,718,196	1,240,000	1,000,000	-	-	7,267,636	6,718,196
Cash and bank balances	-	-	-	-	-	-	520,140	2,061,003	520,140	2,061,003
	<b>408,815</b>	<b>190,499</b>	<b>6,027,636</b>	<b>5,718,196</b>	<b>1,240,000</b>	<b>1,000,000</b>	<b>950,874</b>	<b>2,671,479</b>	<b>8,627,325</b>	<b>9,580,174</b>
Total current									<b>7,915,438</b>	<b>9,093,320</b>
Total non-current									<b>711,887</b>	<b>486,854</b>

#### Financial liabilities as per Statement of financial position

	2018	2017
	(Rupees in thousand)	
Trade and other payables	1,393,134	1,534,248
Unclaimed dividend	256,584	211,443
Unpaid dividend	48,229	31,250
Long term deposits	12,691	11,515
	<b>1,710,638</b>	<b>1,788,456</b>
Total current	<b>1,697,947</b>	<b>1,776,941</b>
Total non-current	<b>12,691</b>	<b>11,515</b>

#### 42.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders. The capital structure of the Company is equity based with no long term financing. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or other measures commensuration to the circumstances.

**43 Fair values of financial assets and liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of the fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**43.1 Fair value hierarchy**

IFRS 13 "Fair Value Measurement requires the Company to classify fair value measurement and fair value hierarchy that reflects the significance of the inputs used in making the measurement of fair value hierarchy, which has the following levels:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is derived from prices) ; and

Level 3: inputs for the asset or liability that are not based on observable market data.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

As at June 30, 2018, the Company held the following financial instruments carried at fair value:

Financial assets measured at fair value	Note	2018	Level 1	Level 2	Level 3
		(Rupees in thousand)			
Equity shares	17	408,815	138,815	-	270,000
Investment in mutual funds	26.1	6,027,636	6,027,636	-	-
		<b>6,436,451</b>	<b>6,166,451</b>	-	<b>270,000</b>

Date of valuation : June 30, 2018

There were no financial liabilities measured at fair value as at June 30, 2018.

**43.1.1** The cost (par value) of unquoted equity investment in Hyundai Nishat Motors (Private) Limited is considered to be a reliable measure of its fair market value since the investment was made close to the reporting date.

As at June 30, 2017, the Company held the following financial instruments carried at fair value:

Financial assets measured at fair value		2017	Level 1	Level 2	Level 3
		(Rupees in thousand)			
Equity shares	17	190,499	190,499	-	-
Investment in mutual funds	26.1	5,718,196	5,718,196	-	-
		<b>5,908,695</b>	<b>5,908,695</b>	-	-

Date of valuation : June 30, 2017

There were no financial liabilities measured at fair value as at June 30, 2017.



44 Provident fund trust

44.1 The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder. Details regarding investments of the provident fund trust are as follows:

	Note	2018 (Rupees in thousand)	2017 (Rupees in thousand)
Size of the fund		579,325	628,814
Cost of investment made	44.2	474,800	538,283
Percentage of investment made		81.96%	85.60%
Fair value of investment		925,943	1,158,239

44.2 Breakup of investment - amount

	2018		2017	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
Investment in shares (listed securities)	3,986	1%	5,258	1%
Term Deposit Receipts (TDR)	470,814	81%	533,025	85%
	<b>474,800</b>	<b>82%</b>	<b>538,283</b>	<b>86%</b>

44.3 The above information is based on audited financial statements of the provident fund.

45 Capacity and production

	2018	2017
	Units per annum	
<b>Tractors</b>		
Plant capacity (double shift)	30,000	30,000
Actual production	42,507	33,916

The Company has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the excess production over normal capacity is due to working on overtime schedules to meet the higher demand.

46 Number of employees

	2018	2017
Total number of employees at the end of the year	397	406
Total number of factory employees at the end of the year	148	151
Average number of employees during the year	402	410
Average number of factory employees during the year	150	151

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

47 Summary of significant transactions and events in the current reporting period

- Revenue of the Company increased by Rs. 8,503,226 thousand (28 %) as compared to the prior year mainly due to increase in sales volume. (Refer to note 28).

- The provisions of the fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time in the preparation of these financial statements, as detailed in Note 2.

- The Company has made long term investment in Hyundai Nishat Motors (Private) Limited (HNMPL) amounting to Rs. 270,000 thousand under the Share Subscription Agreement (SSA) and Shareholders Agreement (SHA) between both parties. As a result of the investment the Company holds 18%



shareholding in HNMPL. Due to the common directorship, HNMPL is now regarded as a related party on the basis of being an associated undertaking under the requirements of the Companies Act, 2017.

48 Corresponding figures

Corresponding figures have been reclassified or arranged, wherever necessary, to comply with the requirements of the fourth schedule of the Companies Act, 2017 and for better and fair presentation. However, no significant reclassifications / rearrangement have been made during the year, except for the following as per requirement of the fourth schedule of the Companies Act, 2017 :

2017  
(Rupees in  
thousand)

- Unclaimed dividend' previously presented under 'Trade and other payables' now separately presented on the face of the statement of financial position. 211,443

- Unpaid dividend' previously presented under 'Trade and other payables' now separately presented on the face of the statement of financial position. 31,250

49 Subsequent events

The Board of Directors of the Company in its meeting held on 12 September 2018 has proposed a final cash dividend of Rs. 60 per share (2017: Rs. 60 per share) and NIL bonus shares (2017: Nil) in respect of the year ended June 30, 2018. 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.

50 Date of authorization for issue

These financial statements were authorized for issue by Board of Directors of the Company in the meeting held on 12 September 2018.

51 General

Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

Chief Financial Officer

Chief Executive Officer

Director







Consolidated Financial Statements  
**MILLAT TRACTORS LIMITED**  
For the year ended 30 June 2018





## 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, 2018.

## THE GROUP

The Group comprises Millat Tractors Limited (MTL) (Holding Company) and its subsidiaries i.e., Millat Industrial Products Limited (MIPL), TIPEG INTERTRADE DMCC, Dubai, U.A.E., Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL).

## MILLAT INDUSTRIAL PRODUCTS LIMITED

### a. BOARD OF DIRECTORS

The present Board consists of seven directors of which six directors were elected in the 16th Annual General Meeting of the Company held on October 30, 2017. There has been no change in the composition of the Board during the year. However, a new CEO was appointed w.e.f July 01, 2018.

### b. PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS

The Company is engaged in the business of manufacturing and sale of vehicular, industrial and domestic batteries under the brand name of "Millat Batteries". MIPL earned an after tax profit of Rs. 43.582 million and registered sale of Rs. 1,161 million for the year under review. Earnings per share were Rs. 4.87.

### c. PRINCIPAL RISKS AND UNCERTAINTIES

The major risks/threats and uncertainties being faced by the Company are fluctuation in prices of local raw material, increased landed cost of imported raw material due to variations in foreign exchange rate, shrinking of market of batteries for UPS due to improved electricity supply and entry of new competitors in the market. During the year unexpected price hike of lead which constituted 71 % of cost of raw material has adversely squeezed the profit margin. Moreover, sale of domestic battery in the battery industry considerably reduced due to improved electricity supply. 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 meet sales target in the next financial year despite reduced gross margins due to increasing trend of material prices and promotional activities of competitors. Future of the company is expected to be very bright, as Millat battery is considered to be one of the best batteries by the market and moreover, lead price is likely to come down to its normal level in near future. However new entrant and changing market dynamics have to be countered by the quality, productivity and cost control to improve competitiveness.

### e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place and are being meticulously observed by concerned personals 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, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari and Mian Muhammad Saleem. There has been no change in the composition of the Board during the year.

**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 has a holding of 75% in the equity of the Company. The principal activity of the Company is trading in machinery and heavy equipment and parts thereof. The principal place of business of the Company is located at Jumeirah Lake Towers, Dubai, UAE. TIPEG earned a net profit of AED 0.650 million and registered sale of AED 12.025 million for the period under review. Earnings per share were AED 325.217. So far performance of the Company has been satisfactory and business will further expand after higher 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 financial year concerning the nature of the business of the company

**d. FUTURE PROSPECTS OF PROFIT**

The Company aims to enhance its revenue by marketing products of MTL and other group companies in African and other international markets.

**e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Adequate internal financial controls are in place and are being observed.

**BOLAN CASTINGS LIMITED****a. BOARD OF DIRECTORS**

The present Board consists of seven directors who were elected in the Annual General Meeting of the Company held on October 28, 2017. There has been no change in the composition of the Board during the year.

**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. During the financial year the Company has produced 16,294 M.T of castings against 11,566 M.T of last year. The tonnage net sales were 15,269 M.T against 11,694 M.T of last year. The sales revenues amounted to Rs. 2,299.93 million against Rs. 1,744.098 million of last year. The gross profit was Rs. 328.201 million against Rs. 246.628 million of last year. The profit after tax was Rs. 133.401 million against Rs. 97.776 million of last year. The earning per share was Rs. 11.63.

**c. PRINCIPAL RISKS AND UNCERTAINTIES**

BCL risk management framework, coupled with internal control policies have helped to maintain focus and mitigating principle risks. 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.

**d. FUTURE PROSPECTS OF PROFIT**

Being linked with agricultural sector, the tractor industry is expected to perform better. BCL, being part of tractors' vending industry also expects better scope for sales of its castings during the fiscal year 2018-19.

**e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

BCL maintains a sound system of internal controls, which is designed to identify, evaluate and manage risks that may impede the achievement of the Company's business objectives rather than to eliminate these risks and can, therefore, provide only reasonable assurance against material

misstatement or loss. The 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, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, Syed Muhammad Irfan Aqueel. They were Elected in EOGM held on June 30, 2018.

### 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 remained the same as per previous years i.e., producing a range of transmission shafts and gears for the various models of Massey Ferguson tractors in Pakistan. The financial performance of the Company during the year was exceptional as ever highest financial results in terms of sales, production & profitability were achieved. MEL earned an after tax profit of Rs. 868 million and registered sale of Rs. 4,244.660 million for the year under review. Earnings per share were Rs. 33.40.

### c. PRINCIPAL RISKS AND UNCERTAINTIES

In an apparent view, other than being a single customer Company and risk associated with it there appears no odd 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

With the increasing GDP, particularly positive growth of industrial sector, improved law & order situation in the country and the ongoing mega infrastructural projects, the demand for tractors is expected to increase. This increase in tractor's demand shall directly cause increase in the activity level of our Company. Resultantly, the aforementioned premise, profitability of the company is expected to increase.

### e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are already in place and Board's Audit Committee ensures complete and satisfactory implementation of the same

## SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Group Companies have occurred between the end of the financial year of the Companies and the date of this report except as disclosed in their respective annual reports.

## CHANGE IN NATURE OF BUSINESS

During the year there has been no major change in the nature of business of any group company.

## AUDITOR'S OBSERVATIONS

No adverse remark, observation was given by the auditors' of any group company in their reports for the year/period ended June 30, 2018.

## 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, 2018 was Rs. 134.64 as against Rs. 111.14 of the preceding year.

A handwritten signature in black ink, appearing to be 'S. Khan', written over a faint grid background.

CHIEF EXECUTIVE OFFICER  
Lahore: September 12, 2018

A handwritten signature in black ink, appearing to be 'S. Khan', written over a faint grid background.

DIRECTOR



**Gearing for prosperity**



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF MILLAT TRACTORS LIMITED

### 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, 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2018, and 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 Matter

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

Following is the Key audit matter:

Sr. #	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Additional disclosures required under the 4th schedule of Companies Act, 2017:</b> <i>(Refer note 2 to the consolidated financial statements)</i></p> <p>The Fourth Schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of annual financial statements.</p> <p>As part of this transition to the requirements, the management performed an analysis to identify differences between the previous and the current Fourth Schedule and as a result certain amendments relating to presentation and disclosures were made in the accompanying consolidated financial statements.</p> <p>In view of the various new disclosures prepared and presented in the consolidated financial statements, we considered this a key audit matter.</p>	<p>We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>● considered the management's process to identify the additional disclosures required in the Group's annexed consolidated financial statements;</li> <li>● obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and</li> <li>● verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report 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 financial statements and our auditors' report 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 of the Group for the year ended June 30, 2017 were audited by another firm of Chartered Accountants who expressed an unqualified opinion thereon vide their report dated September 14, 2017

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

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A.F. FERGUSON & CO.  
Chartered Accountants  
Lahore

Date: September 12, 2018

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30, 2018

	Note	2018 (Rupees in thousand)	2017
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 50,000,000 (2017: 50,000,000) ordinary shares of Rs. 10/- each		<b>500,000</b>	500,000
Issued, subscribed and paid up capital	5	<b>442,926</b>	442,926
Reserves	6	<b>6,313,620</b>	6,345,811
		<b>6,756,546</b>	6,788,737
Non-controlling interest		<b>1,297,342</b>	1,222,266
Total equity		<b>8,053,888</b>	8,011,003
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term deposits	7	<b>25,565</b>	23,530
Deferred tax liabilities - net	8	<b>133,759</b>	92,247
Employees' defined benefit plan	9	<b>102,411</b>	81,212
		<b>261,735</b>	196,989
<b>Current liabilities</b>			
Accumulating compensated absences		<b>137,762</b>	121,473
Trade and other payables	10	<b>10,805,686</b>	11,315,245
Current portion of long term deposits		<b>1,192</b>	1,013
Short term borrowings	11	<b>243,700</b>	125,501
Accrued mark-up on short term borrowings		<b>3,943</b>	1,126
Unclaimed dividend		<b>262,711</b>	216,400
Unpaid dividend		<b>48,229</b>	31,250
		<b>11,503,223</b>	11,812,008
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12	-	-
		<b>19,818,846</b>	20,020,000

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



	Note	2018 (Rupees in thousand)	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Operating fixed assets	13	1,666,736	1,581,995
Capital work in progress	14	83,917	145,508
		<b>1,750,653</b>	<b>1,727,503</b>
Intangible assets	15	135	1,099
Goodwill		18,572	18,572
Investment property	16	255,708	255,708
Long term investments	17	439,925	233,193
Long term loans	18	3,433	3,429
Long term deposits	19	7,325	7,412
Employees' defined benefit plan	9	15,708	57,233
		<b>2,491,459</b>	<b>2,304,149</b>
<b>Current assets</b>			
Stores, spare tools and loose tools	20	425,597	380,937
Stock in trade	21	5,374,605	4,438,217
Trade debts	22	255,533	273,816
Loans and advances	23	137,115	136,376
Trade deposits and short term prepayments	24	20,113	29,457
Balances with statutory authorities	25	1,925,886	2,550,041
Other receivables	26	42,143	108,918
Tax refunds due from the Government		884,633	302,766
Short term investments	27	7,422,378	7,281,640
Cash and bank balances	28	839,384	2,213,683
		<b>17,327,387</b>	<b>17,715,851</b>
		<b>19,818,846</b>	<b>20,020,000</b>

Director

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended June 30, 2018

	Note	2018 (Rupees in thousand)	2017
Sales - net	29	39,586,362	31,612,367
Cost of sales	30	29,129,335	22,825,374
<b>Gross profit</b>		<b>10,457,027</b>	8,786,993
Distribution and marketing expenses	31	730,588	635,049
Administrative expenses	32	767,708	651,551
Other operating expenses	33	689,062	551,617
		2,187,358	1,838,217
Other income	34	635,902	400,940
<b>Operating profit</b>		<b>8,905,571</b>	7,349,716
Finance cost	35	20,190	16,001
<b>Profit before tax</b>		<b>8,885,381</b>	7,333,715
Taxation	36	2,921,862	2,410,888
<b>Profit after tax for the year</b>		<b>5,963,519</b>	4,922,827
<b>Other comprehensive income:</b>			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		18,927	1,223
Unrealized (loss) / gain on revaluation of available for sale investments		(63,268)	87,232
		(44,341)	88,455
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement (loss) / gain on defined benefit plans		(61,686)	142,345
Total other comprehensive (loss) / income		(106,027)	230,800
<b>Total comprehensive (loss)/ income for the year</b>		<b>5,857,492</b>	5,153,627
<b>Attributable to:</b>			
- Equity holders of the holding Company			
Profit after tax		5,387,943	4,456,258
Total comprehensive (loss) / income for the year		(105,028)	211,851
		5,282,915	4,668,109
- Non-controlling interests			
Profit after tax		575,576	466,569
Total comprehensive (loss) / income for the year		(999)	18,949
		574,577	485,518
		5,857,492	5,153,627
<b>Earnings per share - basic and diluted (Rupees)</b>	39	<b>134.64</b>	111.14

The annexed notes from 1 to 53 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, 2018

	Capital reserves			Revenue reserves		Non-controlling interest	Total
	Issued, subscribed and paid up capital	Exchange translation reserve	Fair value reserve	General reserves	Unappropriated profit		
<b>(Rupees in thousand)</b>							
<b>Balance as on July 01, 2016</b>	442,926	1,029	146,450	3,181,893	1,105,960	1,118,359	5,996,617
Final dividend for the year ended June 30, 2016 @ Ra. 30 per share	-	-	-	(706,584)	(622,192)	-	(1,328,776)
Interim dividend for the year ended June 30, 2017 @ Rs. 35 per share	-	-	-	-	(1,550,239)	-	(1,550,239)
Dividend payment to non controlling interest	-	-	-	-	-	(381,611)	(381,611)
Net profit for the year	-	-	-	-	4,456,258	466,569	4,922,827
Other comprehensive income for the year	-	194	87,232	-	245,810	18,949	352,185
Total comprehensive income	-	194	87,232	-	4,702,068	485,518	5,275,012
<b>Balance as on June 30, 2017</b>	<b>442,926</b>	<b>1,223</b>	<b>233,682</b>	<b>2,475,309</b>	<b>3,635,597</b>	<b>1,222,266</b>	<b>8,011,003</b>
Final dividend for the year ended June 30, 2017 @ Rs. 60 per share	-	-	-	-	(2,657,553)	-	(2,657,553)
Interim dividend for the year ended June 30, 2018 @ Rs. 60 per share	-	-	-	-	(2,657,553)	-	(2,657,553)
Dividend payment to non controlling interest	-	-	-	-	-	(499,501)	(499,501)
Net profit for the year	-	-	-	-	5,387,943	575,576	5,963,519
Other comprehensive income/ (loss) for the year	-	14,195	(57,043)	-	(62,180)	(999)	(106,027)
Total comprehensive income	-	14,195	(57,043)	-	5,325,763	574,577	5,857,492
<b>Balance as on June 30, 2018</b>	<b>442,926</b>	<b>15,418</b>	<b>176,639</b>	<b>2,475,309</b>	<b>3,646,254</b>	<b>1,297,342</b>	<b>8,053,888</b>

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Director

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 (Rupees in thousand)	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	40	<b>7,842,045</b>	12,900,489
Interest and mark-up paid		<b>(17,373)</b>	(19,986)
Increase in long term loans to employees - net		<b>(4)</b>	(1,165)
Workers' Profit Participation Fund paid	10.3	<b>(511,262)</b>	(339,108)
Workers' Welfare Fund paid		<b>(141,176)</b>	(103,048)
Taxes paid - net		<b>(2,838,062)</b>	(3,177,249)
Retirement benefits paid - net		<b>(17,664)</b>	(165,037)
Long term security deposits received		<b>2,301</b>	2,301
		<b>(3,523,240)</b>	(3,803,292)
<b>Net cash flows generated from operating activities</b>		<b>4,318,805</b>	9,097,197
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital expenditure		<b>(232,001)</b>	(396,876)
Proceeds from disposal of property, plant and equipment		<b>28,915</b>	24,662
Short term investments redeemed / (made) - net		<b>1,297,993</b>	(5,693,506)
Long term investments made		<b>(270,000)</b>	-
Profit on bank deposits received		<b>170,384</b>	47,339
Dividend received	40	<b>6,281</b>	11,252
<b>Net cash flows generated from / (used in) investing activities</b>		<b>1,001,572</b>	(6,007,129)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to non controlling interests		<b>(499,501)</b>	(420,441)
Dividends paid to equity holders of the holding company		<b>(5,251,816)</b>	(2,879,015)
<b>Net cash used in financing activities</b>		<b>(5,751,317)</b>	(3,299,456)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(430,940)</b>	(209,388)
Cash and cash equivalents at the beginning of the year		<b>2,251,099</b>	2,460,293
Foreign exchange difference		<b>18,927</b>	194
<b>Cash and cash equivalents at the end of the year</b>	41	<b>1,839,086</b>	2,251,099

The annexed notes from 1 to 53 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, 2018

## 1 Legal status and nature of business

Holding company:

Millat Tractors Limited - (MTL)

Millat Tractors Limited (the Company) is a public limited company and was incorporated in Pakistan in 1964 under the Companies Act, 1913 (now the Companies Act, 2017), and is listed on the Pakistan Stock Exchange Limited. The registered office and factory of the Company is situated at 9 km 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.

Subsidiary companies:

### a) Millat Industrial Products Limited (MIPL)

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

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

### b) Tipeg Intertrade DMCC

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

### c) Millat Equipment Limited (MEL)

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

### d) Bolan Castings Limited (BCL)

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

geographical location and address of the Company's business unit, including plant is RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan.

## 2 Statement of compliance

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

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

- Provisions and directives issued under the Companies Act, 2017.

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

## 3 Basis of preparation

These consolidated financial statements include the financial statements of Millat Tractors Limited (the holding company) and its subsidiary companies.

During the year, the Group has opted for the presentation of a combined 'Consolidated Statement of Profit or Loss and Other Comprehensive Income' as allowed in the Companies Act, 2017 in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', instead of a separate 'Consolidated Statement of Profit and Loss Account' and 'Consolidated Statement of Comprehensive Income'.

### 3.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

### 3.2 Critical accounting estimates and judgments

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

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

The Group reviews the useful lives of property, plant and equipment on a regular basis. Any change



in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

#### 3.2.4 Provision for inventories and stores

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

#### 3.2.5 Provision for receivables

The Group regularly reviews its receivables for impairment, if any. The provision in this regard is made, based on management's estimate, where the prospects of recovery are doubtful.

#### 3.2.6 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 and loss account.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash-Generating Units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### 3.3 Functional and presentation currency

The consolidated financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

#### 4 Summary of significant accounting policies

The significant accounting policies which have been adopted in the preparation of these consolidated financial statements of the Group are consistent with previous year except as discussed in Note 4.1 and are as follows:

##### 4.1 Changes in accounting standards, interpretations and pronouncements

###### a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year and are relevant

The Companies Act, 2017 (the Act) has also brought certain changes with regard to the preparation and presentation of the financial statements of the Group. These changes also include change in nomenclature of the primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in:

- elimination of duplicative disclosures with the IFRS disclosure requirements;
- incorporation of significant additional disclosures;
- a single consolidated statement of profit or loss and other comprehensive income which was previously prepared as two separate statements; and
- various reserves separately shown on the consolidated statements of financial position have now been presented under Note 6-Reserves.

Keeping in view of the above, the presentation of these consolidated financial statements has been realigned with the provisions contained in the Act, however, this does not have any impact on the recognition and measurement of the amounts included in the consolidated financial statements of the Group.

**b) Standards, interpretations and amendments to published approved accounting standards that became effective during the year but are not relevant**

The Group has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- IAS 7 - Statement of Cash Flows - Disclosure initiative - (Amendment)
- IAS 12 - Income Taxes – Recognition of deferred tax assets for unrealized losses (Amendments)
- IFRS 12 - Annual Improvements to IFRS Standards 2014–2016 Cycle (Amendments)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the consolidated financial statements of the Group.

**c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

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

Standard or interpretation	Effective Date (Annual Periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2019
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IFRS 9 – Financial Instruments	July 01, 2018



Standard or interpretation	Effective Date (Annual Periods beginning on or after)
IFRS 9 – Prepayment Features with Negative Compensation – (Amendments)	January 01, 2019
IFRS 15 – Revenue from Contracts with Customers	July 01, 2018
IFRS 16 – Leases	January 01, 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in previous years. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018 and January 01, 2019 respectively. The Group expects that such improvements to the standards will not have any significant impact on the Group's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 17 – Insurance Contracts	January 01, 2021

## 4.2 Principles of consolidation

### 4.2.1 Subsidiaries

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit and loss account. The assets, liabilities, income and expenses of subsidiaries are consolidated on a line by line basis and the carrying amount of investments held by the holding company is eliminated against the subsidiaries' shareholders' equity in the consolidated

financials statements. Inter-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies used in preparation of consolidated financial statements of the holding company are consistent with accounting policies of its subsidiaries. When necessary, adjustments are made to bring the accounting policies in line with that of the holding company.

All significant intra-group transactions and balances between Group enterprises, and unrealised profits are eliminated on consolidation.

#### 4.2.2 Non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the profit and loss account. Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets on fair value.

#### 4.3 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (the CEO) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Accordingly, for reporting purposes, the Group has been organised into business units based on its products and services and has three separate reportable segments, as follows:

The "tractors segment", which deals with assembling and manufacturing of agricultural tractors, implements and multi-application products.

The "tractor components segment" i.e. equipment and parts, which is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles parts and components thereof.

The "castings segment", which is engaged in the business of manufacturing of castings for tractors and automotive parts thereof.

Other business activities of the Group have been presented under "others segment". Accordingly, no operating segments have been aggregated to form the above reportable operating segments.

#### 4.4 Employees' retirement benefits and other obligations

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

##### 4.4.1 Defined benefit plan

###### 4.4.1.1 Pension

MTL and BCL respectively operate a funded defined benefit pension scheme for all eligible employees. A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Contributions under the scheme are made to this fund on the basis of actuarial recommendation and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at June 30, 2018.

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

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



	Pension scheme			
	Millat Tractors Limited		Boln Casting Limited	
	2018	2017	2018	2017
Expected rate of increase in salary level	8.00%	6.75%	9.00%	8.00%
Discount rate used for interest cost in profit and loss	7.75%	7.25%	9.00%	8.00%
Discount rate used for year end obligation	9.00%	7.75%	9.00%	8.00%
Average expected remaining working life of employees	9 years	10 years	8.12 years	8.47 years

#### 4.4.2 Defined contribution plans

##### 4.4.2.1 Gratuity

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

BCL operates an approved funded defined benefit executives' gratuity scheme for all eligible executive employees and unfunded defined benefit non-executive gratuity scheme for all eligible non-executive employees.

##### 4.4.2.2 Provident fund

The Group operates an approved defined contribution provident funds for all permanent employees. Equal contributions are made by employees and the Group at the rate of 10 percent of basic salary per month and charged to profit and loss account.

#### 4.4.3 Accumulating compensated absences

MTL, BCL and MEL provide for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences and are charged to profit and loss account.

#### 4.5 Taxation

##### 4.5.1 Current

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

##### 4.5.2 Deferred

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

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

#### 4.6 Property, plant and equipment

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

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

Depreciation on all items of property, plant and equipment except for leasehold office building is charged to profit and loss account applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation on leasehold office building is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the asset. Depreciation is being charged at the rates given in note 13. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

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

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

#### 4.7 Capital work-in-progress

Capital work in progress is stated at cost less any accumulated impairment loss.

#### 4.8 Intangible assets

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method over a period of three years.

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

The Group assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the



resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

#### 4.9 Investment property

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

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

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

#### 4.10 Investments and other financial assets

Financial assets in the scope of IAS 39 : "Financial Instruments - Recognition and Measurement", are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets are subsequently measured at fair value or cost as the case may be. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

##### 4.10.1 Financial assets at fair value through profit or loss

Financial assets classified as held-for-trading are included in the category 'Financial assets at fair value through profit or loss'. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and are effective hedging instruments. Gains or losses on investments held for trading are recognized in profit and loss account.

##### 4.10.2 Held to maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity and are initially measured at cost. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

##### 4.10.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortization process.

#### 4.10.4 Available for sale

The financial assets including investments in associated undertakings where the Group does not have significant influence that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

At each reporting date, the Group reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

All purchases and sales of investments are recognized on the trade date which is the date that the Group commits to purchase or sell the investment. Cost of purchase includes transaction cost.

#### 4.11 Stores, spare parts and loose tools

Stores and spares are valued at lower of net realizable value or moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon.

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

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision for obsolete and slow-moving stores and spares is based on management estimate as to the condition and usability of such stores, spare parts and loose tools.

#### 4.12 Stock in trade

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

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

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

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



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

#### 4.13 Trade debts

Trade debts are carried at original invoice amount less an estimate for doubtful debts balances based on review of outstanding amounts at the year end. Bad debts are written off when identified.

#### 4.14 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are stated at cost and comprise of cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

#### 4.15 Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from maintenance services is recognized on the basis of services performed to date as a percentage of total services to be performed.

Dividend is recognized as income when the right to receive dividend is established, which is generally when shareholders approve the dividend.

Profit on bank deposits is recognized using effective interest rate method.

Investment income is recognized when right to receive the income is established.

#### 4.16 Research cost

These costs are charged to profit and loss account when incurred.

#### 4.17 Borrowing costs

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

#### 4.18 Trade and other payables

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

#### 4.19 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### 4.20 Foreign currency transactions and translation

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

On consolidation, the assets and liabilities of foreign operations are translated into Pak Rupees at the rate of exchange prevailing at the reporting date and their profit and loss account are translated at average rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit and loss account.

#### 4.21 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument and de-recognized when The Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### 4.22 Offsetting of financial assets and liabilities

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

#### 4.23 Reserves

Reserve are classified into two categories as follows:

##### 4.23.1 Revenue reserve

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

##### 4.23.2 Capital reserve

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



#### 4.24 Earning per share

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

#### 4.25 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

#### 4.26 Dividend and appropriations

Dividend distribution to the Group's shareholders is recognized as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the financial statements are authorized for issue, they are disclosed in the notes to the financial statements.

### 5 Issued, subscribed and paid up capital

2018 (Number of shares in thousand)			2018 (Rupees in thousand)	
2017 (Number of shares in thousand)			2017 (Rupees in thousand)	
<b>2,543</b>	2,543	Ordinary shares of Rs 10 each fully paid in cash	<b>25,429</b>	25,429
<b>41,750</b>	41,750	Ordinary shares of Rs 10 each issued as fully paid bonus shares	<b>417,497</b>	417,497
<b>44,293</b>	44,293		<b>442,926</b>	442,926

### 6 Reserves

#### Capital reserve

Fair value reserve - Available for sale investments	<b>176,639</b>	233,682
Exchange translation reserve	<b>15,418</b>	1,223
	<b>192,057</b>	234,905

#### Revenue reserve

General reserve	<b>2,475,309</b>	2,475,309
Unappropriated profit	<b>3,646,254</b>	3,635,597
	<b>6,121,563</b>	6,110,906
	<b>6,313,620</b>	6,345,811

**7 Long term deposits**

This includes security deposits received from dealers amounting to Rs. 12,691 thousand 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.

**8 Deferred tax liabilities - net** Note 2018 2017  
(Rupees in thousand)

The liability for deferred tax comprises temporary differences relating to:

**Taxable temporary differences:**

Accelerated tax depreciation	<b>167,289</b>	167,134
Change in fair value of short term investments	<b>41,007</b>	2,251
	<b>208,296</b>	169,385

**Deductible temporary differences:**

Accumulating compensated absences	<b>(39,572)</b>	(36,423)
Provision for doubtful receivables	<b>(10,624)</b>	(10,990)
Provision for warranty	<b>(2,192)</b>	(1,056)
Provision for slow moving stores, spare parts and loose tools	-	(310)
Provision for slow moving stock in trade	-	(103)
Provision for doubtful debts	-	(1,049)
Provision for retirement benefit obligations	<b>(22,149)</b>	(27,207)
	<b>(74,537)</b>	(77,138)
Net deferred tax liability at the year end	<b>133,759</b>	92,247

**9 Employees' defined benefit plan**
**Staff retirements benefit plan- Liability**

Holding company	9.1	<b>24,604</b>	-
Subsidiary	9.2	<b>77,807</b>	81,212
		<b>102,411</b>	81,212

**Staff retirements benefit plan- Asset**

Holding company	9.1	-	(39,961)
Subsidiary	9.2	<b>(15,708)</b>	(17,272)
		<b>(15,708)</b>	(57,233)

9.1 Present value of defined benefit obligation	<b>1,109,824</b>	1,105,684
Fair value of plan assets	<b>(1,085,220)</b>	(1,145,645)
Liability / (asset) recognized in the balance sheet	<b>24,604</b>	(39,961)

**For the year**

Salaries, wages and amenities include the following in respect of employees' pension scheme:

Current service cost	<b>16,628</b>	19,443
Interest cost	<b>82,889</b>	80,332
Expected return on plan assets	<b>(86,420)</b>	(74,334)
	<b>13,097</b>	25,441



Note	2018 (Rupees in thousand)	2017
<b>The movement in present value of defined benefit obligation is as follows:</b>		
Present value of defined benefit obligation as at July 01	1,105,684	1,137,355
Current service cost	16,628	19,443
Interest cost	82,889	80,332
Benefits due but not paid	-	(34)
Benefits paid	(72,290)	(58,608)
Actuarial gain	(23,087)	(72,804)
Present value of defined benefit obligation as at June 30	<u>1,109,824</u>	<u>1,105,684</u>
<b>The movement in fair value of plan assets is as follows:</b>		
Fair value of plan assets as at July 01	1,145,646	1,048,797
Expected return on assets	86,420	74,334
Contributions	11,131	11,619
Benefits paid	(72,290)	(58,608)
Benefits due but not paid	-	(34)
Return on plan assets	(85,687)	69,538
Fair value of plan assets as at June 30	<u>1,085,220</u>	<u>1,145,646</u>
Actual return on plan assets	<u>733</u>	<u>143,872</u>
<b>Plan assets comprise of :</b>		
Term deposit receipts :		
United Bank Limited	220,926	320,000
Meezan Bank Limited	148,529	-
Zarai Taraqiyati Bank Limited	131,547	-
Bonds and mutual funds :	-	-
MCB DCF income fund	190,180	185,106
NAFA Capital proceeds	288,491	308,706
Alfalah GHP Islamic stock fund	88,898	104,559
Accrued interest and bank balance:		
Bank balances	14,906	225,531
Advance income tax	1,743	1,744
	<u>1,085,220</u>	<u>1,145,646</u>

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

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

	2018	2017	2016	2015	2014
	(Rupees in thousand)				
<b>As at June 30</b>					
Present value of defined benefit obligation	1,109,824	1,105,684	1,137,355	871,824	635,895
Less: Fair value of plan assets	1,085,220	1,145,646	1,048,797	1,015,336	929,695
(Deficit) / surplus	<u>(24,604)</u>	<u>39,962</u>	<u>(88,558)</u>	<u>143,512</u>	<u>293,800</u>
Experience adjustment on obligation	<u>(23,087)</u>	<u>(72,804)</u>	<u>217,792</u>	<u>187,304</u>	<u>(39,678)</u>
Experience adjustment on plan assets	<u>(85,687)</u>	<u>69,538</u>	<u>(24,462)</u>	<u>945</u>	<u>8,064</u>

### Sensitivity analysis

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase and disclosed in note 4.4.1.1. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2018	2017
	(Rupees in thousand)	
Discount rate + 100 bps	1,022	1,024
Discount rate - 100 bps	1,212	1,239
Salary increase + 100 bps	1,126	1,117
Salary increase - 100 bps	1,095	1,082

### 9.2 Subsidiary staff retirement benefit plan - BCL

Employees' defined benefit plan- Liability	77,807	81,212
Employees' defined benefit plan- asset	(15,708)	(17,272)

2018			2017		
Funded		Un-funded	Funded		Un-funded
Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity
(Rupees in thousand)					

### Balance sheet reconciliation

Present value of defined benefit obligation at June 30	165,840	48,175	26,229	167,462	56,002	28,118
Less: Fair value of plan assets at June 30	114,262	63,883	-	114,368	73,274	-
Deficit / (surplus)	51,578	(15,708)	26,229	53,094	(17,272)	28,118

### Movement in the present value of defined benefit obligation

Balances as at July 1	167,462	56,002	28,118	159,537	53,571	23,156
Benefits paid by the plan	(7,733)	(15,191)	(3,701)	(5,756)	(2,868)	(1,596)
Current service costs	2,734	1,725	1,419	2,962	2,018	1,218
Interest cost	13,088	3,863	2,101	11,358	3,771	1,621
Remeasurement	(10,757)	1,776	(1,708)	(1,798)	(490)	3,719
Employee contributions	1,046	-	-	1,159	-	-
Balance as at June 30	165,840	48,175	26,229	167,462	56,002	28,118

2018			2017		
Funded		Un-funded	Funded		Un-funded
Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity
(Rupees in thousand)					

### Movement in the fair value of plan assets

Balance as at July 1	114,368	73,274	-	112,476	43,834	-
Contributions paid into the plan	2,324	843	-	2,606	1,028	-
Benefits paid by the plan	(7,733)	(15,191)	-	(5,756)	(2,868)	-
Interest income	8,975	5,288	-	8,082	3,111	-
Remeasurement	(4,718)	(331)	-	(4,198)	28,169	-
Employee contributions	1,046	-	-	1,159	-	-
Balance as at June 30	114,262	63,883	-	114,369	73,274	-



2018			2017		
Funded		Un-funded	Funded		Un-funded
Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity

(Rupees in thousand)

Expense recognised in profit and loss account

Current service costs	2,734	1,725	1,419	2,962	2,018	1,218
Net Interest (income) / cost	4,113	(1,425)	2,101	3,275	660	1,621
Expense recognised in profit and loss account	<b>6,847</b>	<b>300</b>	<b>3,520</b>	6,237	2,678	2,839

Remeasurement recognised in other comprehensive income

Experience (gains) / losses	(10,757)	1,776	(1,709)	(1,798)	(490)	3,720
Remeasurement of fair value of plan assets	4,719	332	-	4,198	(28,169)	-
Remeasurements	<b>(6,038)</b>	<b>2,108</b>	<b>(1,709)</b>	2,400	(28,659)	3,720

Net recognised liability / (asset)

Net recognised liability / (asset) as at July 1	53,093	(17,273)	28,119	47,061	9,737	23,156
Expense recognised in profit and loss account	6,847	300	3,520	6,238	2,677	2,839
Contribution made during the year to the Fund	(2,324)	(843)	(3,701)	(2,606)	(1,028)	(1,596)
Remeasurements recognised in other comprehensive (loss) / income	(6,038)	2,108	(1,709)	2,400	(28,659)	3,720
Recognised liability / (asset) as at June 30	<b>51,578</b>	<b>(15,708)</b>	<b>26,229</b>	53,093	(17,273)	28,119

Plan assets comprise of following:

Debt instruments	89,776	62,192	-	85,281	23,811	-
Equity and mutual funds	23,530	-	-	19,018	44,266	-
Cash at Bank	956	1,691	-	10,070	5,197	-
Total as at June 30	<b>114,262</b>	<b>63,883</b>	<b>-</b>	114,369	73,274	-

Actuarial assumptions

Discount rate at June 30	9.00%	9.00%	9.00%	8.00%	8.00%	8.00%
Future salary increases	9.00%	9.00%	9.00%	8.00%	8.00%	8.00%
Future pension increases	0.00%	-	-	0.00%	-	-

**Sensitivity analysis for actuarial assumptions**

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	decrease in assumption
Discount rate at June 30	1.00%	(17,986)	21,021
Future salary increases	1.00%	8,305	(7,656)

	2018	2017	2016	2015	2014
	(Rupees in thousand)				
<b>Pension fund</b>					
Fair value of plan assets	114,262	114,369	(112,476)	(105,680)	(90,083)
Present value of the defined benefit obligation	(165,840)	(167,462)	159,537	118,151	75,021
(Surplus) / deficit	(51,578)	(53,093)	47,061	12,471	(15,062)
Experience adjustments on plan liabilities	(10,757)	(1,798)	31,406	35,055	(6,019)
Experience adjustments on plan assets	(4,719)	(4,198)	4,238	(1,764)	(1,384)

**Executives' gratuity fund**

Fair value of plan assets	63,883	73,274	(43,834)	(61,432)	(46,103)
Present value of the defined benefit obligation	(48,175)	(56,002)	53,571	55,105	48,771
Deficit / (surplus)	15,708	17,272	9,737	(6,327)	2,668
Experience adjustments on plan liabilities	1,776	(490)	1,499	2,618	4,617
Experience adjustments on plan assets	(332)	28,169	(13,956)	13,883	(1,007)

**Non-Executives' gratuity fund**

Present value of the defined benefit obligations	(26,229)	(28,119)	23,156	22,254	19,177
Experience adjustments on plan obligations	(1,709)	3,720	(889)	2,047	(1,485)

**The weighted average duration of the plans are as follows:**

	2018	2017
	Number of years	
Pension fund	8.12	8.47
Executives' gratuity fund	8.12	8.47
Non-executives' gratuity	8.12	8.47

Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2018.



		2018	2017
		(Rupees in thousand)	
10	<b>Trade and other payables</b>		
	Trade creditors	1,062,386	1,177,147
	Accrued liabilities	198,749	197,763
	Advances from customers	8,935,676	9,409,029
	Bills payable	155,744	163,559
	Security deposits	10,567	8,901
	Trademark fee payable	73,743	64,738
	Income tax deducted at source	264	1,400
	Sales tax payable	-	3,390
	Workers' Profit Participation Fund	79,457	88,858
	Workers' Welfare Fund	130,082	99,700
	Others	159,018	100,760
		<b>10,805,686</b>	<b>11,315,245</b>

10.1 These represent advances from customers against sale of tractors and carry no mark-up. Further, as referred to in note 28 to these financial statements, these also include an amount of Rs. 91,037 thousand (2017: Rs. 22,991 thousand) representing cheques in hand.

10.2 These represent security deposits from contractors which, by virtue of agreement, are interest free, repayable on demand and are used in the Group's business.

10.3 **Workers' Profit Participation Fund**

Opening balance		88,858	23,974
Allocation for the year	33	501,861	403,992
		<b>590,719</b>	427,966
Payments made during the year		(511,262)	(339,108)
Closing balance		<b>79,457</b>	88,858

10.4 These include deposits by employees under car and motorcycle scheme amounting to Rs. 31,299 thousand (2017: Rs. 27,050 thousand) and carry no markup.

11 **Short term borrowings**

Short Term Running Finance (STRF) - secured			
STRF under mark-up arrangement	11.1	164,506	49,404
Musharika facility	11.2	79,194	76,097
		<b>243,700</b>	125,501

11.1 The Group has obtained short term borrowing facilities from various banks having an aggregate sanctioned limit of Rs. 4,600,000 thousand (2017: Rs. 5,200,000 thousand) out of which Rs. 500,000 thousand (2017: Rs. 500,000 thousand) represents a facility from Meezan Bank under Islamic mode of financing. The rates of mark up range from KIBOR plus 0.05% to KIBOR plus 0.5% (2017: KIBOR plus 0.1% to KIBOR plus 0.6%) per annum. At year end, the unutilized facility aggregated to 4,416,816 thousand (2017: Rs. 5,150,596 thousand). Facilities amounting to Rs. 100,000 thousand (2017: Rs. 100,000 thousand) are secured against first charge of PKR 133,400 thousand on land, building, plant & machinery and current assets of the Group. While facilities amounting to Rs. 300,000 thousand (2017: Rs. 300,000 thousand) are secured by way of hypothecation over plant and machinery and current assets of the Group. The remaining portion of the borrowing facilities is secured by pari passu hypothecation charge over current assets and book debts of the Group, lien over import documents and counter guarantees.

- 11.2 The Group has also obtained Musharika Finance Facility from Meezan Bank Limited amounting to Rs. 100,000 thousand (2017: Rs. 100,000 thousand). The profit rate on this facility is 3 month KIBOR plus 0.4% (2017: 3 month KIBOR plus 0.4%). It is secured by way of hypothecation charge over inventory and trade receivables of the subsidiary company.
- 11.3 The Group has also obtained Istisna Cum Wakala arrangement from Dubai Islamic Bank Pakistan Limited amounting to Rs. 75,000 thousand (2017: Rs. 75,000 thousand). The profit rate on this facility is 6 months KIBOR plus 0.5% (2017: 6 months KIBOR plus 0.6%). It is secured by way of hypothecation charge over fixed assets and current assets of the subsidiary company. Amount utilised as at June 30, 2018 is Rs. Nil (2017: Rs. Nil).
- 11.4 The Group has facilities for opening of letters of credit and guarantees aggregating to Rs. 5,153,400 thousand (2017: Rs. 4,879,605 thousand) out of which Rs. 400,000 thousand (2017: Rs. 400,000 thousand) has been obtained under Islamic mode of financing. This include a facility for opening letter of credits of Rs. 650,000 thousand that is a sub-facility of the short term borrowings facilities as disclosed in note 11.1. At year end, the unutilized portion of the group-wide facilities for opening of letters of credit and guarantees aggregated to 2,624,331 thousand (2017: Rs. 2,945,195 thousand). These facilities are secured by pari passu hypothecation charge over current assets and book debts of the respective subsidiary company, lien over import documents and counter guarantees.

## 12 Contingencies and commitments

### 12.1 Contingencies

12.1.1 The Group has given guarantee amounting to Rs. 5,000 thousand to bank for repayment of loan by employees. An amount of Rs. 350 thousand (2017: Rs. 697 thousand) was utilized by employees as at June 30, 2018.

12.1.2 Guarantees issued by various banks on behalf of the Group in the normal course of business amount to Rs. 512,568 thousand (2017: Rs. 414,349 thousand).

#### 12.1.3 Holding company

12.1.3.1 Income tax returns for the years from 2007 to 2017 have been filed by the Company under the provisions of section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

The Income tax department has disputed with the Company's treatment on certain tax matters for the tax years 2007-2013 and 2015, entailing an additional tax liability of Rs. 616,729 thousand. Of these the only significant tax matter, amounting to Rs. 380,624 thousand, relates to disallowances made by tax authorities in respect of trade mark fee / expense claimed by the Company in its income tax returns for the aforementioned tax years. Both the Company and Income tax department are currently in appeal at the appellate tribunal level regarding the tax matters, decisions of which are pending. The management in consultation with their tax advisor are confident that all the tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these consolidated financial statements.



- 12.1.3.2** The Deputy Commission Inland Revenue has issued withholding tax assessment orders u/s 161/205 of the Ordinance for the tax year 2011 creating an initial demand of Rs. 176,000 thousand. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIR(A)). The CIR(A) passed an order dated January 21, 2015 remanding back the issue to Deputy Commissioner. Reassessment proceedings after being finalized on January 25, 2016 reduced the demand to Rs. 51,000 thousand. The Company is in the process of filing appeal against reassessment proceedings with CIR(A). Furthermore, the tax authorities have filed an appeal before Appellate Tribunal (ATIR) against the order passes by CIR(A). The management in consultation with their tax advisor are confident that the above matter will eventually be decided in favor of the Company; therefore no provision has been created in these consolidated financial statements.
- 12.1.3.3** The Company is defending a demand notice issued by Vice Commissioner Punjab Employees' Social Security Institution amounting to Rs. 36,000 thousand. After further investigation, the demand notice was reduced to Rs.12,000 thousand. The Company is in the process of filing objection against the reduced demand notice. The management and legal advisor are confident that the outcome of the case would be decided in their favor hence, no provision relating to aforesaid demand has been made in the consolidated financial statements.
- 12.1.3.4** 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 during the last year it was held by the Civil Court that the damages of Rs. 15,000 thousand has been awarded in favor of vendor for the aforementioned inconvenience. In addition to that the Company is also required to pay the amount of parts already supplied by the vendor which amounts to Rs 4,579 thousand along with mark up @ 7% per annum till its realization. However the Company has filed an appeal in the Honorable High Court, Lahore against the aforesaid order of Civil Court. The management and the legal advisor are confident that outcome of the case would be in the Company's favor and no payment in this regard would be required, hence no provision there against has been made in these consolidated financial statements. The case is pending in the Honorable High Court, Lahore.
- 12.1.3.5** The Company is defending a demand of Rs. 3,944 thousand from the Additional Commissioner Inland Revenue, Lahore, regarding non payment of sales tax on replacements of warranty parts supplied by the Company to its customers. The Company filed the appeal in 2010 against the aforementioned order passed, to Commissioner of Inland Revenue, Lahore. Which held that the Company is liable to pay the amount of sales tax on warranty parts which amounts to Rs 3,944 thousand along with default surcharge and penalty @ 5% under section 33 of sales tax act 1990. The Company has filed an appeal against the aforementioned order in the Honorable High Court Lahore. 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. The case is pending in the Honorable High Court, Lahore.
- 12.1.3.6** 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 manufacture 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 favor of the Company.



The Custom department has filed reference against the decision in the Honorable High Court, Lahore, judgment of which is pending. The Company made payment of Rs. 8,000 thousand under protest in response to demand notice served and obtained stay order from Honorable 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 favor hence no provision relating to aforesaid demand has been made in these consolidated financial statements.

#### Subsidiaries

##### 12.1.4 a) Bolan Casting Limited

12.1.4.1 In 2014, the Bolan Casting Limited received a reassessment order, from the Income Tax Department, in respect of return filed for the tax year 2008. The Department had revised the return filed by the Company and reduced the income tax refund claimed by the Company by Rs. 6,020 thousand. The said order was challenged before the Commissioner (Appeals) who declared the order in original as time barred and annulled it. Subsequently, the Income Tax Department filed appeal against the order before the Appellate Tribunal Inland Revenue which has not been heard yet. The management of the Company, based on the views of its tax consultant, is confident that the final decision will be given in favour of the Company and therefore, no provision has been made in these consolidated financial statements for this amount.

12.1.4.2 In a suit filed against the Company before the Senior Civil Judge at Hub Balochistan, Altaf Hussain Agha (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 disputed piece of land and disputes any encroachment whatsoever. The written statement of the Company was filed, the issues were framed and the plaintiff had produced his witnesses. However suit was decreed against the Company by the Senior Civil Judge. The original order was challenged by the Company before Balochistan High Court, which suspended the said order. The case is still pending before Balochistan High Court. The plaintiff has sought profits aggregating to Rs. 42,000 thousand (2017: Rs. 39,000 thousand). The management of the Company based on the views of its legal advisor is confident that decision will be given in favour of the Company and therefore, no provision has been made in these financial statements.

##### 12.1.5 b) Millat Industrial Products Limited

12.1.5.1 Company has filed Rectification application u/s 221 for Tax Year 2010 against appeal effect order dated January 1, 2013 issued u/s 124/ 129. After rectified order, company shall have net refunds of Rs. 1,946 thousand. Rectification order is being awaited. Further, Withholding tax proceedings u/s 161 were also initiated for Tax Year 2010. Proceedings have been complied in totality. Show cause notice is being awaited.

12.1.5.2 Withholding tax proceedings u/s 161/205 were finalized for tax year 2011 vide order dated August for the tax years 2007-2013 and 2015, entailing an additional tax liability of Rs. 616,729 thousand. Of 18, 2014 creating demand of Rs. 11,407 thousand. Out of total demand, department has adjusted



the demand of Rs. 3,340 thousand against refunds available from previous tax years. Consequently, company filed appeal and stay application to CIR(A) against the outstanding demand of Rs. 8,067 thousand. Stay was granted by CIR(A) subject to payment of Rs. 2,000 thousand. In the appellant order, CIR(A) confirmed the demand of Rs. 13 thousand while remaining issues were remanded back with direction for fresh assessment. On this instance, the company is under appeal before ATIR and appeal has not been heard till date.

**12.1.5.3** Re-assessment proceedings u/s 124/129 read with 161/2015 were finalized for tax year 2011 vide order dated June 30, 2016 creating demand of Rs 5,926 thousand Company had filed appeal to CIR(A) which was finalized vide order dated September 22, 2016 granting relief of Rs. 5,903 thousand. After appeal effect, company shall have net tax payable of Rs. 13 thousand. Department is under appeal before ATIR and the appeal has not been fixed for hearing till date.

**12.1.5.4** Audit proceeding u/s 177(1) were initiated for tax year 2013 vide notice dated June 13, 2014. Company has filed written representation before Chief Commissioner Inland Revenue vide letter dated September 26, 2014 for dropping the selection of case. Assessment proceedings u/s 122(1) were finalized vide order dated June 22, 2018 creating a demand of Rs. 17,297 thousand. Company has filed appeal to CIR(A) on July 19, 2018. The case is pending for hearing before the Honorable CIR(A).

**12.1.5.5** Demand of Rs.17,423 thousand was raised against the company vide order u/s 161/205 for tax year 2014. Department has recovered demand of Rs.16,640 thousand from the bank account of company. Company filed appeal to CIR(A) who granted relief on two issues with the order of CIR(A), appeal effect has been filed with the department after which company shall have net Refund of Rs. 16,640 thousand. Appeal Effect order is being awaited.

**12.1.5.6** Further, Re-assessment proceedings were initiated u/s 161/124 for tax year 2014 vide notice dated May 5, 2017. Proceedings are in process hence, no tax liability can be anticipated at this stage.

**12.1.5.7** Penalty Proceedings u/s 182 were finalized for tax year 2014 imposing Penalty of Rs. 87 thousand. Company filed appeal to CIR(A) on December 24, 2014 who vide order dated February 18, 2016 has granted relief of Rs. 70 thousand. Company and department both are in appeal before ATIR.

## 12.2 Commitments

**12.2.1** Commitments in respect of outstanding letters of credit amounting to Rs.1,850,889 thousand (2017: Rs. 1,434,718 thousand) at the reporting date.

**12.2.2** The aggregate commitments in respect of capital expenditure as at June 30, 2018 amount to Rs. 53,090 thousand. (June 30, 2017: 15,360 thousand).

13 Operating fixed assets	Note	<b>2018</b> <b>(Rupees in thousand)</b>	<b>2017</b>
Operating property, plant and equipment	13.1	<b>1,665,034</b>	1,581,017
Major stores, spares and loose tools (classified as tools and equipment)		<b>1,702</b>	978
		<b>1,666,736</b>	1,581,995

## 13.1 Operating property, plant and equipment

## Net book value basis

## Year ended June 30, 2018

	Land		Buildings		Owned					Total
	Freehold	Leasehold	On free hold land	On lease hold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	
	(Rupees in thousand)									
Opening net book value	158,551	8	429,567	-	564,486	96,941	226,492	88,333	16,639	1,581,107
Additions (at cost)	-	-	9,609	-	171,589	13,935	63,437	30,869	3,429	292,868
Disposals	-	-	-	-	(2,565)	(41)	(23,610)	-	(206)	(26,422)
Write offs	-	-	-	-	-	(464)	-	(448)	(76)	(988)
Depreciation charge	-	-	(28,870)	-	(65,442)	(14,615)	(50,027)	(16,315)	(6,172)	(181,441)
Closing net book value	158,551	8	410,306	-	668,068	95,756	216,292	102,439	13,614	1,665,034

## Gross book value basis

## As at June 30, 2018

Cost	158,551	8	727,326	2,900	1,808,778	184,004	431,901	303,461	54,577	3,671,506
Accumulated depreciation	-	-	(317,020)	(2,900)	(1,140,710)	(88,248)	(215,609)	(201,022)	(40,963)	(2,006,472)
Net book value	158,551	8	410,306	-	668,068	95,756	216,292	102,439	13,614	1,665,034

## Depreciation rate % per annum

## Net book value basis

## Year ended June 30, 2017

Opening net book value	158,551	8	181,076	-	558,462	44,706	188,713	88,150	17,765	1,237,431
Additions (at cost)	-	-	265,656	-	66,910	59,495	108,961	15,431	5,631	522,084
Disposals	-	-	-	-	-	(89)	(20,054)	(239)	(164)	(20,546)
Depreciation charge	-	-	(17,165)	-	(60,886)	(7,171)	(51,128)	(15,009)	(6,593)	(157,952)
Closing net book value	158,551	8	429,567	-	564,486	96,941	226,492	88,333	16,639	1,581,017

## Gross book value basis

## As at June 30, 2017

Cost	158,551	8	720,905	2,900	1,651,334	170,716	411,300	274,807	55,316	3,445,837
Accumulated depreciation	-	-	(291,338)	(2,900)	(1,086,848)	(73,775)	(184,808)	(186,474)	(38,677)	(1,864,820)
Net book value	158,551	8	429,567	-	564,486	96,941	226,492	88,333	16,639	1,581,017

## Depreciation rate % per annum



	Note	2018 (Rupees in thousand)	2017
13.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	30	112,630	106,258
Distribution and marketing expenses	31	8,602	8,015
Administrative expenses	32	60,209	43,680
		<b>181,441</b>	<b>157,953</b>

13.3 The freehold land and building on owned land of the Group are as follows:  
 - 202,343 square meters of factory land situated at Sheikhpura Road, Sheikhpura - MTL;  
 - 759 square meters of land at Khera Gali District Abbotabad - MTL;  
 - 697 square meters of land in sector F-6/1 Islamabad - MTL;  
 - Corporate office floors in Tricon Corporate Centre Lahore - MTL;  
 - 113 Kanal and 12.5 Marlas of land, situated at Mauza Bhoptian, tehsil and district Lahore - MEL;  
 - 52 Kanals and 10 Marlas is located at 49-K.M., off Multan Road, Bhai Pheru, Distt. Kasur - MIPL; and  
 - 22.93 acres of factory land situated at Tehsil Hub, District Lasbella, Balochistan - BCL

13.4 Leasehold property represents Igloo hanger Godown measuring total area of 6,662 square meters situated near Brook Bond factory site area, Karachi.

13.5 Tools and equipment includes dies and moulds having book value of Rs 3,594 thousand (2017:1,795 thousand) which are in possession of vendors and these dies and moulds are used by the vendors for producing certain parts for supply to the Company.

13.6 Disposal of operating property, plant and equipment

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

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

Vehicles Directors / CEO:

Mr. Laeeq ud din Ansari	8,320	6,546	6,546	-	As approved by the Board of Directors
Mr. S M Irfan Aqueel	4,000	1,053	1,053	-	As approved by the Board of Directors
Mr. Ijaz Majeed	2,503	1,729	1,729	-	Company car scheme

Employees:

Mr. Mansoor Abbasi	2,025	1,253	1,253	-	Company car scheme
Mr. Muhammad Akram	1,973	715	715	-	Company car scheme
Mr. Muhammad Akram	1,881	1,572	1,572	-	Company car scheme
Mr. Nisar Ahmad Mirani	1,846	836	836	-	Company car scheme
Mr. Naveed Aslam	1,661	1,338	1,338	-	Company car scheme
Mr. Altaf Hussain	1,611	631	631	-	Company car scheme
Mr. Saifullah Soomro	1,039	569	569	-	Company car scheme
Mr. Saifuddin	1,672	949	949	-	Company car scheme
Mr. Asif Mehmood	862	790	790	-	Company car scheme

Plant and Machinery Arfeen Engineering Services

6,400	1,430	2,255	825	Tender
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Fixed assets sold having book value less than Rs. 500,000

43,623	7,011	8,679	1,668
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Year ended: June 30, 2018

79,416	26,422	28,915	2,493
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Year ended: June 30, 2017

64,419	20,546	24,662	4,116
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	Note	2018 (Rupees in thousand)	2017
<b>14 Capital work in progress</b>			
Plant and machinery		<b>72,497</b>	132,549
Advance against intangible purchase		<b>5,992</b>	-
Advance for tools and equipment		<b>1,613</b>	-
Advance for office building		<b>576</b>	1,166
Advance for vehicles		<b>3,239</b>	11,793
		<b>83,917</b>	145,508
<b>15 Intangible assets</b>			
<b>Net carrying value basis:</b>			
Opening net book value		<b>1,099</b>	3,597
Additions		-	-
Amortization charge	30, 31 & 32	<b>(964)</b>	(2,498)
		<b>135</b>	1,099
<b>Gross carrying value basis:</b>			
Cost		<b>45,667</b>	47,381
Additions		-	-
Accumulated amortization		<b>(45,532)</b>	(46,282)
		<b>135</b>	1,099
Rate of amortization		<b>33%</b>	33%
<b>16 Investment property</b>			
Land		<b>258,444</b>	258,444
Provision for impairment	16.5	<b>(2,736)</b>	(2,736)
		<b>255,708</b>	255,708
<b>16.1</b>	This represents residential plots stated at cost. As at June 30, 2018 and June 30, 2017, the fair values of these properties were Rs.310,800 thousand and Rs. 288,600 thousand respectively. These valuation 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.		
<b>16.2</b>	The valuation method used by the independent valuer was based on market approach method.		
<b>16.3</b>	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.		
<b>16.4</b>	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.		
<b>16.5</b>	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 (2017: 2,736 thousand) at the reporting date.		



**19 Long term deposits**

These represent security deposits given to Companies against provision of utilities and services and carry no mark-up.

**20 Stores, spare parts and loose tools**

Most of the Group's items of stores and spares are of inter-changeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

	Note	2018 (Rupees in thousand)	2017
<b>21 Stock in trade</b>			
Raw material	21.1	4,316,920	3,480,817
Work in process		375,499	249,712
Finished goods:			
Manufacturing		523,472	363,676
Trading		158,714	344,012
		682,186	707,688
	21.2	5,374,605	4,438,217

21.1 This includes stock in transit amounting to Rs. 482,395 thousand (2017: Rs. 418,988 thousand).

21.2 Included in stocks are raw materials and components held with third parties amounting to Rs. 164,807 thousand (2017:Rs.126,111thousand).

	Note	2018 (Rupees in thousand)	2017
<b>22 Trade debts</b>			
Trade debts - considered good		255,533	273,816
<b>23 Loans and advances</b>			
Current portion of long term loans to employees	18	5,527	3,872
Advances to employees - considered good	23.1	4,577	4,213
Advances to suppliers - considered good		121,501	108,957
Advance against shares subscription	23.2	400	-
		132,005	117,042
Advances to suppliers - considered doubtful		2,485	2,485
Less: Provision for doubtful advances		(2,485)	(2,485)
		-	-
Letter of credit opening charges		5,110	19,334
		137,115	136,376

23.1 The maximum aggregate amount at the end of any month during the year due from the Chief Executive Officers was Rs. Nil (2017: Rs.291 thousand) and Directors Rs. Nil (2017: Rs. 344 thousand) in respect of travel advance.

23.2 This represents advance given to TCC Management Services (Pvt) Limited against shares subscription.

**24 Trade deposits and short term prepayments**

These include interest free security deposits amounting to Rs.13,952 thousand (2017: Rs.17,861 thousand) made for tender placement.



	2018	2017
	(Rupees in thousand)	
<b>25 Balances with statutory authorities</b>		
Special excise duty payable	(1,027)	(1,305)
Sales tax recoverable	1,961,060	2,585,493
Less: provision for doubtful claims	(34,147)	(34,147)
	<b>1,926,913</b>	2,551,346
	<b>1,925,886</b>	2,550,041
<b>26 Other receivables</b>		
Claims receivable from suppliers	40,572	94,645
Profit / interest accrued	1,571	6,285
Provident fund	-	11,484
	<b>42,143</b>	112,414
Less: Provision for impairment	-	(3,496)
	<b>42,143</b>	108,918
<b>27 Short term investments</b>		
Mutual Funds designated at fair value through profit and loss	27.1 6,178,976	6,118,723
Investment in Term Deposit Receipts (TDR)	27.2 & 27.3 1,243,402	1,162,917
	<b>7,422,378</b>	7,281,640
<b>27.1</b>	This represents investment in mutual funds as follows:	

**Mutual Funds**

	June 30, 2018		
	Number of units	Fair value per unit	Total
	(Number in thousand)	(Rupees)	(Rupees in thousand)
Lakson Income Fund	2,455	105.93	260,037
United Liquidity Plus Fund	2,527	106.22	268,457
ABL Islamic Income Fund	39,118	10.61	415,093
NIT Income Fund	38,362	10.84	415,675
Alfalah GHP Money Market Fund	4,234	102.74	434,996
HBL Money Market Fund	4,579	107.15	490,691
HBL Cash Fund	1,428	105.98	151,340
Lakson Money Market Fund	4,866	105.59	513,836
Atlas Money Market Fund	1,024	529.42	542,344
NAFA Government Securities Liquid Fund	54,159	10.70	579,423
MCB Cash Management Optimizer Fund	9,904	105.93	1,049,181
ABL Cash Fund	99,836	10.60	1,057,903
			<b>6,178,976</b>

**Mutual Funds**

	<b>June 30, 2017</b>		
	Number of units	Fair value per unit	Total
	(Number in thousand)	(Rupees)	(Rupees in thousand)
ABL Cash Fund	69,878	10.11	706,465
ABL Income Fund	38,644	10.04	387,812
ABL Islamic Income Fund	39,669	10.17	403,278
ABL Government Securities Fund	9,992	10.02	100,122
Meezan Cash Fund	2,008	50.43	101,278
UBL Liquidity Income Plus Fund	2,527	100.67	254,410
Alfalah GHP Money Market Fund	1,062	97.42	103,440
Lakson Money Market Fund	4,866	100.15	487,322
HBL Money Market Fund	4,579	101.77	465,997
NAFA Government Securities Liquid Fund	64,011	10.16	650,354
Atlas Money Market	1,024	501.86	514,069
Atlas Income Fund	991	512.24	507,762
MCB DCF Fund	4,700	106.43	500,215
MCB Cash Management Optimizer Fund	9,314	100.52	936,199
			<u>6,118,723</u>

**27.2** These carry mark-up/ profit at the difference rates ranging from 3.75% to 6.3% (2017: 3.75% to 5.65%) and having tenures ranging from 7 days to 60 days. The said TDRs may be encashed any time before maturity.

**27.3** These include TDRs amounting to Rs. 3,402 thousand (2017: Rs. 2,917 thousand) under lien with respect to bank guarantee issued by a commercial bank in favour Sui Southern Gas Company Limited.

**27.4** Fair value per unit has been rounded off to 2 decimal places.

	Note	<b>2018</b>	<b>2017</b>
		<b>(Rupees in thousand)</b>	
<b>28</b>			
<b>Cash and bank balances</b>			
<b>In hand:</b>			
cash		<b>2,236</b>	1,139
cheques		<b>91,037</b>	22,991
		<b>93,273</b>	24,130
<b>At banks:</b>			
current accounts		<b>417,838</b>	714,294
deposit accounts	28.1	<b>328,273</b>	1,475,259
		<b>746,111</b>	2,189,553
		<b>839,384</b>	2,213,683

**28.1** These carry mark-up ranging from 3.75% to 6% (2017: 3.75% to 5.65%) per annum.

**28.2** Out of these balances Rs. 580 thousand (2017: Rs.300 thousand) is maintained with Islamic Bank.



			2018 (Rupees in thousand)	2017
29	Sales - net	Note		
	Local:			
	Tractors		39,412,782	30,971,176
	Implements		891,095	729,867
	Multi-application products		347,250	209,130
	Trading goods		550,687	410,362
	Batteries		1,274,758	1,334,719
	Castings		557,542	433,265
			<b>43,034,114</b>	34,088,519
	Less:			
	Discount		(220,539)	(194,808)
	Sales tax and special excise duty		(3,278,030)	(2,957,883)
			<b>(3,498,569)</b>	(3,152,691)
	Export:		<b>39,535,545</b>	30,935,828
	Tractors		470,405	1,010,794
	Trading goods		75,424	32,691
	Implements		501	-
	Automotive parts		-	15,010
			<b>546,330</b>	1,058,495
			<b>40,081,875</b>	31,994,323
			<b>(495,513)</b>	(381,956)
	Less: Commission	29.1	<b>39,586,362</b>	31,612,367
29.1	This represents revenue earned from Shariah compliant business segments.			
30	Cost of sales			
	Components consumed		25,598,430	18,887,884
	Salaries, wages and amenities	30.1	987,530	931,459
	Contract services		397,013	576,563
	Fuel and power		413,380	202,395
	Oil and lubricants		218,782	137,047
	Communication		679	528
	Travelling and vehicle running		61,903	42,918
	Printing and stationery		3,249	5,828
	Insurance		32,650	28,447
	Repairs and maintenance		187,383	164,786
	Stores and spares consumed		428,944	328,902
	Packing material consumed		7,370	7,310
	Depreciation	13.2	112,630	106,258
	Amortization	15	67	100
	Other expenses		300,265	924,925
			<b>28,750,275</b>	22,345,350
	Add: opening work-in-process		249,712	221,196
	Less: closing work-in-process		(375,499)	(249,712)
			<b>(125,787)</b>	(28,516)
	Cost of goods manufactured		<b>28,624,488</b>	22,316,834
	Add: Opening finished goods		570,723	762,402
	Less: Closing finished goods		(523,472)	(570,723)
			<b>47,251</b>	191,679
			<b>28,671,739</b>	22,508,513
	Cost of sales - trading	30.2	<b>457,596</b>	316,861
			<b>29,129,335</b>	22,825,374



	Note	2018 (Rupees in thousand)	2017
<b>30.1</b>	It includes the following staff retirement benefits:		
	Defined benefit plan - pension	<b>8,168</b>	21,914
	Defined contribution plan - gratuity	<b>2,151</b>	8,647
	Defined contribution plan - provident fund	<b>10,832</b>	10,412
	Provision for compensated absences	<b>4,858</b>	1,170
		<b>26,009</b>	42,143
<b>30.2</b>	<b>Cost of sales - trading</b>		
	Opening stock	<b>137,307</b>	110,348
	Purchases	<b>479,003</b>	343,820
		<b>616,310</b>	454,168
	Closing stock	<b>(158,714)</b>	(137,307)
		<b>457,596</b>	316,861
<b>31</b>	<b>Distribution and marketing expenses</b>		
	Salaries and amenities	<b>135,098</b>	148,331
	Contract services	<b>41,069</b>	32,502
	Fuel and power	<b>9,946</b>	8,542
	Communication	<b>808</b>	636
	Travelling and vehicle running	<b>21,500</b>	21,460
	Carriage and freight	<b>63,523</b>	47,821
	Printing and stationery	<b>6,538</b>	5,202
	Insurance	<b>12,625</b>	10,231
	Trademark fee	<b>304,641</b>	235,734
	Advertisement and sales promotion	<b>21,889</b>	28,874
	Depreciation	<b>8,602</b>	8,015
	Amortization	-	-
	Meeting / convention	<b>7,384</b>	9,042
	After sales support	<b>66,371</b>	56,105
	Research cost	-	-
	Other expenses	<b>30,594</b>	22,554
		<b>730,588</b>	635,049
<b>31.1</b>	It includes the following staff retirement benefits:		
	Defined benefit plan - pension	<b>1,954</b>	6,909
	Defined contribution plan - gratuity	<b>772</b>	3,147
	Defined contribution plan - provident fund	<b>2,594</b>	3,712
	Provision for compensated absences	<b>1,744</b>	420
		<b>7,064</b>	14,188
<b>31.2</b>	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 Group for use of its brand name with certain terms and conditions.



	Note	2018 (Rupees in thousand)	2017
<b>32 Administrative expenses</b>			
Salaries and amenities	32.1	419,808	359,824
Contract services		57,818	40,363
Fuel and power		27,106	14,608
Communication		5,835	9,890
Travelling and vehicle running		32,539	34,130
Insurance		10,735	8,572
Repairs and maintenance		17,054	16,378
Security		17,955	18,612
Legal and professional	32.2	16,102	15,544
Depreciation	13.2	60,209	43,680
Amortization of intangible asset	15	897	2,398
Rent, rates and taxes		3,176	9,768
Fee and subscription		6,204	5,639
Entertainment		8,010	7,507
Property, plant and equipment written off		988	-
Other expenses		83,272	64,638
		<b>767,708</b>	<b>651,551</b>
<b>32.1</b>	It includes the following staff retirement benefits:		
	Defined benefit plan - pension	6,896	8,490
	Defined contribution plan - gratuity	2,593	2,900
	Defined contribution plan - provident fund	9,966	7,757
	Provision for compensated absences	5,855	1,410
		<b>25,310</b>	<b>20,557</b>
<b>32.2</b>	Legal and professional expenses include following in respect of auditors' services:		
	Statutory audit	3,634	3,147
	Half year review	402	381
	Special reports and sundry certifications	230	616
	Out of pocket expenses	371	391
		<b>4,637</b>	<b>4,535</b>
<b>33 Other operating expenses</b>			
Workers' Profit Participation Fund	10.3	501,861	403,992
Workers' Welfare Fund		171,558	141,177
Donations	33.1	2,100	6,235
Bad debts written off		12,235	-
Loss on exchange rate and price difference		1,308	213
		<b>689,062</b>	<b>551,617</b>
<b>33.1</b>	The particulars of the donation exceeding Rs 500,000 are as follows		
	<b>Name of Donee</b>		
	Pakistani Centre For Philanthropy	1,000	-
	The Citizens Foundation	-	2,200
	Punjab Institute of Cardiology	-	2,000
	Lahore Hospital Welfare Society	-	1,000
	Sargodhian Spirit Trust	-	600
<b>33.2</b>	None of the Directors hold any interests in the donees to whom donations were made during the year (2017: Rs 1,000 thousand).		

	Note	2018 (Rupees in thousand)	2017
<b>34 Other income</b>			
<b>Income from financial assets</b>			
Dividend income from Baluchistan Wheels Limited	34.1	<b>6,281</b>	11,252
Return on bank deposits and TDRs	34.2	<b>170,384</b>	47,339
Accrued interest on Term Deposit Receipts (TDR)		<b>4,912</b>	17,317
Gain on sale of short term investments	34.3	<b>76,821</b>	230,902
Change in fair value of short term investments	27 & 34.4	<b>274,720</b>	8,029
Gain on translation of foreign investment		<b>6,705</b>	120
Interest charged on early payments and advances		<b>32,601</b>	30,307
		<b>572,424</b>	345,266
<b>Income from assets other than financial assets</b>			
Rental income		<b>6,198</b>	5,101
Scrap sales		<b>38,488</b>	17,801
Exchange gain		-	44
Gain on disposal of property, plant and equipment		<b>2,493</b>	4,116
Insurance claim		-	299
Liabilities no longer required written back		-	2,532
Lab income		<b>4,769</b>	60
Multiapp products service income		<b>2,040</b>	2,469
Others	34.5	<b>9,490</b>	23,252
		<b>63,478</b>	55,674
		<b>635,902</b>	400,940

34.1 Dividend income earned from investments from non Shariah-compliant companies.

34.2 This includes profit of Rs.102,125 thousand (2017: Rs.1,049 thousand) earned on term deposits with Islamic bank.

	2018 (Rupees in thousand)	2017
<b>34.3 Realized gain / (loss) on sale of short term investment:</b>		
ABL Cash Fund	<b>5,616</b>	33,258
ABL Government Securities	-	228
ABL Income Fund	<b>17,409</b>	15,428
ABL Islamic Income Fund	<b>2,998</b>	6,013
Meezan Cash Fund	<b>3,110</b>	1,685
Meezan Islamic Fund	-	20
UBL Liquidity Income Plus Fund	-	11,814
UBL Money Market Fund	-	88
Alfalah GHP Sovereign Fund	-	84
Alfalah GHP Money Market Fund	-	4,502
Alfalah GHP Income multiplier Fund	<b>(1,500)</b>	-
Lakson Money Market Fund	-	15,667
HBL Money Market Fund	-	19,569
HBL cash fund	<b>12,223</b>	-
NAFA Government Securities Liquid Fund	-	32,647
NAFA Money Market Fund	-	140
NIT Government Bond Fund	<b>8,703</b>	-
Atlas Money Market	-	17,781
Atlas Sovereign Fund	-	97
Atlas Income Fund	<b>17,655</b>	9,548
MCB DCF Fund	<b>10,607</b>	26,391
MCB Cash Management Optimizer Fund	-	35,942
	<b>76,821</b>	230,902



	Note	2018 (Rupees in thousand)	2017
<b>34.4 Unrealized gain:</b>			
ABL Government Securities Fund		-	527
ABL Cash Fund		51,280	756
ABL Income Fund		-	499
ABL Islamic Income Fund		20,211	821
UBL Liquidity Income Plus Fund		14,018	368
Lakson Money Market Fund		26,479	712
Lakson Income Fund		9,952	-
HBL Money Market Fund		24,647	830
HBL Cash fund		1,340	-
NAFA Government Securities Liquid Fund		23,426	661
NIT Income Fund		15,617	-
Alfalah GHP Money Market Fund		6,484	-
Atlas Money Market		28,236	697
Atlas Income Fund		-	565
MCB DCF Fund		-	239
MCB Cash Management Optimizer Fund		53,030	1,354
		<b>274,720</b>	<b>8,029</b>
<b>34.5</b>	This includes forfeiture of security deposit, lab delivery charges, tender money and late payment surcharge.		
<b>35 Finance cost</b>	35.1		
Mark-up on short term borrowings - secured		14,529	11,288
Interest on Workers' Profit Participation Fund		405	35
Bank charges and commission		5,256	4,678
		<b>20,190</b>	<b>16,001</b>
<b>35.1</b>	This includes Rs. 4,140 thousand (2017: Rs. 4,100 thousand) mark-up paid on Islamic mode of financing.		
<b>36 Taxation</b>		<b>2018</b>	<b>2017</b>
		<b>(Rupees in thousand)</b>	
For the year:			
current		2,852,693	2,349,374
deferred		37,274	66,097
		<b>2,889,967</b>	<b>2,415,471</b>
Prior years:			
current		32,380	(456)
deferred		(485)	(4,127)
		<b>31,895</b>	<b>(4,583)</b>
		<b>2,921,862</b>	<b>2,410,888</b>
<b>36.1</b>	Numerical reconciliation between average effective tax rate and the applicable tax rate is as follows:	<b>2018</b>	<b>2017</b>
		<b>%</b>	<b>%</b>
Applicable tax rate		30.00	31.00
- Effect of change in prior year		(0.19)	(0.38)
- Income chargeable to tax at lower rate		(4.98)	2.57
- Tax effect of super tax		12.14	12.40
- Effect on opening deferred taxes on reduction of rate		(0.27)	(0.01)
- Others		(3.80)	(12.76)
		<b>2.90</b>	<b>1.82</b>
Average effective tax rate		<b>32.90</b>	<b>32.82</b>



### 36.2 Management's assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years of the Group are as follows:

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>(Rupees in thousand)</b>		
Tax assessed as per most recent tax assessment	2,377,315	1,047,675	1,576,348
Provision in accounts for income tax	2,378,741	1,056,638	1,500,737

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.

### 37 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive Officers, Directors and Executives of the Group are as follows:

	Chief Executive Officers		Directors				Executives	
	2018	2017	2018		2017		2018	2017
			Non Executive Directors	Executive Directors	Non Executive Directors	Executive Directors		
Number of persons	<b>4</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>36</b>	<b>29</b>
	<b>(Rupees in thousand)</b>							
Managerial remuneration	<b>58,820</b>	26,535	<b>5,806</b>	<b>36,091</b>	18,957	9,084	<b>68,693</b>	49,717
Cost of living allowance	-	1,618	<b>5,806</b>	<b>1,153</b>	18,957	3,377	<b>19,265</b>	12,292
Bonus	<b>15,390</b>	11,109	<b>3,365</b>	<b>4,827</b>	13,392	2,566	<b>26,971</b>	25,241
House rent	<b>4,935</b>	4,621	<b>2,613</b>	<b>2,976</b>	8,531	2,012	<b>19,182</b>	14,530
Contribution to provident fund and gratuity funds	<b>1,477</b>	1,367	-	<b>362</b>	-	653	<b>9,455</b>	6,327
Pension contribution	-	-	-	-	-	-	<b>3,275</b>	2,090
Medical expenses	<b>2,033</b>	777	<b>3,817</b>	<b>493</b>	3,092	309	<b>5,696</b>	3,712
Utilities	<b>1,706</b>	1,788	<b>931</b>	<b>2,589</b>	1,701	1,420	<b>6,116</b>	5,119
Other reimbursable expenses	<b>4,954</b>	6,034	<b>1,928</b>	<b>3,537</b>	5,417	1,490	<b>7,475</b>	6,029
	<b>89,315</b>	53,849	<b>24,266</b>	<b>52,028</b>	70,047	20,911	<b>166,128</b>	125,057

- 37.1 The Group also provides the Chief Executive Officer, Directors and certain employees with free use of Company maintained cars and residential telephones.
- 37.2 The Companies Act, 2017 has changed the definition of "Executives" therefore for the purpose of comparability, corresponding figures of executive remuneration have been changed.
- 37.3 Aggregate amount charged to profit and loss account for the year in respect of meeting fee to five Directors (2017: four Directors) was Rs. 1,060 thousand (2017: Rs. 768 thousand) and traveling expenses Rs. 319 thousand (2017: Rs. 656 thousand).

### 38 Transactions with related parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Amounts due from and to related parties are shown under receivables and payables. Amount of assets sold to related parties during the year are shown in Note 13.6. Amounts due from Directors and key management personnel are shown under receivables and remuneration of Directors and key management personnel is disclosed in Note 37. Other significant transactions with related parties are as follows:



Relation with undertaking	Nature of transaction	2018 (Rupees in thousand)	2017
Retirement benefit plan	Contribution to staff retirement benefit plan	13,456	37,313
Defined contribution plan	Contribution to defined contribution plan	26,550	14,694
Provident Fund	Amount Contributed	28,097	21,881

The Group intends to take the approval of the transactions with related parties from the shareholders in General Meeting.

- 38.1 The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the year and whose names have not been disclosed elsewhere in these financial statements 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	18

39 Earnings per share - Basic and diluted

39.1 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:

	2018 (Rupees in thousand)	2017
Profit for the year after tax	5,963,519	4,922,827
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	44,293	44,293
	Rupees	
Earnings per share	134.64	111.14

39.2 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.

	Note	2018 (Rupees in thousand)	2017
40 Cash generated from operations			
Profit before taxation		8,885,381	7,333,717
Adjustment for:			
Depreciation on property, plant and equipment	13.2	181,441	157,953
Amortization of intangible assets	15	964	2,498
Provision for accumulating compensated absences		12,457	3,000
Bad debts written off	33	12,235	-
Profit on bank deposits	34	(170,384)	(47,339)
Dividend income	34	(6,281)	(11,252)
Provision for pension obligation		17,018	37,195
Provision for gratuity		5,516	(19,423)
Property, plant and equipment written off	13.1	988	-
Exchange loss	33	1,308	213
Gain on disposal of property, plant and equipment	34	(2,493)	(4,116)
Gain on sale of short term investments	34	(76,821)	(230,902)
Gain on change in fair value of investments		(281,425)	(19,406)
Finance cost	35	20,190	16,001
Provision for Workers' Profit Participation Fund	33	501,861	403,992
Provision for Workers' Welfare Fund	33	171,558	141,177
Working capital changes	40.1	(1,431,468)	5,137,181
		<b>7,842,045</b>	<b>12,900,489</b>



		2018	2017
		(Rupees in thousand)	
40.1	<b>Working capital changes</b>		
	<b>(Increase) / decrease in current assets:</b>		
	Stores and spares	(44,660)	(38,188)
	Stock in trade	(936,388)	(1,288,851)
	Trade debts	6,048	148,251
	Loans and advances	(739)	(1,119)
	Trade deposits and short term prepayments	9,344	7,483
	Other receivables	66,775	7,871
		<b>(899,620)</b>	<b>(1,164,553)</b>
	<b>(Decrease) / increase in current liabilities:</b>		
	Trade and other payables	(531,848)	6,301,734
		<b>(1,431,468)</b>	<b>5,137,181</b>
41	<b>Cash and cash equivalents</b>		
	Cash and bank balances	28	839,384
	Short term investments - Term Deposit Receipt (TDR)		2,213,683
	Short term borrowings	11	1,243,402
			162,917
			(243,700)
			<b>1,839,086</b>
			<b>2,251,099</b>

42 **Financial risk management**

Financial instruments comprise loans and advances, trade deposits, trade debts, other receivables, short term investments, cash and bank balances, short term borrowings, long term deposits, interest/mark-up accrued on short term borrowings, and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group's activities.

42.1 **Market risk**

(a) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss account. However, the Group has limited exposure for currency risk and considered not material to the Group.

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax.

	Changes in Rate	Effects on Profit Before Tax	Effects on Profit Before Tax
		2018	2017
		(Rupees in thousand)	
Receivables/ (Trade and other payables) - GBP	+1	(312)	290
	-1	312	(290)
Receivables/ (Trade and other payables) - USD	+1	(159)	697
	-1	159	(697)
Receivables/ (Trade and other payables) - EUR	+1	(28)	53
	-1	28	(53)
		2018	2017
Reporting date rate as per:		Rupees	
GBP		159.40	136.68
USD		121.60	105.00
EUR		141.57	120.14

**(b) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers. The long-term equity instrument held by the Group does not trade on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Pakistan Stock Exchange (PSX). Therefore, it is not possible to measure the impact of increase / decrease in the PSX Index on the Group's profit after taxation for the year and on equity (fair value reserve).

Short-term investments pertain to investment in mutual funds. These investment are carefully managed and observed on the basis of duly approved policy by Board of Directors. The underlying composition of these mutual funds does not involve equity instruments therefore it does not have any co-relation with stock market. Hence, the Group is not exposed to other price risk in this avenue as well.

**(c) Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no significant long-term interest-bearing assets. The Group's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

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

	2018	2017
	(Rupees in thousand)	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	33,224	135,729
Investment in Term Deposit Receipt (TDR)	1,243,402	1,162,917
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	292,266	1,339,530
<b>Financial liabilities</b>		
Short term borrowings	243,700	125,500



**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	2018	+1	2,923
		-1	(2,923)
	2017	+1	12,763
		-1	(12,763)
Short term borrowings	2018	+1	2,437
		-1	(2,437)
	2017	+1	1,180
		-1	(1,180)

**4.2.2 Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 9,020,225 thousand (2017: Rs. 10,130,176 thousand), the financial assets which are subject to credit risk amounted to Rs. 8,584,640 thousand (2017: Rs. 9,913,787 thousand). The Group is not exposed to major concentration of credit risk.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Group believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

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

	Note	2018 (Rupees in thousand)	2017
Trade debts	22	255,533	273,816
Trade deposits	24	20,113	29,457
Other receivables	26	42,143	108,918
Short term investments	27	7,422,378	7,281,640
Bank balances		837,148	2,212,544
Long term deposits	19	7,325	7,412
		<b>8,584,640</b>	9,913,787
The aging of trade receivables at the reporting date is:			
Past due 1 - 3 Months		223,529	198,407
Past due 4 - 6 Months		8,696	8,872
Past due 7 - 12 Months		-	48,794
Past due to above one year		23,308	17,743
		<b>255,533</b>	273,816

Based on past experience the management believes that no impairment is necessary in respect of trade receivables past due, as some receivables have been recovered subsequent to the year end and for other receivables, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the reporting date:

Banks	Rating			2018	2017
	Short term	Long term	Agency	(Rupees in thousand)	
Allied Bank Limited	A1+	AAA	PACRA	31,763	86,841
Askari Bank Limited	A-1+	AA	JCR-VIS	-	4,729
Bank Al Habib Limited	A1+	AA+	PACRA	1,797	4,606
Bank Alfalah Limited	A1+	AA+	PACRA	184,705	554,064
Dubai Islamic Bank	A-1	A+	JCR-VIS	-	-
Emirates NBD	P-2	A-3	Moody's	17,363	21,072
Faysal Bank Limited	A1+	AA	PACRA	12,548	29,050
Habib Bank Limited	A-1+	AAA	JCR-VIS	71,297	293,103
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	16	2
JS Bank Limited	A1+	AA-	PACRA	4	4
MCB Bahrain	P-3	Caa1	Moody's	128	-
MCB Dubai	NP	Caa1	Moody's	109,039	-
MCB Bank Limited	A1+	AAA	PACRA	129,004	178,026
Meezan Bank Limited	A-1+	AA +	JCR-VIS	19,333	46,165
National Bank of Pakistan	A1+	AAA	PACRA	14,871	80,184
Sindh Bank	A-1+	AA	JCR-VIS	33,046	105,440
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	9,402	13,431
The Bank of Punjab	A1+	AA	PACRA	551	551
United Bank Limited	A-1+	AAA	JCR-VIS	99,680	313,380
Zarai Taraqiyati Bank Limited	A-1+	AAA	JCR-VIS	11,564	458,905
				<b>746,111</b>	<b>2,189,553</b>

Mutual funds / Term Deposit Receipts	Rating	Agency	2018	2017
			(Rupees in thousand)	
ABL Cash Fund	AA(f)	JCR-VIS	1,057,903	706,325
ABL Government Securities Fund	A(f)	JCR-VIS	-	100,527
ABL Income Fund	A(f)	JCR-VIS	-	387,812
ABL Islamic Income Fund	A(f)	JCR-VIS	415,093	403,278
Alfalah GHP Money Market Fund	AA+(f)	PACRA	434,996	103,440
Atlas Income Fund	AA-(f)	PACRA	-	507,762
Atlas Money Market Fund	AA(f)	PACRA	542,344	514,069
HBL Money Market Fund	AA(f)	JCR-VIS	642,031	465,997
Lakson Income Fund	A+ (f)	PACRA	260,037	-
Lakson Money Market Fund	AA(f)	PACRA	513,836	487,322
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	1,049,181	936,037
MCB Dynamic Cash Fund	A+ (f)	PACRA	-	500,215
Meezan Cash Fund	AA(f)	JCR-VIS	-	101,278
NAFA Government Securities Liquid Fund	AAA(f)	PACRA	579,423	650,251
NIT Income Fund	A+ (f)	PACRA	415,675	-
TDR - Meezan Bank Limited	AA	JCR-VIS	1,240,000	1,000,000
UBL- Term Deposit Receipt	AA-(f)	PACRA	-	162,917
United Liquidity Plus Fund	AA	JCR-VIS	271,859	254,410
			<b>7,422,378</b>	<b>7,281,640</b>

#### 42.3 Liquidity risk

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

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2018, the Group had short term borrowing facilities available from financial institutions as disclosed in note 11 and, cash and bank balances as disclosed in note 28 to these consolidated financial statements.



The following are the contractual maturities of financial liabilities as at June 30, 2018:

	Carrying amount	Less than one year	One to five years	More than five years
<b>(Rupees in thousand)</b>				
Trade and other payables	1,660,471	1,660,471	-	-
Short term borrowings	243,700	243,700	-	-
Unclaimed dividend	262,711	262,711	-	-
Unpaid dividend	48,229	48,229	-	-
Mark-up accrued on short term borrowings	3,943	3,943	-	-
Long term deposits	25,565	1,192	24,373	-
	<b>2,244,619</b>	<b>2,220,246</b>	<b>24,373</b>	<b>-</b>

The following are the contractual maturities of financial liabilities as at June 30, 2017:

	Carrying amount	Less than one year	One to five years	More than five years
<b>(Rupees in thousand)</b>				
Trade and other payables	1,726,745	1,726,745	-	-
Short term borrowings	125,501	125,501	-	-
Unclaimed dividend	216,400	216,400	-	-
Unpaid dividend	31,250	31,250	-	-
Mark-up accrued on short term borrowings	1,126	1,126	-	-
Long term deposits	23,530	1,013	22,517	-
	<b>2,124,552</b>	<b>2,102,035</b>	<b>22,517</b>	<b>-</b>

#### 42.4 Financial instruments by categories

##### Financial assets as per statement of financial position

	Available for sale		At fair value through profit and loss		Loans and receivables		Held to maturity		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)									
Long term investments	439,925	233,193	-	-	-	-	-	-	439,925	233,193
Long term loans	-	-	-	-	3,433	3,429	-	-	3,433	3,429
Long term deposits	-	-	-	-	7,325	7,412	-	-	7,325	7,412
Loans to employees	-	-	-	-	10,104	8,085	-	-	10,104	8,085
Trade debts	-	-	-	-	255,533	273,816	-	-	255,533	273,816
Other receivables	-	-	-	-	42,143	108,918	-	-	42,143	108,918
Short term investments	-	-	6,178,976	6,118,723	-	-	1,243,402	1,162,917	7,422,378	7,281,640
Cash and bank balances	-	-	-	-	839,384	2,213,683	-	-	839,384	2,213,683
	<b>439,925</b>	<b>233,193</b>	<b>6,178,976</b>	<b>6,118,723</b>	<b>1,157,922</b>	<b>2,615,343</b>	<b>1,243,402</b>	<b>1,162,917</b>	<b>9,020,225</b>	<b>10,130,176</b>

##### Financial liabilities as per statement of financial position

	2018	2017
	(Rupees in thousand)	
Trade and other payables	1,660,471	1,726,745
Short term borrowings	243,700	125,501
Unclaimed dividend	262,711	216,400
Unpaid dividend	48,229	31,250
Mark-up accrued on short term borrowings	3,943	1,126
Long term deposits	25,565	23,530
	<b>2,244,619</b>	<b>2,124,552</b>

#### 42.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders. The capital structure of the Group is equity based with no financing through long term financing. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares and other measures commensurate to the circumstances.



**43 Fair values of financial assets and liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of the fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**43.1 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: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is derived from prices) ; and

Level 3: inputs for the asset or liability that are not based on observable market data.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

As at June 30, 2018, the Group held the following financial instruments carried at fair value:

	Note	2018	Level 1	Level 2	Level 3
(Rupees in thousand)					
<b>Financial assets measured at fair value</b>					
Equity shares	17	439,925	169,925	-	270,000
Investment in mutual funds	27.1	6,178,976	6,178,976	-	-
		<u>6,618,901</u>	<u>6,348,901</u>	<u>-</u>	<u>270,000</u>

Date of valuation: 30 June 2018

There were no financial liabilities measured at fair value as at June 30, 2018.

**43.1.1** The cost (par value) of unquoted equity investment in Hyundai Nishat Motors (Private) Limited is considered to be a reliable measure of its fair market value since the investment was made close to the reporting date.

As at June 30, 2017, the Group held the following financial instruments carried at fair value:

	Note	2017	Level 1	Level 2	Level 3
(Rupees in thousand)					
<b>Financial assets measured at fair value</b>					
Equity shares - available for sale	17	233,193	233,193	-	-
Investment in mutual funds	27.1	6,118,723	6,118,723	-	-
		<u>6,351,916</u>	<u>6,351,916</u>	<u>-</u>	<u>-</u>

Date of valuation: 30 June 2017

There were no financial liabilities measured at fair value as at June 30, 2017.

## 44 Operating segment information

## Business segments

For management and reporting purposes, the Group has been organised into three separate reportable segments based on the products and services as follows:

- a) Tractors
- b) Tractor components
- c) 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)											
Sales - net	<b>38,517,147</b>	30,013,921	<b>4,244,660</b>	3,303,592	<b>2,299,931</b>	1,744,098	<b>2,015,989</b>	2,093,857	<b>(7,491,365)</b>	(5,543,101)	<b>39,586,362</b>	31,612,367
Cost of sales	<b>30,082,372</b>	22,916,592	<b>2,807,932</b>	2,261,937	<b>1,971,729</b>	1,497,470	<b>1,760,649</b>	1,692,476	<b>(7,493,347)</b>	(5,543,101)	<b>29,129,335</b>	22,825,374
Gross profit	<b>8,434,775</b>	7,097,329	<b>1,436,728</b>	1,041,655	<b>328,202</b>	246,628	<b>255,340</b>	401,381	<b>1,982</b>	-	<b>10,457,027</b>	8,786,993
Distribution and marketing expenses	<b>629,779</b>	536,522	<b>3,217</b>	3,026	<b>58,595</b>	47,146	<b>38,996</b>	48,355	-	-	<b>730,588</b>	635,049
Administrative expenses	<b>492,280</b>	471,550	<b>98,537</b>	69,625	<b>70,789</b>	46,575	<b>110,442</b>	63,801	<b>(4,340)</b>	-	<b>767,708</b>	651,551
Other operating expenses	<b>576,819</b>	454,934	<b>94,511</b>	70,575	<b>13,808</b>	10,724	<b>3,924</b>	15,384	-	-	<b>689,062</b>	551,617
	<b>1,698,878</b>	1,463,006	<b>196,265</b>	143,226	<b>143,192</b>	104,445	<b>153,362</b>	127,540	<b>(4,340)</b>	-	<b>2,187,358</b>	1,838,217
Other income	<b>1,046,461</b>	610,091	<b>38,884</b>	49,025	<b>11,938</b>	10,239	<b>1,722</b>	6,240	<b>(463,103)</b>	(274,655)	<b>635,902</b>	400,940
Operating profit	<b>7,782,358</b>	6,244,414	<b>1,279,347</b>	947,454	<b>196,948</b>	152,422	<b>103,700</b>	280,081	<b>(456,781)</b>	(274,655)	<b>8,905,571</b>	7,349,716
Finance cost	<b>2,490</b>	2,181	<b>1,102</b>	856	<b>12,507</b>	10,996	<b>4,091</b>	1,968	-	-	<b>20,190</b>	16,001
Profit before taxation	<b>7,779,868</b>	6,242,233	<b>1,278,245</b>	946,598	<b>184,441</b>	141,426	<b>99,609</b>	278,113	<b>(456,781)</b>	(274,655)	<b>8,885,381</b>	7,333,715
Taxation	<b>2,445,506</b>	1,984,700	<b>409,892</b>	322,382	<b>51,039</b>	43,650	<b>15,425</b>	60,156	-	-	<b>2,921,862</b>	2,410,888
Profit after tax for the year	<b>5,334,362</b>	4,257,533	<b>868,353</b>	624,216	<b>133,402</b>	97,776	<b>84,184</b>	217,957	<b>(456,781)</b>	(274,655)	<b>5,963,519</b>	4,922,827

44.1 Inter-segment / group transactions have been eliminated for the purpose of consolidation.

#### 44.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Others		Inter-segment /group eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(Rupees in thousand)												
<b>Segment operating assets</b>												
<b>Non-current assets</b>												
Operating fixed assets	700,763	717,873	571,646	491,473	222,483	178,841	175,483	193,808	(3,639)	-	1,666,736	1,581,995
Capital work in progress	26,648	6,974	46,950	132,433	10,199	6,101	120	-	-	-	83,917	145,508
Intangible assets	-	897	135	202	-	-	-	-	-	-	135	1,099
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Investment property	255,708	255,708	-	-	-	-	-	-	-	-	255,708	255,708
Long term investments	709,300	484,279	-	-	31,110	42,694	-	-	(300,485)	(293,780)	439,925	233,193
Long term loans	2,587	2,575	-	-	846	854	-	-	-	-	3,433	3,429
Long term deposits	-	-	3,518	3,519	3,807	3,893	-	-	-	-	7,325	7,412
Employees' defined benefit plan	-	39,961	-	-	15,708	17,272	-	-	-	-	15,708	57,233
<b>Current assets</b>												
Stores, spare parts and loose tools	131,266	118,431	160,176	132,866	119,592	116,252	14,563	13,388	-	-	425,597	380,937
Stock in trade	4,157,062	3,646,581	466,733	268,792	391,227	290,062	359,583	232,782	-	-	5,374,605	4,438,217
Trade debts	65,578	182,827	57,119	69,651	69,328	59,632	146,596	114,947	(83,088)	(153,241)	255,533	273,816
Loans and advances	39,031	54,488	86,260	47,881	3,821	4,997	8,003	29,010	-	-	137,115	136,376
Trade deposits and short term prepayments	16,282	19,611	592	-	294	322	2,945	9,524	-	-	20,113	29,457
Balances with statutory authorities	1,909,792	2,526,588	1,401	-	14,693	23,453	-	-	-	-	1,925,886	2,550,041
Other receivables	44,118	108,730	-	-	271	188	-	-	(2,246)	-	42,143	108,918
Tax refunds due from/ (due to) the Government*	725,454	185,886	(21,935)	(28,703)	152,838	137,000	28,276	8,583	-	-	884,633	302,766
Short term investments	7,267,636	6,718,196	151,340	400,527	-	-	3,402	162,917	-	-	7,422,378	7,281,640
Cash and bank balances	520,140	2,061,003	170,119	43,585	20,681	9,554	128,444	99,541	-	-	839,384	2,213,683
<b>Total operating assets</b>	<b>16,571,365</b>	<b>17,130,608</b>	<b>1,694,054</b>	<b>1,562,226</b>	<b>1,056,898</b>	<b>891,115</b>	<b>867,415</b>	<b>864,500</b>	<b>(370,886)</b>	<b>(428,449)</b>	<b>19,818,846</b>	<b>20,020,000</b>



	Tractors		Tractor components		Castings		Others		Inter-segment /group eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(Rupees in thousand)												
<b>Segment operating liabilities</b>												
<b>Non-current liabilities</b>												
Long term deposits	12,691	11,515	6,680	6,372	6,194	5,643	-	-	-	-	25,565	23,530
Deferred tax liabilities/ (asset)*	57,015	19,120	65,103	62,103	405	(4,001)	11,236	15,025	-	-	133,759	92,247
Employees' defined benefit plan	24,604	-	-	-	77,807	81,212	-	-	-	-	102,411	81,212
<b>Current liabilities</b>												
Accumulating compensated absences	107,409	94,952	21,178	17,434	9,175	9,087	-	-	-	-	137,762	121,473
Trade and other payables	10,410,009	11,012,476	272,183	263,829	87,405	95,932	125,763	124,952	(89,674)	(181,944)	10,805,686	11,315,245
Current portion of long term deposits	-	-	-	-	1,192	1,013	-	-	-	-	1,192	1,013
Short term borrowings	-	-	-	-	228,378	125,501	15,322	-	-	-	243,700	125,501
Accrued mark-up on short term borrowings	-	-	218	188	3,725	938	-	-	-	-	3,943	1,126
Unclaimed dividend	256,584	211,443	2,651	2,873	3,099	1,642	377	-	-	-	262,711	215,958
Unpaid dividend	48,229	31,250	-	-	-	-	-	-	-	-	48,229	31,250
<b>Total operating liabilities</b>	<b>10,916,541</b>	<b>11,380,756</b>	<b>368,013</b>	<b>352,799</b>	<b>417,380</b>	<b>316,967</b>	<b>152,698</b>	<b>139,977</b>	<b>(89,674)</b>	<b>(181,944)</b>	<b>11,764,958</b>	<b>12,008,555</b>

\*Inter-segment / group balances have been eliminated for the purpose of consolidation.



45 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.

45.1 Set out below is summarised 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
<b>(Rupees in thousand)</b>				
Total assets	1,715,991	640,302	1,056,898	227,112
Total liabilities	389,949	113,586	417,380	39,112
Total comprehensive income	868,353	43,583	122,733	40,600
Total comprehensive income allocated to NCI	477,594	15,651	65,957	10,150
Accumulated NCI	729,322	189,144	331,870	47,006
Cash and bank balances	170,119	5,287	20,681	126,558
Cash generated from / (used in):				
Operating activities	681,606	(87,841)	31,436	135,610
Investing activities	224,842	(2,495)	(67,766)	-
Financing activities	(779,914)	(89,594)	(55,906)	(29,900)

46 Provident fund trust (s)

46.1 The Group has maintained employee provident fund trusts and investments out of provident funds have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder. The salient information of the funds is as follows:

	Note	2018 (Rupees in thousand)	2017
Size of the funds		665,293	799,248
Cost of investment made	46.2	527,499	671,850
Percentage of investment made		79.29%	84.06%
Fair value of investment		981,982	1,302,547

46.2 Breakup of investment -amount

	2018		2017	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
Investment in shares (listed securities)	23,824	3.58%	25,083	3.14%
Term Deposit Receipts (TDR)	470,814	70.77%	540,893	67.68%
Special Saving Certificate (SSC)	32,861	4.94%	88,643	11.09%
Government Securities	-	0.00%	17,231	2.16%
	<u>527,499</u>	<u>79.29%</u>	<u>671,850</u>	<u>84.06%</u>



		<b>2018</b>	<b>2017</b>
<b>47</b>	<b>Capacity and production</b>	<b>Units per annum</b>	
	<b>a) Tractors</b>		
	Plant capacity (double shift)	<b>30,000</b>	30,000
	Actual production	<b>42,507</b>	33,916
	<p>The Company has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the excess production over normal capacity is due to working on overtime schedules to meet the higher demand.</p>		
	<b>b) Batteries</b>		
	<p>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 consumer demand. The actual production during the year was according to market demand.</p> <p>During the year, the actual production capacity attained was 217,771 batteries {Standard 15 plates 203,684 batteries compared with (2017: 201,535 standard 15 plates 211,208 batteries} against annual manufacturing capacity of 262,000 batteries (2017: 212,000).</p>		
	<b>c) Tractors components</b>		
	<p>Normal capacity and production is not determinable due to interchangeable components having different cycle times of production on same machines.</p>		
	<b>d) Castings</b>		
		Metric tons	
	Installed capacity	13,200	13,200
	Actual production	16,294	11,566
	Capacity utilisation	123.44%	87.62%
	<p>Production during the year was as per the market demand.</p>		
<b>48</b>	<b>Number of employees</b>	<b>2018</b>	<b>2017</b>
	Number of employees at the end of the year	<b>959</b>	958
	Average number of employees during the year	<b>962</b>	949
	Total number of factory employees at the end of the year	<b>647</b>	645
	Average number of factory employees during the year	<b>649</b>	630
<b>49</b>	<p>Summary of significant transactions and events in the current reporting period</p> <p>"- Revenue of the Group increased by Rs. 7,973,995 thousand (25%) as compared to the prior year mainly due to increase in sales volume. (Refer to note 29).</p> <p>- The provisions of the fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time in the preparation of these consolidated financial statements, as detailed in note 2.</p> <p>- The holding company has made long term investment in Hyundai Nishat Motors (Private) Limited (HNMPL) amounting to Rs. 270,000 thousand under the Share Subscription Agreement (SSA) and Shareholders Agreement (SHA) between both parties. As a result of the investment the holding company holds 18% shareholding in HNMPL. Due to the common directorship, HNMPL is now regarded as a related party on the basis of being an associated undertaking under the requirements of the Companies Act, 2017.</p> <p>- Millat Industrial Products availed short-term running finance facility from Habib Bank Limited with the sanctioned limit of Rs. 100,000 thousand."</p>		



50 **Subsequent events**

The Board of Directors of the Holding Company in its meeting held on 12 September 2018 has proposed a final cash dividend of Rs. 60 per share (2017: Rs. 60 per share) and Nil bonus shares (2017: Nil) in respect of the year ended June 30, 2018. 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.

51 **Corresponding figures**

Corresponding figures have been reclassified or arranged, wherever necessary, to comply with the requirements of the fourth schedule of the Companies Act, 2017 and for better and fair presentation. However, no significant reclassifications / rearrangement have been made during the year, except for the following as per requirement of the fourth schedule of the Companies Act, 2017:

	<b>2017</b>
	<b>(Rupees in thousand)</b>
'Unclaimed dividend' previously presented under 'Trade and other payables' now separately presented on the face of the statement of financial position	216,400
	<b>2017</b>
	<b>(Rupees in thousand)</b>
'Unpaid dividend' previously presented under 'Trade and other payables' now separately presented on the face of the statement of financial position	31,250

52 **Date of authorization for issue**

These consolidated financial statements have been approved for issue by Board of Directors of the Group in their board meeting held on 12 September 2018.

53 **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, 2018

Number of Share Holders	From	Shareholding To	Number of Shares Held	% of Capital
1369	1	100	55,395	0.13
989	101	500	280,176	0.63
424	501	1000	327,565	0.74
751	1001	5000	1,700,254	3.84
239	5001	10000	1,618,466	3.65
100	10001	15000	1,211,662	2.74
51	15001	20000	886,662	2.00
47	20001	25000	850,969	1.92
32	25001	30000	884,241	2.00
17	30001	35000	563,250	1.27
16	35001	40000	598,415	1.35
15	40001	45000	642,194	1.45
11	45001	50000	529,859	1.20
6	50001	55000	316,004	0.71
6	55001	60000	344,010	0.78
4	60001	65000	242,001	0.55
5	65001	70000	331,937	0.75
2	70001	75000	140,328	0.32
3	75001	80000	231,001	0.52
7	80001	85000	589,496	1.33
4	85001	90000	351,052	0.79
1	90001	95000	91,840	0.21
6	95001	100000	393,886	0.89
9	100001	105000	917,698	2.07
1	105001	110000	107,698	0.24
1	110001	115000	111,180	0.25
4	115001	120000	467,884	1.06
1	120001	125000	123,560	0.28
1	130001	135000	130,996	0.30
2	135001	140000	274,282	0.62
1	145001	150000	147,120	0.33
1	150001	155000	151,250	0.34
1	160001	165000	162,800	0.37
1	165001	170000	170,000	0.38
1	180001	185000	181,960	0.41



Number of Share Holders	Shareholding		Number of Shares Held	% of Capital
	From	To		
1	185001	190000	188,000	0.42
1	205001	210000	206,236	0.47
1	210001	215000	212,568	0.48
1	215001	220000	216,848	0.49
1	230001	235000	233,220	0.53
2	250001	255000	401,245	0.91
1	270001	275000	271,388	0.61
2	280001	285000	564,641	1.27
1	300001	305000	301,503	0.68
3	325001	330000	682,285	1.54
1	360001	365000	363,520	0.82
1	400001	405000	202,545	0.46
1	485001	490000	388,529	0.88
1	510001	515000	511,500	1.15
1	530001	535000	532,724	1.20
1	590001	595000	590,859	1.33
1	745001	750000	747,703	1.69
1	770001	775000	772,497	1.74
1	895001	900000	895,104	2.02
1	975001	980000	967,813	2.19
1	1065001	1070000	1,069,771	2.42
1	1085001	1090000	1,087,432	2.46
1	1240001	1245000	1,245,000	2.81
1	1245001	1250000	1,250,000	2.82
1	1310001	1315000	1,311,180	2.96
1	1395001	2045000	1,500,025	3.39
1	2045001	2050000	2,046,799	4.62
1	2230001	2400000	2,349,994	5.31
1	2400001	3580000	3,472,182	7.84
1	3580001	3585000	3,582,342	8.09
<b>4,163</b>		<b>TOTAL</b>	<b>44,292,544</b>	<b>100.00</b>



## CATEGORIES OF SHAREHOLDERS as on June 30, 2018

Categories of Shareholders	Number of Share Holders	Shares Held	Percentage
<b>1 DIRECTORS, CEO AND THEIR SPOUSE &amp; MINOR CHILDREN</b>	<b>10</b>	<b>13,108,809</b>	<b>29.60</b>
Mr. Sikandar Mustafa Khan	1	3,582,342	8.09
Mr. Latif Khalid Hashmi	1	1,500,025	3.39
Mr. Sohail Bashir Rana	1	2,349,994	5.31
Mr. Laeeq Uddin Ansari	1	3,472,182	7.84
Mian Muhammad Saleem	1	978,813	2.21
Mr. Saad Iqbal	1	772,497	1.74
Syed Muhammad Irfan Aqueel	1	100,079	0.23
Mrs. Cyma Khan (Spouse of Mr. Sikandar Mustafa Khan)	1	58,657	0.13
Mrs. Ayesha Sohail (Spouse of Mr. Sohail Bashir Rana)	1	277,720	0.63
Mrs. Shireen Shah Aqueel (Spouse of Syed Muhammad Irfan Aqueel)	1	16,500	0.04
<b>2 ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES</b>	<b>32</b>	<b>3,199,378</b>	<b>7.22</b>
a Associated Companies	-	-	-
b Associated Undertakings	3	554,690	1.25
c Related Parties	29	2,644,688	5.97
<b>3 NIT and ICP</b>	<b>5</b>	<b>592,574</b>	<b>1.34</b>
<b>4 Banks, Development Financial Institutions , Non-Banking Financial Institutions &amp; Pension Funds</b>	<b>10</b>	<b>389,566</b>	<b>0.88</b>
<b>5 Insurance Companies</b>	<b>12</b>	<b>4,671,785</b>	<b>10.55</b>
<b>6 Modarabas &amp; Mutual Funds</b>	<b>63</b>	<b>1,755,385</b>	<b>3.96</b>
<b>7 Shareholders Holding 10% or more Voting Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8 General Public</b>	<b>3939</b>	<b>19,401,109</b>	<b>43.80</b>
a-Local	3877	16,939,625	38.24
b-Foreign	62	2,461,484	5.56
<b>9 General Public</b>	<b>92</b>	<b>1,173,938</b>	<b>2.65</b>
Joint Stock Companies	55	249,785	0.56
Trusts	28	879,197	1.98
Others	9	44,956	0.10
	<b>4,163</b>	<b>44,292,544</b>	<b>100</b>



# TRACTOR DEALERS

## PUNJAB

Haji Sher Muhammad & Brothers, Attock  
Sahgol Motors, Rawalpindi  
Friends Corporation, Mandi Bahauddin  
Hassan Corporation, Gujranwala  
Zeshan Tractors, Gujrat  
Globe Automobiles, Lahore  
Zamindar Tractors & Equipment, Kasur  
Shahrah Autos, Sheikhpura  
Bilal Tractors, Nankana  
Jhang Tractor House, Jhang  
Muhammad Yousaf & Co., Faisalabad  
Sheraz Tractors, Toba Tek Singh  
Ahmed K. Agencies, Jhang  
Sahiwal Tractor House (Pvt) Ltd., Sahiwal  
Khawaja Autos, Okara  
Pakistan Tractor House, Sargodha  
Super United Tractors, Mianwali  
Shaheen Tractor House, Bhakkar  
Multan Autos, Multan  
Chenab Tractor House, Muzaffargarh  
Universal Autos, D.G. Khan  
Haleem (Pvt) Ltd., Khanewal  
Thal Agro Services, Leiah  
Al-Hassan Traders, Bahawalpur  
Panjnad Tractors, R.Y. Khan  
Aziz Sons Tractor Corporation, R.Y. Khan  
Vehari Tractors, Vehari  
Sutluj Traders, Chishtian  
Sargoro Services, Bahawalnagar  
Shabbir Trading Co., Depalpur, Distt. Okara  
Iqbal Enterprises, Chakwal  
Pak Ghazi Tractors, Jampur, Distt. Rajanpur  
Kissan Brothers, Kasur  
Usman Enterprises, Opp. Millat Tractors Limited,  
Pak Tractor House, Khushab  
Al-Hassan Traders, Hasilpur  
Syed Tractors, Lodhran  
Al-Jabbar Tractors, Sialkot  
Zahid Brothers, Shakargarh, Distt. Norowal  
Kissan Tractors House, Pakpattan  
Ishtiaq Tractor House, Jhelum

## BALUCHISTAN

Ravi Tractor House, Chaman, Qila Abdullah  
National Agricultural Engineering & Services,  
Jhat Pat, Naseerabad  
Daavi Autos, Quetta  
Zamindar Tractors, Pishin  
Bolan Tractors House, Loralai  
Baluchistan Tractors & Services, Quetta  
Jafarabad Tractors Company, Jafarabad

## KHYBER PAKHTOONKHTWA

Indus Autos, D.I. Khan  
Khurram Tractors, Sarai Naurang, Bannu  
Kohat Automobiles, Kohat  
Samir Tractor Agency, Parachinar  
Hunza Motors, Gilgit  
Tractor House, Charsadda  
Tractor House, Peshawar  
Zahoor Tractor House, Mardan  
Saiyar Tractor Agency, Kurram Agency  
Gewan Tractors, Haripur  
Iftikhar Traders, Peshawar  
Lakki Tractor Showrom, D.I. Khan

## SINDH

Popular Tractor Co., Sukkur  
Larkana Tractor House, Larkana  
Jacobabad Tractor, Jacobabad  
Good Luck Tractor Co., Khairpur  
Pakistan Zaree Industries, Hyderabad  
Mehran Trading Co., Sanghar  
Al-Hamd Tractors, Dadu  
Millat Farm Machinery, Nawabshah  
Agrico International, Karachi  
Tharparkar Tractor House, Mirpurkhas  
Al-Davi Tractors House, Shahdadkot  
Kashmor Tractor Co., Kashmir  
K.K. Tractors, Tandul Allah Yar  
Zerdari Tractor, Sanghar  
Ali Raza Tractor, Moro

## KASHMIR

Sana & Brothers Enterprises, Bagh



## SPARE PARTS DEALERS

### PUNJAB

Chisti Sabri Auto Store, Lahore  
Jamshid Tractor Centre, Lahore  
Shakoor Auto, Lahore  
New Mukhtar Sons, Lahore  
Mian Autos, Lahore  
Goshia Traders, Lahore  
Malik Tractors, Lahore  
Muslim Tractor Corp., Lahore  
Ghazi Autos, Lahore  
Pak Tractor House (Pvt) Ltd., Lahore  
Sadar Auto Traders, Lahore  
Farhan Tractors, Lahore  
Rana Auto Store, Pattoki  
Tractors Parts, Sahiwal  
Mian Autos, Sheikhpura  
Madina Tractors, Muridkey, Sheikhpura  
Kissan Tractor House, Sialkot  
Madina Autos Servies, Sambrial  
Mukhtar Autos, Sahiwal  
Madina Autos, Arifwala  
Crescent Autos, Pakpattan  
Madina Autos, Burewala  
Pak Auto Store, Haroonabad  
Umer Nawaz Auto Store, Multan  
Ishtiaq Auto Store, Multan  
New Altaaf Autos, Multan  
Kohistan Autos, Multan  
Hafiz Autos, Kabeerwala  
M. Latif & Brothers, Mian Channu  
Khurram Autos, Sheikhpura  
Pak Autos, Pirmahal  
Baloch Tractor House, Jhang  
Farooq Autos, Faisalabad  
786 Auto Traders, Faisalabad  
Chaudhry Tractor Centre, Sargodha  
Pak Auto Store, Haroonabad  
Mushtaq Parts Centre, Wazirabad  
Mukhtar Autos, Daska  
Awami Tractor Workshop, Narowal  
Riaz Autos, Mandi Faizabad, Sheikhpura  
Kashmir Auto & Hardware House, Daska

Sargodha Tractor Parts, Gujranwala  
Kissan Autos, Fateh Jang  
Usman Yaseen Tractor Parts, Okara  
Ali Akbar & Sons, Bahawalpur  
Amin Autos, Bahawalpur  
Nazar Tractor Workshop, Ali Pur  
Madina Tractor & Tyer House, Kasur  
Ali Auto Centre, Distt. Muzaffargarah  
Tahal Auto Store, Joharabad  
Punjnand Traders, Rahim Yar Khan  
Somoro Auto Store, Rohjan City, Rajan Pur  
Gohar Auto Tractor Parts, Muzaffargarah  
Ch. Autos, Leiah  
Millat Autos Store, D.G. Khan

### KHYBER PAKHTOONKHWA

Millat Tractors House, Mardan  
Quresh Mechanical Engineering Works,  
Khurram Agency  
Nisar Tractor, Haji Camp, Peshawar

### SINDH

Abdul Khaliq Khoosa Autos, Jaffarabad  
Tractor Corporation, Nasirabad  
Kisan Tractor Parts, Jackabad  
Madni Tractor, Hyderabad  
Master Autos, Larkana  
Genuine Tractors, Hyderabad



# MILLAT GROUP OF COMPANIES CONSOLIDATED PATTERN OF SHAREHOLDING as on June 30, 2018

Pattern of Shareholding of Millat Industrial Products Limited  
As on 30-06-2018

PATTERN OF SHAREHOLDING OF TIPEG INTERTRADE DMCC  
AS ON 30-06-2018

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
8	1	100	665
25	101	500	6,894
58	501	1,000	45,842
49	1,001	1,500	59,266
38	1,501	2,000	68,053
17	2,001	3,000	39,554
17	3,001	5,000	64,769
54	5,001	40,000	847,700
5	40,001	100,000	251,347
4	100,001	400,000	1,287,500
1	400,001	600,000	543,750
1	600,001	6,000,000	5,737,500
<b>277</b>			<b>8,952,840</b>

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
5	1	100	500
1	101	1,500	1,500
<b>6</b>			<b>2,000</b>

PATTERN OF SHAREHOLDING OF BOLAN CASTINGS LIMITED  
AS ON 30-06-2018

PATTERN OF SHAREHOLDING OF MILLAT EQUIPMENT LIMITED  
AS ON 30-06-2018

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
234	1	100	13,145
603	101	500	165,734
197	501	1000	170,495
292	1001	5000	711,049
53	5001	10000	406,224
15	10001	15000	204,392
6	15001	20000	112,736
8	20001	25000	180,563
5	25001	30000	144,400
1	30001	35000	32,270
1	35001	40000	35,100
2	40001	45000	86,794
1	45001	50000	46,278
1	55001	60000	58,500
1	60001	65000	63,000
1	65001	70000	68,300
1	80001	85000	82,900
1	140001	145000	144,359
1	160001	165000	164,800
1	165001	170000	166,369
1	235001	240000	240,000
1	255001	260000	258,266
1	295001	300000	300,000
1	485001	490000	488,276
1	720001	725000	721,600
1	1095001	1100000	1,100,000
1	5305001	5310000	5,306,979
<b>1432</b>			<b>11,472,529</b>

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
47	1	1000	29,466
40	1001	2000	65,204
41	2001	3000	112,585
55	3001	4000	192,450
49	4001	5000	232,000
82	5001	10000	622,884
27	10001	15000	337,938
22	15001	20000	397,737
10	20001	25000	223,525
15	25001	30000	429,800
4	30001	35000	135,550
10	35001	40000	381,479
4	40001	45000	171,600
5	45001	50000	243,400
3	50001	55000	159,200
4	55001	60000	234,450
3	60001	65000	190,925
5	65001	75000	353,859
2	75001	100000	200,000
2	100001	120000	239,200
4	120001	150000	557,200
2	150001	200000	361,950
2	200001	300000	464,400
2	300001	700000	1,000,251
4	700001	1905000	6,962,954
1	1905001	11700000	11,699,993
<b>445</b>			<b>26,000,000</b>



# MILLAT GROUP OF COMPANIES

## CONSOLIDATED CATEGORIES OF SHAREHOLDING

as on June 30, 2018

Categories of Shareholders	MIPL	%	TIPEG	%	BC L	%	MEL	%
<b>1- DIRECTOS, CEO'S, SPOUSE &amp; MINOR CHILDREN</b>								
Mr. Si kandar Mustafa Khan	543,750	6.07	100	5.00	166,369	1.45	1,625,001	6.25
Mr. Latif Khalid Hashmi	362,500	4.05	100	5.00	32,270	0.28	1,625,001	6.25
Mr. Sohail Bashir Rana	362,500	4.05	100	5.00	144,359	1.26	1,708,951	6.57
Mr. Laeeq Uddin Ansari	362,500	4.05	100	5.00	3,120	0.03	2,004,001	7.71
Mian Muhammad Saleem	200,000	2.23	100	5.00	-	-	600,001	2.31
Mr. Ahsan Imran Shaikh	33,650	0.38	-	-	-	-	130,600	0.50
Syed Muhammad Irfan Aqueel(CEO-MTL)	-	-	-	-	2,500.00	0.02	100,000	0.38
Khawaja Ijaz Majeed(CEO-MIPL)	10,000	0.11	-	-	-	-	-	-
Syed Javaid Ashraf	-	-	-	-	17,936	0.16	-	-
Mrs. Qurat ul Ain (Spouse of Director Mr. Latif Khalid Hashmi)	-	-	-	-	-	-	3,700.00	0.01
	<u>1,874,900</u>	<u>20.94</u>	<u>500</u>	<u>25.00</u>	<u>366,554</u>	<u>3.20</u>	<u>7,797,255</u>	<u>29.99</u>
<b>2- Associated Companies, Undertakings and related parties</b>								
a) Millat Tractors Limited	5,737,500	64.09	1,500	75.00	5,306,979	46.26	11,699,993	45.00
b) Associated Undertakings	-	-	-	-	46,278	0.40	-	-
c) Related Parties	11,675	0.13	-	-	-	-	68,650.00	0.26
<b>3- NIT and ICP</b>								
	-	-	-	-	488,716	4.26	-	-
<b>4- Banks, Development Financial Institutions , Non-Banking Financial Institutions &amp; Pensions Funds</b>								
	-	-	-	-	1,100,273.00	9.59	-	-
<b>5-Insurance Companies</b>								
	-	-	-	-	38,900	0.34	-	-
<b>6-Modarabas &amp; Mutual Funds</b>								
	-	-	-	-	-	-	-	-
<b>7- Shareholders Holding 10% or more Voting Interest (Detail as per 2 (a) above</b>								
<b>8- General Public</b>								
a-Local	-	-	-	-	3,524,657	30.72	-	-
b-Foreign	-	-	-	-	98,300	0.86	-	-
<b>9- Others</b>								
Joint Stock Companies	-	-	-	-	193,341	1.69	-	-
Trust	-	-	-	-	-	-	-	-
Public	1,328,765	14.84	-	-	-	-	6,434,102	24.75
Miscellaneous	-	-	-	-	308,531	2.69	-	-
	<u>8,952,840</u>	<u>100.00</u>	<u>2,000</u>	<u>100.00</u>	<u>11,472,529</u>	<u>100.00</u>	<u>26,000,000</u>	<u>100.00</u>

## صنعتی تعلقات

کمپنی اپنے ملازمین کو برابری کی بنیاد پر ملازمت کے مواقع فراہم کرتی ہے اور اس کی انتظامیہ اور کام کرنے والے افراد ایک منظم ایسوسی ایشن کی صورت میں منسلک ہیں۔ انتظامیہ لیبر یونین سے مستقل بنیادوں پر رابطے میں رہتی ہے اور انہیں کام سے متعلق محفوظ اور بہترین ماحول فراہم کرنے کی ضمانت دیتی ہے۔ ایم ٹی ایل ملازمین کے بچوں کو تعلیم کی فراہمی یقینی بناتی ہے اور اس کے علاوہ ان کے مذہبی تہواروں پر مناسب چھٹیاں اور مالی معاونت فراہم کرتی ہے اس کے علاوہ ملازمین حج سکیم کے تحت حج پر جانے کی سعادت بھی حاصل کرتے ہیں۔ ملازمین کے اعتماد کو برقرار رکھنے اور انکی مزید حوصلہ افزائی کے لئے کمپنی سالانہ فیملی ڈنر اور سالانہ گفٹ اسکیم جیسے اقدامات کا اہتمام کرتی رہتی ہے۔

## معذور افراد کیلئے روزگار

ایم ٹی ایل تمام افراد کو روزگار کے یکساں مواقع فراہم کرتی ہے اور اس بات کو یقینی بناتی ہے کہ جسمانی معذور افراد کو بھی کام کرنے کے سازگار مواقع فراہم کئے جائیں۔ اس وقت ایم ٹی ایل میں ایسے 5 افراد کام کر رہے ہیں جو کسی نہ کسی حوالے سے جسمانی معذوری کا شکار ہیں۔

## پیشہ ورانہ تحفظ اور صحت

ایم ٹی ایل کی یہ کوشش ہوتی ہے کہ اس کے ملازمین اپنی اور اپنے ساتھ موجود دیگر ملازمین کی حفاظت کا خیال رکھیں۔ تمام نمائندے صحت اور حفاظت کے اصولوں پر عمل درآمد کرتے ہیں۔ فیکٹری کے احاطہ میں کام کرنے والے تمام ملازمین کو ڈیوٹی روسٹرز سے محفوظ اخراج کے لئے بہترین سیفٹی گئیرز مہیا کئے گئے۔

## کرپشن فری ماحول اور بنیادی اخلاقیات

ایم ٹی ایل کے لئے اینٹی کرپشن ایک قانونی ذمہ داری ہی نہیں بلکہ ایک اخلاقی نقطہ نظر ہے۔ کسی بھی قسم کی کرپشن کے خلاف ڈٹ کر کھڑے ہونا کمپنی کے اپنے مفاد میں بہتر ہے اس لئے کمپنی اس حوالے سے عدم برداشت کا رویہ رکھتے ہوئے ہر طرح کی بدعنوانیت کی مخالفت کرتی ہے۔

## کارپوریٹ سیکٹر سے متعلق مختلف سرگرمیاں

کمرشل ذمہ داریوں کو نبھانے کے لئے کمپنی نے مختلف نمائشوں اور سرگرمیوں جیسا کہ پاکستان آٹو پارٹس ایگزیشن 2018 (PAPM) اور ڈان پاکستان فوڈ اینڈ ایگری ایکسپو کے لئے اہم کردار ادا کیا۔ اس کے علاوہ پاکستان کیٹل شو میں منعقدہ مقابلوں میں کمپنی کی جانب سے انعامات بھی پیش کئے گئے۔

ماحولیاتی اچھولوں کی نمائش میں بڑھ چڑھ کر حصہ لیتی ہے۔

## سماجی سرمایہ کاری اور فلاح و بہبود کے منصوبے

ایم ٹی ایل اپنے سی ایس آر پروگرام کے تحت ماحولیاتی تحفظ کے لئے کئی مفید اقدامات کو فروغ دے رہی ہے۔ اس سلسلے میں سالانہ گل داؤدی شو کا اہتمام بھی کیا جاتا ہے۔ اسکے علاوہ کمپنی نے مختلف گالف ٹورنامنٹس کے لئے 1.2 ملین روپے کا سپانسر شپ دی تاکہ غیر نصابی سرگرمیوں کی اہمیت کو اجاگر کر کے مختلف کمیونٹیز کے لوگوں کو ایک ساتھ اکٹھا کیا جاسکے۔

## صارف کا تحفظ

کمپنی کے پاس پاکستان بھر میں کسی بھی دوسرے مینوفیکچرنگ کی نسبت پروڈکشن کی جدید ترین اور سب سے زیادہ سہولیات موجود ہیں۔ کمپنی مسلسل بنیادوں پر اپنے صارفین کو عالمی معیار کے مطابق پراڈکٹس پہنچا رہی ہے جس میں سیلز کے بعد بھی سروسز کی فراہمی کا موثر نظام شامل ہے۔

ایم ٹی ایل مختلف آگہی پروگرامز اور سروسز منعقد کرواتی رہتی ہے تاکہ مارکیٹ سے ملنے والی تنقید کی بنیاد پر پراڈکٹس میں آنے والی مختلف خرابیوں کا ازالہ کیا جاسکے۔ اس کے ساتھ ساتھ کسٹمرز کی سہولت کیلئے قوانین کی وضاحت بھی کی جاتی ہے اور انہیں کسی بھی صورت میں کمپنی سے رابطے کرنے کے بارے میں بھی آگاہ کیا جاتا ہے۔

مزید برآں کمپنی نے صارفین کی توقعات پر پورا اُترنے اور سال بھر کے دوران پراڈکٹ میں بہتری کی تدابیر کرنے کے لئے اپنے پرنسپل میسرز ایگلو سے بھرپور شراکت داری قائم کئے رکھی۔

کمپنی کسی بھی قسم کی کرپشن اور ایسے کسی بھی عمل کی موثر انداز میں حوصلہ شکنی کرتی ہے جو کاروباری اخلاقیات اور اصولوں کی خلاف ورزی کرتا ہو۔ کمپنی اس بات کے لئے پرعزم ہے کہ شفافیت، عدل اور دیانت داری کے تمام اصولوں کی پاسداری کی جائے۔

کاروباری اور اخلاقی اصولوں کی پاسداری اور تمام تر قانونی اقدامات کو یقینی بنانے کے لئے کمپنی نے ایک باقاعدہ ضابطہ اخلاق ترتیب دیا ہے۔ یہ ضابطہ اخلاق کمپنی کی فارمل گورننس اور ملت کے طرز کار و بار کا بنیادی جزو ہے۔

اس ضابطہ اخلاق میں یہ بھی واضح کیا گیا ہے کمپنی اپنے تمام تر عزائم اور مقاصد کو پورا کرنا چاہتی ہے کیونکہ کارپوریٹ کلچر کو مطلوبہ سمت میں لے جانے کے لئے درست طرز کار اور بہترین لیڈرشپ رویہ بنیادی کردار ادا کرتا ہے۔

یہ ضابطہ اخلاق اُس معیار اور اُن بنیادی اصولوں کی وضاحت بھی کرتا ہے جن کی بنیاد پر ہم اپنی کمپنی میں اہم اقدار کو اجاگر کرتے ہیں۔ ان اصولوں اور معیارات کو دیگر انتظامی دستاویزات میں بھی شامل کیا گیا ہے۔

اس ضابطہ اخلاق کی ترتیب کا مقصد ملازمین کو یہ سکھانا ہے کہ وہ کس طرح اپنے کسٹمرز، سپلائرز، کلائینٹس، کورکرز، مینجمنٹ اور عام لوگوں کے ساتھ تعلقات استوار کریں۔ ضابطہ اخلاق میں بہترین رویہ رکھنے اور خلاف ورزی پر تادیبی کارروائی کے بارے میں بھی ملازمین کو آگاہ کیا گیا ہے۔

## سی ایس آر کی جانب وابستگی کارپوریٹ منصوبوں کو برقرار رکھنا

ایم ٹی ایل سوسائٹی کا ایک ذمے دار اور مستحکم ممبر ہونے کے باعث اس میں ہر طرح سے سرمایہ کاری پر یقین رکھتا ہے۔ ایم ٹی ایل اپنے ملازمین کی اہمیت کو تسلیم کرتا ہے، اسی لئے وہ ان کی کام سے متعلق زندگی میں توازن، سیفٹی اور سیکورٹی، کاربن فٹ پرنٹ میں کمی، سوسائٹی میں موجود محروم طبقات کی ترقی کے لئے ہر دم کوشاں رہتا ہے۔ اس کے علاوہ ایم ٹی ایل معاشرے میں کسٹمرز اور پراڈکٹس سے متعلق اخلاقی اقدار کو فروغ دے کر فلاح و بہبود کے پروگراموں کی تشکیل پر بھی یقین رکھتا ہے۔

ایم ٹی ایل اپنی کارپوریٹ سماجی ذمہ داریوں کو اس انداز میں نبھاتا ہے کہ اس کے کسٹمرز، ملازمین، شیئر ہولڈرز، کمیونٹیز اور ماحول پر اس کا مثبت اثر ہو۔ کمپنی اپنے (سی ایس آر پروگرام) جس میں رفاہی وغیر رفاہی سرگرمیاں شامل ہیں میں کارپوریٹ سیٹرنشپ کے حوالے سے ایک فعال کردار ادا کر رہی ہے۔

## تعلیمی خدمات

ایم ٹی ایل اپنے سی ایس آر پروگرام کے تحت تعلیمی شعبے میں گراں قدر خدمات سرانجام دے رہی ہے۔ چلڈرن ایجوکیشن ایوارڈز اسکیم بھی ان اقدام میں سے ایک ہے جس کے ذریعے کمپنی ملازمین کے بچوں کو سہولیات فراہم کرتی ہے اور انکی تعلیم کے لئے سکالرشپ ایوارڈز مہیا کرتی ہے۔

کمپنی اس بات پر بھی یقین رکھتی ہے کہ سیکھنے کا مسلسل عمل ملازمین کی تعمیر و ترقی میں اہم کردار ادا کر کے معاشرے کے لئے فائدے مند ثابت ہو سکتا ہے۔ اس لئے کمپنی اپنے ملازمین کے اوقات کار میں نرمی پیدا کرتا ہے اور تعلیم کے حصول کے لئے انکی مدد کرتا ہے۔ تاکہ ان کی زندگی اور انکی ملازمت کے درمیان ایک توازن پیدا ہو سکے۔

مزید برآں کمپنی نے تحقیقی تعلیم کے لئے پاکستان مرکز برائے فلنٹھراپی کو 1,000,000 روپے بطور عطیہ پیش کئے اور اسکولوں کے معیار کو بہتر بنانے کے لئے سٹیزن فاؤنڈیشن کو 500,000 روپے دیئے۔ اسی طرح سپورٹ ایجوکیشن ریسرچ اور تعلیم کے لئے "ڈو پلپمنٹ ان لیٹرلیسی" کو 500,000 روپے پیش کئے گئے ہیں۔ اس سال کے دوران کمپنی نے مختلف اداروں کو بطور سپانسرشپ 0.75 ملین روپے پیش کئے تاکہ وہ مختلف کنونینشنز اور سیمینارز کے ذریعے معلومات، ذہانت اور سوچ بچار کے عمل کو فروغ دے سکیں۔

## ماحولیاتی تحفظ سے متعلق اقدامات

بڑھتی ہوئی ماحولیاتی آلودگی نہ صرف پاکستان پر اثر انداز ہوئی ہے بلکہ اس نے کمپنی کے ماحول کو بھی متاثر کیا ہے۔ اس سال کمپنی کی جانب سے درخت لگانے کی مہم کا اہتمام کیا گیا جس کے تحت کمپنی ملازمین کو یہ موقع فراہم کیا گیا کہ وہ نہ صرف فیکٹری کے احاطہ میں پودے لگائیں بلکہ انکی افزائش کے لئے مکمل دیکھ بھال بھی کر سکیں۔

اسکے ساتھ ساتھ کمپنی نے نامیاتی کاشتکاری کے لئے ان ہاؤس نرسریز اور ویکٹیبل فارمز بھی بنائے ہیں جبکہ کمپنی سال بھر کے دوران

- ۹۔ بجٹ کے مد مقابل حقیقی کارکردگی کا جائزہ لینا اور خلا پر کرنے کے لیے منصوبوں میں تبدیلیوں کی وجوہات کا ماہانہ بنیاد پر جائزہ لینا۔
- ۱۰۔ کارکردگی کی پیمائش کے لیے کامیابی کے اہم اجزاء کا تعین کرنا۔
- ۱۱۔ امور پر نافذ ہونے والے اہم کنٹرولز کا تعین کرنا۔
- ۱۲۔ امور کی حکمت عملی کا جائزہ لے کر منظوری دینا۔
- ۱۳۔ خریداری، فہرست اشیاء اور مرمت وغیرہ کے لیے حکمت عملی کا جائزہ لینا اور منظوری دینا۔
- ۱۴۔ معیار کی پرکھ کے پیمانوں کا جائزہ لینا اور منظوری دینا۔
- ۱۵۔ کمپنی کے سینئر افراد کی کارکردگی کا جائزہ لینا۔

۱۶۔ انفارمیشن ٹیکنالوجی کے اہم منصوبوں اور انفارمیشن ٹیکنالوجی کے بجٹ کا جائزہ لینا اور منظوری دینا۔

بطور ڈائریکٹرز ان کے انتخاب کی صورت میں بورڈ ان کے معاوضہ جات کی منظوری کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق کرے گا تاہم، کمپنی میں منافع کے دفتر پر ڈائریکٹرز کا اجارہ شیئر ہولڈرز کی جانب سے جنرل میٹنگ میں متعین / منظور ہوگا۔ لہذا غور و فکر و منظوری کی غرض سے شیئر ہولڈرز کے روبرو متوقع سالانہ اجلاس عام میں ایک قرارداد پیش کی جا رہی ہے۔ ہر ڈائریکٹر قرارداد میں اپنے معاوضے کی حد تک دلچسپی رکھتا ہے۔

### شیئر ہولڈنگ کا طریقہ

شیئر ہولڈنگ کا طریقہ منسلک کیا گیا ہے۔

### ملازمین کی تعداد:

30 جون 2018 کو ختم ہونے والے سال پر کمپنی کے مستقل ملازمین کی تعداد 397 تھی جبکہ گزشتہ سال یہ تعداد 406 تھی۔

### مجموعی مالیاتی اسٹیٹمنٹس

30 جون 2018 تک کی مجموعی مالیاتی اسٹیٹمنٹس منسلک کی گئی ہیں۔

### کارپوریٹ سماجی ذمہ داری

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

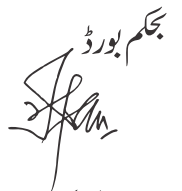
### ویب سائٹ پر موجودگی

موجودہ مالی سال کے لئے کمپنی کی فنانشل اسٹیٹمنٹس بشمول گزشتہ تین سالوں کی سالانہ رپورٹس اور سرمایہ داروں کیلئے معلومات کمپنی کی ویب

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ڈائریکٹر

بحکم بورڈ  


چیف ایگزیکٹو آفیسر  
 لاہور 12 ستمبر، 2018

‘لگانا‘

4) فنانس اور مارکیٹنگ کمیٹی کی کارکردگی پر نظر رکھنا۔

5) ان تمام اختیارات، عوامل اور ذمہ داریوں سے عہدہ برآں ہونا جو کمپنی کی آرٹیکلز آف ایسوسی ایشن میں سے آرٹیکل (iii)(2) 103 کے مطابق بورڈ کی جانب سے وقتاً فوقتاً تفویض ہو سکتی ہیں۔  
مسٹر سہیل بشیر رانا کا کردار ذمہ داریاں درج ذیل ہیں:-

۱۔ ایگزیکٹو ڈائریکٹر کے طور پر انہیں وہ تمام عمومی قانونی ذمہ داریاں نبھانی ہوں گی جو کمپنی کے کسی بھی دوسرے ڈائریکٹر کو دی گئی ہیں، مزید برآں انہیں کمپنی کے بہترین مفاد میں فیصلے لینا مطلوب ہوں گے۔

۲۔ کمپنی کی حکمت عملی کو بہتر بنانے کے عمل میں شریک ہو کر مثبت کردار ادا کرنا ہوگا۔

۳۔ مالیاتی معلومات کی صداقت کے ساتھ ساتھ اس بات کو بھی یقینی بنانا ہوگا کہ رسک مینجمنٹ کے مالیاتی کنٹرولز اور سسٹمز قابل بھروسہ اور قابل دفاع ہیں۔

۴۔ کمپنی کے آرٹیکلز آف ایسوسی ایشن کے ساتھ ہمہ وقت موافقت رکھنا۔

۵۔ جہاں جہاں انٹرسٹ موجود ہو اس کی نشاندہی کرنا۔

## مزید خدمات

درج بالا نکات کے علاوہ انہیں مندرجہ ذیل خدمات بھی سرانجام دینا ہوں گی۔

۱۔ منافع میں مسلسل اضافے کو یقینی بنانے کے لیے کمپنی کے تمام عملی، مالیاتی اور ذاتی امور کو منظم و مربوط رکھنے میں کلیدی کردار ادا کرنا۔

۲۔ خطرات کو بھانپ کر ان سے نبرد آزما ہونے کے لیے ایک محتاط اور موثر کنٹرولز کے ڈھانچے سے کمپنی کو کاروباری لیڈر شپ فراہم کرنا۔

۳۔ کمپنی کے حکمت عملی کے مطابق مقاصد طے کرنا، کمپنی کے اغراض و مقاصد پورے کرنے اور انتظامی کارکردگی کا جائزہ لینے کے لیے اہم مالیاتی ذرائع اور افرادی قوت کا درست مقام پر تعین یقینی بنانا، اور

۴۔ کمپنی کے اقدار اور معیار کا تعین کرنا اور اس امر کی یقین دہانی کرنا کہ شیئر ہولڈرز و دیگر کی بابت کمپنی کے فرائض کو سمجھ کر انہیں پورا کیا جا رہا ہے۔

۵۔ کمپنی کے منظور شدہ عملی منصوبوں کو پایہ تکمیل تک پہنچانا اور مطلوبہ وسائل کی بروقت فراہمی کا انتظام کرنا۔

۶۔ کمپنی کے لیے طویل مدتی اور قلیل مدتی مارکیٹنگ کے مقاصد وضع کرنا

۷۔ پیداواری منصوبوں کے لیے بجٹ کی حکمت عملی منظور کرنا اور اس کا جائزہ لینا، تاکہ یہ پہلے سے متعین شدہ مقاصد کو حاصل کر سکیں۔

۸۔ رپورٹنگ کا طریقہ کار وضع کرنا، جس میں کارکردگی کے اہم مظاہر، سیلز اور مارکیٹنگ کے ضروری اجزاء اور کارکردگی کے پیمائش کے معیاری اور مقداری پیمانے شامل ہوں۔

کوڈ کی شق (1) 15 کے تحت ہے۔ تاہم کمپنیوں کے ڈائریکٹرز کی اکثریت اپنی مشترکہ ڈائریکٹر شپ اور گروپ کمپنیوں میں حصص رکھنے کے باعث ان ٹرانزیکشنز میں دلچسپی رکھتی تھی کیونکہ ایکٹ، 2017 کے سیکشن 207 کے مطابق رقوم کی منتقلی کی منظوری کے لیے ڈائریکٹرز کا کورم پورا نہیں ہو سکا اور اسی لیے ان ٹرانزیکشنز کی منتقلی کی منظوری اور توثیق کے لیے انہیں جنرل میٹنگ میں شیئر ہولڈرز کے سامنے پیش کیا جاتا ہے۔

## ڈائریکٹرز کی جانب سے آفس آف پرافٹ کی ہولڈنگ

انتخاب کے بعد، ڈائریکٹرز جناب سکندر مصطفیٰ خان اور سہیل بشیر رانا کمپنی کے ماتحت منافع کے دفتر کا اجارہ برقرار رکھیں گے تاکہ اضافی خدمات سرانجام دیں سکیں جن میں نئی بننے والی مختلف کمیٹیوں کے رکن بننا اور بورڈ سے منظور ہونے والے معاہدے کے شرائط و ضوابط شامل ہیں۔

مسٹر سکندر مصطفیٰ خان کا کردار ذمہ داریاں درج ذیل ہیں۔

- ۱۔ کمپنی کے بورڈ اور عمومی اجلاسوں کی صدارت کرنا اور ایسے تمام اجلاس کا ایجنڈا مرتب کرنا
- ۲۔ پوری کمپنی میں بالعموم اور بورڈ میں بالخصوص ایمانداری، دیانت اور کارپوریٹ گورننس کے بلند ترین معیار کی ترویج کرنا۔
- ۳۔ بورڈ کو درست اور واضح معلومات کی بروقت فراہمی کو یقینی بنانا۔
- ۴۔ کمپنی کے تمام کارکنان کے مابین موثر ابلاغ کو ممکن بنانا۔
- ۵۔ نان ایگزیکٹو ڈائریکٹرز کو سہولیات مہیا کرنا اور ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے مابین مثبت تعلقات کو یقینی بنانا۔
- ۶۔ سال میں ایک بار بورڈ، اس کی کمیٹیوں اور اس کے ہر ایک ڈائریکٹر کی انفرادی کارکردگی کے جائزے کو یقینی بنانا۔
- ۷۔ بورڈ کی تمام کمیٹیوں کی واضح ساخت اور موثر کارکردگی کو یقینی بنانا۔
- ۸۔ جہاں جہاں انٹرسٹ موجود ہو اس کی نشاندہی کرنا۔

## مزید خدمات

درج بالا نکات کے علاوہ انہیں مندرجہ ذیل ذمہ داریاں بھی نبھانا ہوں گی۔

- (1) کارپوریٹ گورننس کے کوڈ میں بتائے گئے فرائض اور ذمہ داریوں سے عہدہ برآ ہونا۔
- (2) گروپ کمپنیوں کی نئی انوسٹمنٹس، اہم منصوبوں اور مجموعی بزنس کی کارکردگی کو جانچنے کے لیے بورڈ کی جانب سے بنائی گئی گروپ سپرویشن کمیٹی (BCGS) کے چیئرمین کے طور پر فرائض سرانجام دینا۔

(3) کمپنی کے آرٹیکلز آف ایسوسی ایشن میں درج آرٹیکل (iv) (2) 103 کے مطابق ذمہ داریاں نبھانا جس کے مطابق:

”بورڈ کی گروپ سپرویشن کمیٹی (BCGS) کے چیئرمین کے طور پر کام کرنا اور BCGS کے کارکنان کے ذریعے اکائیوں کی کارکردگی پر نظر رکھنا نیز کمیٹی کے کسی بھی ممبر سے معلومات لینا، مخصوص معاملات پر ہدایات یا رہنمائی طلب کرنا یا اسکے ذمہ کوئی مخصوص کام

ش۔ گزشتہ 6 سالوں کے اہم کاروباری اور مالیاتی حسابات درج ہیں۔  
ص۔ 30 جون 2018 کو آڈیٹڈ اکاؤنٹس کی بنیاد پر پراویڈنٹ فنڈ، گریجویٹ، پنشن فنڈز کی سرمایہ کاری کی مالیت درج ذیل ہے۔

پراویڈنٹ فنڈ	579,325,483 روپے
گریجویٹ فنڈ	381,978,281 روپے
پنشن فنڈ	1,085,220,000 روپے

سرمایہ کاری کی رقم میں وصول شدہ انٹرسٹ شامل ہے۔

سال بھر کے دوران ڈائریکٹرز کی جانب سے کی گئی حصص کی خریداری اور فروخت ذیل میں درج ہے۔

### خریدے گئے حصص کی تعداد

### حصص کی خریداری

35,072	جناب لئیق الدین انصاری، ڈائریکٹر
6500	مسز عائشہ سہیل (زوجہ، مسٹر سہیل بشیر رانا، ڈائریکٹر)
1120	جناب سہیل احمد ثار، سی ایف او
فروخت کئے گئے حصص کی تعداد	حصص کی فروخت
100,000	جناب لطیف خالد ہاشمی، ڈائریکٹر

### ضابطہ اخلاق:

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

### کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کا بیان

30 جون 2018 کو ختم ہونے والے سال کیلئے کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کی گئی ہے۔ اس سے متعلق ایک بیان رپورٹ کے ساتھ منسلک ہے۔

### چیئر مین کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز چیئر مین کے جائزہ کی تائید کرتے ہیں جو کہ ڈائریکٹرز رپورٹ کا حصہ ہے۔

### متعلقہ پارٹی کی ٹرانزیکشنز

متعلقہ پارٹی کی اپنی گروپ کمپنیوں کے ساتھ ٹرانزیکشنز آڈٹ کمیٹی کی تجویز پر بورڈ سے منظور ہونا لازمی ہے۔ جو کہ کارپوریٹ گورننس کے

اکاؤٹینٹس پاکستان کے کوالٹی کنٹرول ریویو کی جانب سے تسلی بخش ریٹنگ ملی ہے، نیز وہ آڈٹ اور سائٹ بورڈ پاکستان سے رجسٹرڈ ہیں اور اپنے دوبارہ تقرر کی پیشکش کرنے کے اہل ہیں۔

## ڈائریکٹرز کا اورینٹیشن پروگرام

ڈائریکٹرز کے لئے ایک اورینٹیشن کورس تشکیل دیا گیا جس میں انہیں ضابطہ، قابل اطلاق قوانین اور ان کی ذمہ داریوں سے آگاہ کیا گیا تاکہ وہ موثر طریقے سے کمپنی اور شیئر ہولڈرز کی طرف سے معاملات سنبھال سکیں۔ انہیں تحریری مواد بھی فراہم کیا گیا۔

## بعد میں آنے والے واقعات

جیسا کہ اس رپورٹ میں واضح کیا گیا ہے کہ کمپنی کے مالیاتی سال مختتمہ اور اس رپورٹ کی تاریخ کے درمیان ایسی کوئی واضح تبدیلیاں نہیں ہوئیں جن سے کمپنی کی مالیاتی پوزیشن میں کوئی فرق آیا ہو۔

## آڈیٹرز کا مشاہدہ

سال مختتمہ 30 جون 2018 کی سالانہ رپورٹ میں کمپنی کے بارے میں آڈیٹرز نے اپنی رپورٹ میں کسی قسم کی منفی رائے نہیں دی۔

## کارپوریٹ فنانشیل رپورٹنگ فریم ورک کی اسٹیٹمنٹ

کمپنی نے کارپوریٹ گورننس کے ضابطہ اخلاق کی ضروریات کو مد نظر رکھتے ہوئے درج ذیل قواعد مرتب کئے ہیں۔  
ڈائریکٹرز انتہائی مسرت کے ساتھ مطلع کرتے ہیں کہ:

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

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

پ۔ ان مالیاتی گوشواروں کی تیاری میں ضروری اور مخصوص اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے ماسوائے ان تبدیلیوں کے جو فنانشیل اسٹیٹمنٹ کے نوٹ 4.1 میں درج ہے۔ جو بین الاقوامی اکاؤنٹنگ سٹینڈرڈز کے عین مطابق ہیں اور پاکستان میں قابل اطلاق ہیں۔ کبھی بھی مطلوب ہونے والے اکاؤنٹنگ کے تخمینے انتہائی منطقی اور محتاط اندازے پر مبنی ہیں۔

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

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

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

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

## منافع کے مستقبل کے امکانات

ٹریکٹرز کی فروخت کا رجحان اگلے مالی سال میں بھی اسی طرح میں رہنے کا امکان ہے تا وقتیکہ بیرونی محرکات میں کوئی بڑی تبدیلی وقوع پذیر نہ ہو جائے۔ زرعی پیداوار زیادہ تر پانی کی دستیابی اور موسم کی قابل پیشین گوئی تبدیلیوں پر منحصر ہوتی ہے۔ کمپنی بڑے پیمانے کے معاشی مقاصد کے حصول کے لیے اپنی سپلائی چین مینجمنٹ اور موثر املاک کی مینجمنٹ کی بنیاد پر اپنے منافع کی شرح کو نہ صرف برقرار رکھنے بلکہ اسے مستحکم کرنے کی بھی توقع رکھتی ہے۔

## موزوں داخلی مالیاتی کنٹرولز

ملت ٹریکٹرز لمیٹڈ کا بورڈ کمپنی کو پیش آنے والے خطرات سے نمٹنے کے لئے داخلی کنٹرول سسٹم کی تشکیل اور تصحیح کی ذمہ دار ہے۔ اگرچہ حتمی نہیں لیکن سسٹم مناسب ضمانت دیتا ہے کہ:

اثاثے غیر متعلقہ استعمال کے خلاف محفوظ ہیں۔

مکمل اور قابل اعتبار اکاؤنٹنگ ریکارڈز بزنس کے اندر رہتے ہوئے استعمال کیلئے دستیاب ہیں۔

آپریشنل بزنس کے اندر ایک مناسب کنٹرول میکانزم تشکیل دیا گیا ہے۔

داخلی مالیاتی کنٹرول جو کمپنی کے اندر ترتیب دیا گیا ہے وہ سال بھر اطمینان بخش رہا۔

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

کمپنی نشاط گروپ کے ساتھ اپنی شراکت داری برقرار رکھے گی اور طے شدہ قواعد و ضوابط کے مطابق HNMPL میں سرمایہ کاری کرتی رہے گی۔ HNMPL بھی بھی ترقی کے مراحل میں ہے اس لئے ملت ٹریکٹرز لمیٹڈ کا بزنس اس مالی سال میں بھی نمایاں طور پر متاثر نہیں ہوگا۔ اسی طرح آئی ایف ایس بزنس تیزی سے بڑھ رہا ہے اور پاکستان میں آئی ٹی بزنس اکانومی کے فروغ کے لئے بیرونی کسٹمرز کی راہ دیکھی جا رہی ہے۔

## ڈیوٹی اور ٹیکسز

ٹیکسز اور لیویز کے بارے میں معلومات اکاؤنٹس کے متعلقہ نوٹس میں دی گئی ہیں۔

## آڈیٹرز

موجودہ آڈیٹرز ایم ایس فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور، ریٹائرمنٹ کے بعد اپنے دوبارہ تقرر کی پیش کش کر رہے ہیں۔ بورڈ آڈٹ کمیٹی اور کمپنی کے بورڈ آف ڈائریکٹرز نے غور و خوض کرنے کی غرض سے ان کے تقرر کا معاملہ اگلی اینول جنرل میٹنگ میں شیئر ہولڈرز کے روبرو رکھنے کا فیصلہ کیا ہے۔ ایکسٹرنل آڈیٹرز نے توثیق کی ہے کہ انہیں انسٹیٹیوٹ آف چارٹرڈ

## فنانشیل رسک

فنانشیل رسک وہ ہیں جن سے کمپنی کو مالیاتی نقصان کا اندیشہ ہو۔ منسلکہ فنانشیل اسٹیٹمنٹس کے نوٹ نمبر (42) میں فنانشیل رسک کے بارے میں تفصیل سے بیان کیا گیا ہے جس میں مارکیٹ رسک، کریڈٹ رسک اور لیکویڈٹی رسک شامل ہیں۔

## کمپلائنس رسک

قوائد و ضوابط کی تعمیل نہ کرنے کی صورت میں انضباطی کارروائی کا احتمال ہو سکتا ہے۔ اسی لئے کمپنی اس سلسلے میں اپنی پالیسیز سرگرمیوں اور رویہ جات پر ہرگز سمجھوتہ نہیں کرتی۔ مزید برآں کمپنی میں رسک کو کم کرنے کیلئے ایک انتہائی جامع اور موثر کمپلائنس فنکشن ترتیب دیا گیا ہے۔ اس کے علاوہ کمپنی کا ضابطہ اخلاق کمپنی کے ملازمین سے توقعات کو بھی واضح کرتا ہے۔ کمپنی اس بات کو سراہتی ہے کہ اس کے ملازمین اور بزنس پارٹنرز کسی بھی قسم کی قانونی خلاف ورزی کے بارے میں کمپنی کو آگاہ کریں۔

## مالی سال کے دوران کمپنی بزنس کی نوعیت میں تبدیلی

اس سال کے دوران کمپنی کی بنیادی سرگرمی میں کوئی تبدیلی رونما نہیں ہوئی تاہم مکمل طور پر نئے ERP سسٹم کے نفاذ سے کمپنی کی IFS کے ساتھ شراکت داری مزید مستحکم ہوئی ہے۔ اس ERP سسٹم کو کمپنی ہیڈ آفس اور فیکٹری میں کامیابی سے نافذ کیا گیا ہے جبکہ اس سسٹم کو دیگر منسلک کمپنیوں میں نافذ کرنے کے لئے بات چیت اور تیاری پر کام جاری ہے۔

## ایسوسی ایٹڈ کمپنی میں انوسٹمنٹ

کمپنی نے نشاط گروپ کے ساتھ آٹوموبیل کے سیکٹر میں ہندائی آٹوموٹیو برینڈ کی گاڑیاں متعارف کروانے کی شراکت داری کی ہے۔ اس حوالے سے کمپنی نے ہندائی نشاط موٹرز پرائیویٹ لمیٹڈ کے ساتھ انوسٹمنٹ کی ہے۔ اور اس کی کمپنی کے ممبران نے اجازت دے دی ہے اس شراکت داری میں Paid up Capital میں ملت ٹریکٹرز لمیٹڈ کی کل انوسٹمنٹ 18 فی صد ہے۔

## دیگر انوسٹمنٹ

ٹرائی کون کارپوریٹ سنٹر، 73۔ جیل روڈ لاہور (جس کی ۱۴ ویں منزل پر ملت کا ہیڈ آفس واقع ہے) نے TCC مینجمنٹ سروسز پرائیویٹ لمیٹڈ کے نام سے ایک کمپنی بنائی ہے جس کا مقصد عمارت کے روزمرہ کے امور، انتظامی معاملات اور دیکھ بھال کے کاموں کو سنبھالنا ہے۔ ہر آفس کے مالک کے پاس TCC کے 10,000 شیئرز ہیں۔ ملت کے پاس پوری 14 ویں منزل ہے جس میں 4 آفس ہیں اور اس سال میں شیئرز کی مدد میں دس روپے فی شیئر کے حساب سے 40,000 شیئرز کے عوض بورڈ کی منظوری کے بعد TCC کو چار لاکھ روپے ادا کیے گئے۔

## کمپنی کو درپیش خطرات اور غیر یقینی صورتحال

موثر رسک مینجمنٹ کسی بھی مستحکم کاروبار کا ایک لازمی جزو ہے۔ خطرات سے نمٹنے کے نظام اور داخلی کنٹرول پالیسیز نے ہماری توجہ کمپنی کو درپیش بنیادی خطرات کے خلاف مرکوز رکھنے میں ہماری کافی مدد کی ہے۔ کمپنی کی جانب سے بنایا گیا داخلی کنٹرول کا یہ فریم ورک مقرر طے شدہ احتساب اور پالیسی فریم ورک کسی بھی مادی مسئلے یا واقعے کی نشاندہی کرتے ہوئے کسی بھی قسم کے نقصان کو کم کرنے میں معاون ثابت ہوتا ہے۔ کمپنی کو مندرجہ ذیل بنیادی خطرات کا سامنا ہے جنہیں کمپنی اپنی مخصوص پالیسیز اور تدابیر کے ذریعے کم کرتی ہے۔

### آپریشنل رسک:

آپریشنل رسک کا تعلق ایسے عوامل سے ہے جو آپریٹرز کو باآسانی چلانے سے روکتے ہیں۔ ہمارے نمایاں آپریشنل رسک درج ذیل ہیں۔

### پاکستان میں ٹیکس کا نظام

رواں مالی سال میں ٹریکٹرز پریسیلر ٹیکس 5% ہی رہا ہے جو کہ حکومت کی جانب سے ایک اچھا اقدام ہے۔ مخصوص زرعی مصنوعات پر بھی سیلز ٹیکس میں 7% سے 5% تک کمی کی گئی ہے جو کہ ایک خوش آئند بات ہے۔ تاہم سیلز ٹیکس ری فنڈ سسٹم میں بنیادی نقائص ہونے کی وجہ سے ہمارے امور سرمائے کی ضروریات متاثر ہوتی ہیں۔ ادائیگی کا طریقہ پیچیدہ ہے اور ری فنڈز کے لئے کوئی طے شدہ نظام موجود نہیں ہے۔ جس کے نتیجے میں کیش فلو مینجمنٹ کا مرحلہ ایک ناختم ہونے والا مرحلہ بن جاتا ہے اور ہماری کاروباری لاگت بھی حد سے بڑھ جاتی ہے۔

### قدرتی آفات

ہماری واٹر مینجمنٹ اور سٹوریج سسٹم میں ضرورت کے مطابق بہتری نہیں لائی گی جس کی وجہ سے ہماری واٹر سٹوریج بتدریج محدود ہو رہی ہے اور ہمیں پانی کی قلت کا خطرہ درپیش ہے۔ گلوبل وارمنگ کے اثرات نے پاکستان کو بھی بری طرح اثر انداز کیا ہے۔ موسم پہلے کی نسبت سخت ترین ہو رہا ہے۔ پانی کی مناسب فراہمی کے بغیر ہمارے کسانوں کی فصلوں کی کاشت کاری میں دشواری کا سامنا کرنا پڑے گا جس کے نتیجے میں کمپنی کی کارکردگی بھی بری طرح متاثر ہوگی۔

### سپلائی چین مینجمنٹ

جیسا کہ پہلے بیان کیا گیا ہے کہ فارن کرنسی کی حیثیت میں کمی آنے کی وجہ سے ہماری سپلائی چین مینجمنٹ بری طرح سے متاثر ہوئی ہے۔ ٹیکنالوجی میں بہتری، تربیت میں فروغ، مہارت میں اضافے اور ترقی کے متبادل ذرائع کے ذریعے کمپنی اپنے ملازمین کے لئے آسانیاں پیدا کر رہی ہے تاکہ سپلائی شارٹج کے خطرے سے نمٹا جاسکے۔

## نان ایگزیکٹو ڈائریکٹرز (بشمول انڈی پیمنٹ)

انڈی پیمنٹ ڈائریکٹرز اور یانان ایگزیکٹو ڈائریکٹرز کو کمپنی کوئی قابل ادائیگی اجرت مندرجہ ذیل انداز میں کرے گی۔

### میٹنگ فیس

انڈی پیمنٹ ڈائریکٹرز اور یانان ایگزیکٹو ڈائریکٹرز اپنی اجرت کی وصولی فیس کی صورت میں بورڈ کی میٹنگز یا کمپنی کی میٹنگز میں شامل ہونے کے لیے کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق وصول کریں گے۔

### اضافی خدمات کی ادائیگی

نان ایگزیکٹو ڈائریکٹرز کو اضافی خدمات کی ادائیگی جیسا کہ کمپنی کے بورڈ کے فیصلہ کے مطابق یہ بات وقت کے ساتھ ساتھ اس بات پر منحصر ہے کہ وہ اضافی وقت اور کوشش کرنے کے لیے اپنے آپ کو وقف کرتے ہیں۔

### اصل اخراجات کی ادائیگی

انڈی پیمنٹ ڈائریکٹرز اور ننان ایگزیکٹو ڈائریکٹرز کو ایسی رقوم ادا کی جائیں گی جو کہ فیکسڈ الاؤنس، اصل سفری اخراجات، حادثاتی اخراجات یا اصل آؤٹ آف پاکٹ اخراجات مذکورہ ڈائریکٹرز کو بورڈ یا بورڈ کی کمیٹی کی میٹنگز میں شامل ہونے پر دیئے جائیں گے۔

## مالیاتی سال 2018 کے دوران کمپنی کی کارکردگی اور کاروبار میں ترقی سے متعلق سرگرمیاں

یہ ایک پبلک لمیٹڈ کمپنی ہے جو 1964 سے پاکستان اسٹاک ایکسچینج کی فہرست میں شامل ہے۔ کمپنی کارجرڈ آفس اور فیکٹری شیخوپورہ روڈ، ڈسٹرکٹ شیخوپورہ میں واقع ہے۔ کمپنی بنیادی طور پر زرعی ٹریکٹرز کی مینوفیکچرنگ اور اسمبلنگ کے ساتھ ساتھ ملٹی ایپلی کیشن پراڈکٹس جیسا کہ فورک لفٹ ٹرک اور جنریٹرز بھی تیار کرتی ہے۔

کمپنی کی مالیاتی تفصیلات اس بات کی عکاسی کرتی ہیں کہ کمپنی کے کاروباری معاملات شفاف نوعیت کے ہیں۔ پچھلے مثبت رویے کو جاری رکھتے ہوئے سال 2017-2018 کے دوران پاکستان میں ٹریکٹر انڈسٹری میں غیر معمولی کاروباری ترقی دیکھنے میں آئی ہے جبکہ بڑھتی ہوئی زرعی پیداوار اور سی پیک سے منسلک ترقیاتی منصوبے بھی ٹریکٹرز کی مانگ میں اضافے کا باعث بن رہے ہیں۔ اس صورتحال کی بناء پر کمپنی نے سال 2018 میں 42,708 ٹریکٹرز فروخت کئے جبکہ گزشتہ سال یہ تعداد 34,506 تھی۔ مزید برآں کمپنی نے اس سال 2011 میں 42,011 ٹریکٹرز کی فروخت کا ریکارڈ بھی توڑ دیا۔

کمپنی کے ریونیو میں مسلسل اضافے کے باعث منافع کی شرح میں بھی اضافہ ہوا لیکن دوسری وجوہات جیسا کہ امریکی ڈالر، یورو اور برٹش پاؤنڈ کے مقابلے میں پاکستانی روپے کی حیثیت میں کمی واقع ہونا اور مالی سال کے دوسرے حصے میں روپے کی حیثیت میں 10.5% تک کمی دیکھنے میں آنا جس کے نتیجے میں ایپورٹڈ کمپونینٹس کی خریداری مہنگے داموں ہوئی اور سپلائی چین بھی خاصی متاثر ہوئی۔

## 2۔ ہیومن ریسورس اینڈ ریمنٹیشن کمیٹی

مسٹر سعد اقبال، چیئر مین  
مسٹر لیتق الدین انصاری، ممبر  
میاں محمد سلیم، ممبر

## 3۔ فنانس کمیٹی

مسٹر لطیف خالد ہاشمی، چیئر مین  
مسٹر لیتق الدین انصاری، ممبر  
میاں محمد سلیم، ممبر  
ایس ایم عرفان عقیل، ممبر

## 4۔ مارکیٹنگ کمیٹی

مسٹر سہیل بشیر رانا، چیئر مین  
میاں محمد سلیم، ممبر  
ایس ایم عرفان عقیل، ممبر

## 5۔ گروپ سپرویزن کے لئے بورڈ کمیٹی

مسٹر سکندر مصطفیٰ خان، چیئر مین  
مسٹر لطیف خالد ہاشمی، ممبر  
مسٹر سہیل بشیر رانا، ممبر  
مسٹر لیتق الدین انصاری، ممبر  
میاں محمد سلیم، ممبر

## ڈائریکٹرز کی معاوضہ پالیسی:

بورڈ کی منظوری کے مطابق نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کی معاوضہ پالیسی مندرجہ ذیل ہے۔

## ساخت:

1	(i) خود مختار ڈائریکٹر
6	(ii) دیگر نان ایگزیکٹو ڈائریکٹرز
1	(iii) ایگزیکٹو ڈائریکٹر

## ڈائریکٹرز کے نام

- 1- مسٹر سکندر ایم خان - چیئرمین (نان ایگزیکٹو ڈائریکٹر)
- 2- سید محمد عرفان عقیل - سی ای او (ایگزیکٹو ڈائریکٹر)
- 3- مسٹر لطیف خالد ہاشمی - (نان ایگزیکٹو ڈائریکٹر)
- 4- مسٹر سہیل بشیر رانا - (نان ایگزیکٹو ڈائریکٹر)
- 5- مسٹر لیتق الدین انصاری - (نان ایگزیکٹو ڈائریکٹر)
- 6- میاں محمد سلیم - (نان ایگزیکٹو ڈائریکٹر)
- 7- مسٹر سعد اقبال - (خود مختار ڈائریکٹر)
- 8- مسٹر احمد عقیل - (نان ایگزیکٹو ڈائریکٹر)

پچھلی رپورٹ کے بعد اس سال بورڈ کی ساخت میں تبدیلی آئی ہے۔ ڈائریکٹر سید زبیر احمد شاہ نے استعفیٰ پیش کیا جبکہ جنوری 2018 میں جناب احمد عقیل ڈائریکٹر تعینات ہوئے۔ موجودہ بورڈ کی تین سالہ مدت 30 اکتوبر 2018 کو ختم ہوگی۔ بورڈ نے آئندہ مدت کے انتخاب کے لئے ڈائریکٹرز کی تعداد 7 مختص کی ہے۔ ستمبر 12، 2018 کو منعقد ہونے والی بورڈ کی میٹنگ کے فیصلے کے مطابق، موجودہ مدت کے اختتام پر ان میں سے ایک مرد اور ایک عورت کو بطور آزاد ڈائریکٹر منتخب کرنے کی تجویز دی گئی ہے جو ڈیٹا بینک آف ڈائریکٹرز سے آزاد ڈائریکٹرز کے انتخاب اور مطلوبہ Due Diligence کے بعد کیا گیا ہے۔

## بورڈ کمیٹیز

بورڈ کمیٹیز کے نام مندرجہ ذیل ہیں۔

### 1- آڈٹ کمیٹی

- مسٹر سعد اقبال، چیئرمین
- مسٹر لطیف خالد ہاشمی، ممبر
- مسٹر سہیل بشیر رانا، ممبر

## ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹرز 30 جون 2018 کو مکمل ہونے والے سال کیلئے فنانشیل سٹیٹمنٹس پر مبنی 55 ویں سالانہ رپورٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔

## شیئر کی تخصیص

آپ کے ڈائریکٹرز نے حتمی کیش ڈیویڈنڈ 60 روپے فی شیئر 600 فیصد کے حساب سے تجویز کیا ہے۔ یہ رقم عبوری کیش ڈیویڈنڈ 60 روپے فی شیئر (600 فیصد) کے علاوہ ہے۔ اس طرح بطور کیش ڈیویڈنڈ کل رقم 120 روپے فی شیئر (1200 فیصد) ہوگی۔ سال کے دوران رقم کی تخصیص درج ذیل ہے۔

جزل ریزرو	غیر مختص منافع (رقم ہزاروں میں)
2,278,935	2,849,935
-	(2,657,553)
جزل ریزرو میں منتقلی	
-	192,084
ختم ہونے والے مالی سال 30 جون 2018 کا منافع	5,271,762
-	(2,657,553)
غیر منافع منقسمہ کیری فارورڈ	2,806,293
2,278,935	

## فی حصص آمدن

30 جون 2018 کو ختم ہونے والے سال میں فی حصص آمدنی 120.43 روپے رہی جو کہ گزشتہ سال 96.12 روپے تھی۔


## بورڈ آف ڈائریکٹرز

30 جون 2018 کو بورڈ 8 ڈائریکٹرز پر مشتمل ہے۔

- (a) مرد 8  
(b) خاتون کوئی نہیں

قریب نوٹس فروخت کرے گی اور یوں ملٹ ٹریکٹرز کو مجموعی فروخت میں تقریباً 61% شیئر ملے گا۔  
تذیبر برائے تبدیلی کے تحت کمپنی نے IFS کے ساتھ شراکت داری کرتے ہوئے مکمل طور پر نئے ERP سسٹم کا نفاذ کیا ہے جسے کمپنی کے ہیڈ آفس اور فیکٹری میں کامیابی سے نافذ کیا گیا ہے جبکہ دیگر منسلک کمپنیوں میں بھی ایسے ہی ERP سسٹم قائم اور نافذ کرنے کے لئے بات چیت اور تیاری جاری ہے۔  
- اوپر دی گئی صورتحال کے پیش نظر، بورڈز آف ڈائریکٹرز، مینجمنٹ اور ملازمین اپنی پوری کوشش، جدوجہد اور مناسب کاسٹ کنٹنگ سے آنے والے چیلنج اور شیئر ہولڈر کے متوقع امیدوں کو حاصل کریں گے۔ انشاء اللہ  
میں (بی او ڈی) کے تمام ممبران کا کمپنی کے وژن اور مشن کے مطابق مقاصد کے حصول کیلئے ان کی دانشمندانہ رائے، مسلسل تعاون اور راہنمائی پر ان کا شکر گزار ہوں۔

ملٹ ٹریکٹرز  
12 ستمبر، 2018

  
سکندر مصطفیٰ خان  
چیئر مین

## بورڈ کی کارکردگی کا جائزہ

کارپوریٹ گورننس کوڈ کی شق (V)(3)10 کے مطابق ایک وضع کردہ طریقہ کار کے تحت بورڈ آف ڈائریکٹرز کی کارکردگی کو جانچنے کے لئے ایک جامع سوالنامہ تقسیم کیا گیا ہے جو مندرجہ ذیل اہم شعبہ جات پر مشتمل ہے۔

حکمت عملی اور منصوبہ بندی

بورڈ کے آپریشنز اور اثر اندازی

کارکردگی کا جائزہ اور نگرانی

پروپیشنل ڈویلپمنٹ

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

## مجموعی اقتصادی اور صنعتی جائزہ

پاکستان کی معاشی صورتحال موجودہ مالی سال کے دوران حدف کی طرف گامزن رہی\*۔ معیشت نے سال 2018 میں گزشتہ 13 سالوں کا سب سے زیادہ جی ڈی پی گروتھ ریٹ %5.8 حاصل کیا۔ ذراعت، صنعت اور سروس سیکٹرز میں پاکستان نے بلترتیب 3.8 فیصد، 5.8 فیصد اور 6.43 فی صد کی شرح سے ترقی کی ہے۔ ترقی پر مبنی اقدامات ہماری معیشت کے لئے مسلسل طور پر فائدے مند ثابت ہوئے جبکہ ڈویلپمنٹ کے شعبہ میں زیادہ سرمایہ کاری، کم افراط زر اور سی پیک جیسی سرمایہ کاری سے ہماری معیشت بحالی کی طرف گامزن رہی۔ کریڈٹ کی توسیع اور بہتر معیار کے بیج اور دیگر ذریعہ مصنوعات کی بروقت دستیابی کے باعث ذریعہ شعبہ میں اعلیٰ اور وسیع سطح پر ترقی دیکھنے میں آئی ہے\*۔ (ذرائع: پاکستان اکانومک سروے 2017-2018)

پاکستان کی معیشت کو بہت زیادہ چیلنجز کا سامنا ہے جس میں سب سے بڑا چیلنج مالی عدم توازن ہے اور اسکی وجہ سے حکومت ایک عام آدمی کی ضروریات کو پورا نہیں کر پائے گی۔ روپے کی قدر میں کمی بھی پاکستانی معیشت کے لئے ایک خطرہ ثابت ہوئی ہے جسکے باعث افراط زر میں اضافہ ہوا۔ نتیجتاً سٹیٹ بینک آف پاکستان نے گزشتہ 6 ماہ میں بیس ریٹ میں (base rate) 200 بی پی ایس سے بھی زیادہ اضافہ کیا۔ جسکی وجہ سے آنے والے دنوں میں افراط زر مزید بڑھے گی اور یہ خوفناک چکر پاکستانی معیشت پر مزید منفی اثرات مرتب کرے گا۔

نئی حکومت کے قیام سے سیاسی غیر یقینی میں کمی آنا شروع ہوئی ہے اور یہ تبدیلی پاکستان پر انویسٹرز کے اعتماد کو بحال کرنے میں مدد دے گی اور یوں اُن منفی عناصر کا خاتمہ ہو جائے گا جو گزشتہ کچھ ماہ سے پاکستان کی معیشت پر بُری طرح اثر انداز ہو رہے ہیں۔ روپے کی قدر میں پہلے ہی بہتری آنا شروع ہو چکی ہے۔ مندرجہ بالا حقائق کی بنیاد پر ہم ایک بہتر اور روشن مستقبل دیکھ سکتے ہیں۔

ٹریکٹرز بزنس میں یہ توقع کی جاسکتی ہے کہ اس سال 70,000 سے زیادہ یونٹس کی فروخت ہوگی جس میں سے ہماری کمپنی 43,000 کے

## چیرمین کا جائزہ

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

یہ بات آپ کے لئے باعث مسرت ہوگی کہ آپ کی کمپنی نے ٹریکٹریسیلز اور منافع کے اعتبار سے ایک تاریخی سنگ میل طے کیا ہے۔ بورڈ کی مؤثر حکمت عملی، ملازمین کی لگن اور ہمارے بیرونی سٹیک ہولڈرز کے مسلسل تعاون کے بغیر اس عظیم کامیابی کا حصول ہرگز ممکن نہیں تھا۔

## بورڈ کا انتظامی کردار

### بورڈ کی تشکیل اور ساخت

کمپنی کو ایک محتاط فریم ورک میں رکھتے ہوئے منظم قیادت فراہم کرنا بورڈ کی ذمہ داریوں میں شامل ہے تاکہ کسی بھی قسم کے خطرے کا جائزہ لے کر باآسانی نبرد آزما ہوا جاسکے۔ بورڈ کمپنی میں تین اہم کردار ادا کرتا ہے۔

ایک سمت کا تعین کرنا (جیسے کمپنی کی حکمت عملی وضع کرنا)، انتظامیہ کو مشورے اور معاونت فراہم کرنا اور نگرانی کرنا (مشاورتی کردار) جبکہ یہ کردار کمپنی کے نظریے اور مقصد سے مطابقت رکھتے ہیں تاکہ کمپنی کے کاروباری اہداف کو پورا کیا جاسکے۔

بورڈ کی تشکیل درج ذیل ہے۔

- |   |                             |
|---|-----------------------------|
| 1 | خود مختار ڈائریکٹرز         |
| 1 | ایگزیکٹو ڈائریکٹرز          |
| 6 | دیگر نان ایگزیکٹو ڈائریکٹرز |

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

یہ کمیٹیاں کوڈ آف کارپوریٹ گورننس کی مطلوبہ تعمیل کو یقینی بناتی ہیں۔

## آڈٹ کمیٹی

ہیومن ریسورس اور ریمیزیشن کمیٹی

فنانس کمیٹی

مارکیٹنگ کمیٹی

گروپ سپرویزن کے لئے بورڈ کمیٹی

## بعد میں پیش آنے والے واقعات

مالیاتی سال مختتمہ اور اس رپورٹ کی تاریخ کے درمیان نہ ہی کوئی عزم کئے گئے اور نہ ہی کوئی واضح تبدیلی ہوئی جس سے گروپ کمپنیز کی مالیاتی پوزیشن اثر انداز ہو ماسوائے جن کو متعلقہ سالانہ رپورٹس میں بیان کیا گیا ہے۔

## کاروبار کی نوعیت میں تبدیلی

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

## آڈیٹرز کا مشاہدہ

سال مختتمہ 30 جون 2018 کی سالانہ آڈٹ رپورٹ میں کسی بھی گروپ کمپنی کے بارے میں آڈیٹرز نے اپنی رپورٹ میں کسی قسم کی منفی رائے نہیں دی۔

## مستقبل کے امکانات

گروپ کمپنیز کی صلاحیتوں پر کسی کو کوئی بھی شک نہیں اس لئے مستقبل میں ترقی کے امکانات روشن ہیں۔

## شراکت داری کا طریقہ

ایم ٹی ایل کی شراکت داری کو کوڈائزڈ رپورٹ کے ساتھ منسلک کیا گیا ہے جبکہ ایم آئی پی ایل، ٹائی پیگ، بی سی ایل اور ایم ای ایل کی شراکت داری کا طریقہ منسلک ہے۔

## فی حصص آمدنی

سال مختتمہ 30 جون 2018 پر گروپ کی فی حصص آمدنی 134.64 روپے ہے جو گزشتہ برس 111.14 روپے تھی۔

  
 ڈائریکٹر

  
 چیف ایگزیکٹو آفیسر

لاہور، 12 ستمبر، 2018

## ای۔ موزوں داخلی مالیاتی کنٹرولز

بی سی ایل کے پاس ایک منظم داخلی کنٹرول سسٹم ہے جسے ایسے خطرات کی شناخت اور نشاندہی کے لئے تیار کیا گیا ہے جو کمپنی کے کاروباری اہداف میں رکاوٹ بن سکتے ہیں۔ اس لئے یہ سسٹم کسی بنیادی غلط بیانی یا نقصان کے حوالے سے ایک معقول اور یقینی حل پیش کرتا ہے۔ آڈٹ کمیٹی داخلی کنٹرول سسٹم کی افادیت کو جانچنے کی ذمہ دار ہے۔

## ملت ایکویپمنٹ لمیٹڈ

### اے۔ بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز جناب سکندر مصطفیٰ خان، لطیف خالد ہاشمی، سہیل بشیر رانا، لعیق الدین انصاری، میاں محمد سلیم اور سید محمد عرفان عقیل ہیں۔ جن کا انتخاب کمپنی کی EOGM مورخہ 30 جون 2018 میں کیا گیا۔

## بی۔ کمپنی کاروبار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

ایم ای ایل ایک نان لسٹڈ کمپنی ہے جو ایم ٹی ایل کے لئے گنیر، شافٹس اور دیگر متعلقہ پارٹس بناتی ہے۔ ایم ای ایل کے کل ادا شدہ سرمائے میں ایم ٹی ایل %45 شیئرز رکھتی ہے۔ کمپنی کی بنیادی سرگرمیاں پچھلے سال کی طرح رہیں جیسا کہ پاکستان میں میسی فرگوسن ٹریکٹرز کے مختلف ماڈلز کے گیزرز اور شافٹس کی تیاری۔ سال بھر کے دوران کمپنی کی مالیاتی کارکردگی غیر معمولی رہی کیونکہ سیلز، پروڈکشن اور منافع کے اعتبار سے اب تک کے سب سے زیادہ اہداف حاصل کئے گئے۔ ایم ای ایل کی اس سال کی رجسٹرڈ سیل 4,244.660 ملین روپے رہی جبکہ خالص منافع بعد از ٹیکس 868 ملین روپے رہا۔ فی حصص آمدنی 33.40 روپے رہی۔

## سی۔ بنیادی خطرات اور غیر یقینی صورتحال

ظاہری طور پر ایک سنگل کسٹمر کمپنی اور اس سے منسلک خدشات کے علاوہ اور کوئی دیگر وجوہات نہیں جو مستقبل میں کمپنی کاروبار کو متاثر کریں۔ کمپنی کے کاروبار کی نوعیت کے حوالے سے مالیاتی سال کے دوران کوئی تبدیلی نہیں آئی۔

## ڈی۔ مستقبل میں منافع کے امکانات

جی ڈی پی میں اضافے، انڈسٹریل سیکٹر میں مثبت ترقی، ملک میں سیکورٹی کی صورتحال میں بہتری اور بڑے تعمیراتی منصوبوں کے باعث ٹریکٹرز کی مانگ میں اضافہ متوقع ہے۔ ٹریکٹرز کی طلب میں اضافے سے کمپنی کی سرگرمیاں براہ راست بڑھ جائیں گی جس کی نتیجے میں کمپنی کے منافع میں غیر معمولی اضافے کا امکان ہے۔

## ای۔ موزوں داخلی مالیاتی کنٹرولز

موزوں داخلی مالیاتی کنٹرولز پہلے سے اپنی جگہ پر ہیں جبکہ بورڈ کی آڈٹ کمیٹی ان کے مکمل اور تسلی بخش عملدرآمد کا یقین دلاتی ہے۔

## ڈی۔ مستقبل میں منافع کے امکانات

کمپنی کا یہ عزم ہے کہ ایم ٹی ایل اور دیگر گروپ کمپنیز کی مارکیٹنگ پراڈکٹس کو افریقہ اور دیگر بین الاقوامی مارکیٹس تک رسائی دے کر سیلز میں اضافہ کیا جائے۔

## ای۔ موزوں داخلی مالیاتی کنٹرولز

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

## بولان کاسٹنگ لمیٹڈ

## اے۔ بورڈ آف ڈائریکٹرز

موجودہ بورڈ 7 ڈائریکٹرز پر مشتمل ہے جن کا انتخاب 28 اکتوبر 2017 کو ہونے والی کمپنی کی سالانہ جنرل میٹنگ میں کیا گیا۔ اس سال کے دوران بورڈ کی ساخت میں کوئی تبدیلی نہیں کی گئی۔

## بی۔ کمپنی کاروبار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

بی سی ایل پاکستان اسٹاک ایکسچینج میں لسٹڈ ایک پبلک لمیٹڈ کمپنی ہے۔ بی سی ایل ڈائریکٹرز کے پیچیدہ پرزہ جات بناتی ہے جیسا کہ ایم ٹی ایل کیلئے ڈائریکٹ کاسٹنگ وغیرہ۔ ایم ٹی ایل کمپنی کے کل ادا شدہ سرمائے میں 46.26 فیصد کے شیئرز رکھتی ہے۔ اس مالیاتی سال کے دوران کمپنی نے 16,294 میٹرک ٹن کاسٹنگ بنائی ہیں جو گزشتہ سال 11,566 ٹی ٹی تھیں۔ ٹن کے حساب سے نیٹ سیلز 15,269 ایم ٹی رہیں جو گزشتہ سال 11,694 تھیں۔ سیلز کی رقم 2,299.93 بلین روپے رہی جو گزشتہ سال 1,744.098 بلین روپے تھی۔ گراس منافع 328.201 روپے بلین رہا جو گزشتہ سال 246.628 بلین روپے تھا۔ منافع بعد از ٹیکس 133.401 بلین روپے رہا جو گزشتہ سال 97.776 بلین روپے تھا۔ فی حصص آمدنی 11.63 روپے رہی۔

## سی۔ بنیادی خطرات اور غیر یقینی صورتحال

بی سی ایل کا انتظامی فریم ورک جو داخلی کنٹرول پالیسیز سے منسلک ہے سے بنیادی خطرات کم کرنے اور توجہ مرکوز رکھنے میں کافی مدد ملتی ہے۔ تاہم مجموعی طور پر کمپنی کو مالیاتی اعتبار سے محدود خطرات کا سامنا کرنا پڑ سکتا ہے کیونکہ مارکیٹ میں اس طرح کی صورتحال میں خطرے کا اندیشہ کم رہتا ہے۔

## ڈی۔ مستقبل میں منافع کے امکانات

زرعی شعبے سے وابستہ ہونے کی حیثیت سے ڈائریکٹ انڈسٹری کی بہتر کارکردگی متوقع ہے۔ ڈائریکٹرز کی وینڈنگ انڈسٹری کا حصہ ہونے کی وجہ سے بی سی ایل مالیاتی سال 2018-2019 کے دوران اپنی کاسٹنگ کی سیلز میں بہتری کا امکان رکھتی ہے۔

## ڈی۔ مستقبل میں منافع کے امکانات

اگرچہ میٹرل کی قیمتوں میں اضافے کے رجحان اور مد مقابل کمپنیوں کی تشہیری سرگرمیوں کی وجہ سے منافع کی شرح میں کمی آئی ہے لیکن کمپنی آئندہ مالیاتی سال میں اپنے سیلز اہداف کو پورا کرنے کا عزم رکھتی ہے۔ کیونکہ ملت بیٹری کا شمار مارکیٹ کی بہترین بیٹریز میں ہوتا ہے اس لئے توقع ہے کہ کمپنی کا مستقبل مزید روشن ثابت ہوگا۔ مزید برآں مستقبل قریب میں قیمتوں کا مناسب سطح پر آنے کا امکان ہے۔ تاہم مقابلے کے رجحان میں بہتری، قیمتوں میں کنٹرول، معیار اور بہتر پیداوار کے ذریعے مارکیٹ میں رونما ہونے والی تبدیلیوں کا ڈٹ کر مقابلہ کرنے کی ضرورت ہے۔

## ای۔ موزوں داخلی مالیاتی کنٹرولز

داخلی مالیاتی کنٹرولز اپنی جگہ پر ہیں اور انٹرنل آڈٹ ڈیپارٹمنٹ کے متعلقہ افراد کی جانب سے ان کا مستقل بنیادوں پر باریک بینی سے مشاہدہ کیا جا رہا ہے۔

## ٹائی پیگ انٹرٹریڈ ڈی ایم سی سی

### اے۔ بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز جناب سکندر مصطفیٰ خان، لطیف خالد ہاشمی، سہیل بشیر رانا، لیتیق الدین انصاری اور میاں محمد سلیم ہیں۔ بورڈ کی ساخت میں سال کے دوران کوئی تبدیلی نہیں آئی۔

## بی۔ کمپنی کے کاروبار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

ٹائی پیگ انٹرٹریڈ ڈی ایم سی سی، دبئی، یو اے ای ایک لمیٹڈ لائسنسڈ کمپنی ہے جو کہ دبئی ملٹی کموڈوٹیز سینٹر اتھارٹی کے ساتھ رجسٹرڈ ہے۔ ملت ٹریڈرز لمیٹڈ کمپنی کی ایکویٹی میں 75% کا ملکیتی حصہ رکھتی ہے۔ کمپنی کی بنیادی سرگرمیوں میں مشینری اور بھاری ایکویپمنٹ اور پارٹس کی ٹریڈنگ شامل ہے۔ کمپنی کے کاروبار کی جگہ جو میرہ لیک ٹاورز (Jumeirah Lake Towers) دبئی، یو اے ای ہے۔ ٹائی پیگ کی اس عرصہ کے دوران رجسٹرڈ فروخت 12.025 ملین (اے ای ڈی) رہی جبکہ خالص منافع 0.650 ملین (اے ای ڈی) رہا۔ فی حصص آمدنی 325.217 (اے ای ڈی) رہی۔ اب تک کمپنی کی کارکردگی اطمینان بخش رہی اور پاکستان سے ٹریڈرز کی زیادہ برآمدات کے بعد بزنس کو مزید فروخت ملے گا۔

## سی۔ بنیادی خطرات اور غیر یقینی صورتحال

فی الوقت کمپنی کو ایسے کسی بھی خطرے یا غیر یقینی صورتحال کا سامنا نہیں ہے جو کمپنی کی کارکردگی کو متاثر کرے۔ کمپنی کے کاروبار کی نوعیت کے حوالے سے مالیاتی سال میں کوئی تبدیلی نہیں آئی۔

## گروپ ڈائریکٹرز رپورٹ

ڈائریکٹرز کی جانب سے کمپنی کی 30 جون 2018 کو ختم ہونے والی سال کی آڈٹ شدہ مالیاتی تفصیلات آڈیٹرز کی رپورٹ کے ساتھ بخوشی پیش کی جاتی ہے۔

## گروپ

گروپ جو کہ ملت ٹریکٹرز لمیٹڈ (ایم ٹی ایل) (ہولڈنگ کمپنی) اور اس کی ذیلی کمپنیاں جیسے کہ ملت انڈسٹریل پراڈکٹس لمیٹڈ (ایم آئی پی ایل)، ٹائی پیگ انٹرنیٹ ڈی ایم سی سی، دہئی، یو اے ای، بولان کاسٹنگ لمیٹڈ (بی سی ایل) اور ملت ایکویپمنٹ لمیٹڈ (ایم ای ایل) پر مشتمل ہے۔

## ملت انڈسٹریل پراڈکٹس لمیٹڈ

### اے۔ بورڈ آف ڈائریکٹرز

موجودہ بورڈ 7 ڈائریکٹرز پر مشتمل ہے جن میں سے چھ ڈائریکٹرز کا انتخاب 30 اکتوبر 2017 کو ہونے والی کمپنی کی 16 ویں جنرل میٹنگ میں کیا گیا۔ اس سال کے دوران بورڈ کی ساخت میں کوئی تبدیلی نہیں کی گئی۔ تاہم یکم جولائی 2018 کو نئے سی ای او کو مقرر کیا گیا۔

## بی۔ بنیادی سرگرمیاں، کمپنی کاروبار کی کارکردگی اور ترقی

کمپنی (ملت بیٹریز) کے نام سے وہیٹلر، انڈسٹریل اور گھریلو بیٹریز بنانے اور فروخت کرنے کے کاروبار میں مصروف ہے۔ ایم آئی پی ایل کی موجودہ سال رجسٹرڈ سیل 1,161 ملین رہی جبکہ خالص منافع بعد از ٹیکس ادائیگی 43.582 ملین رہا۔ فی حصص آمدنی 4.87 رہی۔

## سی۔ بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو جن مسائل اور غیر یقینی صورتحال کا سامنا ہے ان میں مقامی سطح پر خام مال کی قیمتوں میں اتار چڑھاؤ، فارن ایکسچینج ریٹ میں اضافے کے باعث درآمدی خام مال کی قیمتوں میں اضافہ، مارکیٹ میں بجلی کی متبادل ذرائع سے فراہمی اور مد مقابل کمپنیوں کی موجودگی کے باعث یو پی ایس بیٹریز کی طلب میں کمی شامل ہے۔ اس کے علاوہ سال بھر کے دوران قیمتوں میں غیر متوقع بڑھوتری خاص طور پر خام مال کی قیمت میں 71% اضافے کے باعث منافع کی شرح میں کمی آئی ہے۔ مزید برآں بجلی کی فراہمی کی صورتحال میں بہتری آنے سے گھریلو بیٹری کی فروخت میں بھی خاصی کمی واقع ہوئی ہے۔ تاہم اس مالیاتی سال کے دوران کمپنی میں کاروباری نوعیت کے حوالے سے کوئی تبدیلی نہیں آئی۔





# PROXY FORM

## 55th Annual General Meeting



**MILLAT TRACTORS LIMITED**

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a member of Millat Tractors Limited and  
holder of \_\_\_\_\_ Ordinary shares as per Shares Register Folio No. \_\_\_\_\_  
and / or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him / her \_\_\_\_\_  
of \_\_\_\_\_ or failing him / her \_\_\_\_\_ of \_\_\_\_\_ as my proxy to vote for me and  
on my behalf at the Annual General Meeting of the Company to be held on Tuesday, October 30, 2018 at 04:00 p.m.  
at Company's Registered Office, 9 K.M. Sheikhpura Road, Shahdara, Lahore and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

### WITNESSES:

1. Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Address : \_\_\_\_\_

CNIC or  
Passport No. : \_\_\_\_\_

Signature

Please affix  
Rupees five  
revenue stamp

2. Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Address : \_\_\_\_\_

(Signature should agree with  
the specimen signature  
registered with the Company)

CNIC or  
Passport No. : \_\_\_\_\_

**Note:** Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company.

CDC Shareholders and their Proxies are requested to attach an attested photocopy of their Computerised National Identity Card or Passport with this proxy form before submission to the Company.



**Millat Tractors Limited**

9-K.M. Sheikhpura Road, Lahore-Pakistan  
UAN : 111 200 786



## ELECTRONIC TRANSMISSION CONSENT



**MILLAT TRACTORS LIMITED**

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 balance sheet and profit and loss accounts, auditor's report and directors' report etc. ("Audited Financial Statements") 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. Hameed Majeed Associates (Pvt.) Ltd.

PLEASE NOTE THAT RECEIPT OF THE ANNUAL REPORT VIA EMAIL IS OPTIONAL AND NOT COMPULSORY.

## ELECTRONIC TRANSMISSION CONSENT FORM

The Share Registrar

Date: \_\_\_\_\_

M/s. Hameed Majeed Associates (Pvt.) Ltd.,

1st Floor, H.M. House,

7-Bank Square, Lahore.

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.'s 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 آف پاکستان کے ایس آر او 2014/787(1) مورخہ 8 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 اطلاعاتی معلومات (پڑتال شدہ مالیاتی حسابات) بشمول سالانہ اجلاس عام کی اطلاع اپنے حصص یافتگان کو بذریعہ ای میل ارسال کر سکتی ہے۔ وہ تمام حصص داران جو کمپنی کی سالانہ رپورٹ بذریعہ ای میل حاصل کرنے کے خواہشمند ہیں ان سے التماس ہے کہ تکمیل شدہ رضامندی کے فارم کمپنی کے شیئر رجسٹرار میسرز جمید مجید ایسوسی ایٹس (پرائیویٹ) 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 جمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

فسٹ فلور، ایچ۔ ایم ہاؤس،

7- بینک اسکوائر، لاہور

سیکیورٹیز اینڈ ایکسچینج آف پاکستان کے ایس آر او 2014/787(1) مورخہ 8 ستمبر 2014 کی تعمیل کرتے ہوئے میں مسمی /مسماة

ولدیت /زوجیت

ملت ٹریکٹرز 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 /حصص دار کا نام:

فولیوسی ڈی سی اکاؤنٹ نمبر:

ای میل ایڈریس:

ہر گاہ اقرار کیا جاتا ہے کہ مندرجہ ذیل بالا معلومات صحیح اور درست ہیں اور یہ کہ میں کمپنی اور اس کے شیئر رجسٹرار کو تحریری طور پر ای میل ایڈریس میں تبدیلی یا بذریعہ ای میل کمپنی کے پڑتال شدہ حسابات اور سالانہ اجلاس عام کی اطلاع کی وصولی یا منسوخی کے بارے میں مطلع کروں گا۔

ممبر /حصص دار کے دستخط:

## تشکیل نیابت داری

55 واں سالانہ اجلاس عام



MILLAT TRACTORS LIMITED

میں اہم  
ساکن  
رکن و حاصل  
عام حصص بمطابق شیئر رجسٹرڈ فوئیو نمبر  
اور یاسی ڈی سی کے شراکتی آئی ڈی نمبر  
اور ذیلی کھاتہ نمبر  
ساکن  
یا بصورت دیگر  
ساکن  
کو اپنی جگہ بروز منگل مورخہ 30 اکتوبر 2018ء وقت 04:00 بجے سہ پہر، بمقام کمپنی کے رجسٹرڈ آفس: 9- کلومیٹر شیخوپورہ روڈ  
شاہدرہ لاہور میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں۔

### بروز منگل

دستخط کئے گئے مورخہ 2018

گواہان:

براہ کرم پانچ روپے مالیت کے  
ریونیوٹکٹ چسپاں کریں۔

دستخط

(دستخط کمپنی میں درج نمونہ کے  
دستخط کے مطابق ہونے چاہئے)

1 دستخط:

نام:

پتہ:

سی این آئی سی یا پاسپورٹ نمبر:

2 دستخط:

نام:

پتہ:

سی این آئی سی یا پاسپورٹ نمبر:

نوٹ:

پراکسیز کے موخر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کمپنی کارکن ہونا ضروری نہیں ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔



ملٹ ٹریکٹرز لمیٹڈ  
9-کھومیشین پورہ روڈ، لاہور۔ پاکستان  
یو اے این: 111 200 786





# Notes

## AGM

On Tuesday, October 30th, 2018 at 4:00 p.m  
at every adjournment thereof.

