

**HERALDING**  
**A GLOBAL VISION**  
**EXPORTS**  
**THE NEW FOCUS**  
ANNUAL REPORT 2016



**MILLAT TRACTORS LIMITED**





IN THE NAME OF  
**ALLAH**  
THE  
COMPASSIONATE  
THE MERCIFUL



# CHRONICLES



**1964**

Company established  
CBU Import (MF Tractors)

**1965**

Assembly of tractors  
from SKD

**1972**

Nationalization

**1973**

Licensing and transfer of  
Technology Agreement  
with MF, UK

**1973**

Licensing and transfer of  
Technology Agreement  
with Perkins, UK

**1982**

Inauguration of Engine  
Assembly Plant- (Perkins  
Engines)

**1984**

Inauguration of  
Machining Plant

**1990**

Perkins distributor  
Agreement

**1992**

Privatization through  
Employee Buyout

**1992**

Inauguration of New Tractor  
Assembly Plant ( MF Design)

**1993**

Bolan Castings Ltd  
Buyout

**1994**

Mass Production  
of Generating Sets.

**1994**

Millat Equipment Ltd  
established.

**1998**

ISO 9002 Certification  
Achieved.

**2000**

Licensing Agreement – Heli  
Forklift Trucks (China)

**2002**

Quality Management  
System Upgraded to ISO  
9001:2000

**2002**

Millat Industrial Products Ltd  
established.

**2011**

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

**2012**

TIPEG Inter-trade DMCC,  
UAE established.

**2015**

Export Agreement with  
AGCO



Millat Tractors Ltd (MTL) is Pakistan's leading engineering company in the automobile sector, an ISO 9001:2008 certified company for its Assembly Plants of Tractors, Engines, Industrial and Agricultural Products, as well as Material Testing and Gauge Control Laboratory.

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 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 35,000 Tractors per annum with double shift capacity.

Pioneer in farm mechanization

Indigenization Level: Around 90%

Market Leader with over 60% Market Share



# HERALDING A GLOBAL VISION

# MILLAT

## THE PRIDE OF PAKISTAN BREAKING NEW HORIZONS

FROM A NATIONAL PLAYER TO BECOMING  
A GLOBAL PLAYER ADDING VALUE TO THE  
NATIONAL ECONOMY ATTAINING NEW  
HEIGHTS ACROSS ALL BORDERS

## EXPORTS THE NEW FOCUS



New horizons encompass vast challenges for companies looking forward to breaking new grounds internationally. In-fact, dynamic companies require dynamic progress and dynamic leadership is the only key to realize the strategic need of going beyond borders.

Millat, the national champion of indigenous tractor technology has tenaciously been at the forefront of contributing to the economic progress of Pakistan since its inception. It is only a handful of companies in the agro dominated turbulent economies of South Asia, which

have a potential to impact the daily lives of millions across the borders.

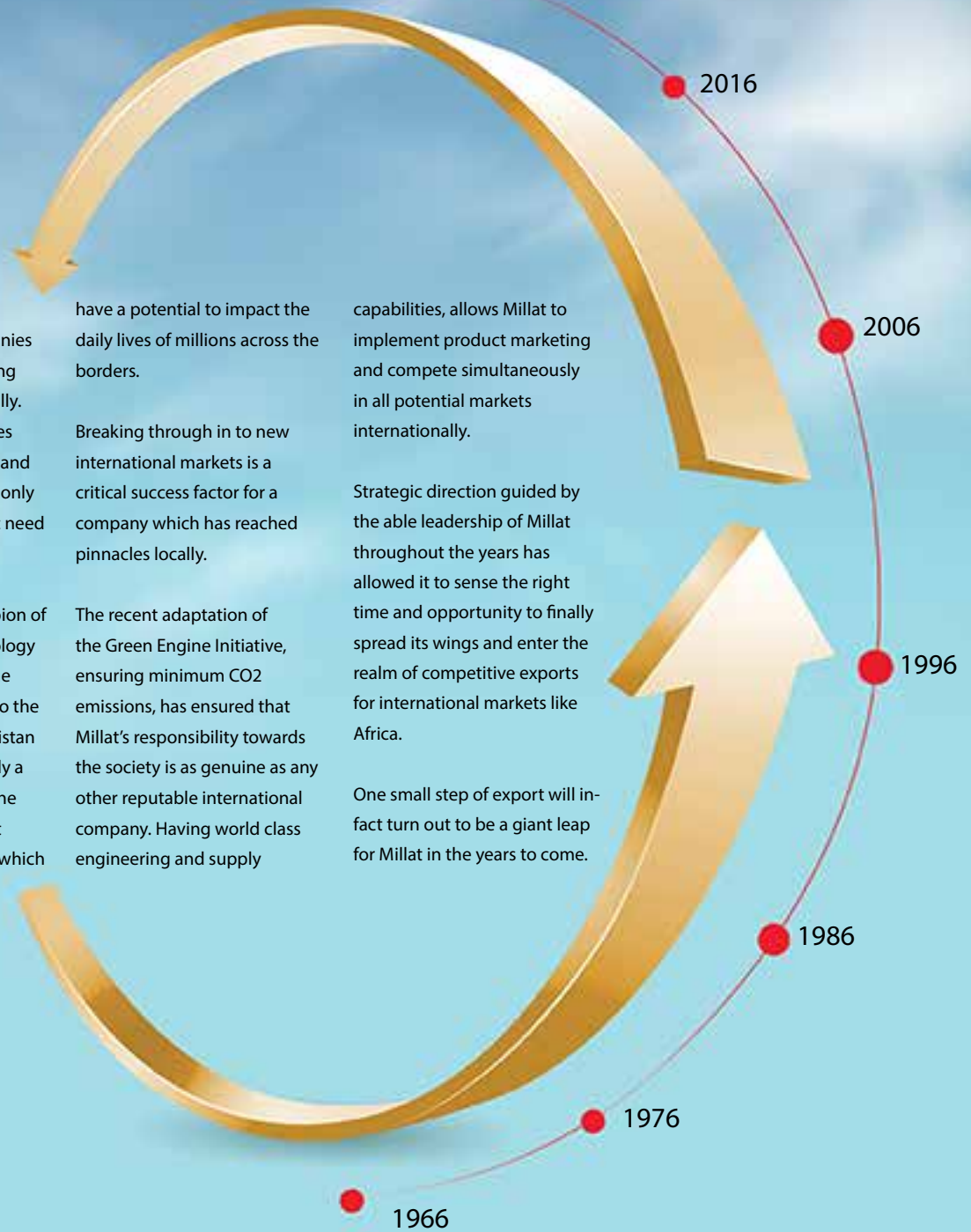
Breaking through in to new international markets is a critical success factor for a company which has reached pinnacles locally.

The recent adaptation of the Green Engine Initiative, ensuring minimum CO2 emissions, has ensured that Millat's responsibility towards the society is as genuine as any other reputable international company. Having world class engineering and supply

capabilities, allows Millat to implement product marketing and compete simultaneously in all potential markets internationally.

Strategic direction guided by the able leadership of Millat throughout the years has allowed it to sense the right time and opportunity to finally spread its wings and enter the realm of competitive exports for international markets like Africa.

One small step of export will in-fact turn out to be a giant leap for Millat in the years to come.









# FINANCIAL HIGHLIGHTS

<p>Sales Revenue Rs. in Million</p> <p>2016 <b>16,914</b></p> <hr/> <p>2015 <b>22,937</b></p>	<p>Profit After Tax Rs. in Million</p> <p>2016 <b>1,750</b></p> <hr/> <p>2015 <b>2,382</b></p>	<p>Number of Outstanding Shares (000's)</p> <p>2016 <b>44,293</b></p> <hr/> <p>2015 <b>44,293</b></p>	<p>Earnings per Share- Basic and Diluted Rs.</p> <p>2016 <b>39.52</b></p> <hr/> <p>2015 <b>53.79</b></p>
<p>Dividend Rs. / Share</p> <p>2016 <b>50.00</b></p> <hr/> <p>2015 <b>52.50</b></p>	<p>Dividend Percentage</p> <p>2016 <b>126.53</b></p> <hr/> <p>2015 <b>97.60</b></p>	<p>Long Term Investments Rs. in Million</p> <p>2016 <b>397</b></p> <hr/> <p>2015 <b>370</b></p>	<p>Total Assets Rs. in Million</p> <p>2016 <b>8,321</b></p> <hr/> <p>2015 <b>7,709</b></p>
<p>Shareholders Equity Rs. in Million</p> <p>2016 <b>4,141</b></p> <hr/> <p>2015 <b>4,488</b></p>	<p>Return on Capital Employed Percentage</p> <p>2016 <b>43.21</b></p> <hr/> <p>2015 <b>51.27</b></p>	<p>Current Ratio Times</p> <p>2016 <b>1.54:1</b></p> <hr/> <p>2015 <b>2.1:1</b></p>	<p>Debt : Equity Ratio Times</p> <p>2016 <b>0:100</b></p> <hr/> <p>2015 <b>0:100</b></p>
<p>Market Capitalization (Year End) Rs. in Million</p> <p>2016 <b>25,258</b></p> <hr/> <p>2015 <b>30,377</b></p>	<p>Market Capitalization (Year End) US\$ in Million</p> <p>2016 <b>241</b></p> <hr/> <p>2015 <b>299</b></p>	<p>Price to Earning Ratio Times</p> <p>2016 <b>14.43</b></p> <hr/> <p>2015 <b>12.75</b></p>	<p>Net Assets per Share Rs.</p> <p>2016 <b>93.51</b></p> <hr/> <p>2015 <b>106.37</b></p>

# CONTENTS

## MILLAT TRACTORS LIMITED

10	Vision & Mission Statement
12	Corporate Information
14	Board of Directors
16	Board of Directors Committees
20	Management Committees
22	Organization Structure
24	Objectives and Strategic Planning / Code of Conduct
26	Core Values
27	Safety, Health and Environment Policy
28	Notice of Meeting
34	Chairman's Review
48	Directors' Report
58	MTL Commitment Towards CSR
63	Summary of Cash Flow
64	Six Years at a Glance
65	Statement of Value Addition and its Distribution
66	Six Years Horizontal Analysis
68	Six Years Vertical Analysis
70	Review Report on Compliance of Code of Corporate Governance
71	Statement of Compliance with the Code of Corporate Governance

## FINANCIAL STATEMENTS

74	Graphical Analysis
75	Auditors' Report to the Members
76	Balance Sheet
78	Profit and Loss Account
79	Statement of Comprehensive Income
80	Cash Flow Statement
81	Statement of Changes in Equity
82	Notes to the Financial Statements



## GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

121	Group Directors' Report
123	Consolidated Pattern of Shareholding
125	Auditors' Report to the Members
126	Consolidated Balance Sheet
128	Consolidated Profit and Loss Account
129	Consolidated Statement of Comprehensive Income
130	Consolidated Cash Flow Statement
131	Consolidated Statement of Changes in Equity
132	Notes to the Consolidated Financial Statements

## OTHERS

178	Pattern of Shareholding
182	Tractor Dealers
183	Spare Parts Dealers

197	URDU SECTION
-----	--------------

# 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

Syed Muhammad Irfan Aqueel

Mr. Latif Khalid Hashmi

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mian Muhammad Saleem

Syed Zubair Ahmed Shah (NIT Nominee)

Mr. Saad Iqbal

### COMPANY SECRETARY

Mian Muhammad Saleem

### CHIEF FINANCIAL OFFICER

Mr. Sohail Ahmed Nisar - FCA

### AUDITORS

M/s. Ernst & Young Ford Rhodes Sidat Hyder,  
Chartered Accountants

### LEGAL ADVISORS

Asjad Saeed and Associates

Mujtaba Jamal Law Associates (MJLA)

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@hmaconsultants.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 AND PLANT

Sheikhupura Road, Distt. Sheikhupura.

Tel: 042-37911021-25, UAN: 111-200-786

Fax: 042-37924166, 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

### MULTAN CANTT.

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

### ISLAMABAD

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

### 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





S M Irfan Aqueel  
Chief Executive



Mian Muhammad Saleem  
Company Secretary



Syed Zubair Ahmed Shah  
Director (NIT Nominee)



Mr. Saad Iqbal  
Director

# BOARD COMMITTEES

## AUDIT COMMITTEE

- |    |                         |          |
|----|-------------------------|----------|
| 1. | Syed Zubair Ahmed Shah  | Chairman |
| 2. | Mr. Latif Khalid Hashmi | Member   |
| 3. | Mr. Sohail Bashir Rana  | Member   |
| 4. | Mr. Laeeq Uddin Ansari  | Member   |

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

- i) To recommend to the Board of Directors, the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the Company in addition to audit of financial statements.
- ii) determination of appropriate measures to safeguard the Company's assets;
- iii) review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards;
  - compliance with listing regulations and other statutory and regulatory requirements; and
  - significant related party transactions.
- iv) review of preliminary announcements of results prior to publication;
- v) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- vi) review of management letter issued by external auditors and management's response thereto;
- vii) ensuring co-ordination between the internal and external auditors of the Company;
- viii) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- ix) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- x) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- xi) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- xii) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- xiii) determination of compliance with relevant statutory requirements;
- xiv) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- xv) consideration of any other issue or matter as may be assigned by the Board of Directors.



# BOARD COMMITTEES

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

- |    |                           |          |
|----|---------------------------|----------|
| 1. | Mr. Sikandar Mustafa Khan | Chairman |
| 2. | Mr. Laeeq Uddin Ansari    | Member   |
| 3. | Mr. Sohail Bashir Rana    | Member   |
| 4. | S M Irfan Aqueel          | Member   |

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

- recommending human resource management policies to the Board;
- recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- recommending to the Board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and
- consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.

## DIRECTORS' REMUNERATION COMMITTEE

- |    |                           |          |
|----|---------------------------|----------|
| 1. | Mr. Sikandar Mustafa Khan | Chairman |
| 2. | Mr. Sohail Bashir Rana    | Member   |
| 3. | Mr. Latif Khalid Hashmi   | Member   |
| 4. | Syed Zubair Ahmed Shah    | Member   |

The duties of the Remuneration Committee are as follows:

- to make recommendations to the Board.
- to determine the specific remuneration packages of directors and, including, without limitation, base salaries, deferred compensation, stock options and any benefits in kind, pension rights and incentive payments and any compensation payable for loss or termination of their office or appointment, and to make recommendation to the Board on the remuneration of directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment, responsibilities of the directors and employment conditions elsewhere in the group and in the market and desirability of performance-based remuneration; while considering remuneration of individual Director, his qualification, experience, field of specialization if any, exposure on company Boards and commitment etc shall form basis of remuneration package.

- to review and recommend compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- to ensure that no director or any of his associates is involved in determining his own remuneration;

## BOARD 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   |
| 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. | S M Irfan Aqueel        | Member   |
| 4. | Mian Muhammad Saleem    | Member   |

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

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

## MARKETING COMMITTEE

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

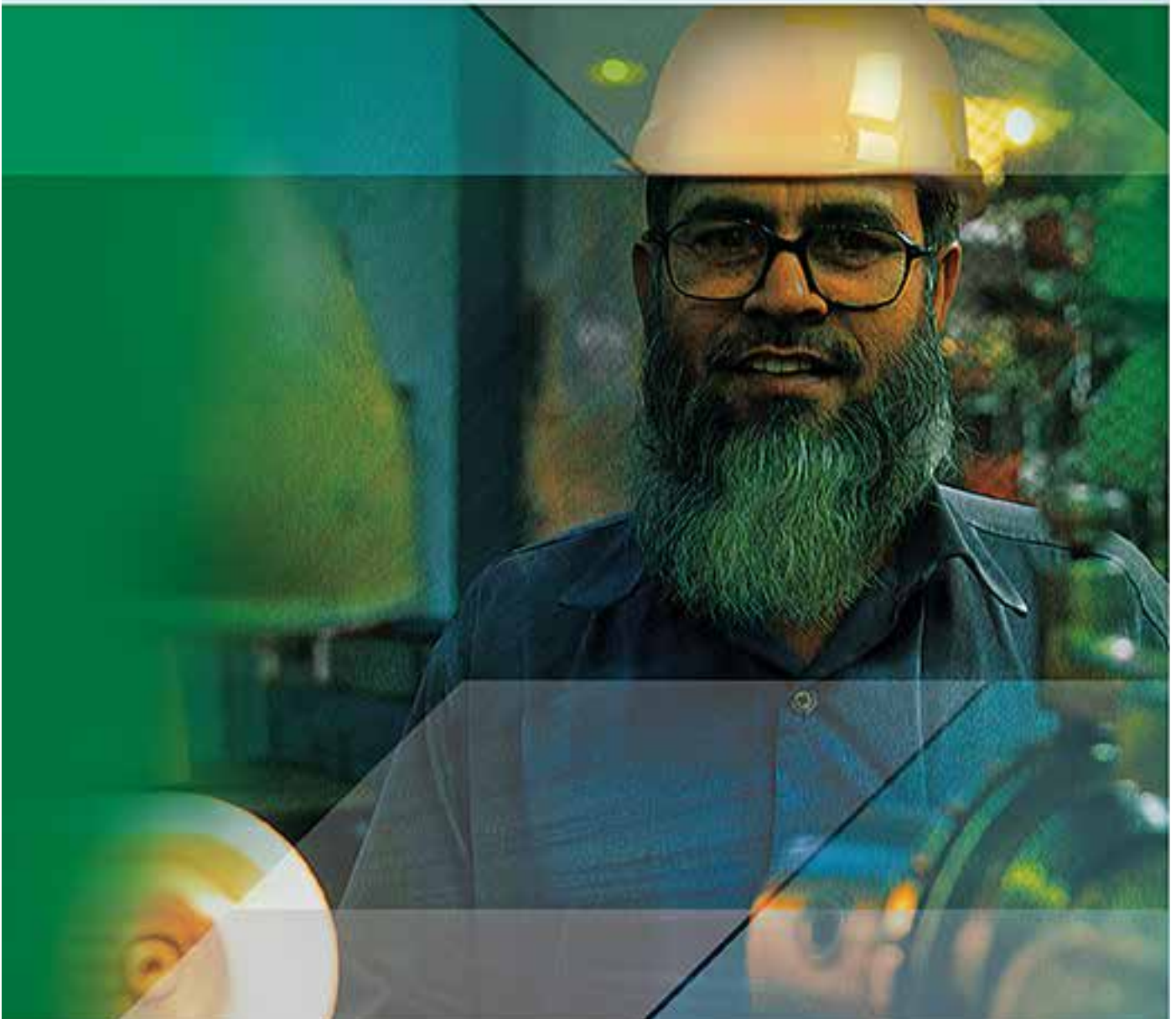


The terms of reference of the Marketing Committee are as follows:

- 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.



# MANAGEMENT COMMITTEES & THEIR TERMS OF REFERENCE

## 1. BUSINESS DEVELOPMENT & REVIEW COMMITTEE

Chief Executive	Chairman
G.M 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 Officer	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
Sr. Mgr. Production	Member
DGM Service	Member
DGM 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

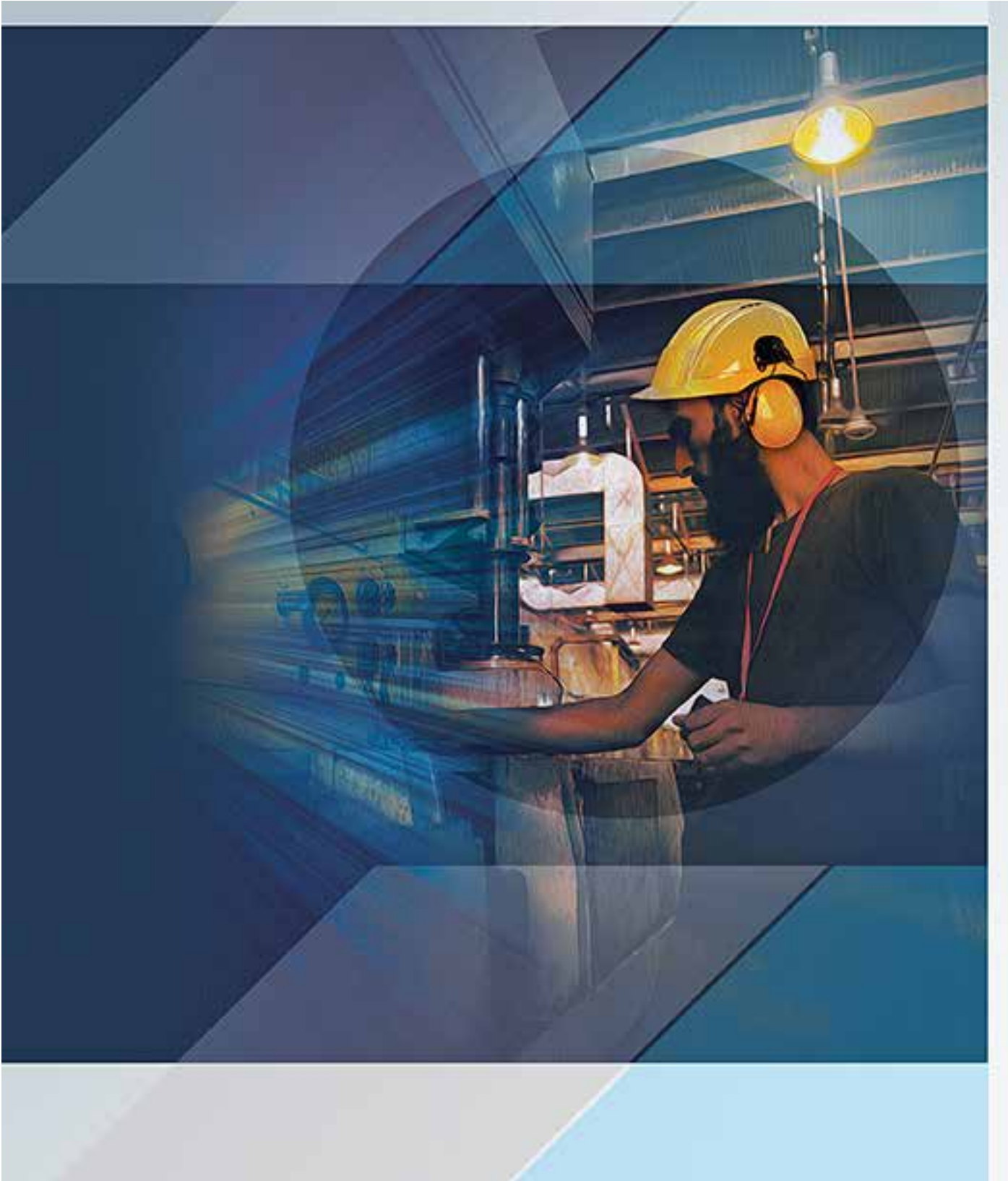
Chief Financial Officer	Chairman
GM Engineering	Member
GM Marketing	Member

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.

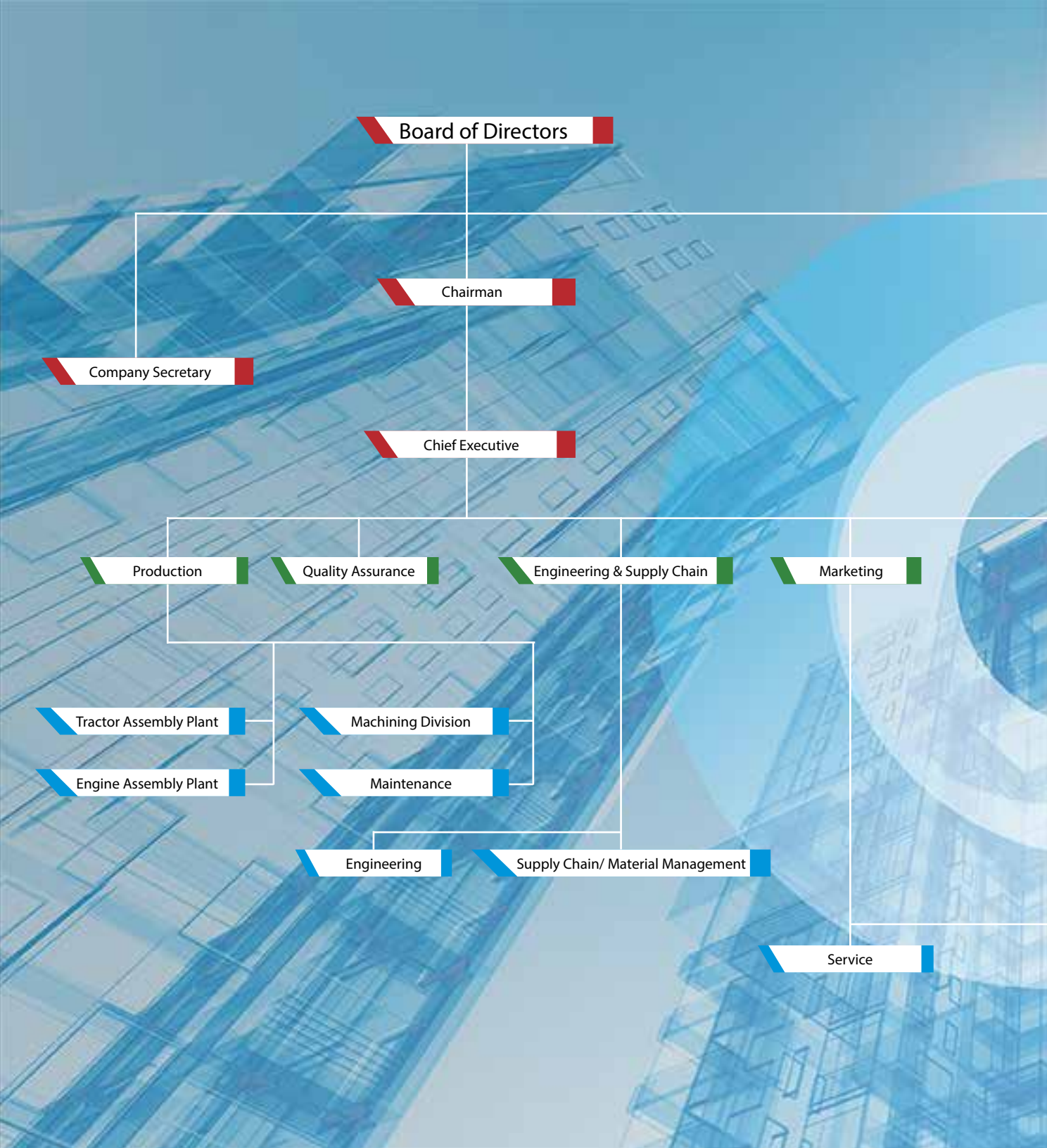
## 7. ENVIRONMENTAL COMMITTEE

Sr. Mgr. Admin, Purchase & IR	Chairman
Manager IR	Member

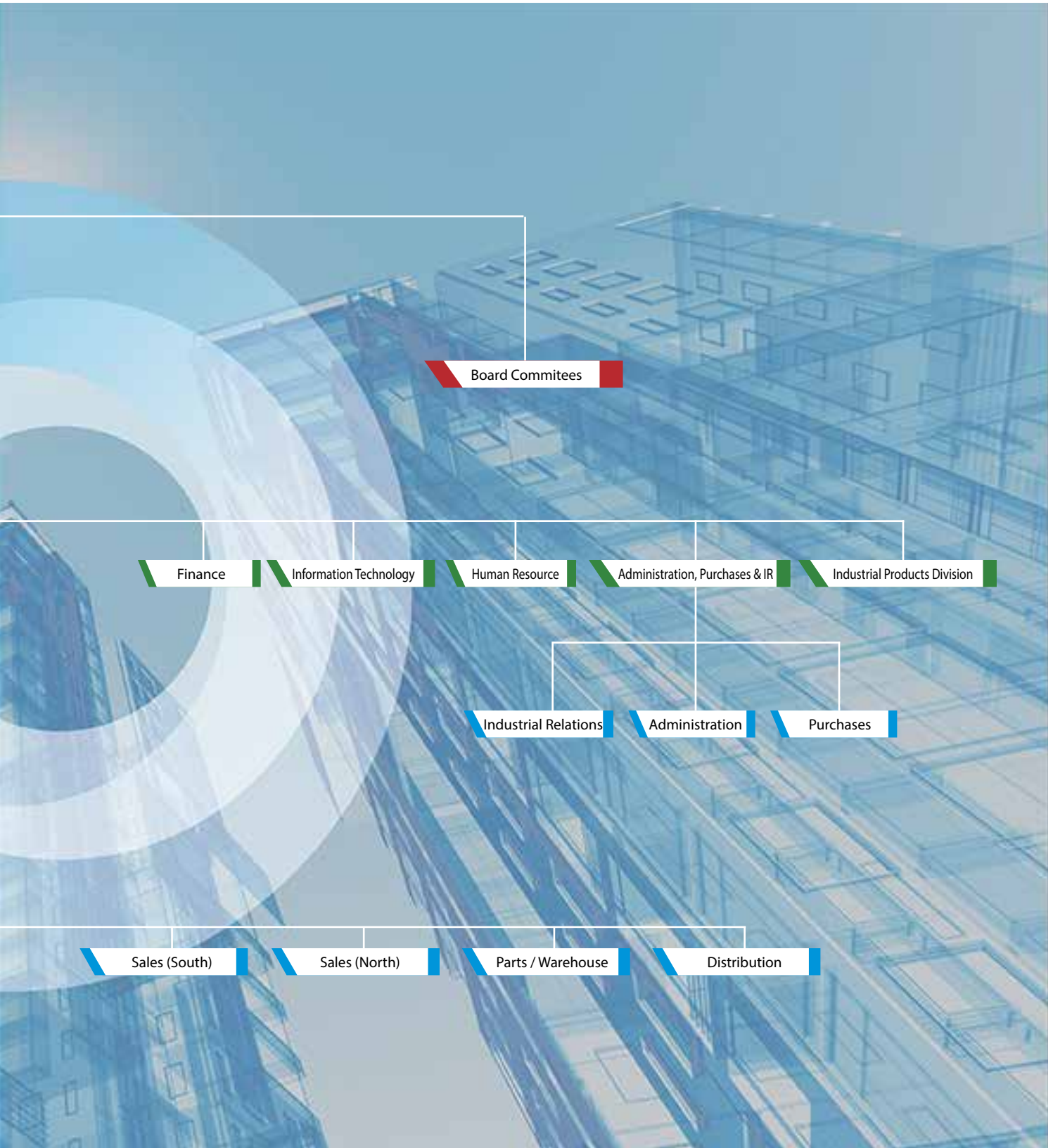
The Environmental Committee is responsible to ensure environment friendly operations, products and services. It establishes objectives & targets for continual improvement in resource conservation by waste control and safe operating practices. It promotes environmental awareness to all employees and community.



# 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 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 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.

## HEALTH POLICY

All the employees are got medically checked periodically through the Company's panel Hospitals to diagnose diseases if any. In case some one is found suffering from some disease, the Company provides him medical treatment at its own expenses or through insurance company.

## 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 53rd Annual General Meeting of Millat Tractors Limited will be held at the Registered Office of the Company at 9 K.M. Sheikhpura Road, Shahdara, Lahore, on Friday October 28, 2016 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 November 26, 2015.
- 2) To receive, consider and adopt the audited accounts of the Company and the Group for the year ended June 30, 2016 together with the Directors' and Auditors' Reports thereon.
- 3) To approve final cash dividend of Rs. 30/- per share i.e., 300% in addition to the interim dividend of Rs. 20.00 per share i.e., 200% already paid making a total cash dividend of Rs. 50/- per share i.e., 500%.
- 4) To appoint auditors and fix their remuneration for the year ending June 30, 2017.

## B. SPECIAL BUSINESS

- 1) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2016.  
"Resolved that the following transactions conducted with Related Parties for the year ended June 30, 2016 be and are hereby ratified, approved and confirmed."

2016 (AMOUNTS IN RUPEES)

NAME(S)	PURCHASES	SALES
MILLAT EQUIPMENT LIMITED	1,903,667,363	3,745,883
BOLAN CASTINGS LIMITED	1,224,524,583	141,615
MILLAT INDUSTRIAL PRODUCTS LIMITED	132,308,305	78,299
TIPEG INTERTRADE DMCC	208,134,235	105,999,562
<b>TOTAL</b>	<b>3,468,634,486</b>	<b>109,965,359</b>

- 2) To authorize Chief Executive of the Company to approve transactions with Related Parties for the year ending June 30, 2017 by passing the following resolution with or without modification.

"Resolved that the Chief Executive of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis during the year ending June 30, 2017.

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

- 3) To consider, adopt with or without modification the following special resolution to substitute Article 64 (1) (c) of the Articles of Association of the Company.

"Resolved that Article 64 (1) (c) of the Articles of Association of the Company be and is hereby substituted to read as under:"

"In case of e-voting a member and a non member can be appointed as proxy."

- 4) To consider, adopt with or without modification the following resolution for approval of circulation of annual audited accounts containing annual balance sheet, profit and loss account, auditors' report and directors' report etc to members of the Company through CD/DVD/USB.



“Resolved that providing of Company’s annual audited accounts containing annual balance sheet, profit and loss account, auditors’ report and directors’ report etc to its members(on demand) through CD/DVD/USB be and is hereby approved.”

### C. ANY OTHER BUSINESS

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

Lahore:  
October 05, 2016

By order of the Board

Mian Muhammad Saleem  
Company Secretary

### NOTES

1. The share transfer books of the Company will remain closed from October 22, 2016 to October 28, 2016 (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 21, 2016 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. Shareholders, 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. 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, 1st 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.
5. As per directive of Securities and Exchange Commission of Pakistan (SECP) contained in SRO No. 831(I) / 2012 dated July 05, 2012 read with SRO No. 19 (I) / 2014 dated January 10, 2014 the dividend warrants should bear the Computerized National Identity Card (CNIC) Numbers of the registered members or the authorized person except in the case of minor(s) and corporate members. CNIC numbers of the members are, therefore, mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld. Therefore, the members who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) to the Shares Registrar.
6. SECP through Circular no. 18 of 2012 dated June 5, 2012 have advised all listed companies to adopt e-dividend mechanism for the benefit of their members. In e-dividend mechanism, shareholders can get amount of the dividend credited into their respective bank accounts electronically. Please note that this e-dividend mandate is optional and not compulsory, in case the shareholders do not wish his/her dividend to be directly credited into bank account, the same shall be paid directly. The shareholders are encouraged to provide dividend mandate in favour of e-dividend by providing Dividend Mandate Form duly filled in and signed.
7. The Government of Pakistan through Finance Act, 2016 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 12.5%
- (b) For non-filers of income tax returns 20.00%

To enable the Company to make tax deduction from cash dividend @12.5% instead of 20.00% all the shareholders 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 12.5%.

For shareholders 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.

Company Name	Folio/CDS Account#	Total Shares	Principal shareholder		Joint shareholder	
			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, 1st Floor, H.M. House, 7-Bank Square, Lahore, Phone: 042-37235081-82, e-mail address shares@hmaconsultants.com Fax: 042-7358817.

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.

8. The financial statements of the Company for the year ended June 30, 2016 along with reports have been placed at the website of the Company [www.millat.com.pk](http://www.millat.com.pk).
9. The Securities and Exchange Commission of Pakistan vide SRO 787(I)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors report and directors report along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility can give their consent on the Standard Request Form attached with this report.

#### STATEMENT U/S 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

##### 1) Related Party Transactions(RPTs)

The Related Party Transactions conducted with subsidiary companies had to be approved by the Board duly recommended by the Audit Committee on quarterly basis pursuant to clause (x) of the Code of Corporate Governance, 2012.

However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the subsidiary companies, the quorum of directors could not be formed for approval of these transactions pursuant to section 216 of the Companies Ordinance, 1984 and therefore, these transactions have to be approved by the shareholders in the General Meeting.

It may be noted that 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:

- 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 transactions with all related parties are entered into on arm's length basis as per policy approved by the Board.

The Company has the following equity in the associated 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	332,270	1,625,001	362,500	100
3	Mr. Sohail Bashir Rana	144,359	1,708,951	362,500	100
4	Mr. Laeeq Uddin Ansari	733,120	1,904,001	362,500	100
5	Mian Muhammad Saleem	2,993	600,001	200,000	100
6	Syed Muhammad Irfan Aqueel	-	100,000	-	-
	<b>TOTAL</b>	1,079,111	7,562,955	1,831,250	500
	<b>PERCENTAGE OF SHAREHOLDING</b>	9.40 %	29.088 %	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 subsidiary companies.

## 2) 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, 2017 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 year ending June 30, 2017. The summary of commercial reasons, nature and scope of RPTs is explained under no. 1 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.



### 3) Amendment in Articles of Association

Securities and Exchange Commission of Pakistan (Commission) through SRO 43(I)/2016 dated 22-01-2016 has issued (E-Voting) Regulations, 2016 for voting through electronic means. These Regulations are applicable to general meetings of listed companies for providing voting right to members through electronic means managed by authorized intermediaries. Electronic voting (e-voting) is a term which is used for both electronic means of casting a vote and electronic means of counting votes.

The company is required to make necessary changes in the Articles of the Association of the Company in order to cover e voting mechanism and related matters such as members and non-members can also be appointed as proxy.

In view of the above the substitution of Article 64 (1) (c) of the Articles of Association of the Company is placed before the members of the Company for their approval. A copy of the amended Articles of Association of the Company is available with the Company Secretary for inspection of the members.

### 4) Circulation of Annual Audited Accounts of the Company to the Shareholders through CD/DVD/USB

Securities & Exchange Commission of Pakistan (SECP) through its SRO 787(I)/2014 dated September 08, 2014 had allowed the companies to circulate annual balance sheet, profit and loss account, auditors' report and directors' report along with notice of annual general meeting to its members through email who opt for the same.

Now in continuation of the above, 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 (effective from the financial years ending after June 30, 2016) to its members through CD/DVD/USB at their registered addresses as per aforesaid provision, subject to compliance with the following conditions:

1. Consent of shareholders has to be obtained in general meeting for transmission of the annual audited accounts through CD/DVD/USB instead of transmitting the said accounts in hard copies;
2. The company shall supply hard copies of the annual audited accounts to such shareholders, on demand, at their registered address, free of cost, within one week of such demand;
3. The Company shall place on its website a standard request form for the members, to communicate their need of hard copies of annual audited accounts instead of sending the same through CD/DVD/USB

In view of the above the resolution is being placed before the members of the Company for their approval.

# CHAIRMAN'S REVIEW



Sikandar Mustafa Khan  
Chairman



It is a source of great pleasure to present the annual report and performance review of Millat Tractors Limited for the year ended June 30, 2016 to all our stakeholders.

During the current fiscal year, the Company has managed to maintain its market share as Pakistan's largest tractor manufacturer while spreading its wings in international markets. Customer satisfaction is a core principle of our operations and every person, ranging from the operational to the strategic level, strives to achieve these high goals of satisfaction.

## ECONOMIC OVERVIEW

### 2015-16

Global growth remained modest and is expected to improve gradually.

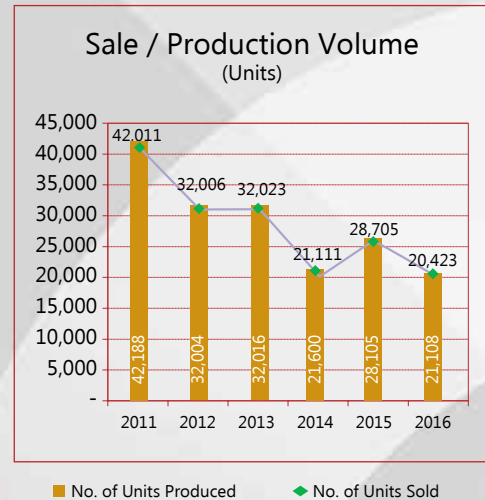
**Pakistan's Economy**, on the other hand, has maintained its growth gradient and achieved its highest GDP growth at 4.71% since 2008-09. Despite a major setback in the agricultural sector, the economy was still able to stabilize itself. The construction industry is gaining further momentum due to increased public-sector development spending coupled with infrastructure and power sector development programs. Other indicators like inflation, fiscal and current account balance also recorded improvement.

Foreign currency reserves were recorded all-time high, principally due to the decline in oil prices, growth in remittances and receipts from IFIs on account of multilateral sources. Therefore, Pak Rupee remained stable against the US Dollar during the period.

Furthermore, peace and stability maintained through successful security operations as part of the war on terror effort, has helped increase Pakistan's credit rating by international credit rating agencies thus enabling supportive environment for prospective investors

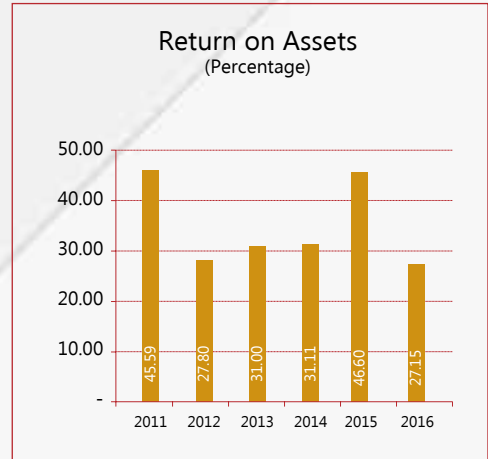
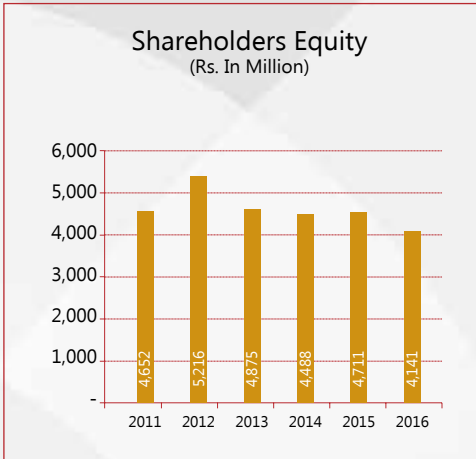
## AGRICULTURE SECTOR

The agriculture sector accounted for 19.8% of the GDP and remains the largest employer, employing 42.3% of the total labor force. The emerging challenges of national food security and climatic changes have shifted policy focus globally towards the development of agriculture sector. The agriculture sector growth recorded a negative growth of 0.19%, compared to last year's positive 2.53%, primarily due to reduced production of cotton, rice and maize. World cotton production has declined by 15% as all major areas faced production declines due to decline in cotton prices compared to its input costs.



The government has announced a relief package by the name of Kissan Package valuing approx. Rs. 341 billion for farmers with direct cash assistance to rice and cotton growers, as well as subsidies on fertilizers and electricity tariffs.

Credit guarantee schemes and crop insurance schemes have been extended to provide financing and protect farmers from natural calamities.



## TRACTOR INDUSTRY

Overall, the tractor industry has experienced a decline in FY-2016 compared to the corresponding period. According to recorded statistics, MTL achieved 61% market share, producing 21,108 of the 34,618 total units produced by the industry. In spite of improved market share the Company sales declined by 26% against the corresponding period. Various factors have contributed to this decline including

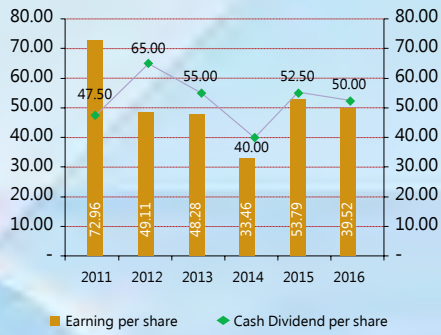
un-announced shelving of subsidy schemes, reduction in loans by banks and an overall decline in agricultural sector. This decline in the agricultural sector was fueled by the deterioration in crop production and an over-all drop in agricultural commodity prices coupled with high cost of inputs.



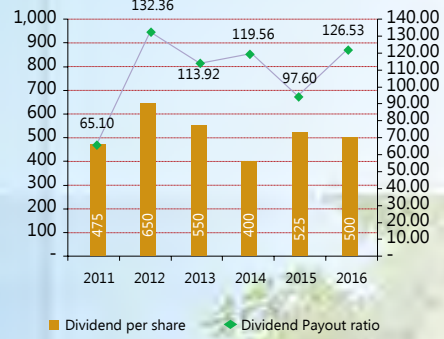




Earning / Dividend Per Share  
(Rupees)



Dividend Payout Ratio  
(Percentage)



## QUALITY MANAGEMENT

Quality management ensures the consistency of production. It is focused not only on the quality of the product but also on the means of achieving it. Your Company has established benchmark standards with the cooperation of our principals (AGCO) and has employed quality assurance and necessary control procedures to ensure customer satisfaction by providing required direction and engagement of capable people and extensive cohesion in all functions of the organization. Our quality assurance department is specifically dedicated to ensure that products delivered to customers are of premium quality and meets the global quality standards.

This is achieved through extensive quality monitoring of component vending associates, as well as the implementation of quality assurance techniques at pre and post-production levels.

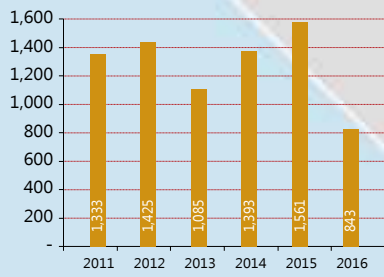
## INFORMATION TECHNOLOGY

Information technology is the backbone of an organization as it facilitates integration, connecting all the departments and ensures efficient and timely reporting. To achieve these purposes the I.T. team has invested significantly in information security, human capital and the improvement of existing technology. Lot more needs to be done.

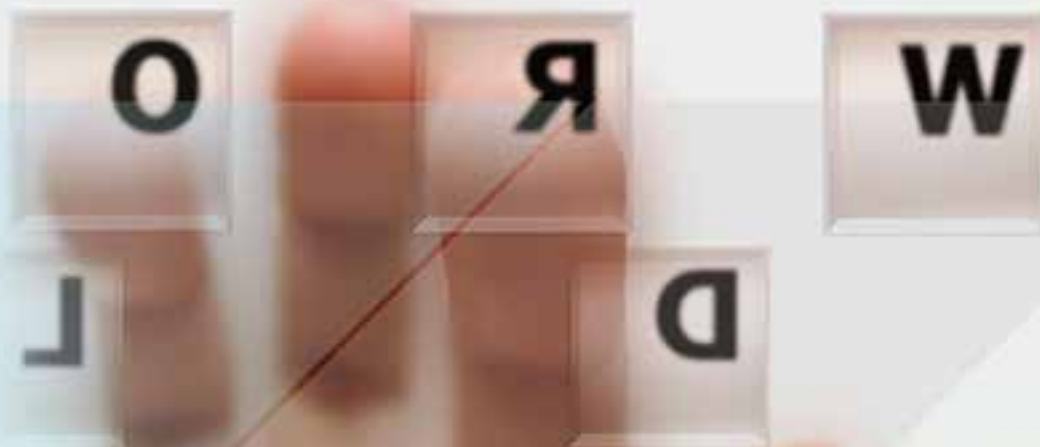
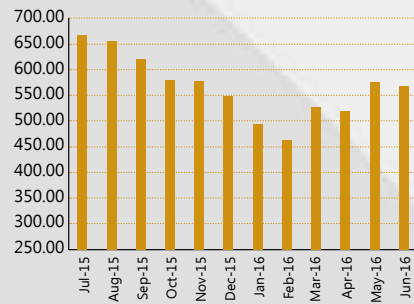




**Taxes Paid to National Exchequer**  
(Rs. In Million)



**Market Value of MTL Share**  
(Rupees)



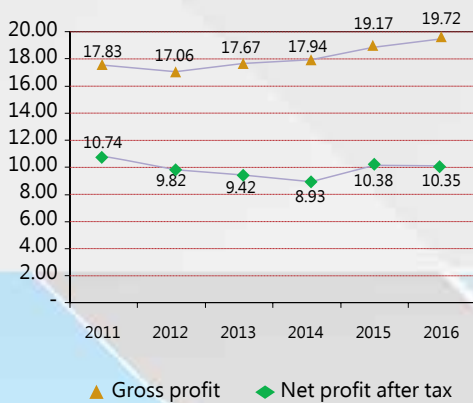
## COMPANY PERFORMANCE

Your Company managed to achieve a sales volume of 20,423 units compared to last year's 28,705 tractors translating into revenue of Rs. 16.9 billion against Rs. 22.9 billion in the corresponding period.

The gross profit ratio however, improved from 19.17% to 19.72 on account of efficient management of resources and cost reduction measures like, double to single shift production, reduction of inventory, controls on utilities etc. The net profit for the year was Rs. 1.7 billion compared to Rs. 2.4 billion in 2014-15.

In view of increased construction activity due to projects under China Pakistan Economic Corridor, the Company is focusing on increased sales to institutional customers for larger orders and diversification of tractor applications, by introducing new attachments and implements. Revenue from sale of spare parts, agricultural implements and multi-application products declined by 3.9% from Rs. 788 million to Rs. 757 million during the year.

Gross Profit / Net Profit After Tax  
(Percentage)



It is a source of comfort that the Company received an achievement award for "Tractor & Agriculture Implements" sector, conferred by the Honorable President of Pakistan, on behalf of The Federation of Pakistan Chambers of Commerce & Industry (FPCCI) to acknowledge the

contribution of MTL towards farm mechanization in the country.

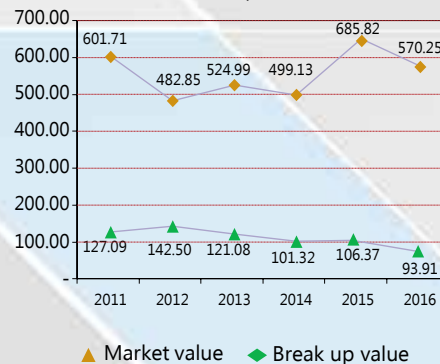
The Company has also received "Certificate of Excellence" by Management Association of Pakistan. In addition to this, MTL has also been listed among the Top 25 KSE companies for the year 2014-15. These accolades demonstrate the values of the company and its public image.

## FUTURE PROSPECTS LOCAL MARKET

The government has announced various measures in the Finance Budget 2016-17 to enhance the performance of the agricultural sector. The major steps towards this direction include the farmer relief package and decrease of sales tax on tractors from 10% to 5%.



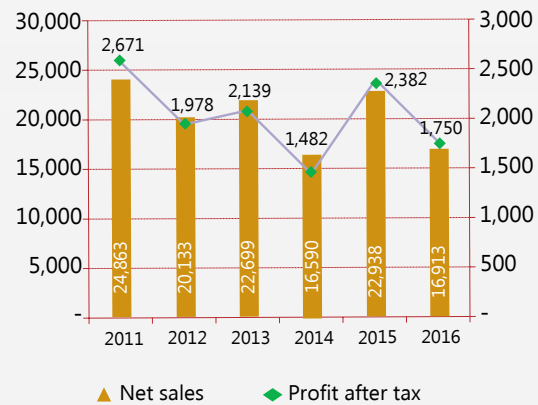
Break up / Market Value Per Share  
(Rupees)



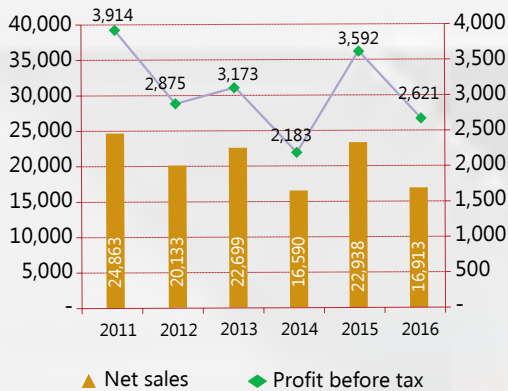


Commercial lending from banks is expected to improve, but it is primarily dependent upon the recovery rate by the banks. The Government through SBP has developed a framework to reduce mark-up rates of ZTBL, NBP, Bank of Punjab and Punjab Co-operative Bank by 2% in FY-2017. Under the Credit Guarantee Scheme, the Federal Government is sharing risk of non-payment of credit by small farmers by guaranteeing up to 50% of the financing by participating financial institutions. The small farmers have shown overwhelming interest in this scheme. Accordingly, the Government has allocated Rs.1 billion in 2016-17. In the federal budget the volume of agriculture credit target has been increased from Rs. 600 to Rs.700 billion. It is expected it will provide necessary liquidity to farming community and reduced prices of urea under Kissan package will further ease out the common farmer.

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



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



# EXPORT MARKET

**MILLAT TRACTORS LIMITED GOES GLOBAL WITH THE HISTORIC SIGNING OF EXPORT AGREEMENT WITH AGCO DEAL EXECUTED ON NOV 2015 AT AGRITECHNICA, HANOVER, GERMANY.**



During the year MTL signed fresh agreements with AGCO Corporation in respect of trademark licensing and exports of whole goods and parts. Moreover, the appointment of Millat Tractors Limited as distributor in Afghanistan has also been finalized. We now hope to extend our reach to international markets from the platform of AGCO Corporation which was our long time desire.

I am very optimistic that the demand for tractors in local market is expected to increase owing to the improvements in communication network, CPEC related activities and farmer relief package. The declining market is expected to improve to a higher volume next year.



I would like to acknowledge the ongoing support of our business partners principally AGCO. I would also like to express my gratitude for the leadership and support provided by my fellow board members for

making MTL a success. It is due to the strenuous efforts of MTL management, its staff team and workers who have enabled MTL to rise to the expectations of its shareholders and all stakeholders.

A handwritten signature in black ink, appearing to read 'Sikandar Mustafa Khan'.

Sikandar Mustafa Khan  
Chairman

09 September 2016



# SERVING AFRICA & MIDDLE EAST



Africa is in dire need of infrastructural improvements to the way it yields its agricultural output. Hence, Millat provides a great opportunity for the local farmer to utilize its highly efficient tried and tested MF300 Series tractors to enhance the crop output.





Millat believes that macro economic events necessary to trigger growth in **Africa & M.E.** can only be possible if it utilizes the experience and market outreach of a globally reputed player in such regions.

Thus, teaming up with **AGCO**, one of the world's largest agricultural equipment manufacturers, was a natural choice. That is why the AGCO agreement reflects a new era of **Millat** in Africa.



# DIRECTORS' REPORT TO THE SHAREHOLDERS

year ended June 30, 2016



S M Irfan Aqueel  
Chief Executive Officer



The Directors feel pleasure in presenting their 53rd annual report together with audited accounts of the Company for the year ended June 30, 2016.

## APPROPRIATIONS

Your Directors recommended a payment of final cash dividend @ Rs. 30.00 per share (300%).

The aforesaid payout shall be in addition to the interim cash dividend of Rs. 20.00 per share (200%) making a total of Rs. 50.00 per share (500%) as cash dividend.

The following appropriations were made during the year:

	(Rupees in thousand)	
	General reserve	Un-appropriated profit
Opening balance	3,116,706	1,086,858
Less: Final dividend @ 275%	(131,187)	(1,086,858)
Transfer to general reserve	-	-
Profit for the year ended June 30, 2016	-	1,508,043
Less: Interim dividend @ 200%	-	(885,851)
Un-appropriated profit carried forward	2,985,519	622,192



## EARNINGS PER SHARE

Earning per share for the year ended June 30, 2016 was Rs. 39.52 as against Rs. 53.79 of the preceding year.

## BOARD OF DIRECTORS

The Board comprises of eight directors of which seven were elected in the Annual General Meeting held on October 30, 2015. During the year there has been no change in the composition of the Board.

During the year, six Board meetings were held. The number of meetings attended by each Director is given hereunder :

Name of Director	Meetings attended
Mr. Sikandar M. Khan - Chairman	5
S M Irfan Aqueel - CEO	5
Mr. Latif Khalid Hashmi	6
Mr. Sohail Bashir Rana	6
Mr. Laeeq Uddin Ansari	5
Mian Muhammad Saleem	6
Syed Zubair Ahmed Shah	4
Mr. Saad Iqbal	6

## BOARD COMMITTEE'S AUDIT COMMITTEE

The Board has formed an Audit Committee. During the year four meetings of the Audit Committee were held including the meetings before and after finalization of external audit. The number of meetings attended by each member is given hereunder:

Name of Member(s)	Meetings attended
Syed Zubair Ahmed Shah Chairman	2
Mr. Latif Khalid Hashmi Member	4
Mr. Sohail Bashir Rana Member	4
Mr. Saad Iqbal Member	4

The Committee comprises four members, of whom three are non-executive and one independent director. The

chairman of the committee is a non-executive director. The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. CFO, Head of Internal Audit and a representative of external auditors attended the meetings where issues relating to accounts and audit were discussed. The Audit Committee also reviewed internal audit findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance. Related Party Transactions other than those conducted with subsidiary companies were also placed before the Audit Committee.

## FINANCE COMMITTEE

The Finance Committee was reconstituted by the Board in its 155th meeting held on November 02, 2015 comprising the following members. During the year twenty nine meetings of the Committee were held. The number of meetings attended by each member is given hereunder:

Name of Member(s)	Meetings attended
Mr. Latif Khalid Hashmi Chairman	29
Mr. Laeeq Uddin Ansari Member	29
Mian Muhammad Saleem Member	29
S M Irfan Aqueel Member	29

## MARKETING COMMITTEE

The Marketing Committee was reconstituted by the Board in its 155th meeting held on November 02, 2015 comprising the following members. During the year ten meetings of the Committee were held. The number of meetings attended by each member is given hereunder:

Name of Member(s)	Meetings attended
Mr. Sohail Bashir Rana Chairman	10
Mian Muhammad Saleem Member	10
S M Irfan Aqueel Member	10



## DIRECTORS' REMUNERATION COMMITTEE

The Directors' Remuneration Committee was reconstituted by the Board in its 155th meeting held on November 02, 2015. During the period one meeting of the Committee was held which was attended by all the members.

Name of Member(s)	
Mr. Sikandar Mustafa Khan	Chairman
Mr. Latif Khalid Hashmi	Member
Mr. Sohail Bashir Rana	Member
Syed Zubair Ahmed Shah	Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

The Human Resource & Remuneration Committee was reconstituted by the Board in its 155th meeting held on November 02, 2015 comprising the following members. During the period two meetings of the Committee was held.

Name of Member(s)		Meetings attended
Mr. Sikandar Mustafa Khan	Chairman	2
Mr. Sohail Bashir Rana	Member	2
Mr. Laeeq Uddin Ansari	Member	2
S M Irfan Aqueel	Member	1

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

The BCGS was reconstituted by the Board in its 155th meeting held on November 02, 2015 comprising the following members. During the period four meetings of the Committee was held.

Name of Member(s)		Meetings attended
Mr. Sikandar Mustafa Khan	Chairman	4
Mr. Latif Khalid Hashmi	Member	4
Mr. Sohail Bashir Rana	Member	4
Mr. Laeeq Uddin Ansari	Member	4
Mian Muhammad Saleem	Member	4

## DUTY & TAXES

Information about taxes and levies is given in the respective notes to the accounts.

## AUDITORS

The present auditors M/s. E Y Ford Rhodes 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 been given satisfactory rating under the Quality Control Review of the Institute of Chartered Accountants of Pakistan and being eligible offer themselves for re-appointment.

## DIRECTORS' TRAINING 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.

## STATEMENT ON CORPORATE FINANCIAL REPORTING FRAME WORK

The Company has complied with all the requirements of the Code of Corporate Governance as required by the listing regulations.

Accordingly, the Directors are pleased to confirm the following:

- The financial statements together with the notes thereon have been drawn up in conformity with

the Companies Ordinance, 1984. 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 which conform to the International Accounting Standards as applicable in Pakistan except that the Company has adopted International Financial Reporting Standard (IFRS)-10, "Consolidated Financial Statements". The (IFRS)-10 requires that where control can be exercised over investee company(ies) as per "Control" criteria specified in (IFRS), the investor shall consolidate the financial statements of the investee company. Keeping in view the said guidelines, the company reassessed its control capability and concluded that Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL) previously classified as associated entities be deemed as subsidiary companies and were accordingly consolidated in the financial statements of the Company as subsidiaries. Therefore the Company has changed its accounting policy with respect to the recognition and measurement of investment in associates which meets the criteria of "Control" as stated in International Financial Reporting Standard. This change in accounting policy has no effect on the financial statements of the Company.

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, as required by the listing regulations.

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, 2016 were the following:

- Provident Fund	Rs. 625,671,611
- Gratuity Fund	Rs. 476,125,133
- Pension Fund	Rs. 1,047,799,042

The value of investment includes accrued interest.

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

## PURCHASE / SALES OF SHARES

PURCHASE OF SHARES	No. of shares purchased
Mr. Sohail Bashir Rana	14,500
Mrs. Ayesha Sohail (Spouse of Mr. Sohail)	24,949
Mr. Laeeq Uddin Ansari	98,600

SALE OF SHARES	No. of shares sold
Mr. Latif Khalid Hashmi	183,700

## 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 behaviours. 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 set out by the Stock Exchange in its Listing Regulations, relevant for the year ended June 30, 2016 have been duly complied with. A statement to this effect is annexed 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.

### **PATTERN OF SHAREHOLDING**

The pattern of shareholding is annexed.

### **NUMBER OF EMPLOYEES**

The number of permanent employees as on June 30, 2016 was 414 compared to 428 of last year.

### **CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated financial statements of the Company as on June 30, 2016 are annexed.

### **CORPORATE SOCIAL RESPONSIBILITY**

Disclosure as required by the Corporate Social Responsibility General Order, 2009 is annexed and forms part of this report.

### **ABSTRACT(S) UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984**

The abstract(s) under section 218 (1) of the Companies Ordinance, 1984 is annexed, the same has previously been circulated to the shareholders.

### **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

Lahore:

S M IRFAN AQUEEL

September 09, 2016

Chief Executive Officer

# ABSTRACT UNDER SECTION 218 (1) OF THE COMPANIES ORDINANCE, 1984

The Board of Directors passed the following resolutions in its 155th meeting held on November 02, 2016 for appointment of Mian Muhammad Saleem as Company Secretary of the Company with effect from January 01, 2016. The resolutions have already been circulated to shareholders u/s 218(3) of the Companies Ordinance, 1984.

## 1. Appointment of Company Secretary

“Resolved that Director Mian Muhammad Saleem be and is hereby appointed as whole time Secretary of the Company w.e.f January 01, 2016 for a period of three years.

Being interested Mian Muhammad Saleem did not participate in the resolution.

## 2. Fixation of Remuneration of Mian Muhammad Saleem

“Resolved that the Board hereby approves and authorizes the payment of remuneration to Director/Company Secretary, Mian Muhammad Saleem not exceeding Rs. 14.00 million per annum, inclusive of perquisites and benefits but exclusive of terminal benefits and medical expenses for self and dependants. The above remuneration shall be subject to such increases, adjustments and restructuring within approved limit as approved by the Chairman. The above remuneration shall be inclusive of bonus/profit share as may be granted at any time and from time to time by the Company in accordance with the Company’s policy and terms of his appointment.

Further resolved that Mian Muhammad Saleem be and is hereby authorized for free use of Company maintained transport for official and private purposes and the Chairman be and is hereby authorized to determine his entitlement in this regard per Company’s policy.

Being interested Mian Muhammad Saleem did not participate in the resolution.





# GO GREEN

THE GO GREEN INITIATIVE IS A LANDMARK EPITOME OF THE COMPANY'S CONTINUED COMMITMENT TO THE WELFARE OF THE ENVIRONMENT.



Millat believes that clean breathing air is the right of every individual and striving to ensure that it is passed on to our future generations is reflective of how serious the company takes its responsibility towards the society.

As part of Millat's CSR (Corporate Social Responsibility), the GO Green Initiative is a landmark epitome of the company's continued commitment to the welfare of the environment.



FIRST TIME IN PAKISTAN ONE OF ITS KIND  
**ENGINE TEST LAB**

The Green Engine technology initiative has been introduced to ensure environment friendly engines with low emissions.

The company has introduced several controls in its state of the art testing facilities, which cover areas ranging from power & mechanical efficiency, fuel air ratio, exhaust gas analyzer to monitor emissions.

# MILLAT TRACTORS LIMITED (MTL) COMMITMENT TOWARDS CSR

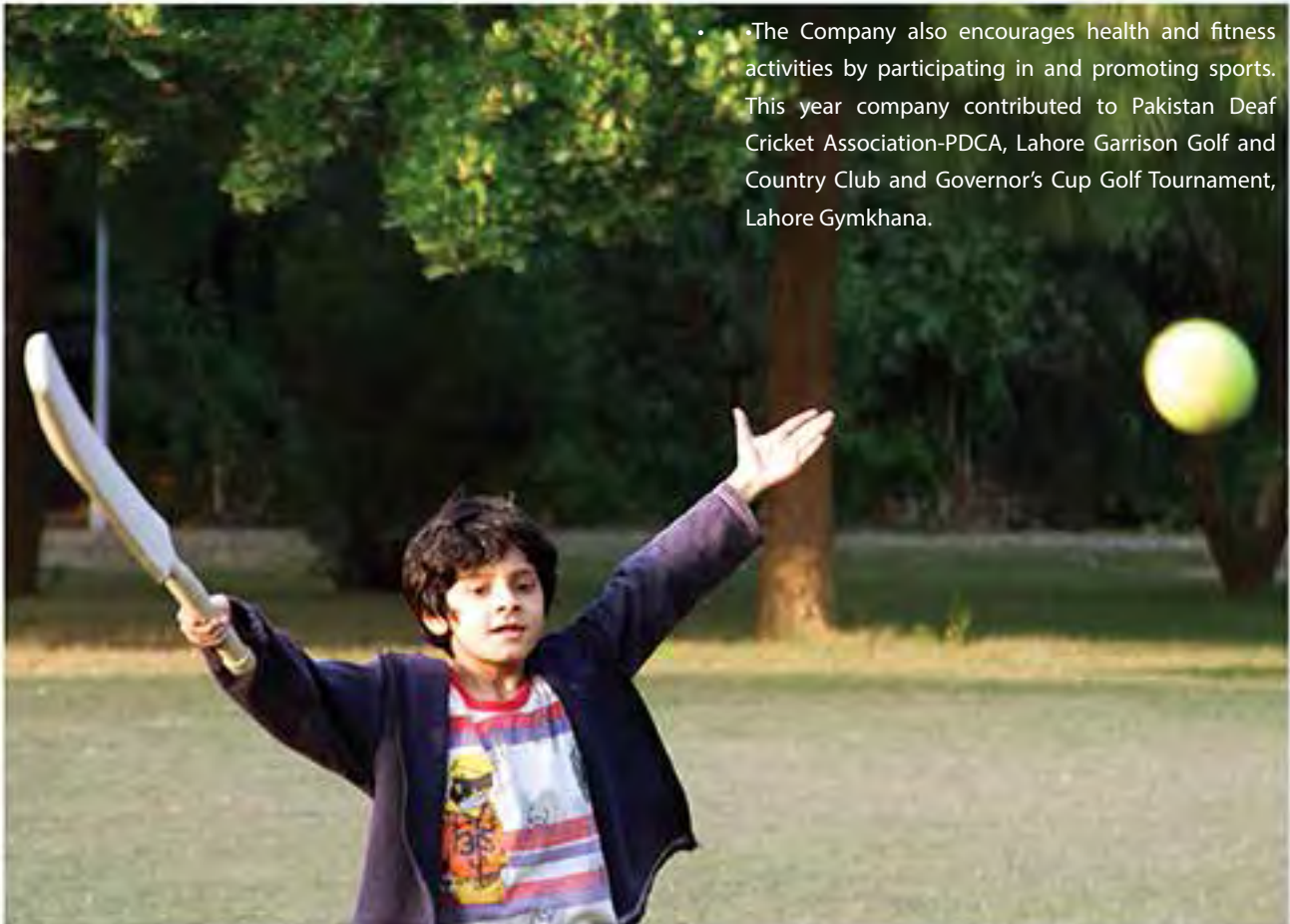
The Company practices active corporate citizenship through corporate philanthropy, energy conservation, environmental protection measures, community investments and welfare schemes, consumer protection measures, welfare spending for under privileged classes, industrial relations, encouragement for employment of special persons, occupational safety & health, business ethics and anticorruption measures, national cause donations, contributing to national exchequer and rural development programs.

MTL discharges the Corporate Social Responsibilities (CSR) that would positively impact its customers, employees, shareholders, communities, and the environment in various aspects of its operations.

## 1. Corporate Philanthropy

MTL has always been generous, contributing towards the betterment of society through investment in academia.

- During the year the Company has donated Rs. 725,450/- to Punjab Daanish Schools and Centers of Excellence Authority, Govt. Of Punjab and Rs. 300,000/- to NUST.
- Over the year, the Company has also taken initiatives by Sponsoring events in various organizations like Institute of Road Safety Traffic Environment Pakistan, Old Ravians Association Lahore, Music Meet, Old Ravians Union, Khayaal Creative Network & All Pakistan Music Conference.



- The Company also encourages health and fitness activities by participating in and promoting sports. This year company contributed to Pakistan Deaf Cricket Association-PDCA, Lahore Garrison Golf and Country Club and Governor's Cup Golf Tournament, Lahore Gymkhana.



## 2. Energy Conservation

The Company has implemented several measures for energy conservation / process improvement in order to protect environment and to improve the working condition at work places. Some of the steps taken by the Company are as follows:

- Out-lived Compressed Air lines and Gas pipelines are replaced to save energy and protect environment.
- Installation of Energy Efficient equipment and ancillaries.
- Electric bulbs and tubes were replaced with energy savers and LEDs.
- Energy efficient and latest electrical appliances are being installed.



## LAHORE GYMKHANA GOLF CLUB



To overcome the prevailing energy crisis the Company has installed stand by generators to have uninterrupted power supply.

## 3. Environmental Protection Measures

Our horticulture division plays a key role in providing a healthy and pollution-free environment by providing seasonal flowers and indoor plants for display at offices and various exhibitions. MTL actively participates in annual chrysanthemum show and various tree plantation campaigns for cleaner environment and reduction of pollution and to contribute towards a greener Pakistan.

Due to higher environmental pollution concerns, the Green Engine Technology has become the need of the hour. Green Engine is a terminology used for environment friendly engines with low emissions of exhaust gases. MTL, while maintaining its reputation for pioneering, is once again a step ahead to adapt this technology in Pakistan and has established an indigenous test laboratory. The Company is utilizing this facility to develop emission compliant engines

#### 4. Community Investment and Welfare Schemes

During the year the Company donated Rs.100,000 to LABARD, Rs. 1,099,450 to Cancer Care Hospital and Research Centre and Rs.1,000,000 to The Lahore Hospital Welfare Society. Rs. 500,000/- to Citizen Foundation and Rs. 500,000/- to Development in Literacy (DIL).

#### 5. Consumer Protection Measures

MTL actively contributes and plays a vital role in consumer protection measures. Field product training and free service programmers, rural exhibitions and customers' bulletins are the on-going activities arranged by the company.

During the year, in the area of After Sale Services the Company Conducted Free Service Program at 58 dealership areas. The Company also promotes a consumer awareness program, and makes various arrangements to get the feedback from customer regarding product performance enhancement and upgradation. Various other activities have been held to make customers aware of efficient usage of its agricultural machinery. The use of mobile and information technology has further facilitated better customer contact. By availing this technology, the Company confirms the customers' order bookings and delivery intimation through mobile message services. The Dealers also keep the customers up to date about the Company products and services. Moreover, for customers' protection, guidelines are displayed at Dealerships so that in case of any in-convenience they may contact the Company immediately.

#### 6. Welfare spending for under-privileged classes

During the year no significant contribution was made on this account.

#### 7. Industrial relations

MTL considers mutual trust and respect between labor and management as a key fundamental principle and enjoys a good relationship between its management and employees.

- Children Education Awards Scheme is also one of the CSR Activities where the Company helps in facilitating and recognizing Employees' Children Education by providing them with scholarship awards as well as

encouraging a sense of achievement amongst the younger generation. During the year 23 awards were given amounting to a total of Rs. 90,000/-

- MTL assists employees in fulfilling their religious practices by supporting them financially in performing pilgrimage (Hajj) under Company's Hajj Scheme. The Company sends 12 of its employees every year for performing Hajj at the Company's expense. So far 182 employees have performed Hajj under this scheme.

#### 8. Employment of Special persons

Striving to be an Equal Opportunity Employer, the Company ensures that its recruitment and selection process remains impartial to physical disabilities subject to provisions of Job Description.

Reflecting the same values, at present the Company has 4 (self identified) individuals with disabilities employed in different departments.

#### 9. Occupational Safety and Health

MTL encourages its employees to take reasonable care to ensure the health and safety of themselves and of others. As a part of CSR activities all employees are expected to adhere to applicable health and safety instructions and procedures.

During the year, all workers were duly scanned / tested for identification of any disease. The Company also has an in-house first aid facility for providing emergency treatment in addition to vehicular services for transporting employees to nearby hospitals.

This year the Company spent an amount of Rs. 8.12 million in the area of occupational safety and health.

#### 10. Business ethics and anti-corruption measures

MTL conducts all of its business according to the principles of business ethics. We are committed to conducting our business activities with honesty, and in full compliance with the laws and regulations of the state. We also believe in treating our employees with the same principles. The Company recognizes the importance of the work environment, and actively promotes best practices enshrined in its Code of Conduct (COC). The COC enunciates standards of



behavior and expected conduct from employees in their dealings with customers, suppliers, clients, co-workers, management and the general public. The Company expects all employees to observe the standards set out in its COC.

#### **11. National-Cause Donations**

During the year no significant contribution was made on this account.

and the Company never defaulted in payment of Government dues.

During the Year Company paid Rs. 843 million as Income Tax and other levies.

#### **13. Rural Development Programs**

No significant work was done during the year under rural development program.



#### **12. Contribution to National exchequer**

MTL is one of the leading contributors to the National Exchequer in terms of Corporate Income Tax and other levies. All government Taxes are paid in time

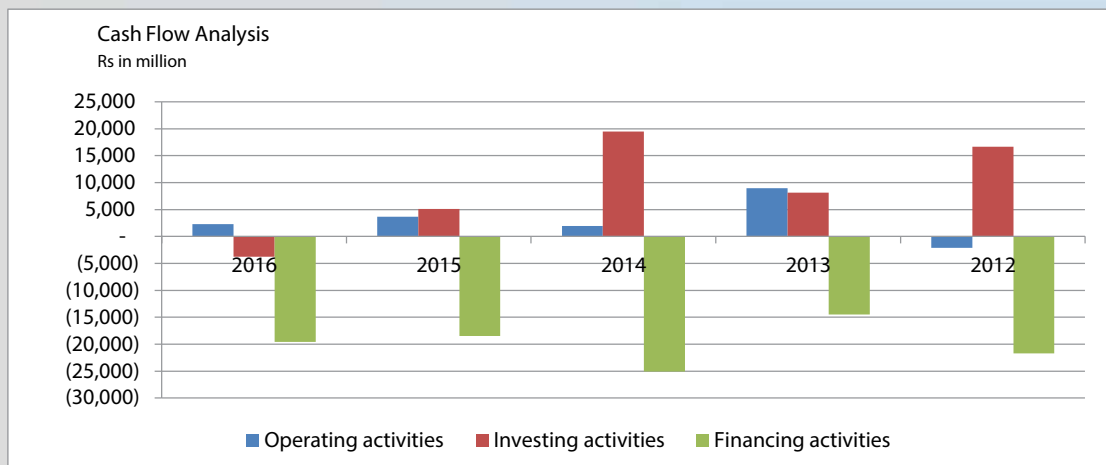






# SUMMARY OF CASH FLOW

	2016	2015	2014	2013	2012	2011
..... (Rupees in thousand) .....						
Net Cash from / (Used in)						
Operating activities	3,505,150	2,294,250	365,624	1,990,541	896,969	(212,753)
Investing activities	42,456	(371,970)	512,669	1,951,648	813,277	1,669,972
Financing activities	(2,067,524)	(1,958,284)	(1,847,699)	(2,509,415)	(1,448,942)	(2,172,772)
Net increase / (decrease) in cash and cash equivalent	1,480,082	(36,004)	(969,406)	1,432,774	261,304	(715,553)
Cash and cash equivalent at the beginning of the year	1,082,170	1,118,174	2,087,580	654,806	393,502	1,109,055
Cash and cash equivalent at the end of the year	2,562,252	1,082,170	1,118,174	2,087,580	654,806	393,502



# SIX YEARS AT A GLANCE

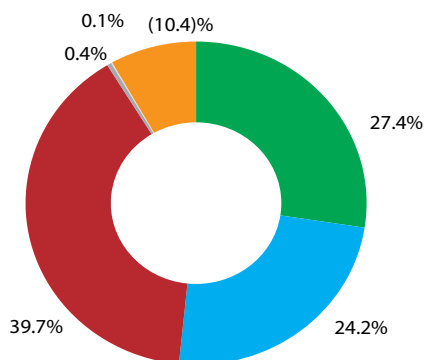
		2016	2015	2014	2013	2012	2011
<b>Profit &amp; Loss Summary</b>							
Net sales	Rs. thousand	16,913,832	22,937,917	16,589,996	22,698,651	20,133,130	24,863,264
Gross profit	Rs. thousand	3,335,860	4,396,469	2,976,691	4,010,267	3,433,817	4,431,963
Operating profit	Rs. thousand	2,636,106	3,462,142	2,123,208	3,175,819	2,639,248	3,584,625
Profit before tax	Rs. thousand	2,620,806	3,592,389	2,183,480	3,172,972	2,875,345	3,914,284
Profit after tax	Rs. thousand	1,750,298	2,382,421	1,481,864	2,138,646	1,977,618	2,670,736
Earning before interest, tax, depreciation & amortization (EBITDA)	Rs. thousand	3,333,269	3,673,462	2,322,428	3,296,625	2,945,723	3,990,563
<b>Balance Sheet Summary</b>							
Share capital	Rs. thousand	442,926	442,926	442,926	402,660	366,055	366,055
General reserves	Rs. thousand	2,895,519	3,116,706	3,263,551	3,306,590	3,368,710	2,766,678
Property, plant & equipment	Rs. thousand	448,130	485,721	481,293	448,375	415,926	435,516
Non current assets	Rs. thousand	882,548	984,201	1,115,518	1,056,250	889,203	723,226
Current assets	Rs. thousand	8,320,644	6,239,303	5,421,289	8,732,156	9,038,370	7,426,242
Current liabilities	Rs. thousand	5,407,391	2,976,973	2,500,805	5,331,414	5,098,772	3,896,657
Net working capital	Rs. thousand	2,913,253	3,262,330	2,920,484	3,400,742	3,939,598	3,529,585
Long term / deferred liabilities	Rs. thousand	102,171	20,809	29,437	30,148	28,530	36,091
<b>Profitability Ratios</b>							
Gross profit	%	19.72	19.17	17.94	17.67	17.06	17.83
Operating profit	%	15.59	15.09	12.80	13.99	13.11	14.42
Profit before tax	%	15.50	15.66	13.16	13.98	14.28	15.74
Net profit after tax	%	10.35	10.39	8.93	9.42	9.82	10.74
EBITDA margin	%	19.71	16.01	14.00	14.52	14.63	16.05
Operating leverage	%	1.03	1.55	1.12	0.96	1.40	1.44
Return on equity	%	42.26	50.57	33.02	43.87	37.91	57.41
Return on capital employed	%	43.21	51.27	33.33	44.33	38.10	57.76
Return on assets	%	27.15	46.60	31.11	31.00	27.80	45.59
<b>Liquidity Ratios</b>							
Current	Times	1.54:1	2.1:1	2.17 : 1	1.64 : 1	1.77 : 1	1.88 : 1
Quick / Acid test	Times	1.05:1	1.24:1	1.15 : 1	1.12 : 1	1.17 : 1	1.19 : 1
Cash to current liabilities	Times	0.47:1	0.36:1	0.45 : 1	0.39 : 1	0.13 : 1	0.10 : 1
Cash flow from operations to sales	Times	0.29:1	0.18:1	0.02 : 1	0.09 : 1	0.04 : 1	-0.01 : 1
<b>Activity / Turnover Ratios</b>							
Inventory turnover ratio	Times	5.23	7.28	5.15	6.46	5.79	7.71
No. of Days in Inventory	Days	70	50	71	57	63	47
Debtor turnover ratio	Times	71.00	149.87	30.28	32.77	68.51	78.82
No. of Days in Receivables	Days	5	2	12	11	5	5
Creditor turnover ratio	Times	13.79	19.99	7.51	7.94	9.76	15.60
No. of Days in Creditors	Days	26	18	49	46	37	23
Total assets turnover ratio	Times	1.75	2.98	2.36	2.22	1.95	2.90
Fixed assets turnover ratio	Times	25.12	32.99	23.91	34.79	34.46	42.09
Operating cycle	Days	48	34	34	22	31	29
<b>Investment / Market Ratios</b>							
Earning per share (after tax)	Rs.	39.52	53.79	33.46	48.28	49.11	72.96
Price earning	Times	14.43	12.75	14.92	10.87	9.83	8.25
Dividend yield	%	8.61	8.93	7.96	9.81	13.32	9.49
Dividend payout ratio (after tax)	%	126.53	97.60	119.56	113.92	132.36	65.10
Dividend cover	Times	0.79	1.02	0.84	1.02	0.83	1.54
Cash Dividend per share	Rs.	50	52.5	40.00	55.00	65.00	47.50
Bonus per share	%	-	-	-	20.00	-	-
<b>Market value per share:</b>							
Year end	Rs.	570.25	685.82	499.13	524.99	482.85	601.71
During the year:							
Highest	Rs.	705.00	710.99	571.54	646.00	625.80	610.70
Average	Rs.	580.95	587.99	502.64	560.50	487.95	500.35
Lowest	Rs.	460.00	465.00	433.73	475.00	350.09	390.00
Break-up value per share	Rs.	93.91	106.37	101.32	121.08	142.50	127.09
(With/without surplus on revaluation of fixed assets)							
<b>Capital Structure Ratios</b>							
Debt to Equity ratio	Times	0 : 100	0 : 100	0 : 100	0 : 100	0 : 100	0 : 100
Financial charges coverage	Times	245	444	29.14	52.02	499.76	504.83



# STATEMENT OF VALUE ADDITION & ITS DISTRIBUTION

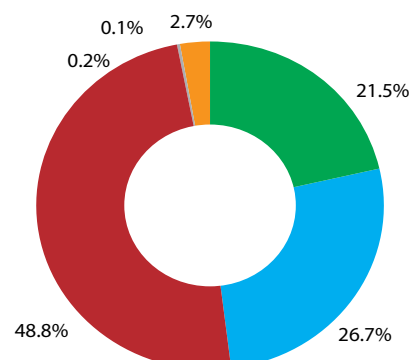
	2016		2015	
	Rs. ('000)	%	Rs. ('000)	%
<b>VALUE ADDITION</b>				
Net Sales	16,913,832		22,937,917	
Material and services	(13,384,931)		(18,572,493)	
Other income	272,249		404,157	
	3,801,150		4,769,581	
<b>VALUE DISTRIBUTION</b>				
<b>Employees</b>				
Salaries wages and ammenities	901,876	23.73	830,844	17.42
Worker's profit participation fund	140,507	3.70	192,538	4.04
	1,042,383	27.42	1,023,382	21.46
<b>Government</b>				
Tax	870,508	22.90	1,209,968	25.37
Workers welfare fund	48,821	1.28	65,838	1.38
	919,329	24.19	1,275,806	26.75
<b>Share holders</b>				
Cash Dividend	2,214,627	58.26	2,325,361	48.75
	2,214,627	58.26	2,325,361	48.75
<b>Financial Charges</b>				
Finance Cost	15,300	0.40	9,360	0.20
	15,300	0.40	9,360	0.20
<b>Society</b>				
Donation	4,225	0.11	5,648	0.12
	4,225	0.11	5,648	0.12
<b>Retained in business</b>				
Depreciation	69,615	1.83	72,964	1.53
(Payout from) / Retained in the Company	(464,329)	(12.22)	57,061	1.20
	(394,714)	(10.38)	130,025	2.73
	3,801,150	100.00	4,769,581	100.00

**Distribution of Value Addition - 2016**



■ Employees ■ Share holders ■ Society  
■ Government ■ Financial Charges ■ Retained in business

**Distribution of Value Addition - 2015**



■ Employees ■ Share holders ■ Society  
■ Government ■ Financial Charges ■ Retained in business

# HORIZONTAL ANALYSIS

	2016		2015	
	Rs. ('000)	Increase/ (Decrease) %	Rs. ('000)	Increase/ (Decrease) %
<b>Balance Sheet Items</b>				
Property, Plant and Equipment	448,130	(7.7)	485,721	0.9
Capital Work in Progress	225,134	7.4	209,660	(1.3)
Intangible Assets	3,295	(14.8)	3,867	(34.3)
Investment Property	255,708	-	255,708	-
Long Term Investments	396,928	7.4	369,543	6.9
Long Term Loans	1,483	(22.4)	1,911	(1.5)
Employee benefits	-	(100.0)	143,512	(51.2)
Stores and Spares	111,913	4.5	107,141	(11.4)
Stock in Trade	2,545,484	4.8	2,429,982	(0.2)
Trade Debts	286,194	55.2	184,377	51.5
Loans and Advances	72,071	4.9	68,683	(43.7)
Trade Deposits and Prepayments	24,366	7.1	22,748	(6.0)
Balance with statutory authority	1,184,143	54.3	767,295	141.4
Other receivables	104,756	70.3	61,506	(48.6)
Taxation - net	629,148	(22.8)	815,198	(13.5)
Short Term Investments	800,317	14.3	700,203	600.2
Cash and Bank balances	2,562,252	136.8	1,082,170	(3.2)
<b>Total Assets</b>	<b>9,651,322</b>	<b>25.2</b>	<b>7,709,225</b>	<b>9.8</b>
<b>Share Holder's Equity</b>				
Share Holder's Equity	4,141,760	(12.1)	4,711,443	5.0
<b>Non Current Liabilities</b>				
Non Current Liabilities	102,171	391.0	20,809	(29.3)
<b>Current Liabilities</b>				
Current Liabilities	5,407,391	81.6	2,976,973	19.0
<b>Total Liabilities and Equity</b>	<b>9,651,322</b>	<b>25.2</b>	<b>7,709,225</b>	<b>9.8</b>
<b>Profit &amp; Loss Items</b>				
Net Sales	16,913,832	(26.3)	22,937,917	38.3
Cost of Sales	13,577,972	(26.8)	18,541,448	36.2
Gross Profit	3,335,860	(24.1)	4,396,469	47.7
Distribution and marketing expenses	350,155	(32.0)	515,007	5.7
Administrative Expenses	425,327	1.4	419,320	14.5
Operating Profit	2,636,106	(23.9)	3,462,142	63.1
Other Operating Income	272,249	(32.6)	404,157	35.0
Other Operating Expenses	196,621	(25.7)	264,550	65.3
Finance Cost	15,300	63.5	9,360	(88.2)
Profit before Tax	2,620,806	(27.0)	3,592,389	64.5
Taxation	870,508	(28.1)	1,209,968	72.5
Profit after Tax	1,750,298	(26.5)	2,382,421	60.8



2014		2013		2012		2011	
Rs. ('000)	Increase/ (Decrease) %	Rs. ('000)	Increase/ (Decrease) %	Rs. ('000)	Increase/ (Decrease) %	Rs. ('000)	Increase/ (Decrease) %
481,293	7.3	448,375	7.8	415,926	(4.5)	435,516	5.8
212,431	4.1	204,112	21.3	168,260	8.5	155,137	(0.2)
5,888	600.1	841	(85.7)	5,871	(66.7)	17,614	(40.0)
255,708	-	255,708	-	255,708	-	255,708	(6.4)
345,750	(2.4)	354,119	22.9	288,187	(1.3)	291,907	1.3
1,941	(6.0)	2,065	(23.6)	2,702	(5.5)	2,860	(10.3)
293,800	22.7	239,405	42.1	168,475	98.3	84,969	21.7
120,951	(9.4)	133,485	95.1	68,419	(48.0)	131,559	19.0
2,433,690	(6.5)	2,601,698	(12.9)	2,986,120	15.7	2,580,293	4.2
121,731	(87.5)	974,158	136.8	411,326	133.1	176,430	(61.2)
122,047	70.7	71,498	(60.6)	181,535	(15.7)	215,293	(10.1)
24,198	(11.6)	27,384	9.1	25,103	31.2	19,132	(16.8)
317,853	(83.3)	1,904,916	15.5	1,649,132	156.9	641,908	(66.0)
119,679	38.4	86,483	(11.4)	97,630	31.1	74,474	1.1
942,966	221.7	293,083	(41.7)	502,439	265.7	137,386	194.7
100,000	(81.9)	551,871	(77.6)	2,461,860	(17.1)	2,971,296	(27.8)
1,118,174	(46.4)	2,087,580	218.8	654,806	66.4	393,502	(64.5)
7,018,100	(31.4)	10,236,781	(1.0)	10,343,499	20.5	8,584,984	(27.0)
4,487,858	(7.9)	4,875,219	(6.5)	5,216,197	12.1	4,652,236	11.0
29,437	(2.4)	30,148	5.7	28,530	(20.9)	36,091	101.5
2,500,805	(53.1)	5,331,414	4.6	5,098,772	30.8	3,896,657	(48.4)
7,018,100	(31.4)	10,236,781	(1.0)	10,343,499	20.5	8,584,984	(27.0)
16,589,996	(26.9)	22,698,651	12.7	20,133,130	(19.0)	24,863,264	12.0
13,613,305	(27.2)	18,688,384	11.9	16,699,313	(18.3)	20,431,301	12.2
2,976,691	(25.8)	4,010,267	16.8	3,433,817	(22.5)	4,431,963	11.3
487,292	(1.4)	494,367	2.2	483,940	(10.5)	540,461	(1.2)
366,191	7.7	340,081	9.5	310,629	1.2	306,877	5.0
2,123,208	(33.1)	3,175,819	20.3	2,639,248	(26.4)	3,584,625	14.0
299,483	(0.6)	301,383	(36.2)	472,618	(30.5)	679,561	50.8
160,003	(33.2)	239,676	4.2	230,113	(32.4)	340,340	37.3
79,208	22.7	64,554	907.4	6,408	(33.0)	9,562	0.7
2,183,480	(31.2)	3,172,972	10.4	2,875,345	(26.5)	3,914,284	17.3
701,616	(32.2)	1,034,326	15.2	897,727	(27.8)	1,243,548	18.2
1,481,864	(30.7)	2,138,646	8.1	1,977,618	(26.0)	2,670,736	16.9

# VERTICAL ANALYSIS

	2016		2015	
	Rs. ('000)	%	Rs. ('000)	%
<b>Balance Sheet Items</b>				
Property, Plant and Equipment	448,130	4.6	485,721	6.3
Capital Work in Progress	225,134	2.3	209,660	2.7
Intangible Assets	3,295	0.0	3,867	0.1
Investment Property	255,708	2.6	255,708	3.3
Long Term Investments	396,928	4.1	369,543	4.8
Long Term Loans	1,483	0.0	1,911	0.0
Employee benefits	-	-	143,512	1.9
Stores and Spares	111,913	1.2	107,141	1.4
Stock in Trade	2,545,484	26.4	2,429,982	31.5
Trade Debts	286,194	3.0	190,240	2.5
Loans and Advances	72,071	0.7	68,683	0.9
Trade Deposits and Prepayments	24,366	0.3	22,748	0.3
Balance with statutory authority	1,184,143	12.3	767,295	9.9
Other receivables	104,756	1.1	55,643	0.8
Taxation - net	629,148	6.5	815,198	10.6
Short Term Investments	800,317	8.3	700,203	9.1
Cash and Bank balances	2,562,252	26.5	1,082,170	14.0
<b>Total Assets</b>	<b>9,651,322</b>	<b>100.0</b>	<b>7,709,225</b>	<b>100.0</b>
Share Holder's Equity	4,141,760	53.7	4,711,443	61.1
Non Current Liabilities	102,171	1.3	20,809	0.3
Current Liabilities	5,407,391	70.1	2,976,973	38.6
<b>Total Liabilities and Equity</b>	<b>9,651,322</b>	<b>100.0</b>	<b>7,709,225</b>	<b>100.0</b>
<b>Profit &amp; Loss Items</b>				
Net Sales	16,913,832	100.0	22,937,917	100.0
Cost of Sales	13,577,972	80.3	18,541,448	80.8
Gross Profit	3,335,860	19.7	4,396,469	19.2
Distribution and marketing expenses	350,155	2.1	515,007	2.2
Administrative Expenses	425,327	2.5	419,320	1.8
Operating Profit	2,636,106	15.6	3,462,142	15.1
Other Operating Income	272,249	1.6	404,157	1.8
Other Operating Expenses	196,621	1.2	264,550	1.2
Finance Cost	15,300	0.1	9,360	0.0
Profit before Tax	2,620,806	15.5	3,592,389	15.7
Taxation	870,508	5.1	1,209,968	5.3
<b>Profit after Tax</b>	<b>1,750,298</b>	<b>10.3</b>	<b>2,382,421</b>	<b>10.4</b>



2014		2013		2012		2011	
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
481,293	6.9	448,375	4.4	415,926	4.0	435,516	5.1
212,431	3.0	204,112	2.0	168,260	1.6	155,137	1.8
5,888	0.1	841	0.0	5,871	0.1	17,614	0.2
255,708	3.6	255,708	2.5	255,708	2.5	255,708	3.0
345,750	4.9	354,119	3.5	288,187	2.8	291,907	3.4
1,941	0.0	2,065	0.0	2,702	0.0	2,860	0.0
293,800	4.2	239,405	2.3	168,475	1.6	84,969	1.0
120,951	1.7	133,485	1.3	68,419	0.7	131,559	1.5
2,433,690	34.7	2,601,698	25.4	2,986,120	28.9	2,580,293	30.1
121,731	1.7	974,158	9.5	411,326	4.0	176,430	2.1
122,047	1.7	71,498	0.7	181,535	1.8	215,293	2.5
24,198	0.3	27,384	0.3	25,103	0.2	19,132	0.2
317,853	4.5	1,904,916	18.6	1,649,132	15.9	641,908	7.5
119,679	1.7	86,483	0.8	97,630	0.9	74,474	0.9
942,966	13.4	293,083	2.9	502,439	4.9	137,386	1.6
100,000	1.4	551,871	5.4	2,461,860	23.8	2,971,296	34.6
1,118,174	15.9	2,087,580	20.4	654,806	6.3	393,502	4.6
7,018,100	100.0	10,236,781	100.0	10,343,499	100.0	8,584,984	100.0
4,487,858	63.9	4,875,219	47.6	5,216,197	50.4	4,652,236	54.2
29,437	0.4	30,148	0.3	28,530	0.3	36,091	0.4
2,500,805	35.6	5,331,414	52.1	5,098,772	49.3	3,896,657	45.4
7,018,100	100.0	10,236,781	100.0	10,343,499	100.0	8,584,984	100.0
16,589,996	100.0	22,698,651	100.0	20,133,130	100.0	24,863,264	100.0
13,613,305	82.1	18,688,384	82.3	16,699,313	82.9	20,431,301	82.2
2,976,691	17.9	4,010,267	17.7	3,433,817	17.1	4,431,963	17.8
487,292	2.9	494,367	2.2	483,940	2.4	540,461	2.2
366,191	2.2	340,081	1.5	310,629	1.5	306,877	1.2
2,123,208	12.8	3,175,819	14.0	2,639,248	13.1	3,584,625	14.4
299,483	1.8	301,383	1.3	472,618	2.3	679,561	2.7
160,003	1.0	239,676	1.1	230,113	1.1	340,340	1.4
79,208	0.5	64,554	0.3	6,408	0.0	9,562	0.0
2,183,480	13.2	3,172,972	14.0	2,875,345	14.3	3,914,284	15.7
701,616	4.2	1,034,326	4.6	897,727	4.5	1,243,548	5.0
1,481,864	8.9	2,138,646	9.4	1,977,618	9.8	2,670,736	10.7

# REVIEW REPORT

## to the members on statement of compliance with best practices of code of corporate governance

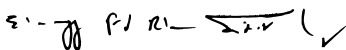
We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance prepared by the Board of Directors of Millat Tractors Limited (the Company) for the year ended 30 June 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange, in which the Lahore and Islamabad Stock Exchanges have merged), where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's statement on internal controls covers all the risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires 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 of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2016.



Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Engagement Partner: Naseem Akbar

Lahore: 09 September 2016





# STATEMENT OF COMPLIANCE

with the code of corporate governance [See clause (xi)]  
year ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Chapter 5.19 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director(s)	1. Mr. Saad Iqbal
Executive Directors(s)	1. Mian Muhammad Saleem 2. S.M. Irfan Aqueel
Non-Executive Director(s)	1. Mr. Sikandar Mustafa Khan 2. Mr. Latif Khalid Hashmi 3. Mr. Sohail Bashir Rana 4. Mr. Laeeq Uddin Ansari 5. Syed Zubair Ahmed Shah

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the board of directors of the Company during the year.
5. 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.
6. 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 on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/ shareholders where applicable.
8. The meetings of the board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose, the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

# STATEMENT OF COMPLIANCE

with the code of corporate governance [See clause (xi)]  
year ended June 30, 2016

9. An orientation course was arranged for directors during the year. Six directors meet the criteria of minimum of 14 years of education and 15 years of experience on the board of listed Companies. Remaining two directors have already obtained the desired certification.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment in terms of Code of Corporate Governance, 2012.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG. The transactions with associated companies shall be laid for approval of the members in the ensuing general meeting.
15. The board has formed an Audit Committee. It comprises four members, of whom three are non-executive and one independent director. The chairman of the committee is a non-executive director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance. All the requirements of CCG with respect to Audit Committee were complied with except that the Chairman Audit Committee was unable to attend the preceding Annual General Meeting of the Company. However, the Audit Committee was represented by a member on the Chairman's behalf as authorized by him.
17. The board has formed an HR and Remuneration Committee. It comprises 03 members, of whom all are non-executive directors and the chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function, the staff is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. 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, that they or any of the partners of the firm, their spouses and minor children do 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.



S M IRFAN AQUEEL  
Chief Executive Officer

Lahore:  
September 09, 2016

Financial Statements

# MILLAT TRACTORS LIMITED

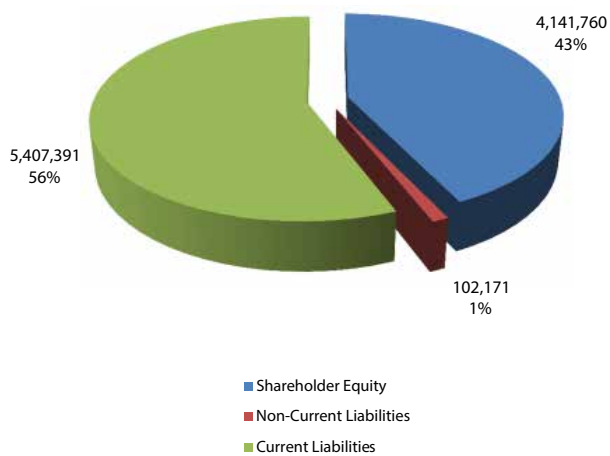
For the year ended 30 June 2016



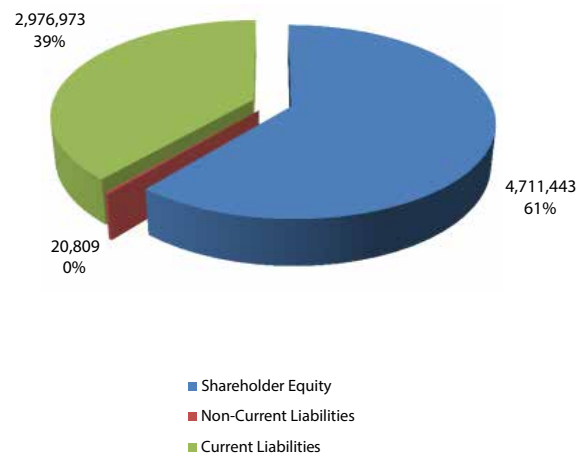
# GRAPHICAL ANALYSIS OF BALANCE SHEET

## Equity & Liabilities

2015-16

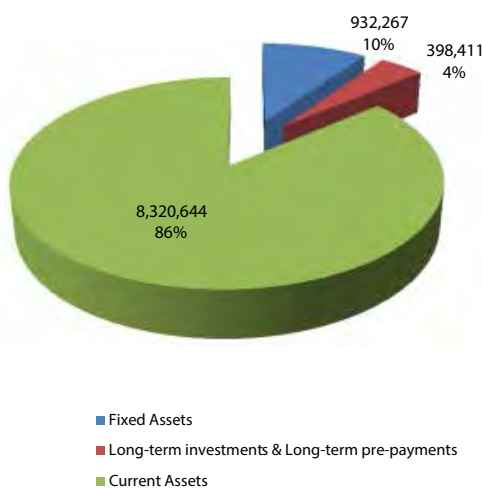


2014-15

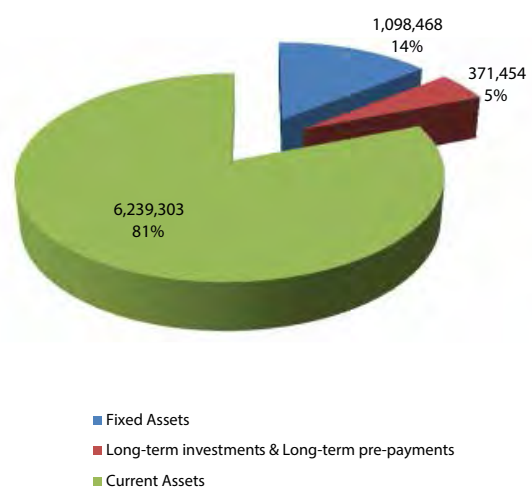


## Assets

2015-16



2014-15





# AUDITORS' REPORT

## to the Members

We have audited the annexed balance sheet of Millat Tractors Limited ("the Company") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for changes as stated in note 4.1, with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, 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.

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Name of audit engagement partner:  
Naseem Akbar

Lahore :  
09 September 2016

# BALANCE SHEET

as at June 30, 2016

	Note	2016 (Rupees in thousand)	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
50,000,000 (2015: 50,000,000) ordinary shares of Rs. 10/- each		500,000	500,000
Issued, subscribed and paid up capital	5	442,926	442,926
General reserves		2,985,519	3,116,706
Unappropriated profit		622,192	1,086,858
Fair value reserve		91,123	64,953
		4,141,760	4,711,443
<b>Non-current liabilities</b>			
Long term deposits	6	11,505	10,595
Deferred liabilities - tax	7	2,108	10,214
Employees' defined benefit plan	8	88,558	-
		102,171	20,809
<b>Current liabilities</b>			
Accumulating compensated absences		96,282	90,311
Trade and other payables	9	5,310,799	2,884,862
Accrued mark-up on short term borrowings	10	310	1,800
		5,407,391	2,976,973
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11	-	-
		9,651,322	7,709,225

The annexed notes from 1 to 47 form an integral part of these financial statements.



S M Irfan Aqueel  
Chief Executive



	Note	2016 (Rupees in thousand)	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment :			
Operating fixed assets	12	448,130	485,721
Capital work in progress	13	225,134	209,660
		673,264	695,381
Intangible assets	14	3,295	3,867
Investment property	15	255,708	255,708
Long term investments	16	396,928	369,543
Long term loans	17	1,483	1,911
Employees' defined benefit plan	8	-	143,512
		1,330,678	1,469,922
<b>Current assets</b>			
Stores, spare parts and loose tools	18	111,913	107,141
Stock in trade	19	2,545,484	2,429,982
Trade debts	20	286,194	190,240
Loans and advances	21	72,071	68,683
Trade deposits and short term prepayments	22	24,366	22,748
Balances with statutory authorities	23	1,184,143	767,295
Other receivables	24	104,756	55,643
Tax refunds due from the Government		629,148	815,198
Short term investments	25	800,317	700,203
Cash and bank balances	26	2,562,252	1,082,170
		8,320,644	6,239,303
		9,651,322	7,709,225

Sikandar Mustafa Khan  
Director / Chairman

# PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2016

	Note	2016	2015
(Rupees in thousand)			
Sales - net	27	16,913,832	22,937,917
Cost of sales	28	13,577,972	18,541,448
<b>Gross profit</b>		<b>3,335,860</b>	<b>4,396,469</b>
Distribution and marketing expenses	29	350,155	515,007
Administrative expenses	30	425,327	419,320
Other operating expenses	31	196,521	264,550
		972,003	1,198,877
Other income	32	272,249	404,157
<b>Operating profit</b>		<b>2,636,106</b>	<b>3,601,749</b>
Finance costs	33	15,300	9,360
<b>Profit before taxation</b>		<b>2,620,806</b>	<b>3,592,389</b>
Taxation	34	870,508	1,209,968
<b>Profit for the year</b>		<b>1,750,298</b>	<b>2,382,421</b>
Earnings per share - basic and diluted (Rupees)	38	39.52	53.79

The annexed notes from 1 to 47 form an integral part of these financial statements.



S M Irfan Aqueel  
Chief Executive



Sikandar Mustafa Khan  
Director / Chairman





# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	2016	2015
	(Rupees in thousand)	
Profit for the year	1,750,298	2,382,421
<b>Other comprehensive income:</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealized (loss) / gain on revaluation of available for sale investments	26,170	22,578
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gain on defined benefit plans	(242,255)	(188,249)
<b>Total other comprehensive income, net of tax</b>	<b>(216,085)</b>	<b>(165,671)</b>
<b>Total comprehensive income for the year</b>	<b>1,534,213</b>	<b>2,216,750</b>

The annexed notes from 1 to 47 form an integral part of these financial statements.

S M Irfan Aqueel  
Chief Executive

Sikandar Mustafa Khan  
Director / Chairman

# CASH FLOW STATEMENT

for the year ended 30 June 2016

	Note	2016	2015
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	39	4,920,517	4,066,956
Interest and mark-up paid		(16,790)	(11,160)
Net decrease in long term loans to employees		428	30
Workers' Profit Participation Fund paid		(152,539)	(169,801)
Workers' Welfare Fund paid		(125,856)	(41,136)
Taxes paid		(1,109,412)	(1,540,350)
Employee benefits paid		(12,108)	(10,369)
Long term security deposits received		910	80
		(1,415,367)	(1,772,706)
<b>Net cash flows from operating activities</b>		<b>3,505,150</b>	<b>2,294,250</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(69,065)	(83,272)
Purchase of intangible assets		(2,381)	(362)
Proceeds from disposal of property, plant and equipment		18,716	11,587
Short term investments made - net		(68,383)	(521,687)
Profit on bank deposits received		14,009	25,080
Dividend received		149,560	196,684
<b>Net cash flows from / (used in) investing activities</b>		<b>42,456</b>	<b>(371,970)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(2,067,524)	(1,958,284)
<b>Net cash flows used in financing activities</b>		<b>(2,067,524)</b>	<b>(1,958,284)</b>
Net increase / (decrease) in cash and cash equivalents		1,480,082	(36,004)
Cash and cash equivalents at the beginning of the year		1,082,170	1,118,174
<b>Cash and cash equivalents at the end of the year</b>	26	<b>2,562,252</b>	<b>1,082,170</b>

The annexed notes from 1 to 47 form an integral part of these financial statements.



S M Irfan Aqueel  
Chief Executive



Sikandar Mustafa Khan  
Director / Chairman



# STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Share capital	Revenue reserves		Fair value reserve	Total
		General reserves	Unappropriated profit		
.....(Rupees in thousand).....					
<b>Balance as on 01 July 2014</b>	442,926	3,263,551	739,006	42,375	4,487,858
Final dividend for the year ended					
30 June 2014 @ Rs. 20 per share	-	(146,845)	(739,006)	-	(885,851)
Interim dividend for the year ended					
30 June 2015 @ Rs. 25/- per share	-	-	(1,107,314)	-	(1,107,314)
Total comprehensive income for the					
year ended 30 June 2015	-	-	2,194,172	22,578	2,216,750
<b>Balance as on 30 June 2015</b>	442,926	3,116,706	1,086,858	64,953	4,711,443
Final dividend for the year ended					
30 June 2015 @ Rs. 27.5 per share	-	(131,187)	(1,086,858)	-	(1,218,045)
Interim dividend for the year ended					
30 June 2016 @ Rs. 20/- per share	-	-	(885,851)	-	(885,851)
Total comprehensive income for the					
year ended 30 June 2016	-	-	1,508,043	26,170	1,534,213
<b>Balance as on 30 June 2016</b>	442,926	2,985,519	622,192	91,123	4,141,760

The annexed notes from 1 to 47 form an integral part of these financial statements.

S M Irfan Aqueel  
Chief Executive

Sikandar Mustafa Khan  
Director / Chairman

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

## 1. LEGAL STATUS AND NATURE OF BUSINESS

The Company is a public limited Company incorporated in Pakistan in 1964 under the Companies Ordinance 1984, and is listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange in which Lahore and Islamabad stock exchanges have merged). The registered office of the Company is situated at Sheikhpura Road, District Sheikhpura. It is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products.

1.1 These financial statements are the separate financial statements of the company, in which investment in the subsidiary companies namely Millat Equipment Limited (MEL) and Bolan Castings Limited (BCL) has been accounted for at cost less accumulated impairment losses, if any.

## 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

## 3. BASIS OF MEASUREMENT

### 3.1 Basis of preparation

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 Use of 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 4.3.1 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, the amounts are shown as contingent liabilities.

#### 3.2.3 Useful life and residual values 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

The company regularly reviews the inventories for impairment. Provision for obsolete and slow-moving inventories is based on management estimate.

#### 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 currency

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

## 4. 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 and are as follows:

### 4.1 New, amended standards and interpretations become effective

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

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

#### Improvements to Accounting Standards Issued by the IASB

IAS 27 – Separate Financial Statements

IAS 28 – Investment in Associates and Joint Ventures

#### Entities in which the company holds less than half of the voting rights

As a result of adoption of International Financial Reporting Standard (IFRS) - 10, "Consolidated Financial Statements" by Securities and Exchange Commission of Pakistan (SECP), the Company reassessed control mechanism of its investment in Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL) that although the Company has less than 50% voting rights both in BCL and MEL, the Company has the ability to exercise control over both these companies. Henceforth, these companies are concluded to be subsidiaries of the Company. Accordingly these financial statements have been prepared as discussed in note 1.2.

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

### 4.2 Segment reporting

The key financial decision maker consider the whole business as one operating segment.

### 4.3 Employees' retirement benefits and other obligations

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

#### 4.3.1 Defined benefit plan

##### 4.3.1.1 Pension

The Company operates a funded defined benefit pension scheme for all its eligible employees. Contributions under the scheme are made to this fund on the basis of actuarial recommendation at 17% (2015: 17%) of basic salary per annum and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at 30 June, 2016.

The amount recognized in balance sheet represents the present value of the plan assets reduced by value of defined benefit obligation.

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:

	2016	2015
Expected rate of increase in salary level	6.3%	8.8%
Expected rate of return	9.8%	13.3%
Discount rate	7.3%	9.8%
Average expected remaining working life of employees	10 years	9 years

#### 4.3.2 Defined contribution plans

##### 4.3.2.1 Gratuity

The Company operates an approved defined contribution funded gratuity scheme for permanent employees who joined the Company before 01 July 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.

##### 4.3.2.2 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.

#### 4.3.3 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.

#### 4.4 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 balance sheet 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 other comprehensive income.

#### 4.5 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 12. 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 balance sheet 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.

#### 4.6 Capital work-in-progress

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

#### 4.7 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 balance sheet 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.

#### 4.8 Investment property

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

The Company assesses at each balance sheet 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.

## 4.9 Investments and other financial assets

### 4.9.1 Subsidiary and associated undertakings

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

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

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

At each balance sheet 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.

### 4.9.2 Others

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.

#### 4.9.2.1 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.

#### 4.9.2.2 Held-to-maturity investments

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.

#### 4.9.2.3 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.

#### 4.9.2.4 Available-for-sale financial assets

The financial assets including investments in associated undertakings where the Company has not 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 balance sheet 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.

#### 4.10 Stores and spares

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.

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

#### 4.11 Stock-in-trade

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

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

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

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

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

#### 4.12 Trade debts

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

#### 4.13 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise 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.

#### 4.14 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 on effective rate of interest method.

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

#### 4.15 Research cost

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

#### 4.16 Borrowing costs

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

#### 4.17 Trade and other payables

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

#### 4.18 Provisions

Provisions 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 balance sheet date and adjusted to reflect the current best estimate.

#### 4.19 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet 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.

#### 4.20 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.

#### 4.21 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.

#### 4.22 Dividend and appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.



#### 4.23 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following revised 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)	01 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
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)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

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

In addition to the above, 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 9 Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 Regulatory Deferral Accounts	01 January 2016
IFRS 15 Revenue from Contracts with Customers	01 January 2018
IFRS 16 Leases	01 January 2019

## 5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016	2015		2016	2015
(Number of shares in thousand)			(Rupees in thousand)	
2,543	2,543	Ordinary shares of Rs.10 each fully paid in cash	25,429	25,429
		Ordinary shares of Rs.10 each issued as fully paid bonus shares		
41,750	41,750	- Opening balance	417,497	417,497
44,293	44,293		442,926	442,926

## 6. LONG TERM DEPOSITS

These represent security deposits from dealers which, by virtue of agreement, are interest free. These are repayable on cancellation of dealership contract with dealers.

	2016	2015
	(Rupees in thousand)	

## 7. DEFERRED TAXATION

The liability for deferred tax comprises temporary differences relating to:

### Taxable temporary differences:

Accelerated tax depreciation	43,182	50,835
Change in fair value of short term investments	129	-
	43,311	50,835

### Deductible temporary differences:

Accumulating compensated absences	(29,847)	(28,900)
Provision for doubtful receivables	(11,356)	(11,721)
	(41,203)	(40,621)
Net deferred tax liability at the year end	2,108	10,214

	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	
----- (Rupees in thousand) -----					
Balance as at 01 July 2014	56,636	-	(25,625)	(12,089)	18,922
Charged/(credited) to					
profit and loss account	(5,801)	-	(3,275)	368	(8,708)
Balance as at 30 June 2015	50,835	-	(28,900)	(11,721)	10,214
Charged/(credited) to					
profit and loss account	(7,653)	129	(947)	365	(8,106)
<b>Balance as at 30 June 2016</b>	<b>43,182</b>	<b>129</b>	<b>(29,847)</b>	<b>(11,356)</b>	<b>2,108</b>



2016 2015

		(Rupees in thousand)	
<b>8.</b>	<b>EMPLOYEES' DEFINED BENEFIT PLAN</b>		
<b>8.1</b>	Present value of defined benefit obligation	1,137,355	871,824
	Fair value of plan assets	(1,048,797)	(1,015,336)
	Liability / (asset) recognized in the balance sheet	88,558	(143,512)
<b>8.2</b>	<b>For the year</b>		
	Salaries, wages and amenities include the following in respect of employees' pension scheme:		
	Current service cost	15,960	13,156
	Interest cost	82,529	81,225
	Expected return on plan assets	(97,086)	(120,911)
		1,403	(26,530)
<b>8.3</b>	<b>The movement in present value of defined benefit obligation is as follows:</b>		
	Present value of defined benefit obligation as at 01 July	871,824	635,895
	Interest cost	82,529	81,225
	Current service cost	15,960	13,156
	Benefits due but not paid	-	(3)
	Benefits paid	(50,750)	(45,753)
	Actuarial loss	217,792	187,304
	Present value of defined benefit obligation as at 30 June	1,137,355	871,824
<b>8.4</b>	<b>The movement in fair value of plan assets is as follows:</b>		
	Fair value of plan assets as at 01 July	1,015,336	929,695
	Expected return on assets	97,086	120,911
	Contributions	11,587	11,431
	Benefits paid	(50,750)	(45,753)
	Benefits due but not paid	-	(3)
	Return on plan assets excluding interest income	(24,462)	(945)
	Fair value of plan assets as at 30 June	1,048,797	1,015,336
	Actual return on plan assets	72,624	119,966

	Note	2016 (Rupees in thousand)	2015
<b>8.5 Plan assets comprises of :</b>			
Term deposit receipts :			
UBL		470,000	237,000
National Bank of Pakistan		60,000	-
Allied Bank Limited		-	230,000
Meezan Bank Limited		-	60,000
Bonds and mutual funds :			
MCB DCF income fund		162,776	150,289
NIT Government Bond Fund		-	55,976
NIT Unit trust		-	26,267
NAFA Capital proceeds		245,128	228,090
Alflah GHP islamic stock fund		80,862	-
Accrued interest and bank balance:			
accrued interest		25,997	23,723
bank balances	(8.6)	3,269	3,994
Benefits due but not paid		-	(3)
Advance income tax		765	-
		<b>1,048,797</b>	<b>1,015,336</b>

**8.6** Out of these balances Rs.3,226 thousand (2015: Rs. 3,946 thousand) is placed with commercial banks and Rs.43 thousand (2015: Rs.48 thousand) with Islamic banks.

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:

	2016	2015	2014	2013	2012
<b>As at 30 June</b>	----- (Rupees in thousand) -----				
Present value of defined benefit obligation	1,137,355	871,824	635,895	634,660	638,562
Fair value of plan assets	1,048,797	1,015,336	929,695	874,065	807,037
(Deficit) / Surplus	(88,558)	143,512	293,800	239,405	168,475
Experience adjustment on obligation	217,792	187,304	(39,678)	(65,577)	36,486
Experience adjustment on plan assets	(24,462)	945	8,064	(8,477)	(7,560)

#### Sensitivity analysis

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. 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.

	2016	2015
Discount rate + 100 bps	1,032,677	(70,195)
Discount rate - 100 bps	1,261,031	81,513
Salary increase + 100 bps	1,159,286	17,971
Salary increase - 100 bps	1,116,650	(16,961)



	Note	2016 (Rupees in thousand)	2015
<b>9. TRADE AND OTHER PAYABLES</b>			
Trade creditors	(9.1)	932,021	1,037,575
Accrued liabilities		170,764	122,270
Bills payable		22,955	31,913
Advances from customers	(9.2)	3,646,077	1,109,037
Security deposits	(9.3)	4,700	6,524
Trademark fee payable		125,948	97,356
Workers' Welfare Fund		48,822	125,857
Unclaimed dividends		281,891	245,519
Worker's Profit Participation Fund	(9.4)	5,627	17,659
Others	(9.5)	71,994	91,152
		<b>5,310,799</b>	<b>2,884,862</b>

9.1 These include balances due to related parties amounting Rs. 176,511 thousand (2015: Rs.232,893 thousand).

9.2 These represent advances from customers against sale of tractors and carry no mark-up. Further, as referred to in note 26 to these financial statements, these also include an amount of Rs. 1,959,865 thousand (2015: Rs. Nil) representing cheques in hand.

9.3 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.

	Note	2016 (Rupees in thousand)	2015
<b>9.4 Workers' Profit Participation Fund</b>			
Opening balance		17,659	5,078
Payments made during the year		(152,539)	169,801
		(134,880)	174,879
Allocation for the year	(31)	140,507	192,538
Closing balance		<b>5,627</b>	<b>17,659</b>

9.5 These include deposits by employees under car and motorcycle scheme amounting to Rs. 25,221 thousand (2015: Rs. 28,700 thousand) and carry no markup.

#### 10. ACCRUED MARK-UP ON SHORT TERM BORROWINGS

This represents accrued interest payable on short term borrowings availed from conventional banks during the year, while the balance of short term borrowings as on 30 June 2016 was Rs. Nil (2015: Rs. Nil).

10.1 Short term borrowings are available from various banks against aggregate sanctioned limit of Rs.4,000,000 thousand (2015: Rs. 3,914,000 thousand). The rates of mark up range from KIBOR plus 0.1% to KIBOR plus 0.4% (2015: KIBOR plus 0.25% to KIBOR plus 0.4%) per annum.

10.1.1 Out of authorized limit of Rs. 4,000,000 thousand (2015: Rs. 3,914,000 thousand), Rs. 500,000 thousand limit with Meezan Bank Limited is based on Islamic mode of financing.

10.2 The Company has facilities for opening of letters of credit and guarantees aggregating to Rs. 3,450,000 thousand (2015: Rs. 3,400,000 thousand) out of which Rs. 2,694,529 thousand (2015: Rs. 2,944,000 thousand) remained unutilized at the end of the year.

10.3 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.

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

11.1.1 The Company has given guarantee amounting to Rs. 5,000 thousand to bank for repayment of loan by employees. An amount of Rs. 1,900 thousand (2015: Rs. 4,500 thousand) was utilized by employees as at 30 June 2016.

11.1.2 Guarantees issued by the banks on behalf of the Company in the normal course of business amount to Rs.484,561 thousand (2015: Rs.167,969 thousand).

11.1.3 "Income tax returns for the years from 2003 to 2015 have been filed by the Company on due dates that are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001 (the Ordinance). Subsequently, tax authorities issued various assessments / amended orders for the year 2003, 2006 – 2013 and 2015 whereby an additional income tax liability aggregating to Rs. 697,000 thousand (2015: Rs. 548,000 thousand) was determined by the authorities.

The difference between aggregate tax liability declared ( in original / revised returns) and assessed tax liability (as per latest assessment / amended orders) relates to various matters that are pending at various appellate forums in respect of appeals filed by the Company and tax authorities relating to above mentioned years. Matters that are being contested mainly and allegedly include:"

- incorrect proration of expenses between various sources of income; and

- disallowance of certain deductions / expenses claimed by the Company

The management and its tax advisor are confident that all above matters will eventually be decided in favour of the Company; therefore no provision has been created in these financial statements accordingly.

11.1.4 The Deputy Commissioner Inland Revenue has issued withholding tax assessment orders u/s 161/205 of the Ordinance for the year 2011 creating an initial demand of Rs. 176 million. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIR(A)). The CIR(A) passed an order dated 21 January 2015 remanding back the issue to Deputy Commissioner. Reassessment proceedings after being finalized on 25 January 2016 reduced the demand to Rs. 51 million. 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 passed by CIR(A).

The management and its tax advisor are confident that all above matters will eventually be decided in favour of the Company; therefore no provision has been created in these financial statements accordingly.





- 11.1.5** 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 million. 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 favour hence no provision relating to aforesaid demand has been made in the financial statements.
- 11.1.6** 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 favour 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 preferred an appeal in the Honourable High Court 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 favour 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 Honourable High Court, Lahore.
- 11.1.7** 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 Honourable High Court Lahore. The management and the legal advisor are confident of favourable outcome of the case, hence no provision in this regard has been made in these financial statements. The case is pending in the Honourable High Court, Lahore.
- 11.1.8** 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 favour of the Company. The Custom department has filed reference against the decision in Honourable Lahore High Court, 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 Honourable High Court, Lahore against further recovery action of Authorities. The management and legal advisor are confident that the outcome of the case would be decided in their favour hence no provision relating to aforesaid demand has been made in these financial statements
- 11.2** **Commitments**  
Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs. 270,910 thousand (2015: Rs. 287,944 thousand) at the balance sheet date.

## 12. OPERATING FIXED ASSETS

	Land		Buildings		Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipments	Computers	Total
	Freehold	Leasehold	On freehold land	On leasehold land						

----- (Rupees in thousand) -----

<b>Net carrying value basis</b>										
<b>Year ended 30 June 2016</b>										
Opening net book value	58,307	8	28,206	-	175,352	30,314	151,216	21,614	20,704	485,721
Additions (at cost)	-	-	-	-	4,276	4,811	39,479	1,545	3,480	53,591
Disposals / write offs	-	-	(89)	-	(1,980)	(2,474)	(18,606)	(1,100)	(271)	(24,520)
Depreciation charge	-	-	(2,312)	-	(17,493)	(3,666)	(32,445)	(3,364)	(7,382)	(66,662)
Closing net book value	58,307	8	25,805	-	160,155	28,985	139,644	18,695	16,531	448,130
<b>Gross carrying value basis</b>										
<b>As at 30 June 2016</b>										
Cost	58,307	8	176,137	2,900	469,928	66,400	270,663	77,075	44,459	1,165,877
Accumulated depreciation	-	-	(150,332)	(2,900)	(309,773)	(37,415)	(131,019)	(58,380)	(27,928)	(717,747)
Net book value	58,307	8	25,805	-	160,155	28,985	139,644	18,695	16,531	448,130
<b>Depreciation rate %</b>										
per annum	-	-	5-10	5	10	10-20	20	10-15	33	
<b>Net carrying value basis</b>										
<b>Year ended 30 June 2015</b>										
Opening net book value	58,307	8	28,795	-	184,925	30,258	145,387	24,626	8,987	481,293
Additions (at cost)	-	-	2,090	-	9,563	3,940	50,480	758	19,212	86,043
Disposals	-	-	-	-	-	-	(10,320)	-	(714)	(11,034)
Depreciation charge	-	-	(2,679)	-	(19,136)	(3,884)	(34,331)	(3,770)	(6,781)	(70,581)
Closing net book value	58,307	8	28,206	-	175,352	30,314	151,216	21,614	20,704	485,721
<b>Gross carrying value basis</b>										
<b>As at 30 June 2015</b>										
Cost	58,307	8	176,418	2,900	484,839	67,880	279,980	85,268	45,799	1,201,399
Accumulated depreciation	-	-	(148,212)	(2,900)	(309,487)	(37,566)	(128,764)	(63,654)	(25,095)	(715,678)
Net book value	58,307	8	28,206	-	175,352	30,314	151,216	21,614	20,704	485,721
<b>Depreciation rate %</b>										
per annum	-	-	5-10	5	10	10-20	20	10-15	33	



	Note	2016 (Rupees in thousand)	2015
<b>12.1 The depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	(28)	32,502	35,601
Distribution and marketing expenses	(29)	6,546	8,088
Administrative expenses	(30)	27,614	26,892
		<b>66,662</b>	<b>70,581</b>

**12.2 Disposal of property, plant and equipment**

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
----- (Rupees in thousand) -----						
<b>Vehicles</b>	<b>Directors:</b>					
	Laequdin Ansari	6,500	4,796	1,704	1,704	Company car scheme
	Lateef Khalid Hashmi	6,500	4,790	1,710	1,710	Company car scheme
	Mian Muhammad Saleem	5,000	3,689	1,311	1,311	Company car scheme
	<b>Employees:</b>					
	Khurshid Majeed	1,646	302	1,344	1,344	Company car scheme
	Azhar Bilal	1,781	519	1,262	1,262	Company car scheme
	Jaffar Hassan Naqvi	1,646	435	1,211	1,211	Company car scheme
	Nasim Sandhu	1,973	915	1,058	1,058	Company car scheme
	Nasim Sandhu	1,690	800	890	890	Company car scheme
	Vaqar Ahmed	1,034	201	833	833	Company car scheme
	Jaffar Hassan Naqvi	1,625	903	722	722	Company car scheme
	Ahmed Nawaz	862	344	518	518	Company car scheme
	Mushtaq Butt	862	423	439	439	Company car scheme
	Waqas Ahmed	862	432	430	430	Company car scheme
	Muhammad Hanif	862	432	430	430	Company car scheme
	Ahsan Imran	1,594	1,172	422	422	Company car scheme
	Mansoor Abbasi	1,389	1,023	366	366	Company car scheme
	Ahsan Imran	1,359	999	360	360	Company car scheme
	Farogh Iqbal	1,269	933	336	336	Company car scheme
	Mansoor Abbasi	1,232	905	327	327	Company car scheme
	Rana Muhammad Siddique	853	578	275	275	Company car scheme
	Ghulam Mustafa	857	630	227	227	Company car scheme
	Muhammad Irfan	857	630	227	227	Company car scheme
	Haroon Ameen	665	489	176	176	Company car scheme
	Faisal Azeem	665	491	174	174	Company car scheme
	Muhammad Irfan	645	474	171	171	Company car scheme
	Liaquat Ali Memon	619	452	167	167	Company car scheme
	Iqbal Ahmed	625	460	165	165	Company car scheme
	Majeed Ahmed	625	460	165	165	Company car scheme
	Ali Hassan	86	14	72	72	Company motorcycle scheme

Vehicles	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
----- (Rupees in thousand) -----						
	Mohyuddin	86	14	72	72	Company motorcycle scheme
	Abdul Majeed	86	16	70	70	Company motorcycle scheme
	Muhammad Mohsin	85	31	54	54	Company motorcycle scheme
	Jan Mohammad	85	31	54	54	Company motorcycle scheme
	Muhammad Siddique	85	31	54	54	Company motorcycle scheme
	Muhammad Awais	85	37	48	48	Company motorcycle scheme
	Waqas Ahmad	85	37	48	48	Company motorcycle scheme
	Muhammad Mansoor Yasini	79	39	40	40	Company motorcycle scheme
	Najam-U-Zaman	79	43	36	36	Company motorcycle scheme
	Muhammad Afzal	77	43	34	34	Company motorcycle scheme
	Ghayyur Rehman	76	43	33	33	Company motorcycle scheme
	Waqas Ahmed	77	46	31	31	Company motorcycle scheme
	Asad Mahmood	67	37	30	30	Company motorcycle scheme
	Muhammad Rashid	66	37	29	29	Company motorcycle scheme
	Nazir Ahmad	67	42	25	25	Company motorcycle scheme
	Tahir Shareef	71	48	23	23	Company motorcycle scheme
	Ahsan Babar	71	48	23	23	Company motorcycle scheme
	Sheraz Zulfiqar	71	48	23	23	Company motorcycle scheme
	Wajid Ali	71	48	23	23	Company motorcycle scheme
	Muhammad Munir	71	48	23	23	Company motorcycle scheme
	Jalal ud din	71	48	23	23	Company motorcycle scheme
	Waqar Butt	70	47	23	23	Company motorcycle scheme
	Abdul Rehman	70	47	23	23	Company motorcycle scheme
	Pervaiz Shahid	70	47	23	23	Company motorcycle scheme
	Maqsood Rehman	70	47	23	23	Company motorcycle scheme
	Muhammad Sharif	63	42	21	21	Company motorcycle scheme
	Muhammad Abdullah	63	42	21	21	Company motorcycle scheme
	Muhammad Bashir	63	42	21	21	Company motorcycle scheme
	Shahid Mahmood	63	42	21	21	Company motorcycle scheme
	Muhammad Gulfam Khan	63	42	21	21	Company motorcycle scheme
	Muhammad Naeem	63	43	20	20	Company motorcycle scheme
	Tahir Hanif	63	43	20	20	Company motorcycle scheme
	Hammad Ahmad	63	43	20	20	Company motorcycle scheme
<b>Laptops</b>	<b>Employees:</b>					
	Jaffar Hassan Naqvi	79	40	39	39	Company laptop scheme
	Ayaz Khurshid	104	71	32	32	Company laptop scheme
	Nasim Sandhu	79	41	38	38	Company laptop scheme



	Note	2016 (Rupees in thousand)	2015
<b>13. CAPITAL WORK IN PROGRESS</b>			
Plant and machinery		116	115
Advance for office building	(13.1)	220,125	198,295
Advance for vehicles		4,893	11,250
		<b>225,134</b>	<b>209,660</b>

13.1 This represents office floors at Tricon Corporate Centre Lahore.

<b>14. INTANGIBLE ASSET</b>			
<b>Net carrying value basis</b>			
Opening net book value		3,867	5,888
Additions		2,381	362
Amortization charge	(30)	(2,953)	(2,383)
		<b>3,295</b>	<b>3,867</b>
<b>Gross carrying value basis:</b>			
Cost		42,600	42,238
Additions		2,381	362
Accumulated amortization		(41,686)	(38,733)
		<b>3,295</b>	<b>3,867</b>
Rate of amortization		33%	33%
<b>15. INVESTMENT PROPERTY</b>			
Land		258,444	258,444
Provision for impairment		(2,736)	(2,736)
		<b>255,708</b>	<b>255,708</b>

15.1 Based on the valuation carried out by an independent valuer as at 30 June 2016, the fair value of investment property was Rs. 277,500 thousand (2015: Rs. 266,400 thousand).

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

15.3 The level of hierarchy for fair value disclosed fall 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.

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

16. LONG TERM INVESTMENTS	Note	2016		2015	
		Equity % held	Investment at cost	Equity % held	Investment at cost
Investment in related parties In subsidiary undertaking					
Unquoted					
Millat Industrial Products Limited					
5,737,500 (2015: 5,737,500) fully paid ordinary shares of Rs. 10/- each		64.09	57,375	64.09	57,375
Value of investment based on net assets as shown in the audited financial statements as at 30 June 2016 was Rs. 317,648 thousand (2015: Rs. 249,284 thousand).					
Tipeg Intertrade DMCC					
1,500 (2015: 1,500) fully paid ordinary shares of AED 1,000/- each		75.00	42,675	75.00	41,460
Value of investment based on net assets as shown in the reviewed financial statements as at 30 June 2016 was Rs. 75,688 thousand (2015: Rs. 81,149 thousand).					
Millat Equipment Limited					
11,699,993 (2015: 11,699,993) fully paid ordinary shares of Rs. 10/- each		(16.1) 45.00	117,000	45.00	117,000
Value of investment based on net assets as shown in the audited financial statements as at 30 June 2016 was Rs. 486,662 thousand (2015: Rs. 481,144 thousand).					
Quoted					
Bolan Castings Limited					
5,306,979 (2015: 5,306,979) fully paid ordinary shares of Rs. 10/- each as at 30 June 2016 was Rs. 216,206 thousand (2015: Rs. 444,459 thousand).		(16.1) 46.26	76,610	46.26	76,610
Arabian Sea Country Club Limited					
500,000 (2015: 500,000) fully paid ordinary shares of Rs. 10/- each		6.45	5,000	6.45	5,000
Value of investment based on the net assets shown in the audited financial statements as at 30 June 2010 was Rs. 1,2,020 thousand (2009: Rs. 10,575 thousand).					
Less: Impairment loss			(5,000)		(5,000)
Other investment - available-for-sale					
Quoted					
Baluchistan Wheels Limited					
1,282,825 (2015: 1,282,825) fully paid ordinary shares of Rs. 10/- each			12,145		12,145
Surplus on revaluation of investment			91,123		64,953
Market value as at 30 June			103,268		77,098
			396,928		369,543



- 16.1 As more fully discussed in note 3.2.6 to these financial statements, Millat Equipment Limited and Bolan Castings Limited are reclassified as subsidiaries of the Company. These Investment were previously classified as "Investment in Associates". No reclassification / restatement in amounts is required as the investments are carried at cost in these financial statements.

17. LONG TERM LOANS - considered good	Note	2016 (Rupees in thousand)	2015
Loan to employees:			
Company loan	(17.1)	1,644	1,823
Motor cycle loan	(17.2)	1,339	1,823
		2,983	3,646
Less: current portion included in current assets	(21)	(1,500)	(1,735)
		1,483	1,911

- 17.1 These represent interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly instalments over a period of two years.
- 17.2 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 instalments over a period of five years.
- 17.3 None of the above loans are sharia-compliant or based on Islamic mode of financing.
- 17.4 Reconciliation of carrying amount of loans to executives:

	Balance as at 01 July 2015	Disbursement during the year	Repayments during the year	Balance as at 30 June 2016
	----- (Rupees in thousand) -----			
Due from executives	168	150	172	146

## 18. 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.

19. STOCK IN TRADE	Note	2016 (Rupees in thousand)	2015
Raw material	(19.1) & (19.2)	1,818,476	2,090,507
Work-in-process		10,432	18,222
Finished goods :			
Manufacturing		606,228	206,667
Trading		110,348	114,586
		716,576	321,253
		2,545,484	2,429,982

- 19.1 This includes stock in transit amounting to Rs. 61,873 thousand (2015: Rs. 245,354 thousand).
- 19.2 This includes raw materials and components held with third parties amounting to Rs. 59,663 thousand (2015: Rs. 94,395 thousand).

20. TRADE DEBTS - considered good	Note	2016 (Rupees in thousand)	2015
Considered good	(20.1)	286,194	213,480
Less: bad debts written off	(30)	-	23,240
		286,194	190,240
<b>20.1</b> These are unsecured but considered good by the management.			
<b>20.2</b> Trade debts include balances due from the following related parties			
Millat Equipment Limited		1,246	18,917
Bolan Castings Limited		1,455	61
Tipeg Intertrade DMCC		25,217	14,425
	(20.2.1)	27,918	33,403

	2016		2015	
	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
<b>20.2.1 Aging of due from related parties:</b>	-----Rupees in thousand-----			
Millat Equipment Limited	-	1,246	-	18,917
Bolan Castings Limited	-	1,455	-	61
Tipeg Intertrade DMCC	-	25,217	-	14,425
	-	27,918	-	33,403

21. LOANS AND ADVANCES	Note	2016 (Rupees in thousand)	2015
Current portion of long term loans to employees	(17)	1,500	1,735
Advances to employees - considered good	(21.1) & (21.2)	2,052	1,790
Advances to suppliers - considered good	(21.3)	46,890	61,459
		50,442	64,984
Advances to suppliers - considered doubtful		2,485	2,485
Less: provision for doubtful advances		(2,485)	(2,485)
		-	-
Letter of credit opening charges		21,629	3,699
		72,071	68,683

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

**21.2** The maximum aggregate amount at the end of any month during the year due from the Chief Executive Officer was Rs. 173 thousand (2015: Rs.138 thousand) and Directors Rs. 670 thousand (2015: Rs. 320 thousand) in respect of travel advance.

**21.3** Advances to suppliers include advances to vendors of Rs. 30,619 thousand (2015: Rs. 46,796 thousand) which carry mark-up @ 18% (2015: 18%) per annum.

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





**22. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**

These includes interest free security deposits amounting to Rs.19,733 thousands (2015: Rs.17,145 thousands) made for tender placement. None of the deposits are sharia-compliant or based on Islamic mode of financing.

	Note	2016 (Rupees in thousand)	2015
<b>23. BALANCES WITH STATUTORY AUTHORITIES</b>			
Special excise duty payable		(776)	(43)
Sales tax recoverable		1,219,066	801,485
Less: provision for doubtful claims		(34,147)	(34,147)
		1,184,919	767,338
		1,184,143	767,295
<b>24. OTHER RECEIVABLES</b>			
Claims receivable from foreign suppliers		103,319	51,728
Interest accrued		1,437	3,915
		104,756	55,643
<b>25. SHORT TERM INVESTMENTS</b>			
Financial assets designated at fair value through profit and loss		799,901	700,211
Gain / (loss) on revaluation of investment	(32)	416	(8)
	(25.1)	800,317	700,203

25.1 This represents investment in mutual funds as follows:

30 June 2016			
Mutual Funds	Number of units (Number in thousand)	Fair value per unit (Rupees)	Total (Rupees in thousand)
MCB Cash Management optimizer Fund	3,987	100.34	400,033
ABL Cash Fund	39,909	10.03	400,284
			800,317

30 June 2015			
Mutual Funds	Number of units (Number in thousand)	Fair value per unit (Rupees)	Total (Rupees in thousand)
MCB Cash Management optimizer Fund	1,500	100.13	150,191
ABL Cash Fund	20,014	10.02	200,504
HBL Money Market Fund	1,486	101.13	150,278
Askari Sovereign Cash Fund	1,976	100.82	199,230
			700,203

26. CASH AND BANK BALANCES	Note	2016 (Rupees in thousand)	2015
<b>In hand:</b>			
Cash		5,265	1,042
Cheques in hand	(9.2)	2,025,882	249,658
		2,031,147	250,700
<b>At banks:</b>			
Current accounts		403,435	509,654
Deposit accounts	(26.1)	127,670	321,816
	(26.2)	531,105	831,470
		2,562,252	1,082,170

26.1 These carry mark-up at the rate ranging from 4.5% to 5.5% (2015: 6% to 7%) per annum.

26.2 Out of these balances Rs.521,411 thousand (2015: Rs.821,661 thousand) is placed with commercial banks and Rs.9,694 thousand (2015: Rs.9,809 thousand) with Islamic banks.

## 27. SALES - net

<b>Local</b>			
Tractors		17,576,346	24,168,663
Implements		112,158	61,153
Multi-application products		361,075	462,902
Trading goods		334,293	325,953
		18,383,872	25,018,671
<b>Less:</b>			
Discount		(22,677)	(18,779)
Sales tax and special excise duty		(1,612,366)	(2,268,809)
		(1,635,043)	(2,287,588)
		16,748,829	22,731,083
<b>Export</b>			
Tractors		351,172	429,528
Trading goods		54,066	35,985
Multi-application products		569	-
Implements		-	2,663
		405,807	468,176
		17,154,636	23,199,259
Less: commission		(240,804)	(261,342)
		16,913,832	22,937,917



28. COST OF SALES	Note	2016 (Rupees in thousand)	2015
Components consumed		12,856,084	17,178,067
Salaries, wages and amenities	(28.1)	316,430	272,585
Contract services		216,595	214,071
Fuel and power		73,474	87,217
Communication		273	132
Travelling and vehicle running		10,045	9,968
Printing and stationery		3,312	2,657
Insurance		13,876	13,785
Repairs and maintenance		76,010	63,520
Stores and spares consumed		84,541	90,992
Depreciation	(12.1)	32,502	35,601
Other expenses		11,296	21,774
		13,694,438	17,990,369
Add: opening work-in-process		18,222	53,434
Less: closing work-in-process		(10,432)	(18,222)
Increase in work-in-process		7,790	35,212
Cost of goods manufactured		13,702,228	18,025,581
Add: opening finished goods		206,667	465,983
Less: closing finished goods		(606,228)	(206,667)
Increase in finished goods stock		(399,561)	259,316
Cost of sales - manufactured		13,302,667	18,284,897
Cost of sales - trading	(28.2)	275,305	256,551
		13,577,972	18,541,448
<b>28.1</b> It includes the following staff retirement benefits:			
Defined benefit plan - pension		2,772	(10,146)
Defined contribution plan - gratuity		5,818	4,949
Defined contribution plan - provident fund		6,561	6,038
Provision for compensated absences		2,342	6,550
		17,493	7,391
<b>28.2</b> Cost of sales - trading			
Opening stock		114,586	94,274
Purchases		271,067	276,863
		385,653	371,137
Closing stock		(110,348)	(114,586)
		275,305	256,551

29. DISTRIBUTION AND MARKETING EXPENSES	Note	2016 (Rupees in thousand)	2015
Salaries and amenities	(29.1)	101,633	93,863
Contract services		30,196	29,747
Fuel and power		6,891	8,819
Communication		431	385
Travelling and vehicle running		13,723	15,504
Printing and stationery		4,338	2,882
Insurance		6,654	6,717
Trademark fee		105,277	279,269
Advertisement and sales promotion		20,661	21,490
Depreciation	(12.1)	6,546	8,088
Meeting / convention		36	7,219
After sales support		22,828	28,439
Research cost		736	-
Other expenses		30,205	12,585
		<b>350,155</b>	<b>515,007</b>
<b>29.1</b> It includes the following staff retirement benefits:			
Defined benefit plan - pension		579	(6,269)
Defined contribution plan - gratuity		3,004	2,960
Defined contribution plan - provident fund		3,284	3,429
Provision for compensated absences		843	4,109
		<b>7,710</b>	<b>4,229</b>
<b>30. ADMINISTRATIVE EXPENSES</b>			
Salaries and amenities	(30.1)	204,776	187,834
Contract services		32,246	32,744
Fuel and power		11,462	14,365
Communication		4,410	4,543
Travelling and vehicle running		25,086	24,319
Insurance		5,709	6,813
Repairs and maintenance		7,829	9,236
Security		12,996	11,858
Legal and professional	(30.2)	14,989	11,483
Depreciation	(12.1)	27,614	26,892
Amortization of intangible asset	(14)	2,953	2,383
Rent, rates and taxes		10,081	6,060
Fee and subscription		3,546	3,876
Entertainment		6,068	4,933
Bad debts written off	(20)	-	23,240
Property, plant and equipment written off		5,804	-
Other expenses		49,758	48,741
		<b>425,327</b>	<b>419,320</b>



		2016	2015
		(Rupees in thousand)	
<b>30.1</b>	It includes the following staff retirement benefits:		
	Defined benefit plan - pension	(1,428)	(10,116)
	Defined contribution plan - gratuity	2,593	2,459
	Defined contribution plan - provident fund	5,472	4,965
	Provision for compensated absences	2,786	8,170
		9,423	5,478
<b>30.2</b>	Legal and professional expenses include following in respect of auditors' services:		
	Statutory audit	1,400	1,340
	Half year review	160	160
	Special reports and sundry certifications	230	230
	Out of pocket expenses	100	100
		1,890	1,830
<b>31.</b>	<b>OTHER OPERATING EXPENSES</b>		
	Workers' Profit Participation Fund	(9.4)	140,507
	Workers' Welfare Fund		48,821
	Donations	(31.1)	4,225
	Loss on exchange rate and price difference		2,968
			196,521
			264,550
<b>31.1</b>	Donations include the following in which a director or his spouse is interested:		
	<b>Name of Director</b>	<b>Name of Donee</b>	<b>Interest in Donee</b>
	Sikandar Mustafa Khan	Lahore Hospital Welfare Society	Spouse as Joint Secretary
			1,000
			-
<b>32.</b>	<b>OTHER INCOME</b>		
	<b>Income from financial assets</b>		
	Dividend income from Baluchistan Wheels Limited	3,847	3,972
	Return on commercial bank deposits	11,531	21,227
	Interest on Term Deposit Receipts (TDR)	-	3,982
	Gain on sale of short term investments	(32.1)	31,315
	Change in fair value of short term investments	(25) & (32.2)	416
	Gain on translation of foreign investment		1,215
	Interest charged on early payments and advances		49,339
		97,663	193,219
	<b>Income from investment in associates</b>		
	Dividend income from Millat Equipment Limited	93,600	175,500
	Dividend income from Millat Industrial Products Limited	28,687	17,212
	Dividend income from Bolan Castings Limited	10,614	-
	Dividend income from Tipeg Intertrade DMCC	12,812	-
		145,713	192,712
	<b>Income from assets other than financial assets</b>		
	Rental income	5,343	5,302
	Scrap sales	16,758	9,873
	Gain on disposal of property, plant and equipment	-	553
	Sundry additions to income	(32.3)	5,164
	Multiapp products service income		1,385
	Lab income		223
		28,873	18,226
		272,249	404,157

		2016 (Rupees in thousand)	2015
<b>32.1</b>	<b>Realized gain on sale of short term investment:</b>		
	MCB cash management optimizer fund	6,828	14,814
	NAFA Government securities liquid fund	6,993	14,204
	ABL cash fund	7,503	16,202
	Atlas money market fund	1,992	5,392
	HBL money market fund	3,957	14,867
	Askari sovereign cash fund	2,528	4,240
	UBL liquidity plus fund	-	4,387
	MCB DCF income fund	581	657
	ABL income fund	883	(221)
	Atlas income fund	50	-
		31,315	74,542
<b>32.2</b>	<b>Unrealized gain / (loss):</b>		
	MCB cash management optimizer fund	33	150
	ABL cash fund	383	368
	HBL money market fund	-	244
	Askari sovereign cash fund	-	(770)
		416	(8)
<b>32.3</b>	This includes income received as tender money in case of auctions and late delivery charges from suppliers.		
<b>33.</b>	<b>FINANCE COSTS</b>		
	Mark-up on short term borrowings - secured	(33.1)	10,725
	Bank charges and commission		4,575
			15,300
<b>33.1</b>	This includes mark-up of Rs.3,774 thousand on islamic mode of financing.		
<b>34.</b>	<b>TAXATION</b>		
	For the year:		
	Current		870,308
	Deferred		(8,106)
			862,202
	Prior years:		
	Current		8,306
		(34.1)	870,508
			1,209,968
<b>34.1</b>	<b>Numerical reconciliation between average effective tax rate and the applicable tax rate.</b>		
		2016	2015
		%	%
	Applicable tax rate	32.00	33.00
	- Effect of change in prior year	0.31	-
	- Income exempt for tax purposes	-	0.005
	- Income chargeable to tax at lower rate	2.72	(2.49)
	- Effect on opening deferred taxes on reduction of rate	(0.01)	(0.01)
	- Others	(1.80)	3.18
		1.22	0.69
	Average effective tax rate	33.22	33.69



**35. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Company in its meeting held on 09 September 2016 has proposed a final cash dividend of Rs. 30 per share (2015: Rs. 27.5 per share) in respect of the year ended 30 June 2016. 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.

**36. 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 Officer, Directors and Executives of the Company are as follows :

	Chief Executive Officer		Directors				Executives	
	2016	2015	Non Executive Directors		Executive Directors		2016	2015
Number of persons	1	1	4	1	4	1	79	77
Remuneration	8,491	6,568	23,378	3,199	17,826	2,439	79,406	73,831
Cost of living allowance	-	-	23,378	3,199	17,826	2,439	40,014	39,573
Bonus	3,410	2,952	6,906	1,144	7,269	796	23,875	26,438
House rent	3,821	2,956	10,520	1,440	8,021	1,098	29,225	27,323
Contribution to provident fund and gratuity funds	851	659	-	320	-	244	15,142	13,945
Pension contribution	-	-	-	-	-	-	6,802	6,582
Medical expenses	149	177	1,677	90	2,183	126	7,578	6,522
Utilities	331	437	1,714	279	2,030	291	8,286	8,009
Other reimbursable expenses	1,643	1,465	5,652	1,129	5,168	653	13,224	13,204
	18,696	15,214	73,225	10,800	60,323	8,086	223,552	215,427

The Company also provides the Chief Executive Officer, Directors and certain employees with free use of Company maintained cars and residential telephones.

**36.1** Aggregate amount charged to profit and loss account for the year in respect of meeting fee to two directors (2015: two directors) was Rs. 410 thousand (2015: Rs. 200 thousand) and travelling expenses Rs. 773 thousand (2015: Rs. 392 thousand).

### 37. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds & directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes to the financial statements. Amounts of assets sold during the year are mentioned in note 12.1. 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:

Relation with undertaking	Nature of transaction	2016 (Rupees in thousand)	2015
Subsidiary	Sale of goods	109,966	139,539
	Purchase of components	3,260,500	4,464,334
	Dividend income	145,713	192,712
Retirement benefit plans	Contribution to staff retirement benefit plans	23,003	21,800

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

### 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:

	2016 (Rupees in thousand)	2015
Profit for the year after tax	1,750,298	2,382,421
	(Number of shares in thousands)	
Weighted average number of ordinary shares outstanding during the year	44,293	44,293
	-----Rupees-----	
Earnings per share	39.52	53.79

#### 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.





39. CASH GENERATED FROM OPERATIONS	Note	2016	2015
		(Rupees in thousand)	
Profit before taxation		2,620,806	3,592,389
Adjustment for:			
Depreciation on property, plant and equipment		66,662	70,581
Amortization of intangible assets		2,953	2,383
Bad debts written off		-	23,240
Provision for accumulating compensated absences		5,971	12,661
Profit on bank deposits		(11,531)	(21,227)
Dividend income		(149,560)	(196,684)
Provision for pension obligation		(10,185)	(37,961)
Provision for gratuity		12,108	10,369
Gain / (loss) on disposal of property, plant and equipment		-	(553)
Property, plant and equipment written off		5,804	-
Gain on sale of short term investments		(31,315)	(78,516)
Gain on change in fair value of investments		(1,631)	(1,215)
Finance costs		15,300	9,360
Workers' Profit Participation Fund		140,507	192,538
Workers' Welfare Fund		48,821	65,838
Working capital changes	(39.1)	2,205,807	423,753
		<u>4,920,517</u>	<u>4,066,956</u>
<b>39.1 Working capital changes</b>			
<b>Decrease / (increase) in current assets</b>			
Stores and spares		(4,772)	13,810
Stock-in-trade		(115,502)	3,708
Trade debts		(95,954)	(85,886)
Loans and advances		(3,388)	53,364
Trade deposits and short term prepayments		(1,618)	1,450
Other receivables		(51,591)	31,583
		<u>(272,825)</u>	<u>18,029</u>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		2,478,632	405,724
		<u>2,205,807</u>	<u>423,753</u>

#### 40. 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 analyse 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.

#### 40.1 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.

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
		2016	2015
(Rupees in thousand)			
Receivables/ (Trade and other payables) - GBP	+1	67	8
	-1	(67)	(8)
Receivables/ (Trade and other payables) - USD	+1	581	286
	-1	(581)	(286)
Receivables/ (Trade and other payables) - EUR	+1	71	76
	-1	(71)	(76)
		2016	2015
Reporting date rate:			
GBP		140.40	159.91
USD		104.70	101.70
EUR		116.31	113.79

##### (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 equity instrument held by the Company does not trade on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Pakistan Stock Exchange (PSX). Therefore, it is not possible to measure the impact of increase / decrease in the PSX Index on the Company's profit after taxation for the year and on equity (fair value reserve).

##### (c) Interest rate risk

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

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

	2016	2015
(Rupees in thousand)		
<b>Fixed rate instruments</b>		
Financial assets		
Bank balances - deposit accounts	8,105	210,863



#### 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 balance sheet 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 balance sheet dates were outstanding for the whole year.

		Changes in interest rate	Effects on profit before tax
(Rupees in thousand)			
Bank balances - deposit accounts	2016	+1	1,196
		-1	(1,196)
	2015	+1	1,110
		-1	(1,110)

#### 40.2 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. 4,155,482 thousand (2015: Rs. 2,878,085 thousand), the financial assets which are subject to credit risk amounted to Rs. 3,748,254 thousand (2015: Rs. 2,794,509 thousand). The Company 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 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:

	2016	2015
(Rupees in thousand)		
Trade debts	286,194	190,240
Other receivables	104,756	55,643
Short term investments	800,317	700,203
Bank balances	2,556,987	1,081,128
	3,748,254	2,027,214
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 Months	274,335	174,609
Past due 4 - 6 Months	4,761	1,571
Past due one year	7,098	14,060
	286,194	190,240

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 balance sheet date:

Banks	Rating			2016	2015
	Short term	Long term	Agency	(Rupees in thousand)	
Meezan Bank Limited	A-1+	AA	JCR-VIS	9,685	9,797
Allied Bank Limited	A-1+	AA+	PACRA	26,706	32,771
Zarai Taraqiati Bank Ltd	A-1+	AAA	JCR-VIS	104,347	210,863
Bank Alfalah Limited	A-1+	AA	PACRA	13,375	23,732
Standard Chartered Bank	A-1+	AAA	PACRA	20,546	20,194
United Bank Limited	A-1+	AAA	JCR-VIS	202,386	347,513
The Bank of Punjab	A-1+	AA-	PACRA	551	551
MCB Bank Limited	A-1+	AAA	PACRA	28,059	7,549
Habib Bank Limited	A-1+	AAA	JCR-VIS	93,835	63,695
Sindh Bank Limited	A-1+	AA	JCR-VIS	8,105	84,368
National Bank of Pakistan	A-1+	AAA	JCR-VIS	23,510	30,437
				531,105	831,470

Mutual funds / Term Deposit Receipts	Rating		Agency	2016	2015
				(Rupees in thousand)	
MCB Cash Management optimizer Fund	AA(f)		PACRA	400,033	150,191
ABL Cash Fund	AA(f)		JCR-VIS	400,284	200,504
HBL Money Market Fund	AAA		JCR-VIS	-	150,278
Askari Sovereign Cash Fund	AA+		JCR-VIS	-	199,230
				800,317	700,203

### 40.3 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 30 June 2016, the Company had Rs. 4,000,000 thousand available borrowing limits from financial institutions and Rs.2,562,252 thousand cash and bank balances.

The following are the contractual maturities of financial liabilities as at 30 June 2016:

	Carrying amount	Less than one year	One to five years	More than five years
	----- (Rupees in thousand) -----			
Trade and other payables	3,624,092	3,624,092	-	-
Mark-up accrued on short term borrowings	310	310	-	-
Long term deposits	11,505	-	11,505	-
	3,635,907	3,624,402	11,505	-

The following are the contractual maturities of financial liabilities as at 30 June, 2015:

Trade and other payables	1,632,309	1,632,309	-	-
Mark-up accrued on short term borrowings	1,800	1,800	-	-
Long term deposits	10,595	-	10,595	-
	1,644,704	1,634,109	10,595	-



40.4 Financial instruments by categories

	Available-for-sale		At fair value through profit and loss		Loans and receivables		Investments at cost		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
----- (Rupees in thousand) -----										
<b>Financial assets as per balance sheet</b>										
Long term investments	103,268	77,098	-	-	-	-	293,660	292,445	396,928	369,543
Long term loans	-	-	-	-	1,483	1,911	-	-	1,483	1,911
Loans to employees	-	-	-	-	3,552	3,525	-	-	3,552	3,525
Trade debts	-	-	-	-	286,194	190,240	-	-	286,194	190,240
Other receivables	-	-	-	-	104,756	55,643	-	-	104,756	55,643
Short term investments	-	-	800,317	700,203	-	-	-	-	800,317	700,203
Cash and bank balances	-	-	-	-	2,562,252	1,082,170	-	-	2,562,252	1,082,170
	103,268	77,098	800,317	700,203	2,958,237	1,333,489	293,660	292,445	4,155,482	2,403,235
<b>Financial liabilities as per balance sheet</b>										
(Rupees in thousand)										
Trade and other payables									3,624,092	1,632,309
Accrued mark-up on short term borrowings									310	1,800
Long term deposits									11,505	10,595
									3,635,907	1,644,704

40.5 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 commensurate to the circumstances.

## 41. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

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

### 41.1 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2016, the Company held the following financial instruments carried at fair value:

Assets measured at fair value - available for sale	2016	Level 1	Level 2	Level 3
	------(Rupees in thousand)-----			
Equity shares	103,268	103,268	-	-
Investment in mutual funds	800,317	800,317	-	-
	903,585	903,585	-	-

Date of valuation : 30 June 2016

There were no liabilities measured at fair value as at 30 June 2016.

As at 30 June 2015, the Company held the following financial instruments carried at fair value:

Assets measured at fair value - available for sale	2015	Level 1	Level 2	Level 3
	------(Rupees in thousand)-----			
Equity shares	77,098	77,098	-	-
Investment in mutual funds	700,203	700,203	-	-
	777,301	777,301	-	-

Date of valuation : 30 June 2015

There were no liabilities measured at fair value as at 30 June 2015.

## 42. PROVIDENT FUND TRUST

42.1 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 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:



	Note	2016 (Rupees in thousand)	2015
Size of the fund		625,672	608,297
Cost of investment made	(42.2)	530,921	497,988
Percentage of investment made		84.86%	81.87%
Fair value of investment		906,182	1,001,959

**42.2 Breakup of investment - amount**

	2016		2015	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
Investment in shares (listed securities)	6,690	1%	7,721	1%
Term Deposit Receipts (TDR)	524,231	84%	490,267	81%
	530,921	85%	497,988	82%

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

43. CAPACITY AND PRODUCTION	2016	2015
	Units per annum	
<b>Tractors</b>		
Plant capacity (double shift)	30,000	30,000
Actual production	21,108	28,105

The Company has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the reason for low production over normal capacity is due to less demand during the year.

**44. NUMBER OF EMPLOYEES**

	2016	2015
Number of employees at the end of the year	414	428
Average number of employees during the year	421	431

**45. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been approved for issue by Board of Directors of the Company on 09 September 2016.

**46. CORRESPONDING FIGURES**

Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation. However, no significant reclassifications / restatements have been made.

**47. GENERAL**

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

S M Irfan Aqueel  
Chief Executive

Sikandar Mustafa Khan  
Director / Chairman





Consolidated Financial Statements  
**MILLAT TRACTORS LIMITED**  
For the year ended 30 June 2016







# GROUP DIRECTORS' REPORT

Year ended 30 June 2016

The Directors are pleased to present their report together with the audited Group Consolidated Financial Statements for the year ended June 30, 2016.

## FINANCIAL REPORTING

Millat Tractors Limited (MTL) has adopted International Financial Reporting Standard (IFRS)-10, "Consolidated Financial Statements". The (IFRS)-10 requires that where control can be exercised over investee company(ies) as per "Control" criteria specified in (IFRS), the investor shall consolidate the financial statements of the investee company. Keeping in view the said guidelines, Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL), previously classified as associated entities, are deemed as subsidiary companies and were accordingly consolidated in the financial statements of the Company as subsidiaries.

Resultantly MTL has changed its accounting policy with respect to the recognition and measurement of investment in associates which meets the criteria of "Control" as stated in International Financial Reporting Standard. The financial impact of this change is stated in note no.4.2.4 to the consolidated accounts. The comparative figures were also restated.

## 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

MIPL is engaged in manufacture of automotive batteries for MTL as well as the after sale market. MTL holds 64.09% equity of the company. MIPL earned an after tax profit of Rs. 151.465 million and registered sale of Rs. 1,064.935 million for the year under review.

## TIPEG INTERTRADE DMCC

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. The Company was incorporated on December 25, 2012. There is a cumulative net profit of 1,492,648 UAE Dirhams as on June 30, 2016.

## BOLAN CASTINGS LIMITED

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. BCL sales and profit after tax for the year ended June 30, 2016 were Rs. 1,333.476 million and Rs. 26.484 million respectively.

## MILLAT EQUIPMENT LIMITED

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%. During the year ended June 30, 2016 MEL earned a net profit after tax of Rs. 220.26 million with sales of Rs. 1,899.21 million.

### **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 change in the nature of business of any group company.

### **AUDITORS' OBSERVATIONS**

For the year no adverse remark, observation was given by the auditors' of any group company in their reports for the year/ period ended June 30, 2016.

### **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 for the year ended June 30, 2016 was Rs. 46.00 as against Rs. 62.54 of the preceding year.



S M IRFAN AQUEEL

CHIEF EXECUTIVE

Lahore: September 09, 2016



# MILLAT GROUP OF COMPANIES

## CONSOLIDATED PATTERN OF SHAREHOLDING as on June 30, 2016

Pattern of Shareholding of Millat Industrial Products Limited  
As on 30-06-2016

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
13	1	100	1,039
21	101	500	5,435
56	501	1,000	43,742
49	1,001	1,500	59,260
36	1,501	2,000	63,980
20	2,001	3,000	48,024
12	3,001	5,000	45,863
54	5,001	40,000	865,400
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>272</b>			<b>8,952,840</b>

Pattern of Shareholding of TIPEG INTERTRADE DMCC  
As on 30-06-2016

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 30-06-2016

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
141	1	100	4,067
412	101	500	96,674
118	501	1000	106,031
204	1001	5000	484,714
36	5001	10000	271,304
11	10001	15000	131,676
2	15001	20000	36,936
4	20001	25000	88,763
3	25001	30000	81,491
2	30001	35000	63,770
1	35001	40000	36,000
1	40001	45000	44,794
1	45001	50000	46,278
3	55001	60000	178,000
1	70001	75000	70,011
1	140001	145000	144,359
2	165001	170000	332,983
1	255001	260000	258,266
1	290001	295000	293,388
1	360001	365000	363,524
1	365001	370000	369,596
1	485001	490000	488,276
1	500001	505000	502,000
1	525001	530000	528,000
1	1140001	1145000	1,144,649
1	5305001	5310000	5,306,979
<b>952</b>			<b>11,472,529</b>

Pattern of Shareholding of Millat Equipment Limited  
As on 30-06-2016

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
47	1	1000	30,267
32	1001	2000	55,171
36	2001	3000	99,916
57	3001	4000	199,000
50	4001	5000	237,000
81	5001	10000	626,884
27	10001	15000	336,638
24	15001	20000	435,987
9	20001	25000	202,400
15	25001	30000	431,200
3	30001	35000	99,550
10	35001	40000	381,479
6	40001	45000	261,600
5	45001	50000	241,950
3	50001	55000	158,900
4	55001	60000	234,450
2	60001	65000	127,800
2	65001	75000	143,859
2	75001	100000	200,000
2	100001	120000	239,200
3	120001	150000	407,700
2	150001	200000	361,950
4	200001	300000	923,901
2	300001	700000	1,000,251
4	700001	1905000	6,862,954
1	1905001	11700000	11,699,993
<b>433</b>			<b>26,000,000</b>

# MILLAT GROUP OF COMPANIES

## CONSOLIDATED CATEGORIES OF SHAREHOLDING as on June 30, 2016

Categories of Shareholders	MIPL	%	TIPEG	%	BCL	%	MEL	%
<b>1- Directos, CEO's, spouse &amp; minor children</b>								
Mr. Sikandar 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	733,120	6.39	1,904,001	7.32
Mian Muhammad Saleem	200,000	2.23	100	5.00	2,993	0.03	600,001	2.31
Mr. Ahsan Imran Shaikh	33,650	0.38	-	-	-	-	130,600	0.50
Syed Muhammad Irfan Aqueel	-	-	-	-	-	-	100,000	0.38
Mr. Saifuddin	-	-	-	-	2,500	0.02	-	-
Syed Javaid Ashraf	-	-	-	-	17,936	0.16	-	-
Mrs. Qurat ul Ain	-	-	-	-	-	-	3,700.00	0.01
	<b>1,864,900</b>	<b>20.83</b>	<b>500</b>	<b>25.00</b>	<b>1,099,547</b>	<b>9.58</b>	<b>7,697,255</b>	<b>29.60</b>
<b>2- Associated Companies, Undertaking 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>3- Executives/ Workers</b>								
	-	-	-	-	108,189	0.94	56,850	0.22
<b>4- Public Sector Companies and Corporations</b>								
					1,144,922	9.98	-	-
<b>5- NIT and IDBP (ICP UNIT)</b>								
					440	0.00	-	-
<b>6- Banks, Development Financial Institutions , Non-Banking Financial Institutions</b>								
	-	-	-	-	-	-	-	-
<b>7-Insurance Companies</b>								
	-	-			528,000	4.60	-	-
<b>8-Modaraba</b>								
	-	-			-	0.00	-	-
<b>9-Mutual Funds</b>								
					488,276	4.26	-	-
<b>10- Shareholders Holding 5% or more Voting Interest.</b>								
<b>11- General Public</b>								
a-Local	1,350,440	15.08	-	-	2,033,220	17.72	6,545,902	25.18
b-Foreign	-	-	-	-	-	0.00	-	-
<b>12- Others</b>								
Joint Stock Companies	-	-	-	-	105,267	0.92	-	-
Trust	-	-	-	-	339,666	2.96	-	-
Non-Resident Company	-	-	-	-	-	0.00	-	-
Others	-	-	-	-	318,023	2.77	-	-
	<b>8,952,840</b>	<b>100</b>	<b>2,000</b>	<b>100</b>	<b>11,472,529</b>	<b>100</b>	<b>26,000,000</b>	<b>100</b>

\* Shareholders Holding 5% or more Voting Interest (Separately Included above).

Mr. Sikandar Mustafa Khan	543,750	6.07	100	5	-	-	1,625,001	6.25
Mr. Latif Khalid Hashmi	-	-	100	5	-	-	1,625,001	6.25
Mr. Sohail Bashir Rana	-	-	100	5	-	-	1,708,951	6.57
Mr. Laeeq Uddin Ansari	-	-	100	5	733,120	6.39	1,904,001	7.32
Mian Muhammad Saleem	-	-	100	5	-	-	-	-
Millat Tractors Limited	5,737,500	64.09	1,500	75	5,306,979	-	11,699,993	45.00



# AUDITORS' REPORT

## to the Members

We have audited the annexed consolidated financial statements comprising the consolidated balance sheet of Millat Tractors Limited (the holding company) and its subsidiary Companies as at 30 June 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed a separate opinion on the financial statements of the Millat Tractors Limited, while the financial statements of its subsidiaries, Millat Equipment Limited, Bolan Castings Limited, Millat Industrial Products Limited were audited and that of Tipeg Intertrade DMCC were reviewed by another firms of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such Companies, is based solely on the report of such other auditors. These consolidated financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures, as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Millat Tractors Limited and its subsidiary companies as at 30 June 2016 and the results of their operations for the year then ended.

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Name of audit engagement partner:  
Naseem Akbar

Lahore :  
09 September 2016

# CONSOLIDATED BALANCE SHEET

as at June 30, 2016

	Note	2016	Restated 2015	Restated 2014
..... (Rupees in thousand) .....				
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
<b>Authorized share capital</b>				
50,000,000 (2015: 50,000,000) ordinary shares of Rs. 10/- each				
		500,000	500,000	500,000
Issued, subscribed and paid up capital	5	442,926	442,926	442,926
General reserves		3,181,893	3,313,080	3,459,925
Unappropriated profit		1,105,960	1,496,683	1,055,470
Exchange translation reserve		1,029	145	231
Fair value reserve		146,450	117,241	92,593
		4,878,258	5,370,075	5,051,145
<b>Non-controlling interests</b>		1,118,359	1,081,632	1,024,099
<b>Non-current liabilities</b>				
Long term deposits	6	21,343	19,669	18,103
Deferred taxation	7	21,660	47,410	64,006
Employees' defined benefit plan	8	168,513	34,724	21,846
		211,516	101,803	103,955
<b>Current liabilities</b>				
Accumulating compensated absences		121,202	113,397	87,560
Trade and other payables	9	5,461,736	2,964,231	2,640,856
Current portion of long term deposits		899	846	1,345
Short term borrowings	10	274,159	592,917	473,360
Accrued mark-up on short term borrowings		5,111	12,357	15,527
		5,863,107	3,683,748	3,218,648
<b>CONTINGENCIES AND COMMITMENTS</b>	11			
		12,071,240	10,237,258	9,397,847

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.



S M Irfan Aqueel  
Chief Executive





	Note	2016	Restated 2015	Restated 2014
..... (Rupees in thousand) .....				
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Property, plant and equipment</b>				
Operating fixed assets	12	1,238,495	1,264,530	1,295,795
Capital work in progress	13	270,631	215,558	215,088
		1,509,126	1,480,088	1,510,883
Intangible asset	14	3,597	4,519	6,517
Goodwill		18,572	18,572	18,572
Investment property	15	255,708	255,708	255,708
Long term investments	16	126,555	93,816	66,739
Long term loans	17	2,264	2,692	2,788
Long term deposits	18	7,411	7,130	7,530
Employees' defined benefit plan	8	-	149,839	308,862
		1,923,233	2,012,364	2,177,599
<b>Current assets</b>				
Stores and spares	19	342,749	349,225	371,176
Stock in trade	20	3,149,366	3,336,095	3,297,400
Trade debts	21	433,764	324,059	262,355
Loans and advances	22	135,257	145,400	143,520
Trade deposits and short term prepayments	23	36,940	48,829	38,328
Other receivables	24	105,305	64,984	114,403
Balances with statutory authorities	25	1,193,953	788,699	322,213
Tax refunds due from the Government		821,906	923,139	1,097,765
Short term investments	26	1,194,315	1,048,703	301,613
Cash and bank balances	27	2,734,452	1,195,761	1,271,475
		10,148,007	8,224,894	7,220,248
		12,071,240	10,237,258	9,397,847

Sikandar Mustafa Khan  
Director / Chairman

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2016

	Note	2016	Restated 2015
		(Rupees in thousand)	
Sales - net	28	17,961,175	24,045,441
Cost of sales	29	13,736,444	18,513,326
<b>Gross profit</b>		<b>4,224,731</b>	<b>5,532,115</b>
Distribution and marketing expenses	30	429,450	590,011
Administrative expenses	31	568,371	557,378
Other operating expenses	32	240,122	324,542
		1,237,943	1,471,931
<b>Operating profit</b>		<b>2,986,788</b>	<b>4,060,184</b>
Other income	33	160,135	252,928
		3,146,923	4,313,112
Finance cost	34	52,666	59,059
<b>Profit before taxation</b>		<b>3,094,257</b>	<b>4,254,053</b>
Taxation	35	1,056,595	1,483,873
<b>Profit after taxation</b>		<b>2,037,662</b>	<b>2,770,180</b>
<b>Attributable to:</b>			
- Equity holders of the holding Company		1,839,710	2,482,737
- Non-controlling interests		197,952	287,443
		2,037,662	2,770,180
<b>Earnings per share - basic and diluted (Rupees)</b>	39	<b>46.00</b>	<b>62.54</b>

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.



S M Irfan Aqueel  
Chief Executive



Sikandar Mustafa Khan  
Director / Chairman



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	2016	Restated 2015
	(Rupees in thousand)	
Profit for the year	2,037,662	2,770,180
<b>Other comprehensive income:</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1,178	(115)
Unrealized gain / (loss) on revaluation of available for sale investments	32,739	27,077
	33,917	26,962
Items not to be reclassified to profit or loss in subsequent period:		
Actuarial (loss) / gain on defined benefit plans	(275,693)	(203,369)
Total other comprehensive loss, net of tax	(241,776)	(176,407)
<b>Total comprehensive income for the year</b>	<b>1,795,886</b>	<b>2,593,773</b>
<b>Attributable to:</b>		
- Equity holders of the holding Company	1,612,373	2,312,066
- Non-controlling interest	183,513	281,707
	1,795,886	2,593,773

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

S M Irfan Aqueel  
Chief Executive

Sikandar Mustafa Khan  
Director / Chairman

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2016

	Note	2016	Restated 2015
		(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	40	6,194,551	5,089,700
Interest and mark-up paid		(59,912)	(62,229)
Net decrease in long term loans to employees		428	96
Workers' Profit Participation Fund paid		(171,909)	(235,588)
Workers' Welfare Fund paid		(61,166)	(82,903)
Taxes paid		(1,386,366)	(1,792,329)
Employee benefits paid		(143,218)	(148,978)
Long term security deposits received		1,446	1,467
		(1,820,697)	(2,320,464)
<b>Net cash from operating activities</b>		<b>4,373,854</b>	<b>2,769,236</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(210,412)	(129,586)
Purchase of intangible assets		(2,382)	(707)
Proceeds from disposal of property, plant and equipment		31,623	15,229
Investment made - net		(107,036)	(661,928)
Profit on bank deposits received		17,185	25,262
Dividend received		4,710	4,619
<b>Net cash used in investing activities</b>		<b>(266,312)</b>	<b>(747,111)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings		(318,758)	119,557
Dividends paid to non controlling interests		(147,081)	(224,145)
Dividends paid to equity holder of the holding company		(2,103,896)	(1,993,165)
<b>Net cash used in financing activities</b>		<b>(2,569,735)</b>	<b>(2,097,753)</b>
Net increase / (decrease) in cash and cash equivalents		1,537,807	(75,628)
Cash and cash equivalents at the beginning of the year		1,195,761	1,271,475
Foreign exchange difference		884	(86)
Cash and cash equivalents at the end of the year	27	2,734,452	1,195,761

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.



S M Irfan Aqueel  
Chief Executive



Sikandar Mustafa Khan  
Director / Chairman



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Share capital	Revenue reserves		Exchange translation reserve	Fair value reserve	Non-controlling interests	Total
		General reserves	Unappropriated profit				
.....(Rupees in thousand).....							
<b>Balance as on 01 July 2014</b>							
- as previously reported	442,926	3,263,551	1,313,338	231	29,038	118,823	5,167,907
Effect of change in accounting policy (Note 4.2.4)	-	196,374	(257,868)	-	63,555	905,276	907,337
<b>Balance as on 01 July 2014 - restated</b>	442,926	3,459,925	1,055,470	231	92,593	1,024,099	6,075,244
Final dividend for the year ended 30 June 2014 @ Rs. 20 per share	-	(146,845)	(739,006)	-	-	-	(885,851)
Interim dividend for the year ended 30 June 2015 @ Rs. 25/- per share	-	-	(1,107,314)	-	-	-	-(1,107,314)
Dividend payment to non controlling interests	-	-	-	-	-	(224,145)	(224,145)
Net profit for the year	-	-	2,482,737	-	-	287,443	2,770,180
Other comprehensive (loss) / income for the year	-	-	(195,204)	(86)	24,648	(5,765)	(176,407)
<b>Balance as on 30 June 2015 - restated</b>	442,926	3,313,080	1,496,683	145	117,241	1,081,632	6,451,707
Final dividend for the year ended 30 June 2015 @ Rs. 27.5 per share	-	(131,187)	(1,086,858)	-	-	-	-(1,218,045)
Interim dividend for the year ended 30 June 2016 @ Rs. 20/- per share	-	-	(885,851)	-	-	-	(885,851)
Dividend payment to non controlling interests	-	-	-	-	-	(147,081)	(147,081)
Net profit for the year	-	-	1,839,710	-	-	197,952	2,037,662
Other comprehensive income for the year	-	-	(257,724)	884	29,209	(14,144)	(241,775)
<b>Balance as on 30 June 2016</b>	442,926	3,181,893	1,105,960	1,029	146,450	1,118,359	5,996,617

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

S M Irfan Aqueel  
Chief Executive

Sikandar Mustafa Khan  
Director / Chairman

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

## 1. THE GROUP AND ITS OPERATIONS

### Holding Company

Millat Tractors Limited - (MTL)

The Holding Company is a public limited Company incorporated in Pakistan in 1964 under the Companies Ordinance 1984, and is listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange in which Lahore and Islamabad stock exchanges have merged). The registered office of the Company is situated at Sheikhpura Road, District Sheikhpura. It is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products.

### Subsidiary Companies

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

Tipeg Intertrade DMCC, Dubai, a limited liability Company registered with Dubai Multi Commodities Centre Authority, is a subsidiary of Millat Tractors Limited which holds 75% equity. The principal place of business of the Company is located at Jumeirah Lake Towers, Dubai-UAE. The Company is formed for trading of machinery and heavy equipment and Company has recently started its operations.

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

Bolan Castings Limited (BCL), a public limited Company incorporated in Pakistan under the Companies Ordinance 1984, and is listed on Pakistan Stock Exchange (formerly Karachi Stock Exchange in which Lahore and Islamabad stock exchanges have merged), is a subsidiary of Millat Tractors Limited which holds 46.26% equity. BCL is engaged in the business of manufacturing of castings for tractors and automotive parts thereof.

## 2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

## 3. BASIS OF MEASUREMENT

### 3.1 Basis of preparation

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 Use of estimates and judgments

The Group's significant accounting policies are stated in note 4. 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 4.4.1.

#### 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, the amounts are



shown as contingent liabilities.

### 3.2.3 Useful life and residual values 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

The Group regularly reviews the inventories for impairment. Provision for obsolete and slow-moving inventories is based on management estimate.

### 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 or loss.

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 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 cash-generating unit (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. 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 New, amended standards and interpretations that become effective

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

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement

#### Improvements to Accounting Standards Issued by the IASB

- IAS 27 – Separate Financial Statements
- IAS 28 – Investment in Associates and Joint Ventures

As a result of adoption of International Financial Reporting Standard (IFRS) - 10, "Consolidated Financial Statements" by Securities and Exchange Commission of Pakistan (SECP), the Company reassessed control mechanism of its investment in Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL) that although the Company has less than 50% voting rights both in BCL and MEL, the Company has the ability to exercise control over both these companies. Henceforth, these companies are concluded to be subsidiaries of the Company.

Except as mentioned above the adoption of the above amendments, improvements to accounting standards and

interpretations did not have any effect on the financial statements.

## 4.2 Principles of consolidation

### 4.2.1 Subsidiaries

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

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 recognised directly in the profit and loss account. Inter-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised 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.

### 4.2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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 do not have control or joint control over those policies.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the profit and loss account.

### 4.2.4 Restatement of prior periods

As a result of adoption of International Financial Reporting Standard (IFRS)-10, the “Consolidated Financial Statements” by Securities and Exchange Commission of Pakistan (SECP), the Company reassessed control mechanism of its investment in Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL) that although the Company has less than 50% voting rights both in BCL and MEL, the Company has the ability to exercise control over both these companies. Henceforth, these companies are deemed to be subsidiaries of the Company. This has resulted in change in its accounting policy retrospectively the earliest period presented in the consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity have been restated as if these have been subsidiary from the date when the Group obtained control over MEL and BCL. The effect of retrospective application are as follows:





Effect on consolidated balance sheet as of June 30, 2014 and June 30, 2015.

	30 June 2015			30 June 2014		
	Balance previously reported	effect of change in accounting policy	Balance after change in accounting policy	Balance previously reported	effect of change in accounting policy	Balance after change in accounting policy
----- (Rs in thousand) -----						
<b>Non-current assets</b>						
<b>Property, plant and equipment</b>						
Operating fixed assets	556,497	708,033	1,264,530	544,867	750,928	1,295,795
Capital work in progress	209,660	5,898	215,558	212,431	2,657	215,088
Intangible asset	3,867	652	4,519	5,888	629	6,517
Goodwill	-	18,572	18,572	-	18,572	18,572
Investment property	255,708	-	255,708	255,708	-	255,708
Long term investments	719,336	(625,520)	93,816	674,873	(608,134)	66,739
Long term loans	1,911	781	2,692	1,941	847	2,788
Long term deposits	-	7,130	7,130	-	7,530	7,530
Employees' defined benefit plan	143,512	6,327	149,839	293,800	15,062	308,862
	1,890,491	121,873	2,012,364	1,989,508	188,091	2,177,599
<b>Current assets</b>						
Stores and spares	118,573	230,652	349,225	129,639	241,537	371,176
Stock in trade	2,566,614	769,481	3,336,095	2,543,726	753,674	3,297,400
Trade debts	247,990	76,069	324,059	157,743	104,612	262,355
Loans and advances	83,279	62,121	145,400	135,502	8,018	143,520
Trade deposits and short term prepayments	26,493	22,336	48,829	27,438	10,890	38,328
Other receivables	64,171	813	64,984	111,792	2,611	114,403
Balances with statutory authorities	767,295	21,404	788,699	302,081	20,132	322,213
Tax refunds due from the Government	834,983	88,156	923,139	954,097	143,668	1,097,765
Short term investments	845,203	203,500	1,048,703	100,000	201,613	301,613
Cash and bank balances	1,156,670	39,091	1,195,761	1,257,429	14,046	1,271,475
	6,711,271	1,513,623	8,224,894	5,719,447	1,500,801	7,220,248
<b>Total Assets</b>	<b>8,601,762</b>	<b>1,635,496</b>	<b>10,237,258</b>	<b>7,708,955</b>	<b>1,688,892</b>	<b>9,397,847</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Share capital and reserves</b>						
Issued, subscribed and paid up capital	442,926	-	442,926	442,926	-	442,926
General reserves	3,116,706	196,374	3,313,080	3,263,551	196,374	3,459,925
Unappropriated profit	1,761,505	(264,822)	1,496,683	1,313,338	(257,868)	1,055,470
Exchange translation reserve	145	-	145	231	-	231
Fair value reserve	51,616	65,625	117,241	29,038	63,555	92,593
Non-controlling interests	156,657	924,975	1,081,632	118,823	905,276	1,024,099
	5,529,555	922,152	6,451,707	5,167,907	907,337	6,075,244
<b>Non-current liabilities</b>						
Long term deposits	10,595	9,074	19,669	10,515	7,588	18,103
Staff retirement benefits - obligations	-	34,724	34,724	-	21,846	21,846
Deferred taxation	15,553	31,857	47,410	23,722	40,284	64,006
	26,148	75,655	101,803	34,237	69,718	103,955
<b>Current liabilities</b>						
Accumulating compensated absences	90,311	23,086	113,397	77,650	9,910	87,560
Trade and other payables	2,953,948	10,283	2,964,231	2,425,347	215,509	2,640,856
Current portion of long term deposits	-	846	846	-	1,345	1,345
Short term borrowings	-	592,917	592,917	-	473,360	473,360
Accrued mark-up on short term borrowings	1,800	10,557	12,357	3,814	11,713	15,527
	3,046,059	637,689	3,683,748	2,506,811	711,837	3,218,648
	8,601,762	1,635,496	10,237,258	7,708,955	1,688,892	9,397,847

Effect on consolidated profit and loss account for the year ended June 30, 2015

	Balance previously reported	effect of change in accounting policy	Balance after change in accounting policy
	----- (Rs in thousand) -----		
Sales - net	23,928,950	116,491	24,045,441
Cost of sales	19,249,335	(736,009)	18,513,326
Gross profit	4,679,615	852,500	5,532,115
Distribution and marketing expenses	539,853	50,158	590,011
Administrative expenses	468,976	88,402	557,378
	1,008,829	138,560	1,147,389
Operating profit	3,670,786	991,060	4,384,726
Other income	214,012	38,916	252,928
	3,884,798	1,029,976	4,637,654
Finance cost	11,286	47,773	59,059
Other operating expenses	276,368	48,174	324,542
	287,654	95,947	383,601
	3,597,144	934,029	4,254,053
Share of profit of associates	296,511	(296,511)	-
Profit before taxation	3,893,655	637,518	4,254,053
Taxation	1,363,410	120,463	1,483,873
Profit after taxation	2,530,245	517,055	2,770,180
Earnings per share - basic and diluted (Rupees)	57.13	5.41	62.54

Effect on consolidated statement of total comprehensive income for the year ended June 30, 2015

	Balance previously reported	effect of change in accounting policy	Balance after change in accounting policy
	----- (Rs in thousand) -----		
Profit for the year	2,530,245	239,935	2,770,180
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(115)	-	(115)
Unrealized gain / (loss) on revaluation of available for sale investments	22,578	4,499	27,077
	22,463	4,499	26,962
Items not to be reclassified to profit or loss in subsequent period:			
Actuarial (loss) / gain on defined benefit plans	(188,249)	(15,120)	(203,369)
Total other comprehensive income, net of tax	(165,786)	(10,621)	(176,407)
Total comprehensive income for the year	2,364,459	229,314	2,593,773



Effect on consolidated cash flow statement for the year ended June 30, 2015

	Balance previously reported	effect of change in accounting policy	Balance after change in accounting policy
	----- (Rs in thousand) -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	4,396,601	693,099	5,089,700
Interest and mark-up paid	(13,300)	(48,929)	(62,229)
Net decrease in long term loans to employees	30	66	96
Workers' Profit Participation Fund paid	(174,651)	(60,937)	(235,588)
Workers' Welfare Fund paid	(68,994)	(13,909)	(82,903)
Taxes (paid) / refund	(1,888,322)	95,993	(1,792,329)
Employee benefits paid	150,288	(299,266)	(148,978)
Long term security deposits received / (paid)	80	1,387	1,467
	(1,994,869)	(325,595)	(2,320,464)
<b>Net cash from operating activities</b>	<b>2,401,732</b>	<b>367,504</b>	<b>2,769,236</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred	(87,347)	(42,239)	(129,586)
Purchase of intangible assets	(362)	(345)	(707)
Proceeds from disposal of property, plant and equipment	553	14,676	15,229
Investment (made) / redeemed - net	(670,669)	8,741	(661,928)
Profit on bank deposits received	23,713	1,549	25,262
Dividend received	196,684	(192,065)	4,619
<b>Net cash (used in) / from investing activities</b>	<b>(537,428)</b>	<b>(209,683)</b>	<b>(747,111)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Investment of non controlling interest in foreign subsidiary	37,863	(37,863)	-
Short term borrowings	-	119,557	119,557
Dividends paid to non controlling interests	(9,646)	(214,499)	(224,145)
Dividends paid to equity holder of the holding company	(1,993,165)	-	(1,993,165)
<b>Net cash used in financing activities</b>	<b>(1,964,948)</b>	<b>(132,805)</b>	<b>(2,097,753)</b>
Net decrease in cash and cash equivalents	(100,644)	25,016	(75,628)
Cash and cash equivalents at the beginning of the year	1,257,429	14,046	1,271,475
Foreign exchange difference	(115)	29	(86)
<b>Cash and cash equivalents at the end of the year</b>	<b>1,156,670</b>	<b>39,091</b>	<b>1,195,761</b>

Effect on consolidated statement of changes in equity as at June 30, 2014 and June 30, 2015

	30 June 2015			30 June 2014		
	Balance previously reported	effect of change in accounting policy	Balance after change in accounting policy	Balance previously reported	effect of change in accounting policy	Balance after change in accounting policy
	----- (Rs in thousand) -----					
Share capital	442,926	-	442,926	442,926	-	442,926
General reserves	3,116,706	196,374	3,313,080	3,263,551	196,374	3,459,925
Unappropriated profit	1,761,505	(264,822)	1,496,683	1,313,338	(257,868)	1,055,470
Exchange translation reserve	145	-	145	231	-	231
Fair value reserve	51,616	65,625	117,241	29,038	63,555	92,593
Non controlling interests	156,657	924,975	1,081,632	118,823	905,276	1,024,099
	5,529,555	922,152	6,451,707	5,167,907	907,337	6,075,244

### 4.3 Segment reporting

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

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

The equipment and parts segment 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.

No operating segments have been aggregated to form the above reportable operating segments.

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.

### 4.4 Employees' retirement benefits and other obligations

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

#### 4.4.1 Defined benefit plan

##### 4.4.1.1 Pension

MTL operates a funded defined benefit pension scheme for all its eligible employees. Contributions under the scheme are made to this fund on the basis of actuarial recommendation at 17% (2015: 17%) of basic salary per annum and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at June 30, 2016.

The amount recognized in balance sheet represents the present value of the plan assets reduced by value of defined benefit obligation. 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:

	2016	2015
Expected rate of increase in salary level	6.3%	8.8%
Expected rate of return	9.8%	13.3%
Discount rate	7.3%	9.8%
Average expected remaining working life of employees	10 years	9 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 01 July 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.

##### 4.4.2.2 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.

#### 4.4.3 Accumulating compensated absences

MTL 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.

### 4.5 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 balance sheet 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 any identified impairment loss. Freehold and leasehold land is stated at cost less any identified 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 11. 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 Group continually assesses at each balance sheet 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 identified 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 balance sheet 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 identified impairment loss.

The Group assesses at each balance sheet 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 investments

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 financial assets

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 balance sheet 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 and spares

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 and spares is based on management estimate.

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.

#### 4.12 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 comprise 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.

#### 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 when earned.

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 balance sheet 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 balance sheet 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 Dividend and appropriations**

Dividend distribution to the Group's shareholders is recognized as a liability in the period in which the dividends are approved.

**4.24 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)	01 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
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)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

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

In addition to the above, 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 9 Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 Regulatory Deferral Accounts	01 January 2016
IFRS 15 Revenue from Contracts with Customers	01 January 2018
IFRS 16 Leases	01 January 2019

## 5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016 (Number of shares in thousand)		2015		2016 (Rupees in thousand)		2015 (Rupees in thousand)	
2,543	2,543	Ordinary shares of Rs.10 each fully paid in cash		25,429		25,429	
		Ordinary shares of Rs.10 each issued as fully paid bonus shares					
41,750	41,750	- Opening balance		417,497		417,497	
-	-	- Issued during the year		-		-	
41,750	41,750			417,497		417,497	
44,293	44,293			442,926		442,926	

## 6. LONG TERM DEPOSITS

These represent security deposits from dealers which, by virtue of agreement, are interest free. These are repayable on cancellation of dealership contract with dealers.

		2016	Restated 2015
		(Rupees in thousand)	
<b>7. DEFERRED TAXATION</b>			
The liability for deferred tax comprises temporary differences relating to:			
<b>Taxable temporary differences:</b>			
Accelerated tax depreciation		151,437	162,390
Change in fair value of short term investments	129	-	
		151,566	162,390
<b>Deductible temporary differences:</b>			
Accumulating compensated absences		(37,242)	(35,942)
Provision for doubtful receivables		(12,359)	(12,749)
Provision for slow moving stores, spare parts and loose tools		(310)	(310)
Provision for slow moving stock in trade		(103)	(102)
Provision for doubtful debts		(1,049)	(1,048)
Provision for retirement benefit obligations		(33,865)	(18,371)
Carried forward losses		(3,515)	(18,330)
Minimum tax		(41,463)	(28,128)
		(129,906)	(114,980)
Net deferred tax liability at the year end		21,660	47,410



	Note	2016 (Rupees in thousand)	2015
<b>8. EMPLOYEES' DEFINED BENEFIT PLAN</b>			
<b>Staff retirements benefit plan- Liability</b>			
Parent	8.1	88,558	-
Subsidiary	8.2	79,955	34,724
		168,513	34,724
<b>Staff retirements benefit plan- asset</b>			
Parent	8.1	-	(143,512)
Subsidiary	8.2	-	(6,327)
		-	(149,839)
<b>8.1 Present value of defined benefit obligation</b>		1,137,355	871,824
Fair value of plan assets		(1,048,797)	(1,015,336)
Liability / (asset) recognized in the balance sheet		88,558	(143,512)
<b>For the year</b>			
Salaries, wages and amenities include the following in respect of employees' pension scheme:			
Current service cost		15,960	13,156
Interest cost		82,529	81,225
Expected return on plan assets		(97,086)	(120,911)
		1,403	(26,530)
<b>The movement in present value of defined benefit obligation is as follows:</b>			
Present value of defined benefit obligation as at 01 July		871,824	635,895
Interest cost		82,529	81,225
Current service cost		15,960	13,156
Benefits due but not paid		-	(3)
Benefits paid		(50,750)	(45,753)
Actuarial loss		217,792	187,304
Present value of defined benefit obligation as at 30 June		1,137,355	871,824
<b>The movement in fair value of plan assets is as follows:</b>			
Fair value of plan assets as at 01 July		1,015,336	929,695
Expected return on assets		97,086	120,911
Contributions		11,587	11,431
Benefits paid		(50,750)	(45,753)
Benefits due but not paid		-	(3)
Return on plan assets excluding interest income		(24,462)	(945)
Fair value of plan assets as at 30 June		1,048,797	1,015,336
Actual return on plan assets		72,624	119,966
<b>Plan assets comprises of :</b>			
<b>Term deposit receipts :</b>			
UBL		470,000	237,000
National Bank of Pakistan		60,000	-
Allied Bank Limited		-	230,000
Meezan Bank Limited		-	60,000
<b>Bonds and mutual funds :</b>			
MCB DCF income fund		162,776	150,289
NIT Government Bond Fund		-	55,976
NIT Unit trust		-	26,267
NAFA Capital proceeds		245,128	228,090
Alflah GHP islamic stock fund		80,862	-
<b>Accrued interest and bank balance:</b>			
Accrued interest		25,997	23,723
Bank balances		3,269	3,994
Benefits due but not paid		-	(3)
Advance income tax		765	-
		1,048,797	1,015,336

Out of these balances Rs.3,226 thousand (2015: Rs. 3,946 thousand) is placed with commercial banks and Rs.43 thousand (2015: Rs.48 thousand) with Islamic banks.

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:

	2016	2015	2014	2013	2012
	----- (Rupees in thousand) -----				
<b>As at 30 June</b>					
Present value of defined benefit obligation	1,137,355	871,824	635,895	634,660	638,562
Fair value of plan assets	1,048,797	1,015,336	929,695	874,065	807,037
(Deficit) / Surplus	(88,558)	143,512	293,800	239,405	168,475
Experience adjustment on obligation	217,792	187,304	(39,678)	(65,577)	36,486
Experience adjustment on plan assets	(24,462)	945	8,064	(8,477)	(7,560)

#### Sensitivity analysis

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. 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.

	2016	2015
Discount rate + 100 bps	1,032,677	(70,195)
Discount rate - 100 bps	1,261,031	81,513
Salary increase + 100 bps	1,159,286	17,971
Salary increase - 100 bps	1,116,650	(16,961)

#### 8.2 Subsidiary staff retirement benefit plan

	2016	2015
Employees' defined benefit plan- Liability	79,955	34,724
Employees' defined benefit plan- asset	-	(6,324)
	79,955	28,400

	2016			2015		
	Funded	Un-Funded		Funded	Un-Funded	
	----- (Rupees in thousand) -----					
	Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity
Balance sheet reconciliation						
Present value of defined benefit obligation at June 30	159,537	53,572	23,156	118,151	55,104	22,253
Fair value of plan assets at June 30	(112,476)	(43,834)	-	(105,680)	(61,428)	-
Deficit / (surplus)	47,061	9,738	23,156	12,471	(6,324)	22,253

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

Balances as at July 1	118,151	55,105	22,254	75,021	48,771	19,177
Benefits paid by the plan	(4,759)	(10,054)	(1,484)	(4,087)	(4,475)	( 2,351)
Current service costs	2,428	2,151	1,210	1,283	1,925	1,021
Interest cost	11,288	4,871	2,065	9,852	6,265	2,359
Remeasurement	31,406	1,499	(889)	35,055	2,618	2,047
Employee Contributions	1,023	-	-	1,027	-	-
Balance as at June 30	159,537	53,572	23,156	118,151	55,104	22,253



	2016			2015		
	Funded		Un-Funded	Funded		Un-Funded
	Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity
<b>Movement in the Fair value of plan assets</b>	----- (Rupees in thousand) -----					
Balance as at July 1	(105,680)	(61,432)	-	(90,082)	(46,098)	-
Contributions paid into the plan	(2,307)	(959)	-	(2,309)	-	-
Benefits paid by the plan	4,759	10,054	-	4,087	4,475	-
Interest income	(10,022)	(5,453)	-	(12,111)	(5,922)	-
Remeasurement	1,797	13,956	-	(4,238)	(13,883)	-
Employee Contributions	(1,023)	-	-	(1,027)	-	-
Balance as at June 30	(112,476)	(43,834)	-	(105,680)	(61,428)	-

**Expense recognised in profit and loss account**

Current service costs	2,428	2,151	1,210	1,283	1,925	1,021
Net Interest (income) / cost	1,266	(582)	2,065	(2,259)	343	2,359
(Income) / expense recognised in profit and loss account	3,694	1,569	3,275	(976)	2,268	3,380

**Remeasurement recognised in Other Comprehensive Income**

Experience losses / (gains)	31,406	1,499	(889)	35,055	2,618	2,047
Remeasurement of fair value of plan assets	1,797	13,956	-	(4,238)	(13,883)	-
Remeasurements	33,203	15,455	(889)	30,817	(11,265)	2,047

**Net recognised liability / (asset)**

Net recognised (asset) / liability as at July 1	12,470	(6,327)	22,254	(15,062)	2,669	19,177
(Income) / expense recognised in profit and loss account	3,694	1,569	3,275	(976)	2,269	3,380
Contribution made during the year to the Fund	(2,307)	(959)	(1,484)	(2,309)	-	(2,351)
Remeasurements recognised in Other Comprehensive Income	33,203	15,455	(889)	30,818	(11,264)	2,047
Recognised liability / (asset) as at June 30	47,060	9,738	23,156	12,471	(6,326)	22,253

**Plan assets comprises of following:**

Debt instruments	96,437	28,713	-	88,491	35,756	-
Equity and mutual funds	13,462	11,953	-	15,382	24,571	-
Cash at Bank	2,576	3,169	-	1,808	1,105	-
Total as at June 30	112,475	43,835	-	105,681	61,432	-

**Actuarial assumptions**

Discount rate at June 30	7.25%	7.25%	7.25%	9.75%	9.75%	9.75%
Future salary increases	7.25%	7.25%	7.25%	9.75%	9.75%	8.75%
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%	(12,295)	13,737
Future salary increases	1.00%	13,621	(12,665)

	2016	2015	2014	2013	2012
--	------	------	------	------	------

----- (Rupees in thousand) -----

#### Pension fund

Fair value of plan assets	(112,476)	(105,680)	(90,083)	(82,228)	(73,901)
Present value of the defined benefit obligation	159,537	118,151	75,021	73,485	64,756
Deficit / (Surplus)	47,061	12,471	(15,062)	(8,743)	(9,145)
Experience adjustments on plan liabilities - loss / (gain)	31,406	35,055	(6,019)	1,335	729
Experience adjustments on plan assets - (loss) / gain	(1,797)	4,238	(1,764)	(1,384)	(8,380)

#### Executives' gratuity fund

Fair value of plan assets	(43,834)	(61,432)	(46,103)	(50,858)	(50,215)
Present value of the defined benefit obligation	53,571	55,105	48,771	46,758	45,302
Deficit / (Surplus)	9,737	(6,327)	2,668	(4,100)	(4,913)
Experience adjustments on plan liabilities - loss / (gain)	1,499	2,618	4,617	(1,696)	5,637
Experience adjustments on plan assets - (loss) / gain	(13,956)	13,883	(1,007)	(1,653)	(5,266)

#### Non-Executives' gratuity fund

Present value of the defined benefit obligation	23,156	22,254	19,177	18,834	12,162
Experience adjustments on plan obligations - (gain) / loss	(889)	2,047	(1,485)	(1,293)	-

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

	No. of years
Pension fund	5.97
Executives' gratuity fund	4.21
Non-executives' gratuity	5.36

Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2016.



	Note	2016 (Rupees in thousand)	2015
<b>9. TRADE AND OTHER PAYABLES</b>			
Trade creditors		976,328	982,577
Accrued liabilities		218,125	164,451
Bills payable		22,955	31,913
Advances from customers	(9.1)	3,664,400	1,124,331
Security deposits	(9.2)	6,210	8,669
Trademark fee payable		125,948	97,356
Income tax deducted at source		2,249	-
Sales tax payable		-	5,356
Workers' profit participation fund	(9.3)	23,974	60,709
Workers' welfare fund		61,571	144,717
Unclaimed dividends		286,480	248,690
Others	(9.4)	73,496	95,462
		-	-
		<u>5,461,736</u>	<u>2,964,231</u>

9.1 These represent advances from customers against sale of tractors and carry no mark-up. Further, as referred to in note 27 to these financial statements, these also include an amount of Rs. 1,949,066 thousand (2015: Rs. Nil) representing cheques in hand.

9.2 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.

**9.3 Workers' profit participation fund**

Opening balance		60,709	19,560
Allocation for the year	(32)	171,909	235,588
		232,618	255,148
Payments made during the year		(208,644)	(194,439)
Closing balance		23,974	60,709

9.4 These include deposits by employees under car and motorcycle scheme amounting to Rs. 25,221 thousand (2015: Rs. 28,700 thousand) and carry no markup.

**10. SHORT TERM BORROWINGS**

<b>Short term running finance- secured</b>			
Under mark-up arrangement	(10.1)	187,707	428,505
Under musharika facility	(10.2)	11,452	89,412
Under Istisna Cum Wakala arrangement	(10.3)	75,000	75,000
		<u>274,159</u>	<u>592,917</u>

10.1 This represents running finance facilities obtained from commercial banks aggregating to Rs. 480,000 thousand (2015: Rs. 480,000 thousand). These carry mark-up rates ranging from 1 month KIBOR plus 0.5% to 0.6% (2015: 1 month KIBOR plus 0.4% to 0.6%) per annum. The arrangements are secured by way of hypothecation over plant and machinery and current assets of the Company.

- 10.2 This represents Musharika Finance Facility obtained from Meezan Bank Limited amounting to Rs.100,000 thousand (2015: Rs. 100,000 thousand ). The profit rate on this facility is 1 year KIBOR plus 0.4% (2015: 1 year KIBOR plus 0.4%).
- 10.3 This represents Istisna Cum Wakala arrangement from Dubai Islamic Bank Pakistan Limited amounting to Rs.75 million (2015: Rs. 75 million). The profit rate on this facility is 6 months KIBOR plus 0.6% (2015: 6 months KIBOR plus 0.6%).
- 10.4 Short term borrowings facilities are available from various banks against aggregate sanctioned limit of Rs. 4,900,655 thousand (2015: Rs. 4,814,655 thousand). The rates of mark up range between KIBOR plus 0.1% to KIBOR plus 0.6% (2015: KIBOR plus 0.25% to KIBOR plus 0.6%) per annum.
- 10.5 Out of authorized limit of Rs. 4,000,655 thousand (2015: Rs. 4,814,655 thousand), Rs. 600,000 thousand limit with Meezan Bank Limited and 75,000 thousand with Dubai islamic Bank is based on Islamic mode of financing.
- 10.6 The Group has facilities for opening of letters of credit and guarantees aggregating to Rs. 4,302,740 thousand (2015: Rs. 4,752,460 thousand) out of which Rs. 3,466,809 thousand (2015: Rs. 4,183,115 thousand) remained unutilized at the end of the year.
- 10.7 These facilities are secured by pari passu hypothecation charge over current assets and book debts of the Group, lien over import documents and counter guarantees of the Group.

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

- 11.1.1 The Group has given guarantee amounting to Rs. 5,000 thousand to bank for repayment of loan by employees. An amount of Rs. 1,900 thousand (2015: Rs. 4,500 thousand) was utilized by employees as at 30 June.
- 11.1.2 Guarantees issued by the banks on behalf of the Group in the normal course of business amount to Rs. 494,262 thousand (2015: Rs.174,602 thousand).

### Holding Company

- 11.1.3 Income tax returns for the years from 2003 to 2015 have been filed by the Company on due dates that are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

Subsequently, tax authorities issued various assessments / amended orders for the year 2003, 2006 – 2013 and 2015 whereby an additional income tax liability aggregating to Rs. 697,000 thousand (2015: Rs. 548,000 thousand) was determined by the authorities.

The difference between aggregate tax liability declared ( in original / revised returns) and assessed tax liability (as per latest assessment / amended orders) relates to various matters that are pending at various appellate forums in respect of appeals filed by the Company and tax authorities relating to above mentioned years. Matters that are being contested mainly and allegedly include:

- incorrect proration of expenses between various sources of income; and
- disallowance of certain deductions / expenses claimed by the Company

The management and its tax advisor are confident that all above matters will eventually be decided in favour of the Company; therefore no provision has been created in these financial statements accordingly.

- 11.1.4 The Deputy Commissioner Inland Revenue has issued withholding tax assessment orders u/s 161/205 of the Ordinance for the 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 21 January 2015 remanding back the issue to Deputy Commissioner. Reassessment proceedings after being finalized on 25 January 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 passed by CIR(A).





The management and its tax advisor are confident that all above matters will eventually be decided in favour of the Company; therefore no provision has been created in these financial statements accordingly.

- 11.1.5** 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 favour hence no provision relating to aforesaid demand has been made in the financial statements.
- 11.1.6** 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 previous year it was held by the Civil Court that the damages of Rs. 15,000 thousand has been awarded in favour 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 preferred an appeal in the Honourable High Court 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 favour 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 Honourable High Court, Lahore.
- 11.1.7** 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 Honourable High Court Lahore. The management and the legal advisor are confident of favourable outcome of the case, hence no provision in this regard has been made in these financial statements. The case is pending in the Honourable High Court, Lahore.
- 11.1.8** 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 favour of the Company. The Custom department has filed reference against the decision in Honourable Lahore High Court, 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 Honourable High Court, Lahore against further recovery action of Authorities. The management and legal advisor are confident that the outcome of the case would be decided in their favour hence no provision relating to aforesaid demand has been made in these financial statements.

#### Subsidiaries

- 11.1.9** The taxation officer raised a demand of Rs.11,408 thousand u/s 161/205 of the Income Tax Ordinance, 2001, for tax year 2011. The Company filed appeal before CIR(Appeals) who confirmed the default of Rs.6 thousand only and remanded back the remaining issues with the direction for fresh assessment. Re-assessment proceedings were finalized vide order dated 30 June 2016 creating demand of Rs. 5,927 thousand . However the Company has filed appeal against the re-assessment order. The management and tax advisor are confident of favourable outcome of the appeal, hence no provision in this regard has been made in these financial statements.
- 11.1.10** Penalty u/s 182 was imposed on the Company by DCIR for tax year 2015 dated 20 February 2015 amounting to Rs. 12 thousand. Aggrieved to this effect, Company has filed appeal to CIR (A) on 17 March 2015. The management and tax advisor are confident of favourable outcome of the appeal , hence no provision in this regard has been made in these financial statements.

- 11.1.11 The taxation officer has raised a demand of Rs.17,423 thousand u/s 161/205 of the Income Tax Ordinance, 2001, for tax year 2014 during the year. The Company has filed appeal before CIR(A) which has not been heard till date. The taxation officer with coercive measures has made recovery of Rs.16,640 thousand against the purported demand during the year. The Company has not recorded the purported withholding tax default demand as liability in these financial statements. It is highly likely that all the issues assessed against the Company in assessment order will be settled in favor of the Company at appellate stage.
- 11.1.12 Suit no. 3452/2013, State Vs Muhammad Iqbal Qureshi is pending before the Vth Judicial Magistrate, South Karachi; no specific amount mentioned. Bail Application No. 12/2014, Muhammad Iqbal Qureshi Vs State is pending before the Hon'ble High Court of Sindh at Karachi for hearing; no specific amount mentioned. Suit No. 735/2014, Muhammad Iqbal Qureshi Vs Millat Industrial Products Limited and others, is pending before IVth Senior Civil Judge, Karachi East; no specific amount mentioned.
- 11.1.13 Proceedings u/s 182 were finalized by DCIR resulting in imposition of Penalty of Rs. 88 thousand for tax year 2014. Aggrieved to this effect, Company filed appeal to CIR(A) on 24.12.2014 who vide her order dated 18.02.2016 granted relief of Rs. 70 thousand to the Company. Both the Company and department are in appeal at ATIR.
- 11.1.14 The Company had filed returns declaring tax losses during the tax holiday period amounting to Rs. 82,720 thousand and Rs.17,230 thousand for the assessment years 1987-88 and 1988-89 respectively. These losses were disallowed by the Assessing Officer and upheld by the Commissioner of Income Tax (Appeals). The Company filed an appeal with Income Tax Appellate Tribunal (ITAT), which decided the matter in the Company's favour.
- 11.1.15 The Income Tax Department filed a reference application before the Honourable High Court of Sindh, which upheld the ITAT's order in favour of the Company. The Income Tax Department filed a reference with the Honourable Supreme Court of Pakistan which is still pending. In the event that the decision is not in the favour of the Company, a tax liability of Rs. 23,900 thousand would arise representing the tax effect of losses relating to the tax holiday period utilised by the Company. The management of the Company, based on the views of its tax consultant, is confident that the decision will be given in favour of the Company and therefore, no provision has been made in these financial statements for this amount.
- 11.1.16 In 2014, the Company 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 financial statements for this amount.
- 11.1.17 In a suit filed against the Company which is pending before the Senior Civil Judge at Hub Balochistan, a plaintiff claims that in the year 2004 the Company allegedly encroached upon the land measuring 5-2-34 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 what so ever. The written statement of the Company was filed, the issues were framed and the plaintiff had produced their witnesses. The Company had also produced their witnesses and now the matter is fixed for the evidence of representative of the Company. 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.
- 11.2 **Commitments**  
Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs. 403,826 thousand (2015: Rs. 400,985 thousand) at the balance sheet date.



1.2. OPERATING FIXED ASSETS

Operating property, plant and equipment  
Major stores, spares and loose tools (classified as tools and equipment)

	Note	2016 (Rupees in thousand)	Restated 2015 (Rupees in thousand)
	(12.1)	1,237,431	1,263,416
		1,064	1,114
		1,238,495	1,264,530

1.2.1 Operating property, plant and equipment

	Land		Buildings		Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipments	Computers	Total
	Freehold	Leasehold	On freehold land	On leasehold land						
----- (Rupees in thousand) -----										

Net carrying value basis:

Year ended 30 June 2016	158,551	8	161,428	-	593,324	45,792	196,506	86,133	21,674	1,263,416
Opening net book value	-	-	32,573	-	27,824	8,041	60,855	19,078	4,100	152,471
Additions (at cost)	-	-	(89)	-	(1,980)	(3,022)	(25,575)	(2,110)	(290)	(33,066)
Disposals	-	-	(12,836)	-	(60,706)	(6,105)	(43,073)	(14,951)	(7,719)	(145,390)
Depreciation charge	158,551	8	181,076	-	558,462	44,706	188,713	88,150	17,765	1,237,431
Closing net book value										

Gross carrying value basis:

As at 30 June 2016	158,551	8	456,797	2,900	1,588,098	107,747	362,925	260,894	50,252	2,988,172
Cost	-	-	(275,721)	(2,900)	(1,029,636)	(63,041)	(174,212)	(172,744)	(32,487)	(1,750,741)
Accumulated depreciation	158,551	8	181,076	-	558,462	44,706	188,713	88,150	17,765	1,237,431
Net book value										
Depreciation rate % per annum	-	-	5-10	5	10	10-33	20	10-20	30-33	

Net carrying value basis:

Year ended 30 June 2015	158,551	8	167,007	-	637,386	46,843	190,304	85,255	10,036	1,295,390
Opening net book value	-	-	6,574	-	21,466	5,278	65,800	15,499	19,513	134,130
Additions (at cost)	-	-	-	-	(351)	-	(15,784)	-	(741)	(16,876)
Disposals	-	-	(12,153)	-	(65,177)	(6,329)	(43,814)	(14,621)	(7,134)	(149,228)
Depreciation charge	158,551	8	161,428	-	593,324	45,792	196,506	86,133	21,674	1,263,416
Closing net book value										

Gross carrying value basis:

As at 30 June 2015	158,551	8	424,505	2,900	1,579,462	107,185	367,909	257,126	51,025	2,948,671
Cost	-	-	(263,077)	(2,900)	(986,138)	(61,393)	(171,403)	(170,993)	(29,351)	(1,685,255)
Accumulated depreciation	158,551	8	161,428	-	593,324	45,792	196,506	86,133	21,674	1,263,416
Net book value										
Depreciation rate % per annum	-	-	5-10	5	10	10-33	20	10-20	30-33	

	Note	2016 (Rupees in thousand)	2015
<b>12.2 The depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	(29)	100,537	105,368
Distribution and marketing expenses	(30)	8,932	8,873
Administrative expenses	(31)	35,921	34,987
		<b>145,390</b>	<b>149,228</b>

### 12.3 Disposal of property, plant and equipment

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
----- (Rupees in thousand) -----						
<b>Vehicles</b>	<b>Directors</b>					
	Laequdin Ansari	6,500	4,796	1,704	1,704	Company car scheme
	Lateef Khalid Hashmi	6,500	4,790	1,710	1,710	Company car scheme
	Mian Muhammad Saleem	5,000	3,689	1,311	1,311	Company car scheme
	<b>Employees</b>					
	Khurshid Majeed	1,646	302	1,344	1,344	Company car scheme
	Saleem Siddiqui	1,672	372	1,300	1,300	Company Car Scheme
	Azhar Bilal	1,781	519	1,262	1,262	Company car scheme
	Jaffar Hassan Naqvi	1,646	435	1,211	1,211	Company car scheme
	Nasim Sandhu	1,973	915	1,058	1,058	Company car scheme
	Nasim Sandhu	1,690	800	890	890	Company car scheme
	Vaqar Ahmed	1,034	201	833	833	Company car scheme
	Farrukh Manzoor	862	86	776	776	Company Car Scheme
	Jaffar Hassan Naqvi	1,625	903	722	722	Company car scheme
	Sirajuddin Khan	2,055	1,354	701	701	Company Car Scheme
	Abdul Qadir Lasi	1,447	803	644	644	Company Car Scheme
	Sirajuddin Khan	1,695	1,155	540	540	Company Car Scheme
	Ahmed Nawaz	862	344	518	518	Company car scheme
	Mushtaq Butt	862	423	439	439	Company car scheme
	Waqas Ahmed	862	432	430	430	Company car scheme
	Muhammad Hanif	862	432	430	430	Company car scheme
	Ahsan Imran	1,594	1,172	422	422	Company car scheme
	Mansoor Abbasi	1,389	1,023	366	366	Company car scheme
	Khuaja Ejaz Majeed	1,382	1,020	362	362	Company Car Scheme
	Ahsan Imran	1,359	999	360	360	Company car scheme



Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
----- (Rupees in thousand) -----						
	Farogh Iqbal	1,269	933	336	336	Company car scheme
	Mansoor Abbasi	1,232	905	327	327	Company car scheme
	Rana Muhammad Siddique	853	578	275	275	Company car scheme
	Ghulam Mustafa	857	630	227	227	Company car scheme
	Muhammad Irfan	857	630	227	227	Company car scheme
	Fahim Azhar	862	642	220	220	Company Car Scheme
	Jalil Ahmed	650	439	211	211	Company Car Scheme
	Haroon Ameen	665	489	176	176	Company car scheme
	Faisal Azeem	665	491	174	174	Company car scheme
	Muhammad Irfan	645	474	171	171	Company car scheme
	Liaquat Ali Memon	619	452	167	167	Company car scheme
	Iqbal Ahmed	625	460	165	165	Company car scheme
	Majeed Ahmed	625	460	165	165	Company car scheme
	Nazrul Hassan	604	450	154	154	Company Car Scheme
	Ali Hassan	86	14	72	72	Company motorcycle scheme
	Mohyuddin	86	14	72	72	Company motorcycle scheme
	Abdul Majeed	86	16	70	70	Company motorcycle scheme
	Ali Sher	70	5	65	65	Company Motorcycle Scheme
	Muhammad Mohsin	85	31	54	54	Company motorcycle scheme
	Jan Mohammad	85	31	54	54	Company motorcycle scheme
	Muhammad Siddique	85	31	54	54	Company motorcycle scheme
	Muhammad Awais	85	37	48	48	Company motorcycle scheme
	Waqas Ahmad	85	37	48	48	Company motorcycle scheme
	Zeeshan Yousuf	70	23	47	47	Company Motorcycle Scheme
	Muhammad Mansoor Yasini	79	39	40	40	Company motorcycle scheme
	Najam-U-Zaman	79	43	36	36	Company motorcycle scheme
	Muhammad Afzal	77	43	34	34	Company motorcycle scheme
	Ghayyur Rehman	76	43	33	33	Company motorcycle scheme
	Waqas Ahmed	77	46	31	31	Company motorcycle scheme
	Asad Mahmood	67	37	30	30	Company motorcycle scheme
	Muhammad Rashid	66	37	29	29	Company motorcycle scheme
	Nazir Ahmad	67	42	25	25	Company motorcycle scheme

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
----- (Rupees in thousand) -----						
	Tahir Shareef	71	48	23	23	Company motorcycle scheme
	Ahsan Babar	71	48	23	23	Company motorcycle scheme
	Sheraz Zulfiqar	71	48	23	23	Company motorcycle scheme
	Wajid Ali	71	48	23	23	Company motorcycle scheme
	Muhammad Munir	71	48	23	23	Company motorcycle scheme
	Jalal ud din	71	48	23	23	Company motorcycle scheme
	Waqar Butt	70	47	23	23	Company motorcycle scheme
	Abdul Rehman	70	47	23	23	Company motorcycle scheme
	Pervaiz Shahid	70	47	23	23	Company motorcycle scheme
	Maqsood Rehman	70	47	23	23	Company motorcycle scheme
	Muhammad Sharif	63	42	21	21	Company motorcycle scheme
	Muhammad Abdullah	63	42	21	21	Company motorcycle scheme
	Muhammad Bashir	63	42	21	21	Company motorcycle scheme
	Shahid Mahmood	63	42	21	21	Company motorcycle scheme
	Muhammad Gulfam Khan	63	42	21	21	Company motorcycle scheme
	Muhammad Naeem	63	43	20	20	Company motorcycle scheme
	Tahir Hanif	63	43	20	20	Company motorcycle scheme
	Hammad Ahmad	63	43	20	20	Company motorcycle scheme
	Muhammad Ejaz	63	44	19	19	Company Motorcycle Scheme
<b>Insurance claims</b>						
	Adamjee Ins. Co. Limited	70	14	56	63	Insurance claim
	Adamjee Ins. Co. Limited	70	8	62	63	Insurance claim
	Adamjee Ins. Co. Limited	70	10	60	63	Insurance claim
	Adamjee Ins. Co. Limited	64	7	57	57	Insurance claim
	Adamjee Ins. Co. Limited	64	11	53	57	Insurance claim
<b>Laptops</b>	<b>Employees</b>					
	Jaffar Hassan Naqvi	79	40	39	39	Company laptop scheme
	Ayaz Khurshid	104	71	32	32	Company laptop scheme
	Nasim Sandhu	79	41	38	38	Company laptop scheme



	Note	2016 (Rupees in thousand)	Restated 2015
<b>13. CAPITAL WORK IN PROGRESS</b>			
Plant and machinery		3,788	2,772
Advance for office building	(13.1)	220,125	198,295
Advance for vehicles		46,718	14,491
		<b>270,631</b>	<b>215,558</b>

13.1 This includes office floors at Tricon Corporate Centre.

<b>14. INTANGIBLE ASSET</b>			
<b>Net carrying value basis</b>			
Opening net book value		4,520	6,517
Additions		2,381	707
Amortization charge	(29), (30), (31)	(3,304)	(2,705)
		<b>3,597</b>	<b>4,519</b>
<b>Gross carrying value basis</b>			
Cost		45,000	44,638
Additions		2,381	362
Accumulated amortization		(43,784)	(40,481)
		<b>3,597</b>	<b>4,519</b>
<b>Rate of amortization</b>		<b>33%</b>	<b>33%</b>
<b>15. INVESTMENT PROPERTY</b>			
Land		258,444	258,444
Provision for impairment		(2,736)	(2,736)
		<b>255,708</b>	<b>255,708</b>

15.1 Based on the valuation carried out by an independent valuer as at 30 June 2016, the fair value of investment property is Rs. 277,500 thousand (2015: Rs. 266,400 thousand).

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

15.3 The level of hierarchy for fair value disclosed fall 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.

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

	2016	Restated 2015
	(Rupees in thousand)	
<b>16. LONG TERM INVESTMENTS</b>		
<b>Arabian Sea Country Club Limited</b>		
500,000 (2015: 500,000) fully paid ordinary shares of Rs. 10/- each	5,000	5,000
Equity held 6.45% (2015: 6.45%)		
Value of investment based on the net assets shown in the audited accounts as at 30 June 2010 is Rs. 12,020 thousand (2009: Rs. 10,575 thousand).		
Less: Impairment loss	(5,000)	(5,000)
	-	-
<b>Other investment - Available-for-sale</b>		
<b>Quoted</b>		
<b>Baluchistan Wheels Limited</b>		
1,570,325 (2015: 1,570,325) fully paid ordinary shares of Rs. 10/- each	24,364	24,364
Surplus on revaluation of investment	102,191	69,452
Market value as at 30 June	126,555	93,816
	126,555	93,816
<b>17. LONG TERM LOANS - considered good</b>		
<b>Loan to employees:</b>		
Company loan (17.1)	1,644	1,823
Motor cycle loan (17.2)	2,738	3,222
	4,382	5,045
Less: Current portion included in current assets (22)	(2,118)	(2,353)
	2,264	2,692

17.1 This represents interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly instalments over a period of two years.

17.2 This represents interest free loans to employees for purchase of motor cycles secured by joint registration of motor cycles in the name of the Group and employees. These loans are repayable in monthly instalments over a period of five years.

17.3 Reconciliation of carrying amount of loans to executives:

	Balance as at 01 July 2015	Disburse- ment during the year	Repayments during the year	Balance as at 30 June 2016
	----- (Rupees in thousand) -----			
Due from Executives	168	150	172	146





**18. LONG TERM DEPOSITS**

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

**19. STORES AND SPARES**

Most of the 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	2016 (Rupees in thousand)	Restated 2015
<b>20. STOCK IN TRADE</b>			
Raw material	(20.1)	2,055,420	2,476,493
Work-in-process		221,196	300,063
Finished goods :			
Manufacturing		762,402	444,953
Trading		110,348	114,586
Others		-	-
		872,750	559,539
		3,149,366	3,336,095

**20.1** This includes stock in transit amounting to Rs. 132,193 thousand (2015: Rs. 304,464 thousand).

**20.2** Included in stocks are raw materials and components held with third parties amounting to Rs. 80,871 thousand (2015: Rs. 130,888 thousand).

	2016 (Rupees in thousand)	Restated 2015
<b>21. TRADE DEBTS</b>		
Trade debts - Considered good	433,783	347,299
Less: Provision for doubtful advances	19	23,240
	433,764	324,059

	Note	2016 (Rupees in thousand)	Restated 2015
<b>22. LOANS AND ADVANCES</b>			
Current portion of long term loans to employees	(17)	2,118	2,421
Advances to employees - Considered good	(22.1) & (22.2)	4,801	9,613
Advances to suppliers - Considered good	(22.3)	88,873	124,170
		95,792	136,204
Advances to suppliers - Considered doubtful		2,485	2,485
Less: Provision for doubtful advances		(2,485)	(2,485)
		-	-
Letter of credit opening charges		39,465	9,196
		135,257	145,400

22.1 Included in advances to employees are amounts due from the Chief Executive Officer was Rs. 173 thousand (2015: Rs 455 thousands) in respect of travel advance.

22.2 The maximum aggregate amount at the end of any month during the year due from the Chief Executive Officer is Nil (2015: Rs. 138 thousand) and Directors Rs. 1,499 thousand (2015 Rs. 1,195 thousand) in respect of travel advance.

22.3 Advances to suppliers include advances to vendors of Rs. 30,619 thousand (2015: Rs. 46,796 thousand) which carry mark-up @ 18% (2015: 18%) per annum.

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

#### 23. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

These includes interest free security deposits amounting to Rs.19,733 thousands (2015: Rs.17,145 thousands) made for tender placement. None of the deposits are sharia-compliant or based on Islamic mode of financing.

#### 24. OTHER RECEIVABLES

Claims receivable from suppliers		106,815	63,752
Profit / interest accrued		1,437	3,915
Others		549	813
		108,801	68,480
Less: Provision for impairment		(3,496)	(3,496)
		105,305	64,984

#### 25. BALANCES WITH STATUTORY AUTHORITIES

Special excise duty payable		(776)	(43)
Sales tax recoverable		1,228,876	822,889
Less: provision for doubtful claims		(34,147)	(34,147)
		1,194,729	788,742
		1,193,953	788,699



26. SHORT TERM INVESTMENTS	Note	2016 (Rupees in thousand)	Restated 2015
Financial asset at fair value through profit and loss	(26.1)	799,901	700,203
Held for trading investments		201,465	200,906
Investment in Term Deposit Receipts (TDR)	(26.2) & (26.3)	192,461	147,461
Surplus on revaluation of investment	(26.1) & (33)	488	133
		<b>1,194,315</b>	<b>1,048,703</b>

26.1 This represents investment in mutual funds as follows:

30 June 2016			
Mutual Funds	Number of units (Number in thousand)	Fair value per unit (Rupees)	Total (Rupees in thousand)
MCB Cash Management optimizer Fund	3,987	100.34	400,033
ABL Cash Fund	39,909	10.03	400,284
			<b>800,317</b>

30 June 2015			
Mutual Funds	Number of units (Number in thousand)	Fair value per unit (Rupees)	Total (Rupees in thousand)
MCB Cash Management optimizer Fund	1,500	100.13	150,191
ABL Cash Fund	20,014	10.02	200,504
HBL Money Market Fund	1,486	101.13	150,278
Askari Sovereign Cash Fund	1,976	100.82	199,230
			<b>700,203</b>

26.2 These carry mark-up at the rate of 4% to 6%.

26.3 Out of these TDRs amounting to Rs. 2,461 thousands are under lien with respect to bank guarantee issued by a commercial bank in favour Sui Southern Gas Company limited.

27. CASH AND BANK BALANCES	Note	2016 (Rupees in thousand)	Restated 2015
<b>In hand:</b>			
Cash		6,656	1,844
Cheque in hand		2,025,882	249,658
		<b>2,032,538</b>	<b>251,502</b>
<b>At banks:</b>			
Current accounts		421,258	619,664
Deposit accounts	(27.1)	280,656	324,595
	(27.2)	701,914	944,259
		<b>2,734,452</b>	<b>1,195,761</b>

27.1 These carry mark-up ranging from 3.75% to 6% (2015: 4.5% to 8%) per annum.

28. SALES - net	Note	2016 (Rupees in thousand)	Restated 2015
<b>Local</b>			
Tractors		17,576,346	24,129,442
Implements		425,551	452,478
Multi-application products		361,075	462,902
Trading goods		334,293	325,953
Batteries		1,218,551	1,217,014
Castings		343,188	403,942
		20,259,004	26,991,731
<b>Less:</b>			
Discount		(152,598)	(138,950)
Sales tax and special excise duty		(2,359,707)	(3,173,988)
		(2,512,305)	(3,312,938)
		17,746,699	23,678,793
<b>Export</b>			
Tractors		364,710	549,619
Trading goods		54,066	-
Implements		569	2,663
Batteries		31,652	3,224
Automotive parts		4,283	72,484
		455,280	627,990
		18,201,979	24,306,783
Less: commission		(240,804)	(261,342)
		17,961,175	24,045,441
<b>29. COST OF SALES</b>			
Components consumed		10,883,370	15,331,581
Salaries, wages and amenities	(29.1)	748,428	681,884
Contract services		328,119	324,574
Fuel and power		320,412	435,085
Oil and lubricants		84,073	132,796
Communication		562	444
Travelling and vehicle running		43,875	45,862
Printing and stationery		5,593	4,994
Insurance		27,736	27,377
Repairs and maintenance		145,396	125,741
Stores and spares consumed		271,492	284,247
Packing material consumed		4,058	6,323
Depreciation	(12.2)	100,537	105,368
Amortization	(14)	270	226
Other expenses		43,805	60,512
		13,007,726	17,567,014
Add: opening work-in-process		300,063	283,282
Less: closing work-in-process		(221,196)	(300,063)
Increase in work-in-process		78,867	(16,781)
Cost of goods manufactured		13,086,593	17,550,233
Add: Opening finished goods		444,953	773,309
Less: Closing finished goods		(352,982)	(444,953)
Increase / (decrease) in finished goods stock		91,971	328,356
Cost of sales - manufactured		13,178,564	17,878,589
Cost of sales - trading	(29.2)	557,880	634,737
		13,736,444	18,513,326



	Note	2016 (Rupees in thousand)	Restated 2015
<b>29.1 It includes the following staff retirement benefits:</b>			
Defined benefit plan - pension		2,772	(5,746)
Defined contribution plan - gratuity		5,818	5,077
Defined contribution plan - provident fund		10,300	5,436
Provision for compensated absences		4,358	10,387
		<b>23,248</b>	<b>15,154</b>
<b>29.2 Cost of sales - trading</b>			
Opening stock		114,586	94,274
Purchases		553,642	655,049
Closing stock		(110,348)	(114,586)
		<b>557,880</b>	<b>634,737</b>
<b>30. DISTRIBUTION AND MARKETING EXPENSES</b>			
Salaries and amenities	(30.1)	116,631	102,637
Contract services		30,196	29,747
Fuel and power		8,280	10,671
Communication		610	514
Travelling and vehicle running		18,157	24,873
Carriage and freight		36,188	44,695
Printing and stationery		8,742	5,402
Insurance		8,423	8,755
Trademark fee		105,277	279,269
Advertisement and sales promotion		32,222	23,742
Depreciation	(12.2)	8,932	8,873
Ammortization	(14)	20	24
Meeting / convention		36	7,219
After sales support		22,828	28,439
Research cost		736	-
Other expenses		32,172	15,151
		<b>429,450</b>	<b>590,011</b>
<b>30.1 It includes the following staff retirement benefits:</b>			
Defined benefit plan - pension		579	(6,269)
Defined contribution plan - gratuity		3,004	2,960
Defined contribution plan - provident fund		3,423	3,604
Provision for compensated absences		843	4,109
		<b>7,849</b>	<b>4,404</b>
<b>31. ADMINISTRATIVE EXPENSES</b>			
Salaries and amenities	(31.1)	297,245	268,650
Contract services		33,827	34,626
Fuel and power		17,848	22,511
Communication		6,223	6,754
Travelling and vehicle running		33,627	32,998
Insurance		8,173	9,416
Repairs and maintenance		8,734	10,895
Security		15,538	13,940
Legal and professional	(31.2)	23,587	22,130
Depreciation	(12.2)	35,921	34,987
Amortization of intangible asset	(14)	3,014	2,456
Rent, rates and taxes		11,423	8,406
Fee and subscription		4,912	5,397
Entertainment		7,805	6,257
Bad debts		19	23,240
Property, plant and equipment written off		5,804	-
Other expenses		54,671	54,715
		<b>568,371</b>	<b>557,378</b>
<b>31.1 It includes the following staff retirement benefits:</b>			
Defined benefit plan - pension		(1,428)	(10,116)
Defined contribution plan - gratuity		2,593	2,459
Defined contribution plan - provident fund		6,527	6,479
Provision for compensated absences		2,786	8,170
		<b>10,478</b>	<b>6,992</b>

			2016	Restated 2015
			(Rupees in thousand)	
31.2	Legal and professional expenses include following in respect	Note		
	of auditors' services:			
	Statutory audit		2,953	2,745
	Half year review		423	410
	Special reports and sundry certifications		739	544
	Out of pocket expenses		375	323
			4,490	4,022
32.	OTHER OPERATING EXPENSES			
	Workers' Profit Participation Fund	(9.3)	171,909	235,588
	Workers' Welfare Fund		61,166	82,903
	Donations	(32.1)	4,079	5,525
	Loss on exchange rate and price difference		2,968	526
			240,122	324,542
32.1	Donations include the following in which a director or his spouse is interested:			
	Name of Director	Name of Donee	Interest in Donee	
	Sikandar Mustafa Khan	Lahore Hospital Welfare Society	Spouse as Joint Secretary	1,000 -
33.	OTHER INCOME			
	Income from financial assets:			
	Dividend income from Baluchistan Wheels Limited		4,710	4,619
	Return on bank deposits		17,185	25,262
	Accrued interest on Term Deposit Receipts (TDR)		-	3,982
	Gain on sale of short term investments	(33.1)	40,403	86,251
	Change in fair value of short term investments	(26) & (33.2)	488	125
	Gain on translation of foreign investment		1,215	1,215
	Interest charged on early payments and advances		49,339	88,066
			113,340	209,520
	Income from assets other than financial assets			
	Rental income		5,343	5,302
	Scrap sales		26,091	27,015
	Exchange gain		-	-
	Gain on disposal of property, plant and equipment		1,443	1,647
	Insurance claim		2,079	-
	Liabilities no longer required written back		2,270	3,072
	Lab income		223	78
	Multiapp products service income		1,385	1,360
	Others	(33.3)	7,961	4,934
			46,795	43,408
			160,135	252,928
33.1	Realized gain / (loss) on sale of short term investment:			
	MCB cash management optimizer fund		8,819	18,978
	NAFA Government securities liquid fund		7,728	14,204
	ABL cash fund		8,563	22,047
	Atlas money market fund		1,992	5,392
	HBL money market fund		3,957	16,567
	Askari sovereign cash fund		2,528	4,240
	UBL liquidity plus fund		-	4,387
	MCB DCF income fund		580	657
	ABL income fund		883	(221)
	Atlas income fund		50	-
	ABL Government Securities Fund		5,303	-
			40,403	86,251



	Note	2016 (Rupees in thousand)	Restated 2015
<b>33.2 Unrealized gain / (loss):</b>			
MCB cash management optimizer fund		33	232
ABL cash fund		383	368
HBL money market fund		-	245
Askari sovereign cash fund		-	(770)
ABL Government Securities Fund		72	50
		488	125
<b>33.3</b>	This includes forfeiture of security deposit, lab delivery charges, tender money, and late payment surcharge.		
<b>34. FINANCE COST</b>			
Mark-up on short term borrowings - secured	(34.1)	44,612	55,681
Bank charges and commission		8,054	3,378
		52,666	59,059
<b>34.1</b>	This includes mark-up of Rs.3,999 thousand on islamic mode of financing.		
<b>35. TAXATION</b>			
For the year:			
Current		1,049,087	1,493,074
Deferred		(11,256)	(9,976)
		1,037,831	1,483,098
Prior years:			
Current		18,926	916
Deferred		(162)	(141)
		18,764	775
		1,056,595	1,483,873
<b>35.1 Numerical reconciliation between average effective tax rate and the applicable tax rate.</b>			
		2016	2015
		%	%
<b>Applicable tax rate</b>		32.00	33.00
- Effect of change in prior year		1.07	(0.10)
- Income exempt for tax purposes		(0.03)	(0.30)
- Income chargeable to tax at lower rate		2.99	(0.92)
- Effect on opening deferred taxes on reduction of rate		(0.02)	-
- Others		(1.86)	3.20
		2.15	1.88
<b>Average effective tax rate</b>		34.15	34.88

**36. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

The Board of Directors of the parent undertaking in its meeting held on 09 September 2016 has proposed a final cash dividend of Rs. 30 per share (2015: Rs. 27.5 per share) in respect of the year ended 30 June 2016. 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.

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 Officer, Directors and Executives of the Group are as follows:

	Chief Executive Officer		Directors				Executives	
	2016	2015	2016		2015		2016	2015
			Non Executive Directors		Non Executive Directors			
			Executive Directors	Executive Directors	Executive Directors	Executive Directors		
----- (Rupees in thousands) -----								
Number of persons	5	4	4	2	4	4	1	93
Remuneration	24,375	19,559	23,378	4,162	17,826	2,439	2,439	91,435
Cost of living allowance	-	-	23,378	3,199	17,826	2,439	2,439	39,573
Bonus	6,296	4,165	6,906	1,493	7,269	796	796	29,228
House rent	6,586	5,170	10,520	1,907	8,021	1,098	1,098	31,546
Contribution to provident fund and gratuity funds	1,447	1,152	-	570	-	244	244	15,596
Pension contribution	-	-	-	-	-	-	-	6,582
Medical expenses	457	460	1,677	172	2,183	126	126	7,353
Utilities	1,700	1,945	1,714	1,043	2,030	291	291	11,676
Other reimbursable expenses	4,487	4,362	5,652	1,420	5,168	653	653	15,929
	45,348	36,813	73,225	13,966	60,323	8,086	8,086	248,918

The Group also provides the Chief Executive Officer, Directors and certain employees with free use of Company maintained cars and residential telephones.

37.1 Remuneration to other directors

Aggregate amount charged to profit and loss account for the year in respect of meeting fee to four Directors (2015: four Directors) was Rs. 590 thousand (2015: Rs. 330 thousand) and travelling expenses Rs. 392 thousand (2015: Rs. 461 thousand).





### 38. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Amount of assets sold to directors during the year are shown in Note 12.3. 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:

		2016	Restated 2015
		(Rupees in thousand)	
Retirement benefit plans	Contribution to staff retirement benefit plans	30,902	28,016

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

### 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:

Profit for the year after tax	2,037,662	2,770,180
(Number of shares)		
Weighted average number of ordinary shares outstanding during the year	44,293	44,293
Rupees		
Earnings per share	46.00	62.54

#### 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.

### 40. CASH GENERATED FROM OPERATIONS

	Note	2016	Restated 2015
		(Rupees in thousand)	
Profit before taxation		3,094,257	4,254,053
Adjustment for:			
Depreciation on property, plant and equipment		145,390	149,228
Amortization of intangible asset		3,304	2,705
Provision for accumulating compensated absences		7,987	22,666
Bad debts written off		19	23,240
Profit on bank deposits		(17,185)	(25,262)
Dividend income		(4,710)	(4,619)
Pension		135,386	124,222
Provision for gratuity		19,410	(3,570)
Non-current assets written off		5,804	-
Gain on disposal of property, plant and equipment		(1,443)	(1,647)
Gain on sale of short term investments		(40,403)	(86,251)
Gain on change in fair value of investments		(1,703)	(1,340)
Finance cost		52,666	59,059
Workers' Profit Participation Fund		171,909	235,588
Workers' Welfare Fund		61,166	82,903
Working capital changes	(40.1)	2,562,697	258,725
		6,194,551	5,089,700

	2016	2015
	(Rupees in thousand)	
<b>40.1 Working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	6,476	21,951
Stock in trade	186,729	(38,695)
Trade debts	(109,724)	(84,944)
Loans and advances	10,143	(1,880)
Trade deposits and short term prepayments	11,889	(10,501)
Other receivables	(40,321)	49,419
	65,192	(64,650)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	2,497,505	323,375
	<b>2,562,697</b>	<b>258,725</b>

#### 41. FINANCIAL RISK MANAGEMENT

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

##### 41.1 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.

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
		2016	2015
		(Rupees in thousand)	
Receivables/ (Trade and other payables) - GBP	+1	127	8
	-1	(127)	(8)
Receivables/ (Trade and other payables) - USD	+1	581	464
	-1	(581)	(464)
Receivables/ (Trade and other payables) - EUR	+1	71	76
	-1	(71)	(76)



	2016	2015
Reporting date rate per:		
GBP	140.40	159.91
USD	104.70	101.70
EUR	116.31	113.79

**(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 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).

**(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 balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2016 (Rupees in thousand)	2015
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	57,421	211,275

**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 balance sheet 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 balance sheet dates were outstanding for the whole year.

		Changes in interest rate	Effects on profit before tax
(Rupees in thousand)			
Bank balances - deposit accounts	2016	+1	1,731
		-1	(1,731)
	2015	+1	1,162
		-1	(1,162)
Short term borrowings	2016	+1	2,700
		-1	(2,700)
	2015	+1	5,890
		-1	(5,890)

**41.2 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. 4,610,985 thousand (2015: Rs. 2,749,179 thousand), the financial assets which are subject to credit risk amounted to Rs. 4,468,591 thousand (2015: Rs. 2,638,793 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:

	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Trade debts	433,764	324,059
Other receivables	105,305	64,984
Short term investments	1,194,315	1,048,703
Bank balances	2,727,796	1,193,917
Long term deposits	7,411	7,130
	<u>4,468,591</u>	<u>2,638,793</u>
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 Months	362,064	254,490
Past due 4 - 6 Months	7,533	4,428
Past due 7 - 12 Months	47,609	39,541
Past due to above one year	16,558	25,600
	<u>433,764</u>	<u>324,059</u>

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 balance sheet date:

Banks	Rating			2016 (Rupees in thousand)	2015 (Rupees in thousand)
	Short term	Long term	Agency		
Meezan Bank Limited	A-1+	AA	JCR-VIS	9,896	10,258
Allied Bank Limited	A-1+	AA+	PACRA	30,790	32,771
Zarai Taraqiyati Bank Limited	A-1+	AAA	JCR-VIS	104,347	210,863
Bank Alfalah Limited	A-1+	AA	PACRA	14,050	24,407
Standard Chartered Bank	A-1+	AAA	PACRA	20,546	20,194
United Bank Limited	A-1+	AAA	JCR-VIS	226,036	379,405
The Bank of Punjab	A-1+	AA-	PACRA	551	551
MCB Bank Limited	A-1+	AAA	PACRA	28,154	28,183
Habib Bank Limited	A-1+	AAA	JCR-VIS	94,996	65,768
Sindh Bank	A-1+	AA	JCR-VIS	8,105	84,368
National Bank of Pakistan	A-1+	AAA	JCR-VIS	23,510	30,436
Emirates NBD	P-2	A-3	Moody's	50,503	52,346
MCB Bahrain	P-3	Baa3	Moody's	30,068	-
Faysal Bank Limited	A1+	AA	PACRA	49,490	412
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	179	292
JS Bank Limited	A1+	A+	PACRA	4	4
Bank Al Habib Limited	A1+	AA+	PACRA	8,889	2,201
Dubai Islamic Bank	A-1	A+	JCR-VIS	43	43
Askari Bank Limited	A-1+	AA	JCR-VIS	1,757	1,757
				<u>701,914</u>	<u>944,259</u>



	Rating	Agency	2016	2015
(Rupees in thousand)				
<b>Mutual funds / Term Deposit Receipts</b>				
NAFA Government Securities Liquid Fund	AA(f)	PACRA	-	150,191
ABL Cash Fund	AA(f)	JCR-VIS	400,284	200,504
HBL Money Market Fund	AAA	JCR-VIS	-	150,278
Askari Sovereign Cash Fund	AA+	JCR-VIS	-	199,230
UBL- Term Deposit Receipt	A+	PACRA	192,461	147,461
MCB Cash Management Optimizer	AA(f)	PACRA	500,033	100,000
ABL Government Securities Fund	A(f)	JCR-VIS	101,537	101,039
			<b>1,194,315</b>	<b>1,048,703</b>

### 41.3 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 30 June 2016, the Group had Rs. 4,900,655 thousand available borrowing limits from financial institutions and Rs. 2,734,452 thousand cash and bank balances.

The following are the contractual maturities of financial liabilities as at 30 June 2016:

	Carrying amount	Less than one year	One to five years	More than five years
----- (Rupees in thousand) -----				
Trade and other payables	3,660,857	3,660,857	-	-
Short term borrowings	274,159	274,159	-	-
Mark-up accrued on short term borrowings	5,111	5,111	-	-
Long term deposits	22,242	899	21,343	-
	<b>3,962,369</b>	<b>3,941,026</b>	<b>21,343</b>	<b>-</b>

The following are the contractual maturities of financial liabilities as at June 30, 2015:

Trade and other payables	2,953,948	2,953,948	-	-
Short term borrowings	592,917	592,917	-	-
Mark-up accrued on short term borrowings	1,800	1,800	-	-
Long term deposits	20,515	846	19,669	-
	<b>3,569,180</b>	<b>3,549,511</b>	<b>19,669</b>	<b>-</b>

#### 41.4 Financial instruments by categories

	Available for-sale		At fair value through profit and loss		Loans and receivables		Investments at cost		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
----- (Rupees in thousand) -----										
<b>Financial assets as per balance sheet</b>										
Long term investments	126,555	93,816	-	-	-	-	-	-	126,555	93,816
Long term loans	-	-	-	-	2,264	2,692	-	-	2,264	2,692
Long term deposits	-	-	-	-	7,411	7,130	-	-	7,411	7,130
Loans to employees	-	-	-	-	6,919	12,034	-	-	6,919	12,034
Trade debts	-	-	-	-	433,764	324,059	-	-	433,764	324,059
Other receivables	-	-	-	-	105,305	64,984	-	-	105,305	64,984
Short term investments	-	-	1,001,854	901,242	-	-	192,461	147,461	1,194,315	1,048,703
Cash and bank balances	-	-	-	-	2,734,452	1,195,761	-	-	2,734,452	1,195,761
	126,555	93,816	1,001,854	901,242	3,290,115	1,606,660	192,461	147,461	4,610,985	2,749,179
<b>Financial liabilities as per balance sheet</b>										
									2016	2015
(Rupees in thousand)										
Trade and other payables									3,660,857	2,953,948
Short term borrowings									274,159	592,917
Mark-up accrued on short term borrowings									5,111	1,800
Long term deposits									22,242	20,515
									3,940,127	3,548,665

#### 41.5 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.



## 42. Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

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

### 42.1 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2016, the Group held the following financial instruments carried at fair value:

	2016	Level 1	Level 2	Level 3
	------(Rupees in thousand)-----			
<b>Assets measured at fair value - available for sale</b>				
Equity shares - available for sale	126,555	126,555	-	-
Investment in mutual funds and TDR's	1,194,315	1,194,315		

Date of valuation : 30 June 2016

There were no liabilities measured at fair value as at 30 June 2016.

As at 30 June 2015, the Group held the following financial instruments carried at fair value:

	2015	Level 1	Level 2	Level 3
	------(Rupees in thousand)-----			
<b>Assets measured at fair value - available for sale</b>				
Equity shares - available for sale	93,816	93,816	-	-
Investment in mutual funds and TDR's	1,048,703	1,048,703		

Date of valuation : 30 June 2015

There were no liabilities measured at fair value as at 30 June 2015.

**43. OPERATING SEGMENT INFORMATION**

**Business segments**

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

- Tractors
- Tractor components
- Castings

No other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Rupees in thousands												
Sales	16,913,832	22,937,917	1,899,206	2,490,837	1,333,476	1,695,718	1,398,718	991,033	(3,581,912)	(4,070,064)	17,963,320	24,045,441
Cost of sales	13,577,972	18,541,448	1,514,684	1,827,787	1,192,600	1,506,268	1,035,229	707,887	(3,581,912)	(4,070,064)	13,738,573	18,513,326
<b>Gross profit</b>	3,335,860	4,396,469	384,522	663,050	140,876	189,450	363,489	283,146	-	-	4,224,747	5,532,115
Distribution cost	350,155	515,007	2,628	4,961	34,256	45,198	29,711	24,845	-	-	416,750	590,011
Administrative expenses	425,327	419,320	57,736	54,032	41,363	34,372	56,606	49,654	-	-	581,032	557,378
	775,482	934,327	60,364	58,993	75,619	79,570	86,317	74,499	-	-	997,782	1,147,389
<b>Operating profit</b>	2,560,378	3,462,142	324,158	604,057	65,257	109,880	277,172	208,647	-	-	3,226,965	4,384,726
Finance costs	15,300	9,360	1,409	1,676	33,138	46,319	2,819	1,927	-	(223)	52,666	59,059
Other operating expenses	196,521	264,550	24,030	43,211	3,060	5,086	16,696	11,695	-	-	240,307	324,542
	211,821	273,910	25,439	44,887	36,198	51,405	19,515	13,622	-	(223)	292,973	383,601
Other income	272,249	404,157	19,569	26,097	10,360	13,164	3,815	2,445	(145,728)	(192,935)	160,265	252,928
Profit before taxation	2,620,806	3,592,389	318,288	585,267	39,419	71,639	261,472	197,470	(145,728)	(192,712)	3,094,257	4,254,053
Taxation	870,508	1,209,968	98,026	194,863	12,936	24,726	75,125	54,316	-	-	1,056,595	1,483,873
Profit for the year	1,750,298	2,382,421	220,262	390,404	26,483	46,913	186,347	143,154	(145,728)	(192,712)	2,037,662	2,770,180

**43.1** Inter segment sales and purchases have been eliminated.





43.2 Allocation of assets and liabilities

	Tractors		Tractor Components		Castings		Others		Elimination of Inter-segment transactions		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)											
<b>Segment operating assets</b>												
Operating fixed assets	448,130	485,721	500,859	524,216	180,313	183,817	109,193	70,776	-	-	1,238,495	1,264,530
Capital work in progress	225,134	209,660	3,672	2,657	4,116	3,241	37,709	-	-	-	270,631	215,558
Intangible asset	3,295	3,867	-	-	-	202	302	450	-	-	3,597	4,519
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Investment property	255,708	255,708	-	-	-	-	-	-	-	-	255,708	255,708
Long term investments	396,928	369,543	-	-	23,288	16,718	-	-	(293,661)	(292,445)	126,555	93,816
Long term loans	1,483	1,911	-	-	781	778	-	3	-	-	2,264	2,692
Long term deposits	-	-	3,518	3,518	3,893	3,612	-	-	-	-	7,411	7,130
Employees' defined benefit plan	-	143,512	-	-	-	6,327	-	-	-	-	-	149,839
Stores and spares	111,913	107,141	133,509	146,307	84,625	84,345	12,702	11,432	-	-	342,749	349,225
Stock in trade	2,545,484	2,429,982	206,308	280,162	280,698	489,320	116,876	136,631	-	-	3,149,366	3,336,095
Trade debts	286,194	190,240	122,391	136,591	141,879	183,250	87,729	57,750	(204,429)	(243,772)	433,764	324,059
Loans and advances	72,071	68,683	28,407	53,120	4,612	9,615	30,167	13,982	-	-	135,257	145,400
Trade deposits and short term prepayments	24,366	22,748	-	-	341	21,722	12,233	4,359	-	-	36,940	48,829
Balances with statutory authorities	1,184,143	767,295	-	-	2,628	2,869	7,182	18,535	-	-	1,193,953	788,699
Other receivables	104,756	55,643	-	-	5,694	19,348	-	-	(5,145)	(10,007)	105,305	64,984
Tax refunds due from the Government	629,148	815,198	56,149	-	124,831	129,439	11,778	(21,498)	-	-	821,906	923,139
Short term investments	800,317	700,203	201,537	201,039	-	-	192,461	147,461	-	-	1,194,315	1,048,703
Cash and bank balances	2,562,252	1,082,170	53,968	32,662	12,910	8,891	105,322	72,038	-	-	2,734,452	1,195,761
<b>Total operating assets</b>	<b>9,651,322</b>	<b>7,709,225</b>	<b>1,310,318</b>	<b>1,380,272</b>	<b>870,609</b>	<b>1,163,494</b>	<b>723,654</b>	<b>511,919</b>	<b>(484,663)</b>	<b>(527,652)</b>	<b>12,071,240</b>	<b>10,237,258</b>
<b>Segment operating liabilities</b>												
Long term deposits	1,1505	10,595	4,839	3,948	4,999	5,126	-	-	-	-	21,343	19,669
Deferred taxation liability / (asset)	2,108	10,214	64,737	72,037	-	-	(45,185)	(34,841)	-	-	21,660	47,410
Employees' defined benefit plan	88,558	-	-	-	79,954	34,724	1	-	-	-	168,513	34,724
Accumulating compensated absences	96,282	90,311	15,573	12,957	107,523	83,091	103,873	58,957	(204,429)	(243,772)	121,202	113,397
Trade and other payables	5,310,799	2,884,862	143,970	181,093	107,523	83,091	103,873	58,957	-	-	5,461,736	2,964,231
Current portion of long term deposits	-	-	-	-	899	846	-	-	-	-	899	846
Short term borrowings	-	-	-	-	274,159	592,917	-	-	-	-	274,159	592,917
Accrued mark-up on short term borrowings	310	1,800	32	194	4,769	10,363	-	-	-	-	5,111	12,357
<b>Total operating liabilities</b>	<b>5,509,562</b>	<b>2,997,782</b>	<b>229,151</b>	<b>270,229</b>	<b>472,303</b>	<b>727,067</b>	<b>68,036</b>	<b>34,245</b>	<b>(204,429)</b>	<b>(243,772)</b>	<b>6,074,623</b>	<b>3,785,551</b>

#### 44. 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 has year-end according to applicable law in the country of incorporation.

44.1 Set out below is summarised financial information for each subsidiary that has Non Controlling Interests (NCI). The amounts disclosed for each subsidiary are before inter company eliminations :

	MEL	MIPL	BCL	TIPEG
	(Rupees in thousand)			
Total Assets	1,310,622	563,364	925,578	154,844
Total Liabilities	229,150	67,703	472,303	55,304
Total comprehensive income / (loss)	220,262	151,466	(385)	32,738
Total comprehensive income / (loss) allocated to NCI	121,144	54,391	(207)	8,185
Accumulated NCI	594,810	175,066	323,597	24,886
Cash and cash equivalents	53,968	217,146	(263,710)	80,637
Cash generated from / (utilized) in				
operating activities	241,895	170,049	364,176	54,354
investing activities	(14,642)	(55,411)	(18,453)	(31,093)
financing activities	(205,946)	(44,764)	(22,945)	(17,100)
Dividend paid to NCI	114,400	16,075	12,331	4,275

#### 45. PROVIDENT FUND TRUST

45.1 The Group has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2016	2015
		(Rupees in thousand)	
Size of the fund		791,157	750,148
Cost of investment made	(45.2)	650,970	612,997
Percentage of investment made		82%	82%
Fair value of investment		1,037,356	1,123,422



45.2 Breakup of investment - amount	2016		2015	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
Investment in shares (listed securities)	26,355	3.33%	23,184	3.09%
Term Deposit Receipts (TDR)	532,677	67.33%	499,993	66.65%
Special Saving Certificate (SSC)	77,289	9.77%	89,820	11.97%
Government Securities	14,649	1.85%	-	0.00%
	650,970	82.28%	612,997	81.72%

45.3 The above information is based on audited financial statements of the provident fund for the year ended 30 June 2016.

46. CAPACITY AND PRODUCTION	2016	2015
	Units per annum	
<b>Tractors</b>		
Plant capacity (double shift)	30,000	30,000
Actual production	21,108	28,105

The Group has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the reason for low production over normal capacity is due to less demand during the year.

#### Batteries

During the year, the actual production capacity attained was 171,317 batteries (2015:167,108) against annual manufacturing capacity of 172,000 batteries (2015: 172,000).

#### Tractors components

Normal Capacity and Production is not determinable due to interchangeable components having different cycle times of production on same machines.

#### Castings

	Metric tons	
Installed capacity		
Actual production	13,200	13,200
Capacity utilisation	8,437	11,368
	64%	86%

Production during the year was as per the market demand.

47. NUMBER OF EMPLOYEES	2016	2015
Number of employees at the end of the year	762	777
Average number of employees during the year	766	780

#### 48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved for issue by Board of Directors of the Group in their board meeting held on 09 September 2016.

#### 49. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation. However, no significant reclassifications / restatements have been made.

#### 50. GENERAL

Figures have been rounded off to the nearest thousand of rupees.

S M Irfan Aqueel  
Chief Executive

Sikandar Mustafa Khan  
Director / Chairman

# PATTERN OF SHAREHOLDING

as on June 30, 2016

Number of Share Holders	From	Shareholding To	Number of Shares Held	% of Capital
1,014	1	100	38,536	0.09
791	101	500	224,955	0.51
401	501	1000	305,001	0.69
683	1001	5000	1,635,623	3.69
246	5001	10000	1,735,456	3.92
93	10001	15000	1,151,136	2.60
40	15001	20000	697,921	1.58
35	20001	25000	788,715	1.78
25	25001	30000	697,510	1.57
12	30001	35000	391,010	0.88
10	35001	40000	370,817	0.84
8	40001	45000	343,380	0.78
11	45001	50000	529,439	1.20
7	55001	60000	405,719	0.92
5	60001	65000	302,564	0.68
5	65001	70000	328,487	0.74
3	75001	80000	230,518	0.52
5	80001	85000	412,825	0.93
3	85001	90000	264,181	0.60
1	90001	95000	90,508	0.20
3	95001	100000	296,266	0.67
2	100001	105000	201,389	0.45
2	105001	110000	217,698	0.49
3	115001	120000	351,144	0.79
1	130001	135000	130,996	0.30
2	135001	140000	276,523	0.62
1	145001	150000	150,000	0.34
2	150001	155000	301,761	0.68
1	160001	165000	162,800	0.37
2	165001	170000	339,094	0.77
1	180001	185000	181,960	0.41
1	195001	200000	199,000	0.45
1	205001	210000	206,236	0.47
2	215001	220000	436,848	0.99
1	235001	240000	236,342	0.53



Number of Share Holders	From	Shareholding To	Number of Shares Held	% of Capital
2	245001	250000	495,129	1.12
1	265001	270000	265,364	0.60
1	275001	280000	279,082	0.63
1	280001	285000	283,158	0.64
2	290001	295000	585,642	1.32
1	305001	310000	307,524	0.69
1	345001	350000	345,735	0.78
1	360001	365000	361,552	0.82
1	500001	505000	503,638	1.14
1	530001	535000	532,724	1.20
1	585001	590000	585,629	1.32
1	600001	605000	600,859	1.36
1	695001	700000	699,961	1.58
1	745001	750000	747,703	1.69
1	750001	755000	752,896	1.70
1	770001	775000	772,497	1.74
1	970001	975000	974,551	2.20
1	975001	980000	978,813	2.21
1	1055001	1060000	1,057,570	2.39
1	1310001	1315000	1,311,180	2.96
1	1540001	1545000	1,544,618	3.49
1	1705001	1710000	1,709,425	3.86
1	2045001	2050000	2,046,799	4.62
1	2230001	2235000	2,234,284	5.04
1	2395001	2400000	2,398,859	5.42
1	3580001	3585000	3,582,342	8.09
1	3700001	3705000	3,702,652	8.36
3,452		TOTAL	44,292,544	100.00

# CATEGORIES OF SHAREHOLDERS

as on June 30, 2016

	Number of Share Holders	Shares Held	Percentage
<b>1</b>	<b>Directors, CEO and their spouse &amp; minor children</b>		
	1	3,582,342	8.09
	1	100,079	0.23
	1	1,709,425	3.86
	1	2,349,994	5.31
	1	3,373,410	7.62
	1	978,813	2.21
	1	772,497	1.74
	1	58,657	0.13
	1	268,203	0.61
		13,193,420	29.79
<b>2</b>	<b>Associated Companies, Undertaking and related parties</b>		
	1	40,619	0.09
	1	503,638	1.14
	1	361,552	0.82
		905,809	2.05
<b>3</b>	<b>Executives/ Workers</b>	<b>100</b>	<b>456,633</b>
<b>4</b>	<b>Public Sector Companies and Corporations</b>		
	1	2,046,799	4.62
<b>5</b>	<b>NIT and IDBP (ICPUNIT)</b>		
	2	72	0.0002
<b>6</b>	<b>Banks, Development Financial Institution, Non-Banking</b>		
	9	348,510	0.79
<b>7</b>	<b>Insurance Companies</b>		
	1	752,896	1.70
	1	199,000	0.45
	1	20,000	0.05
	1	307,524	0.69
	1	1,057,570	2.39
	1	2,000	0.0045
	1	9,000	0.02
		2,347,990	5.30
<b>8</b>	<b>Modaraba</b>	<b>1</b>	<b>2,720</b>
			0.0061



	Number of Share Holders	Shares Held	Percentage
<b>9 Mutual Funds</b>			
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	116,900	0.26
CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	1	10,000	0.02
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	60,583	0.14
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUIT SUB FUND	1	14,450	0.03
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	31,900	0.07
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	60,750	0.14
CDC - TRUSTEE MEEZAN BALANCED FUND	1	800	0.00
CDC - TRUSTEE LAKSON TACTICAL FUND	1	4,200	0.01
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	4,043	0.01
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	1,216	0.00
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	110,000	0.25
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	17,350	0.0392
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	30,000	0.07
CDC - TRUSTEE LAKSON EQUITY FUND	1	33,650	0.08
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	48,000	0.11
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	6,050	0.01
		549,892	1.24
<b>10 Shareholders Holding 5% or more Voting Interest.</b>	*		
<b>11 General Public</b>			
a. Local	3223	17,904,144	40.42
b. Foreign	-	-	-
<b>12 Others</b>			
Joint Stock Companies	31	90,052	0.20
Trust	1	85	0.00
Non-Resident Company	1	3,702,652	8.36
Others	48	2,743,766	6.19
	3,452	44,292,544	100.00
<b>* Shareholders Holding 5% or more Voting Interest (Separately Included above).</b>			
- Mr. Sikandar Mustafa Khan	1	3,582,342	8.09
- Mr. Sohail Bashir Rana	1	2,349,994	5.31
- Mr. Laeeq Uddin Ansari	1	3,373,410	7.62
- M/s Oversease Investment Company Ltd.	1	3,702,652	8.36

# TRACTOR DEALERS

## PUNJAB

Ahmer Brother, Attock  
Haji Sher Muhammad & Brothers, Attock  
Sahgol Motors, Rawalpindi  
Friends Corporation, Mandi Bahauddin  
Hassan Corp., (Pvt) Ltd., Gujranwala  
Zeshan Tractors, Gujrat  
Kashmir Tractors, Jhelum  
Globe Automobiles (Pvt) Limited, Lahore  
Zamindar Tractors & Equipment, Kasur  
Shahrah Autos (Pvt) Ltd., 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 Sons Ltd., Khanewal  
Thal Agro Services, Leiah  
Al-Hassan Traders, Bahawalpur  
Panjnad Tractors Ltd., R.Y. Khan  
Aziz Sons Tractor Corporation, R.Y. Khan  
Vehari Tractors, Vehari  
Sutluj Traders, Chishtian  
Sargoro Services Ltd. 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, Ferozewala  
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

## KHYBER PAKHTOONKHWA

Nadeem Traders & Tractor House, Mala Kand  
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  
Geevon Tractors, Haripur  
Iftikhar Traders, Peshawar

## SINDH

Popular Tractor Co., Sukkur  
Larkana Tractor House, Larkana  
Sind Trading Company, 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, Tandu Allah Yar





# 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  
 Khurram 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, Burewala  
 Umer Nawaz Auto Store, Multan  
 Ishtiaq Auto Store, Multan  
 New Altaaf Autos, Multan  
 Kohistan Autos, Multan  
 Hafiz Autos, Kabeerwala  
 M. Latif & Brothers, Mian Channu  
 Mian Autos, Manawala  
 Pak Autos, Pirmahal  
 Baloch Tractor House, Jhang  
 Farooq Autos, Faisalabad  
 786 Auto Tractors, 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, Muzaffargarh  
 Madina Tractor & Tyer House, Kasur  
 Ali Auto Centre, Distt. Muzaffargarh  
 Tahal Auto Store, Joharabad  
 Punjnand Traders, Rahim Yar Khan  
 Somoro Auto Store, Rohjan City, Rajan Pur  
 Gohar Auto Tractor Parts, Muzaffargarh  
 Ch. Autos, Leiah  
 Millat Autos Store, D.G. Khan

## KHYBER PAKHTOONKHWANA

Millat Tractors House, Mardan  
 Quresh Mechanical Engineering Works,  
 Khurram Agency  
 Nisar Tractor, Haji Camp, Peshawar

## SINDH

Genuine Tractors, Hyderabad  
 Abdul Khaliq Khoosa Autos, Dera Allah Yar  
 Tractor Corporation, Murad Jamal  
 Master Autos, Larkana  
 Kisan Tractor Parts, Jackabad  
 Madni Tractor, Hyderabad

## 9- اوپنیشنل ہیلتھ اینڈ سیفیٹی

ایم ٹی ایل خود کو اور دوسروں کی صحت اور حفاظت کو یقینی بنانے کے لیے مناسب دیکھ بھال کر کے اپنے ملازمین کی حوصلہ افزائی کرتی ہے۔ CSR سرگرمیوں کے ایک حصہ کے طور پر تمام ملازمین پر زور دیا جاتا ہے کہ وہ قابل عمل صحت اور حفاظت کی ہدایات اور طریقہ کار پر عمل کریں۔ دوران سال تمام ملازمین کے سکیٹنگ / ٹیسٹ کیے گئے تاکہ بیماری کی تشخیص ہو سکے۔ کمپنی کی اپنی ان ہاؤس ابتدائی طبی امداد کی سہولت موجود ہے جو کہ ایمرجنسی علاج کی سہولت دیتی ہے۔ علاوہ ازیں ملازمین کو نزدیکی ہسپتالوں میں بذریعہ ٹرانسپورٹ خدمات بھی مہیا کی جاتی ہیں۔ دوران سال کمپنی نے 8.12 ملین روپے کی رقم سیفیٹی اور صحت پر خرچ کی۔

## 10- کاروباری اخلاقیات اور اینٹی کرپشن کے اقدامات

ایم ٹی ایل اپنے کاروبار کو اخلاقیات کے اصولوں کی مطابقت بھی منظم کرتی ہے۔ ہم ایمانداری کے ساتھ اپنی کاروباری سرگرمیوں کے انعقاد کے لیے پُر عزم اور قوانین اور ریاست کے قواعد و ضوابط کے ساتھ مکمل طور پر تعمیل میں ہیں۔ ہم انہیں اصولوں کے مطابق اپنے تمام ملازمین پر یقین رکھتے ہیں۔ کمپنی کام کے ماحول اور اس کی اہمیت کو تسلیم کرتی ہے۔ اور فعال طور پر برتاؤ کا ضابطہ اخلاق (COC) میں شامل بہترین طریقوں کو فروغ دیتی ہے۔ COC روئے کے معیار اور اپنے ملازمین سے گاہکوں کے ساتھ سپلائرز، صارفین، شریک کارکنوں اور عام عوام اور مینجمنٹ کے ساتھ اچھے کنڈکٹ کی توقع رکھتی ہے۔ کمپنی تمام ملازمین سے توقع کرتی ہے کہ وہ COC میں متعین کردہ معیارات پر عمل کریں۔

## 11- قومی اہمیت کے عطیات

دوران سال اس اکاؤنٹ میں کوئی قابل ذکر حصہ نہیں ڈالا گیا۔

## 12- قومی خزانے میں حصہ

ایم ٹی ایل کارپوریٹ انکم ٹیکس اور دیگر محصولات کے لحاظ سے قومی خزانے میں حصہ ڈالنے والی ایک معروف شراکت دار ہے۔ تمام سرکاری ٹیکسز وقت پر ادا کیے جاتے ہیں اور کمپنی حکومت کے بقایا جات کی ادائیگی میں کبھی نادہندہ نہیں ہوئی۔ سال کے دوران کمپنی نے 843 ملین انکم ٹیکس اور دیگر محصولات کے طور پر ادا کیے۔

## 13- دیہی ترقی کے پروگرام

دوران سال دیہی ترقی کے پروگرام میں کوئی قابل ذکر کام نہیں کیا گیا۔



ٹیکنالوجی کو اپنانے کے لیے ایک قدم آگے کیا ہے۔ اور ایک مقامی ٹیسٹ لیبارٹری قائم کی ہے۔ کمپنی اخراج کی صلاحیت رکھنے والے انجن تیار کرنے کے لیے اس سہولت کا استعمال کر رہی ہے۔

#### **4- کمیونٹی سرمایہ کاری اور فلاحی منصوبے**

دوران سال کمپنی نے لاہور بزنس میں ایسوسی ایشن فار ریہیبلٹیشن فار ڈس ایبل (LABARD) کو -/100,000 روپے کینسر کیئر ہسپتال اینڈ ریسرچ سینٹر کو -/1,099,450 روپے اور لاہور ہسپتال ویلفیئر سوسائٹی کو -/1,000,000 روپے سٹیژن فاؤنڈیشن کو -/500,000 روپے اور ڈیولپمنٹ این لٹریسی (DIL) کو -/500,000 بطور عطیہ ادا کیے۔

#### **5- صارفین کے تحفظ کے اقدامات**

ایم ٹی ایل نے بڑی سرگرمی سے صارفین کے تحفظ کے لیے اقدامات میں ایک اہم کردار ادا کیا ہے۔ فیلڈ میں مصنوعات کی تربیت اور مفت سروس پروگرام دیہی نمائشوں اور صارفین کو پلیٹن کے ذریعے اہم اطلاع جیسی سرگرمیوں کا کمپنی کی طرف سے اہتمام کیا جاتا ہے۔ دوران سال آفس سٹریٹس سروس کی کے ایریا میں کمپنی نے 58 ڈیلرشپ کے علاقوں میں جا کر مفت سروسز کا اہتمام کیا۔ کمپنی نے صارفین کی بیداری / آگاہی کے پروگرام کو بھی فروغ دیا۔ اور مصنوعات کی کارکردگی کو بہتر بنانے اور اپ گریڈیشن کے حوالے سے گاہک سے رائے حاصل کرنے کے لیے مختلف انتظامات کا بندوبست کیا۔ مختلف دیگر سرگرمیوں میں صارفین کو اپنی زرعی مشینوں کے موثر استعمال سے بھی آگاہی کا اہتمام کیا۔ موبائل اور انفارمیشن ٹیکنالوجی کے استعمال کو مزید بہتر کسٹمر رابطے کی سہولت فراہم کی گئی۔ اس ٹیکنالوجی کا فائدہ اٹھاتے ہوئے کمپنی نے موبائل پیغام کی خدمت کے ذریعے صارفین کے حکم کی بکنگ اور ڈیلیوری کے لیے موبائل منج سروس کا استعمال کیا جا رہا ہے۔ ڈیلر حضرات بھی صارفین کو کمپنی کی پروڈکٹ اور سروسز سے آپ ڈیٹ رکھتے ہیں۔ علاوہ ازیں صارفین کے تحفظ کے لیے راہنما اصول ڈیلرشپ میں دکھائے جاتے ہیں تاکہ کسی تکلیف کی صورت میں وہ کمپنی میں فوراً رابطہ کر سکیں۔

#### **6- پسماندہ کلاس کے لیے ویلفیئر اخراجات**

دوران سال اس اکاؤنٹ کے لیے کوئی خاص کارکردگی نہیں دیکھائی گئی

#### **7- صنعتی تعلقات**

ایم ٹی ایل ایک بنیادی اصول کے تحت لیبر اور مینجمنٹ کے دوران باہمی اعتماد اور احترام کا رشتہ بنائے ہوئے ہے۔ لہذا اس کی انتظامیہ اور ملازمین کے مابین اچھے تعلقات ہیں۔

✦ بچوں کی تعلیمی ایوارڈ سکیم بھی ایک سی ایس آر کی سرگرمی ہے جو کہ اسکا لرشپ ایوارڈ کی فراہمی اور نوجوان نسل کے درمیان کامیابی کا احساس اور حوصلہ افزائی کر کے ایمپلائز کے بچوں کی تعلیم کے لیے حوصلہ افزائی کرنے میں مدد دیتی ہے۔ دوران سال 23 ایوارڈ دیئے گئے جن کی کل مالیت -/90,000 روپے بنتی ہے۔

✦ ایم ٹی ایل اپنے ملازمین کی مذہبی رسومات کو پورا کرنے میں ان کی مالی مدد کرتی ہے۔ اور حج کی ادائیگی کے لیے کمپنی نے ایک حج سکیم تیار کر رکھی ہے۔ کمپنی اپنے خرچے پر ہر سال حج سکیم کے تحت 12 ملازمین کو حج کے فریضہ کی ادائیگی کے لیے بھیجتی ہے۔ اور اب تک کل 182 ملازمین اس حج سکیم کے تحت حج کر چکے ہیں۔

#### **8- خصوصی افراد کے لیے روزگار**

کمپنی اس بات کی جانفشانی سے کوشش کرتی ہے کہ برابر مواقع آجربنے۔ لہذا کمپنی مکمل غیر جانبداری کے ساتھ اس بات کو یقینی بناتی ہے کہ بھرتی اور انتخاب کے عمل میں جسمانی معذوری اثر انداز نہ ہو۔

موجودہ صورت حال اس بات کی عکاسی کرتی ہے کہ اس وقت 4 مختلف محکموں میں معذوریوں کے حامل افراد موجود ہیں۔

## ملت ٹریکٹرز لمیٹڈ (ایم۔ٹی۔ ایل) سی ایس آر کی جانب وابستگی

کارپوریٹ انسان دوستی، توانائی کے تحفظ، ماحولیاتی تحفظ کے اقدامات، سماجی سرمایہ کاری، فلاحی منصوبوں، صارفین کے تحفظ کے اقدامات، پسماندہ طبقات کے لیے فلاحی کام، صنعتی تعلقات، ملازموں کی حوصلہ افزائی برائے خصوصی افراد، پیشہ وارانہ حفاظت اور صحت، کاروبار کے ضوابط اور انسداد بدعنوانی کے اقدامات، قومی سطح پر عطیات، قومی خزانے اور ہی ترقی کے پروگراموں میں تعاون جیسے کاموں میں کمپنی کا طرز عمل ایک سرگرم کارپوریٹ شہری جیسا ہے۔ ایم ٹی ایل نے کارپوریٹ سماجی ذمہ داریوں کو اپنے صارفین، ملازمین، شیئرز، ہولڈرز، کمیونٹیز اور ماحول کے لیے مختلف پہلوں پر اپنی تمام کاروائیوں کو مثبت انداز میں سرانجام دیا ہے۔

### 1- کارپوریٹ خدمت خلق

- ✦ ایم ٹی ایل ہمیشہ سے تعلیمی اداروں میں اپنی سرمایہ کاری کے ذریعے معاشرے کی بہتری کے لیے کردار ادا کر رہا ہے۔
- ✦ دوران سال کمپنی نے پنجاب دانش سکول کو/-725,450 روپے کا چیک سینٹر آف ایکسیلنس اتھارٹی، گورنمنٹ آف پنجاب کو دیا ہے۔ اور 300,000/- روپے کا چیک NUST کو دیا ہے۔
- ✦ سال کے دوران کمپنی نے مختلف تنظیموں میں ہونے والے ایونٹس کو سپانسر کیا۔ جن میں انسٹیٹیوٹ آف روڈ سیفٹی ٹریک آف پاکستان، اولڈ رائین ایسوسی ایشن، لاہور۔ میوزک میٹ، اولڈ رائین یونین خیال کریٹیوٹیٹ ورک اور آل پاکستان میوزک کانفرنس شامل ہیں۔
- ✦ کمپنی صحت فٹنس کی سرگرمیوں اور کھیلوں کے فروغ کے لیے بھی حوصلہ افزائی کرتی ہے۔ اس سال کمپنی نے پاکستان ڈیف کرکٹ ایسوسی ایشن (PDCA)، لاہور گریڈن گالف اور کٹھری کلب اور گورنر کپ گالف ٹورنمنٹ، لاہور جھانڈہ منعقد کروانے میں اہم کردار ادا کیا۔

### 2- توانائی کی بچت

- کمپنی نے ماحول کی حفاظت، کام کے مقامات پر کام کرنے کی حالت بہتر بنانے کے لیے اور توانائی کی بچت کے عمل کی بہتری کے لیے کئی ایک اقدامات لاگو کیے ہیں۔ کمپنی کی طرف سے اٹھائے گئے اقدامات میں کچھ مندرجہ ذیل ہیں۔
- ✦ پرانی اور خستہ حال کمپریسڈ ایر لائنز اور گیس پائپ لائنز کو تبدیل کر دیا گیا ہے تاکہ توانائی کی بچت اور ماحول کی حفاظت ہو۔
- ✦ توانائی کی بچت کرنے والا سامان اور ancillaries کی تنصیب
- ✦ انرجی سیوز اور ایل ای ڈی لائٹس کو الیکٹریک بلبر اور یوبز کی جگہ تبدیل کر دیا گیا ہے۔
- ✦ توانائی بچانے والے اور جدید بجلی کے آلات نصب کیے جا رہے ہیں
- ✦ موجودہ توانائی کے بحران پر قابو پانے کے لیے بلا تعطل بجلی کی فراہمی کے لیے جنریٹرز کو نصب کیا گیا ہے۔

### 3- ماحولیاتی تحفظ کے اقدامات

ہمارا باغبانی کا ڈویژن دفاتر اور مختلف نمائشوں میں نمائش کے لیے موسمی پھولوں اور ان ڈور پودوں کی فراہمی کے لیے ایک بنیادی کردار ادا کر رہا ہے۔ تاکہ ایک صحت مند اور آلودگی سے پاک ماحول میسر آسکے۔ ایم ٹی ایل سالانہ گلڈ اوڈی کی نمائش اور صاف ستھرا ماحول اور آلودگی سے پاک سرسبز پاکستان کی سمت اور مختلف پودوں کی شجر کاری کی مہمات میں فعال طور پر حصہ لیتا ہے۔

حد درجہ ماحولیاتی آلودگی کے خدشات کیوجہ سے گرین انجن ٹیکنالوجی وقت کی اہم ضرورت بن گئی ہے۔ گرین انجن ٹیکنالوجی گیسوں کے کم اخراج کے ساتھ دوستانہ ماحول کے انجن کے لیے استعمال کی گئی ایک اصطلاح ہے۔ ایم ٹی ایل نے اپنی شہرت کو بطور بانی برقرار رکھتے ہوئے ایک بار پھر پاکستان میں اس



## اقتباس زیر دفعہ (1) 218 آف کمپنیز آرڈیننس 1984ء

بورڈ آف ڈائریکٹرز نے اپنے 155 ویں اجلاس منعقدہ 02 نومبر 2015ء مندرجہ ذیل قراردادیں پاس کی جس میں میاں محمد سلیم کو جنوری 2016ء سے کمپنی کا بطور کمپنی سیکرٹری نامزد کر دیا گیا ہے۔ یہ قراردادیں شیئر ہولڈرز کو پہلے سے بھی زیر دفعہ (3) 218 آف دی کمپنیز آرڈیننس 1984ء ارسال کی جا چکی ہے۔

### 1- کمپنی سیکرٹری کی نامزدگی

"قرارداد کیا کہ ڈائریکٹر میاں محمد سلیم کو 01 جنوری 2016ء سے لے کر 3 سالوں کیلئے کمپنی سیکرٹری نامزد کیا گیا ہے۔" میاں محمد سلیم کی دلچسپی کی وجہ سے انہوں نے اس قرارداد میں حصہ نہیں لیا۔

### 2- میاں محمد سلیم کی اجرت کا طے ہونا

قرارداد کیا کہ بورڈ نے ڈائریکٹر / کمپنی سیکرٹری میاں محمد سلیم کی اجرت جو کہ ایک سال میں 14 ملین سے زیادہ نہ ہوگی۔ اسکی منظوری و اجازت دے دی ہے۔ جسمیں اپنی فیملی اور اپنے لیے میڈیکل کا خرچہ اور ٹریمنٹل فوائڈ شامل نہیں ہیں۔ مذکورہ بالا اجرت میں اضافہ، ایڈجسٹمنٹ اور تنظیم نو چیئر مین کی منظوری سے ہوگی۔ مذکورہ بالا اجرت میں بونس / پرافٹ شیئر شامل ہیں جو کہ کمپنی کی پالیسی کے مطابق وقت فوقتاً دیا جائے گا۔

مزید قرارداد کیا کہ میاں محمد سلیم کو بھی اختیار ہے کہ وہ کمپنی مینجمنٹ ڈائریکٹرز کو دفتر کی اور ذاتی مقصد کے لیے استعمال میں لاسکتے ہیں اور اس سلسلہ میں چیئر مین کو یہ اختیار حاصل ہے کہ وہ کمپنی کی پالیسی کے مطابق فیصلہ کریں کہ ان کو یہ سہولت کس حد تک ہے۔ میاں محمد سلیم کی دلچسپی کی وجہ سے انہوں نے اس قرارداد میں حصہ نہیں لیا۔

## شیرز کی فروخت

✦ جناب لطیف خالد ہاشمی

## کوڈ آف کنڈکٹ

## فروخت کیے گئے شیرز کی تعداد

183,700

بورڈ آف ڈائریکٹرز نے ایک کوڈ آف کنڈکٹ منظور کیا ہے جو کہ پروفیشنل سینڈرز اور کارپوریٹ ویلیوز کی ترویج پر مشتمل ہے۔ یہ بورڈ سینئر مینجمنٹ اور دیگر ملازمین قابل عمل قبول اور ناقابل قبول رویوں کی تعریف کرتا ہے۔ یہ کمپنی کی ویب سائٹ پر موجود ہے۔

## اسٹیٹمنٹ آف کمپلائنس وڈ کوڈ آف کارپوریٹ گورننس

سال 30 جون 2016ء سے متعلقہ کوڈ آف کارپوریٹ گورننس جو کہ سٹاک ایکسچینج کی لسٹنگ ریگولیشنز کا حصہ ہے کے تمام تقاضوں پر عمل درآمد کیا گیا ہے اس حوالے سے ایک اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

## چیئر مین کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز نے چیئر مین کے جائزے کو حرف بہ حرف منظور کیا ہے۔ جو کہ ڈائریکٹرز رپورٹ کا حصہ ہے۔

## پیٹرن آف شیر ہولڈنگ

پیٹرن آف شیر ہولڈنگ ساتھ منسلک ہے۔

## ملازمین کی تعداد

30 جون 2016ء تک مستقل ملازمین کی تعداد 414 تھی جو کہ بالمقابل پچھلے سال 428 تھی۔

## کونسل ڈیٹیلز انشیل اسٹیٹمنٹس

کمپنی کی کونسل ڈیٹیلز انشیل اسٹیٹمنٹس برائے سال 30 جون 2016ء ساتھ منسلک ہیں۔

## کارپوریٹ کی سوشل ریسپانسیبیلیٹی

کارپوریٹ سوشل ریسپانسیبیلیٹی کے مطابق انفارمیشن ساتھ منسلک ہے اور اس رپورٹ کا حصہ ہے۔

## اقتباس انڈر سیکشن (1) 218 آف دی کمپنیز آرڈیننس 1984ء

اقتباس انڈر سیکشن (1) 218 آف دی کمپنیز آرڈیننس 1984ء ساتھ منسلک ہے۔ مذکورہ بالا پہلے ہی شیر ہولڈرز کو ارسال کیا جا چکا ہے۔

## ویب کی موجودگی

کمپنی کی سہ ماہی، شش ماہی، فنانشیل اسٹیٹمنٹس برائے موجودہ مالی سال بشمول پچھلے تین سالوں کی سالانہ رپورٹس سرمایہ داروں کی معلومات کمپنی کی ویب سائٹ

www.millat.com.pk پر موجود ہے۔

بحکم بورڈ

سید محمد عرفان عقیل

چیف ایگزیکٹو

لاہور

09 ستمبر 2016ء



## بعد میں آنے والے واقعات

اس مالی سال کے اختتام اور اس رپورٹ کے درمیان کوئی ایسی قابل ذکر تبدیلی نہیں ہوئی جو کہ کمپنی کی فنانشیل پوزیشن پر اثر انداز ہو سکے۔

### کارپوریٹ مالیاتی رپورٹنگ فریم ورک پر بیان

کمپنی نے کوڈ آف کارپوریٹ گورننس اور لسٹنگ ریگولیشن کے تمام تقاضے پورے کیے ہیں۔ اس کے مطابق کمپنی کے ڈائریکٹرز مندرجہ ذیل کی تصدیق کرتے ہوئے خوشی محسوس کرتے ہیں۔

(اے) کمپنی کی فنانشیل سٹیٹمنٹس اور نوٹس کمپنیز آرڈیننس 1984ء کے مطابق تیار کی گئی ہیں۔ یہ اسٹیٹمنٹس کمپنی کے معاملات مالیاتی نتائج، کیش فلو اور چھینجز ان ایکویٹی صبح انداز میں پیش کرتی ہے۔

(بی) کمپنی کی باقاعدہ گیس آف اکاؤنٹس مینینڈ ہیں۔

(سی) فنانشیل اسٹیٹمنٹ کی تیاری میں صحیح اکاؤنٹنگ پالیسیوں اور بین الاقوامی اکاؤنٹنگ سٹینڈرڈز جو اس وقت پاکستان میں رائج ہیں کو اپنایا گیا ہے۔ اسکے علاوہ کمپنی نے بین الاقوامی مالی رپورٹنگ سٹینڈرڈز (آئی-ایف-آر-ایس) 10- ”کنسولیڈیٹڈ فنانشیل سٹیٹمنٹس“ کو اپنایا ہے۔

(آئی-ایف-آر-ایس) 10 کے مطابق جہاں انویسٹر کمپنی ”کنٹرول“ جو کہ آئی ایف آر ایس میں بتایا گیا ہے کی صلاحیت رکھتی ہے وہاں انویسٹر کمپنی اپنی فنانشیل اسٹیٹمنٹس کنسولیڈیٹڈ کرتے ہوئے انوسٹی کمپنی کے فنانشیل سٹیٹمنٹس بھی شامل کرے۔

کمپنی نے ان ہدایات کو مدنظر رکھتے ہوئے (بی سی ایل) بولان کا سٹنڈرڈ لمیٹڈ اور (ایم ای ایل) ملت ایکویپمنٹ لمیٹڈ میں اپنی کنٹرول کی صلاحیت کو دوبارہ جانچا اور اس نتیجے پر پہنچی ہے کہ بی سی ایل اور ایم ای ایل کو سبڈ آریز جانا جائے جو کہ پہلے ایسوسی ایٹڈ کمپنیز تھیں اور کنسولیڈیٹڈ فنانشیل اسٹیٹمنٹس اس کے مطابق تیار کی جائیں۔ اس طرح کمپنی نے اپنی اکاؤنٹنگ پالیسی ایسوسی ایٹڈ کمپنیز میں سرمایہ کاری کے حوالے سے تبدیلی کر لی ہے۔ جو کہ انٹرنیشنل فنانشیل رپورٹنگ سٹینڈرڈز کے مطابق ہیں تاکہ کنٹرول کے اصول پر عمل کیا جاسکے اکاؤنٹنگ پالیسی کی اس تبدیلی سے کمپنی کے فنانشیل اسٹیٹمنٹس میں کوئی اثر نہ آئے گا۔ اکاؤنٹنگ کے اندازے جہاں بھی اسکی ضرورت ہے۔ اسکی بنیاد قابل ذکر اور محتاط انداز کی بنیاد پر ہیں۔

(ڈی) فنانشیل اسٹیٹمنٹس کی تیاری میں بین الاقوامی فنانشیل رپورٹنگ سٹینڈرڈز جو کہ پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے۔

(ای) اندرونی کنٹرول کا نظام مضبوط بنیاد پر مبنی ہے۔ اور اس پر بڑے پُراثر انداز میں عمل درآمد اور اسکی جانچ کی جاتی ہے۔

(ایف) کمپنی کی صلاحیت اور اس کے جاری رہنے میں کوئی شک و شبہ نہیں۔

(جی) کارپوریٹ گورننس اور لسٹنگ ریگولیشنز پر پوری طرح عمل کیا گیا ہے۔

(ایچ) پچھلے چھ سال کا بنیادی آپریشنل اور فنانشیل ڈیٹا ساتھ منسلک ہے۔

(آئی) پراویڈنٹ فنڈ، گریجویٹ فنڈ اور پنشن فنڈ کی انوسٹمنٹ آڈیٹڈ اکاؤنٹس 2016ء کے مطابق درج ذیل تھی۔

625,671,611

✦ پراویڈنٹ فنڈز

476,125,133

✦ گریجویٹ فنڈز

1,047,799,042

✦ پنشن فنڈز

انوسٹمنٹ کی ویلیو بشمول منافع ہے۔

دوران سال کمپنی کے ڈائریکٹرز کی شیئرز کی خرید و فروخت کی تفصیل حسب ذیل ہے۔

### خریدے گئے شیئرز کی تعداد

14,500

✦ جناب سہیل بشیر رانا

24,949

✦ مستات عائشہ سہیل (زوجہ سہیل بشیر رانا)

98,600

✦ جناب لئیق الدین انصاری

## ممبر کا نام

- ✦ جناب سکندر مُصطفیٰ خان (چیئر مین)
- ✦ جناب لطیف خالد ہاشمی - رکن
- ✦ جناب سہیل بشیر رانا - رکن
- ✦ سید زبیر احمد شاہ - رکن

## ہیومن ریسورس اور معاوضہ کمیٹی

ہیومن ریسورس اور معاوضہ کمیٹی بورڈ نے اپنے 155 ویں اجلاس منعقدہ 2 نومبر 2015ء کو تشکیل دی جو کہ درجہ ذیل ممبران پر مشتمل ہے۔ دوران سال کمیٹی ہذا کے دو اجلاس منعقد ہوئے۔

## اجلاسوں میں شرکت

2  
2  
2  
1

## ممبر کا نام

- ✦ جناب سکندر مُصطفیٰ خان (چیئر مین)
- ✦ جناب سہیل بشیر رانا - رکن
- ✦ جناب لیتق الدین انصاری - رکن
- ✦ سید محمد عرفان عقیل - رکن

## بورڈ کمیٹی برائے گروپ سپرویزن (بی سی جی ایس)

بی سی جی ایس بورڈ نے اپنے 155 ویں اجلاس منعقدہ 2 نومبر 2015ء کو تشکیل دی جو کہ درجہ ذیل کمیٹی ممبران پر مشتمل ہے۔ دوران سال کمیٹی ہذا کی چار اجلاس منعقد ہوئے۔

## اجلاسوں میں شرکت

4  
4  
4  
4  
4

## ممبر کا نام

- ✦ جناب سکندر مُصطفیٰ خان (چیئر مین)
- ✦ جناب لطیف خالد ہاشمی - رکن
- ✦ جناب سہیل بشیر رانا - رکن
- ✦ جناب لیتق الدین انصاری - رکن
- ✦ میاں محمد سلیم - رکن

## ڈیوٹیز اور ٹیکسز

ڈیوٹیز اور ٹیکسز سے متعلقہ معلومات اکاؤنٹس کے نوٹس میں دی گئیں ہیں۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز ای۔ وائی فورڈ روڈز۔ چارٹرڈ اکاؤنٹنٹس۔ لاہور ریٹائرڈ ہو گئے اور انہوں نے دوبارہ اپنی نامزدگی کی پیش کش کی۔ بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ان کی نامزدگی کی منظوری کی اور شیئر ہولڈرز کے غور و خوض کے بعد منظوری کے لیے آنے والے سالانہ اجلاس عام میں رکھی۔ ایکسٹرنل آڈیٹرز کوانٹیٹیٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے کواٹری کنٹرول کے جائزہ کے تحت تسلی بخش درجہ بندی دی ہے۔ اور وہ اپنے آپ کو دوبارہ نامزدگی کے لیے پیش کرنے کے اہل ہیں۔

## ڈائریکٹرز کی تربیت کا پروگرام

ڈائریکٹرز کی تربیت کے لیے ایک پروگرام ترتیب دیا گیا ہے تاکہ وہ کوڈ اور قابل عمل قوانین کے مطابق اپنے فرائض و ذمہ داریوں کو احسن اور پُر انداز میں کمپنی کے معاملات شیئر ہولڈرز کے لیے چلا سکیں اور اس سلسلہ میں انہیں تحریری مواد بھی مہیا کیا گیا۔





## بورڈ کمیٹیز

### آڈٹ کمیٹی

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہوئی ہے۔ دوران سال آڈٹ کمیٹی کے 14 اجلاس منعقد ہوئے جس میں بیرونی آڈیٹرز کے ساتھ آڈٹ سے پہلے اور بعد ہونے والے اجلاس شامل ہیں۔ آڈٹ کمیٹی کے ہر رکن کی اجلاسوں میں شرکت کی تفصیل حسب ذیل ہے۔

### اجلاسوں میں شرکت

### رکن کا نام

2	سید زبیر احمد شاہ (چیئر مین)
4	جناب لطیف خالد ہاشمی۔ رکن
4	جناب سہیل بشیر رانا۔ رکن
4	جناب سعید اقبال۔ رکن

کمیٹی 4 ارکان پر مشتمل ہے۔ جن میں 3 نان ایگزیکٹو ڈائریکٹران اور ایک انڈیپنڈنٹ ڈائریکٹر شامل ہے۔ جبکہ کمیٹی کا چیئر مین بھی نان ایگزیکٹو ڈائریکٹر ہے۔ آڈٹ کمیٹی سہ ماہی، ششماہی اور سالانہ مالی حسابات کو بورڈ آف ڈائریکٹرز کو پیش کرنے اور پبلش ہونے سے پہلے دیکھتی ہے۔ چیف فنانشل آفیسر۔ انٹرنل آڈٹ کا ہیڈ اور ایکسٹرنل آڈیٹرز کے نمائندے اجلاس میں اکاؤنٹس سے متعلق امور پر بحث و مباحثہ کرتے ہیں۔ آڈٹ کمیٹی انٹرنل آڈیٹرز کی رپورٹس کو کوڈ آف کارپوریٹ گورننس کے مطابق جسمیں ایکسٹرنل آڈیٹرز بھی شامل ہوتے ہیں۔ زیر بحث لاتے ہیں۔

سبسیڈ آریز کمپنیوں کیساتھ لین دین کے علاوہ ریلیٹیو پارٹی ٹرانزیکشنز آڈٹ کمیٹی کے سامنے پیش کی جاتی ہیں۔

### فنانس کمیٹی

فنانس کمیٹی کی تشکیل بورڈ کے 155 ویں اجلاس منعقدہ 2 نومبر 2015ء میں ہوئی جو کہ درج ذیل ممبران پر مشتمل ہے۔ دوران سال کمیٹی کے 29 اجلاس منعقد ہوئے۔ ہر ممبر نے جن اجلاسوں میں شرکت کی اُس کی تفصیل درج ذیل ہے۔

### اجلاسوں میں شرکت

### ممبر کا نام

29	جناب لطیف خالد ہاشمی (چیئر مین)
29	جناب لیتق الدین النصاری۔ رکن
29	میاں محمد سلیم۔ رکن
29	سید محمد عرفان عقیل۔ رکن

### مارکیٹنگ کمیٹی

مارکیٹنگ کمیٹی کی تشکیل بورڈ نے اپنے 155 ویں اجلاس منعقدہ 2 نومبر 2015ء میں کی جو کہ درج ذیل ممبران پر مشتمل ہے۔ دوران سال کمیٹی کے 10 اجلاس منعقد ہوئے۔ ہر ایک ممبر نے جن اجلاسوں میں شرکت کی اُن کی تفصیل حسب ذیل ہے۔

### اجلاسوں میں شرکت

### ممبر کا نام

10	جناب سہیل بشیر رانا (چیئر مین)
10	میاں محمد سلیم۔ رکن
10	سید محمد عرفان عقیل۔ رکن

### ڈائریکٹرز مشاہرہ / معاوضہ کمیٹی

ڈائریکٹرز مشاہرہ کمیٹی بورڈ نے اپنے اجلاس منعقدہ 2 نومبر 2015ء کو تشکیل دی۔ دوران سال کمیٹی ہذا کا ایک اجلاس ہوا جس میں تمام ممبران نے شرکت کی۔

## ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

ڈائریکٹرز مسرت کے ساتھ 53 ویں سالانہ رپورٹ بشمول کمپنی کے آڈٹ شدہ حسابات برائے 30 جون 2016 تک کو ختم ہونے والے سال کو پیش کرتے ہیں۔

### منافع منقسمہ

آپ کے ڈائریکٹرز نے فائنل کیش ڈیویڈنڈ 30 روپے فی شیئر کے حساب سے جو کہ 300 فیصد بنتا ہے کی سفارش کی ہے۔  
مذکورہ بالا ڈیویڈنڈ عبوری کیش ڈیویڈنڈ کے علاوہ ہے۔ جو کہ 20 روپے فی شیئر کے حساب سے دیا گیا تھا۔ اس طرح کل 50 روپے فی شیئر (500 فیصد) کے حساب کیش ڈیویڈنڈ بنتا ہے۔  
دوران سال مندرجہ ذیل منافع منقسمہ بنایا گیا۔

(روپے ہزاروں میں)		
عام محفوظ شدہ سرمایہ	غیر منقسمہ منافع	
3,116,706	1,086,858	اُپننگ بیلنس
(131,187)	(1,086,858)	منفی: فائنل ڈیویڈنڈ 275 فیصد کے حساب سے
-	-	جزل محفوظ سرمایہ کو منتقلی
-	1,508,043	منافع برائے سال 30 جون 2016ء
-	(885,851)	منفی: عبوری ڈیویڈنڈ 200 فیصد کے حساب سے
2,985,519	622,192	غیر منافع منقسمہ کیری فارورڈ

### آمدن فی شیئر کے حساب

30 جون 2016ء کو ختم ہونے والے سال میں آمدن فی شیئر 39.52 روپے تھی جبکہ اس سال کے بالمقابل پچھلے سال 53.79 روپے فی شیئر آمدن تھی۔

### بورڈ آف ڈائریکٹرز

بورڈ 8 ڈائریکٹرز پر مشتمل ہے، جن کا انتخاب سالانہ اجلاس عام منعقدہ 30 اکتوبر 2015ء کو ہوا۔ سال کے دوران بورڈ کے 16 اجلاس منعقد کیے گئے، ان میں ہر ایک ڈائریکٹرز جو اجلاس میں شامل ہو اُس کی تفصیلات درج ذیل ہے۔

### ڈائریکٹرز کا نام

### اجلاس میں شرکت

5	جناب سکندر مُصطفیٰ خان (چیئر مین)
5	سید محمد عرفان عقیل (چیف ایگزیکٹو آفیسر)
6	جناب لطیف خالد ہاشمی
6	جناب سہیل بشیر رانا
5	جناب لیتق الدین انصاری
6	میاں محمد سلیم
4	سید زبیر احمد شاہ
6	جناب سعد اقبال



کمپنی نے میجمنٹ ایسوسی ایشن آف پاکستان کی طرف سے بھی ”سٹریٹجک آف ایگریکولچر“ حاصل کیا۔ اسکے ساتھ ساتھ ایم ٹی ایل نے 2014-15ء کیلئے ٹاپ 25 کے ایس ای کمپنیز ایوارڈ بھی حاصل کیا۔  
یہ منصب کمپنی اور اسکے عوامی تصویر کے اقدار کا مظہر ہے۔

## مستقبل کے امکانات

**مقامی مارکیٹ:** حکومت نے زرعی سیکٹر کی کارکردگی کو بڑھانے کے لیے فنانس بل 17-2016ء میں مختلف اقدامات کا اعلان کیا ہے۔ اس سمت میں سب سے اہم قدم ٹریڈ پروجیکٹ پر جی ایس ٹی شرح 10 فیصد سے کم کر کے 5 فیصد کر دی گئی اور ساتھ کسان ریلیف پیکیج بھی شامل ہے۔  
بینکوں سے کمرشل قرضے بہتر بنانے کے لیے امید کی جاتی ہے لیکن یہ بینکوں کی طرف سے وصولی کی شرح پر بنیادی طور پر انحصار کرتی ہے۔

حکومت نے سٹیٹ بینک آف پاکستان کے ذریعے مالی سال 2017ء میں زرعی ترقیاتی بینک (ZTBL) نیشنل بینک، بینک آف اور پنجاب کو آپریٹو بینک کے مارک اپ کی شرح کو 2 فیصد تک کم کرنے کے لیے ایک فریم ورک تیار کیا ہے۔ کریڈٹ گارنٹی سکیم کے تحت وفاقی حکومت نے مالیاتی اداروں کی طرف فنانسنگ کے 50 فیصد تک ضمانت کے لیے کسانوں کی طرف کریڈٹ کی عدم ادائیگی کے خطرے میں اشتراک کر رہی تھی۔ چھوٹے کسانوں نے اس سکیم میں انتہائی دلچسپی ظاہر کی ہے۔ اس کے لیے حکومت نے 17-2016ء کے لیے ایک ارب روپے مختص کیے ہیں۔ وفاقی بجٹ میں زرعی کریڈٹ کا حجم 600 ارب سے بڑھا کر 700 کر دیا گیا ہے۔ اب یہ امید کی جاتی ہے کہ کسان کمیونٹی کیلئے ضروری نقدی اور کسان پیکیج کے تحت یورپا کی قیمتوں میں کمی ہوگی اور یوں عام کسان کی زندگی میں مزید آسانی آئے گی۔

**برآمدی منڈی:** دوران سال ایم ٹی ایل نے ایک کو (AGCO) کارپوریشن کیساتھ ٹریڈ مارک لائسنسنگ اور کچھ پُرزہ جات اور پورے مال کی مد میں برآمدات کے لیے ایک تازہ معاہدے پر دستخط کیے ہیں۔ مزید برآں افغانستان میں ڈسٹری بیوٹر کے طور پر ملٹریٹریڈ کی تقرری کو حتمی شکل دے دی گئی ہے۔ یہ ہماری طویل مدتی خواہش تھی کہ ایک کو کارپوریشن کے پلیٹ فارم پر بین الاقوامی مارکیٹ تک رسائی حاصل کریں۔

میں بہت پُر امید ہوں کہ مقامی مارکیٹ میں ٹریڈروں کی مانگ موصلاتی نیٹ ورک سی پیک سے متعلق سرگرمیوں اور کسان ریلیف پیکیج کی وجہ سے اضافہ ہو گا۔ گرتی ہوئی مارکیٹ اگلے سال سے ایک زیادہ حجم کے لیے پُر امید ہے۔

میں اپنے کاروباری شراکت دار ایک کو (AGCO) کی مسلسل حمایت کا شکریہ ادا کرنا چاہوں گا میں اپنے ساتھی بورڈ آف ڈائریکٹرز کے ارکان کی لیڈرشپ اور مدد دینے پر شکر گزار ہوں جسکے باعث ایم ٹی ایل کامیاب ہوئی۔ یہ سب کچھ بوجہ ایم ٹی ایل انتظامیہ کی سخت کوششوں اور اسکے سٹاف / ٹیم اور ملازمین کی انتھک محنت کے باعث ایم ٹی ایل اپنے شیئرز اور تمام سٹیک ہولڈرز کی توقعات پر پوری اتری۔

لاہور

09 ستمبر 2016ء

سکندر مصطفیٰ خان

چیئر مین

مارکیٹ شیئرز حاصل کیا اور انڈسٹری کی گل پیداوار 34,618 ٹریکٹرز میں سے 21,108 ٹریکٹرز بنائے اور باوجود اس کے کہ ہمارا مارکیٹ شیئر اچھا ہوا۔ کمپنی کی سیلز پچھلے سال کے مقابلے میں 26 فیصد کمی کا شکار ہے۔

مختلف عوامل نے اس کمی میں اضافہ کیا ہے۔ جس میں سبسٹیڈی سکیموں پر عمل نہ ہونا۔ بینکوں کی طرف سے قرضہ جات میں کمی اور مجموعی طور پر زرعی سیکٹر میں کمی کا رجحان، زرعی شعبہ میں گرواٹ کے اس رجحان کی وجہ سے فصلوں کی پیداوار میں انحطاط (کمی) واقع ہوئی اور مجموعی طور پر زرعی اجناس کی قیمتوں میں کمی اور ان پٹ کا سٹ بڑھی۔

### کوالٹی مینجمنٹ

کوالٹی مینجمنٹ پیداوار کے تسلسل کو یقینی بناتی ہے، یہ پراڈکٹ کوالٹی کو فوکس کرنے کے ساتھ اسکو حاصل کرنے کے طریقے بھی بتاتی ہے۔ آپ کی کمپنی نے اپنے پرنسپلز (AGCO) کے تعاون سے بیچ مارک سٹینڈرڈ قائم کیا ہے۔ اور کمپنی کے تمام شعبوں میں کوالٹی ایشرٹس اور کنٹرول پروسیجر شروع کیے ہیں جو کہ صارفین کے اطمینان کو یقینی بناتے ہیں۔

ہمارا کوالٹی ایشرٹس کا محکمہ خصوصی طور پر صارفین کو مصنوعات کی ڈیلیوری اعلیٰ معیار کے مطابق کرتا ہے۔ اور وہ اس کی کوالٹی کو یقینی بنانے کے لیے مخصوص ہے۔ اور ہماری مصنوعات عالمی معیار کے مطابق بنائی جا رہی ہیں۔ اور یہ سب کچھ وینڈنگ انڈسٹری کے تیار کردہ پرزہ جات کے معیار کی نگرانی کے ساتھ پہلے اور بعد کی سطح پر کوالٹی ایشرٹس کی تکنیک کے نفاذ کے ذریعے حاصل کیا جاتا ہے۔

### انفارمیشن ٹیکنالوجی

انفارمیشن ٹیکنالوجی کسی بھی آرگنائزیشن میں ریڑھ کی ہڈی کی حیثیت رکھتی ہے۔ جو کہ تمام محکموں کو مستحکم کرنے کی سہولت فراہم کرنے اور ہر وقت رپورٹنگ کو یقینی بناتا ہے۔ اس مقصد کو حاصل کرنے کے لیے آئی ٹی ٹیم نے خاطر خواہ انوسٹمنٹ کی ہے۔ جس میں انفارمیشن سیکورٹی، انسانی سرمایہ کاری اور موجودہ ٹیکنالوجی میں بہتری کے لیے نمایاں سرمایہ کاری ہے۔ اس سلسلہ میں مزید بہت زیادہ اقدامات کی ضرورت ہے۔

### کمپنی کی کارکردگی

آپ کی کمپنی نے 20,423 یونٹس فروخت کیے جو کہ گزشتہ سال 28,705 ٹریکٹرز تھے۔ گل 16.9 بلین کاروبار بنیو حاصل ہوا جبکہ پچھلے سال 22.9 بلین تھا تاہم گراس پرافٹ ریٹ بہتر ہوئی ہے جو کہ 19.17 فیصد سے بڑھ کر 19.72 فیصد رہی ہے۔

جسکی وجہ بہتر مینجمنٹ اور خرچے میں کمی جیسے اقدامات، پیداوار کے لیے ڈبل شفٹ سے سنگل شفٹ، انونٹری میں کمی اور بلوں وغیرہ پر کنٹرول شامل ہے۔

دوران سال خالص منافع 1.7 بلین روپے تھا۔ جبکہ سال 2014-15 کا منافع 2.4 بلین روپے تھا۔

چائنا پاکستان اکنامک کوریڈور (CPEC) کے منصوبوں کی وجہ سے تعمیراتی سرگرمیوں میں اضافہ ہوا لہذا کمپنی ادارہ جاتی صارفین کے ذریعے اپنی سیلز میں بڑے پیمانے پر آرڈر لینے اور ٹریکٹری اپیلی کیشنز کے تنوع کے لیے نئی ایڈجسٹ اور آلات کو متعارف کرانے کی طرف توجہ دے رہی ہے۔ زرعی آلات، پارٹس اور ملٹی اپیلی کیشن مصنوعات کی فروخت سے کمپنی کاروبار بنیو 3.9 فیصد کم ہوا جو کہ پہلے 788 بلین تھا اور اس سال 757 بلین ہے۔

کمپنی کے لیے یہ بات سکون کا باعث ہے کہ کمپنی نے پاکستان چیمر آف کامرس اینڈ انڈسٹری (FPCCI) کی جانب سے ایک اچیومنٹ ایوارڈ ”ٹریکٹرز اینڈ ایگری ایپلیکیشنس“ سیکٹر میں حاصل کیا۔ یہ ایوارڈ کمپنی کی خدمات کے اعتراف میں دیا گیا کیونکہ ایم ٹی ایل نے ملک میں فارم میکانائزیشن متعارف کروائی۔ جو کہ پاکستان کے معزز صدر کی طرف سے موصول ہوا۔



## چیمبرمین کا جائزہ

میں بڑی مسرت کے ساتھ 30 جون 2016ء کو ختم ہونے والے سال کے لیے ملت ٹریکیٹر لمیٹڈ کی سالانہ رپورٹ اور کارکردگی کا جائزہ تمام سٹیک ہولڈرز کو پیش کر رہا ہوں۔

مالی سال کے دوران کمپنی نے پاکستان کے سب سے بڑے ٹریکیٹر ساز ادارے کے طور پر اپنا مارکیٹ شیئر برقرار رکھنے کے لیے اپنے کام کو منظم کیا ہے اور بین الاقوامی مارکیٹ تک رسائی حاصل کی گا بھوں کا اطمینان ہمارے آپریشن کا بنیادی اصول ہے اور آپریشنل سے سٹریٹیجک لیول تک ہر شخص ان بڑے مقاصد کو حاصل کرنے کی کوشش کرتا ہے۔

### اقتصادی جائزہ 2015-16ء

عالمی اقتصادی ترقی درمیانی سی رہی اور اُمید کی جارہی ہے کہ یہ تسلسل سے بہتر ہو جائے گی۔

پاکستان کی معیشت نے دوسری طرف ترقی کو برقرار رکھا ہے اور 9-2008ء کے بعد 4.71 فی صد کی بلند ترین سطح جی ڈی پی نمو حاصل کی۔ زرعی شعبہ میں ایک بڑے دھچکے کے باوجود معیشت خود کو مستحکم کرنے کے قابل رہی۔ تعمیراتی صنعت بنیادی ڈھانچے اور پاور سیکٹر کی ترقی کے پروگرام میں پبلک سیکٹر انوسٹمنٹ کی وجہ سے اضافہ ہوا ہے۔ دیگر اشاروں جیسا کہ افراط زر کی شرح، مالیاتی اور کرنٹ اکاؤنٹس بیلنس میں بھی بہتری آئی ہے۔

غیر ملکی کرنسی کے ذخائر میں ریکارڈ اضافہ ہوا ہے۔ جسکی وجہ تیل کی قیمتوں میں کمی اور ترسیلات زر میں بہتری ہے اس کے علاوہ IFIS نے کثیر الجہتی ذرائع سے ترسیلات زر کی۔ اس طرح پاکستانی روپیہ یو ایس ڈالر کے مقابلے دوران سال مستحکم رہا۔

مزید برآں امن اور استحکام کو دہشت گردی کی کوششوں کے خلاف جنگ میں کامیاب سیکورٹی آپریشنز کے ذریعے برقرار رکھا گیا ہے۔

بین الاقوامی کریڈٹ ریٹنگ ایجنسیوں کی پاکستان کی کریڈٹ ریٹنگ بڑھانے سے ممکنہ سرمایہ کاروں کے لیے سازگار ماحول بھی پیدا ہوا۔

### زرعی شعبہ

زرعی شعبہ جی ڈی پی کا 19.8% فیصد بنتا ہے۔ جو کہ سب سے بڑا روزگار فراہم کرنے والا سیکٹر ہے۔ اس سیکٹر کا کل افرادی قوت میں 42.3 فی صد حصہ ہے۔ نیشنل فوڈ، سیکورٹی اور موسمی تبدیلیوں کے اُبھرتے ہوئے چیلنجوں نے زرعی شعبہ کی ترقی کو عالمی سطح پر پالیسی میکرز کی توجہ کا مرکز بنا دیا ہے۔

زرعی شعبہ میں گزشتہ سال کے مثبت 2.53 فیصد کے مقابلے میں 0.19 فیصد کا منفی اضافہ ریکارڈ کیا گیا اور اس میں کمی کی بنیادی وجہ کپاس، چاول اور مکئی کی کم پیداوار ہے۔ عالمی سطح پر کپاس کی پیداوار میں 15% کمی واقع ہوئی ہے۔ کیونکہ تمام بڑے پیداواری علاقوں میں کمی کا رجحان رہا اسکی وجہ یہ بھی تھی کہ ان پٹ کے اخراجات کے مقابلے میں کپاس کی قیمتیں کم ہوئی۔

گورنمنٹ نے چاول اور کپاس اگانے والے کسانوں کے لیے کسان پینج کے نام سے 341 بیلین روپے اندازاً کاشتکاروں کو براہ راست مالی مدد کا اعلان کیا۔ اور ساتھ ساتھ بجلی کے ٹیرف اور کھادوں پر بھی سبسٹیڈی دی گئی۔ کسانوں کو قدرتی آفات سے بچانے کے لیے کریڈٹ گارنٹی سکیم اور فصلوں کی انشورنس تک کے لیے مالیات مہیا کر دی گئی ہے۔

### ٹریکیٹر انڈسٹری

مجموعی طور پر ٹریکیٹر انڈسٹری پچھلے سال کے مقابلے میں مالی سال 2016ء میں کمی کا شکار رہی۔ ریکارڈ شدہ اعداد و شمار کے مطابق ایم ٹی ایل نے 61 فی صد

## ملت ایکویٹمنٹ لمیٹڈ

ملت ایکویٹمنٹ لمیٹڈ ایک نان لسٹڈ پبلک لمیٹڈ کمپنی ہے۔ جو کہ ایم ٹی ایل کے لیے گیسر شافٹس اور دیگر متعلقہ حصوں کی تیاری میں معروف ہے۔ ایم ای ایل کے سپڈ آپ کیپیٹل میں ایم ٹی ایل کا حصہ 45 فیصد ہے۔ دوران سال 30 جون 2016ء میں ایم ٹی ایل نے خالص منافع بعد از ٹیکس 220.26 ملین کمایا۔ اور گل 1899.21 ملین کی سیز کیوں۔

## بعد کے واقعات

اس مالی سال کے اختتام اور اس رپورٹ کے درمیان کوئی ایسی قابل ذکر تبدیلی نہیں ہوئی جو کہ کمپنی کی فنانشل پوزیشن پر اثر انداز ہو سکے۔

## بزنس کی نوعیت میں تبدیلی

دوران سال گروپ کمپنی کے بزنس کی نوعیت میں کوئی تبدیلی نہ ہوئی ہے۔

## آڈیٹرز کے مشاہدات

کسی بھی کمپنی کے آڈیٹرز نے کسی گروپ کمپنی کے متعلق دوران 30 جون 2016ء کوئی منفی تبصرہ / مشاہدہ نہیں دیا۔

## مستقبل کے امکانات

گروپ کمپنیوں کی صلاحیت کے بارے میں کوئی قابل ذکر شک نہیں ہے۔ اس وجہ سے مستقبل میں کمپنیوں کے جاری رہنے اور بہتر مستقبل کے امکانات ہیں۔

## پیٹرین آف شیئر ہولڈنگ

ایم ٹی ایل پیٹرین آف شیئر ہولڈنگ ڈائریکٹر رپورٹ کے ساتھ منسلک ہے۔ اور ایم۔ آئی۔ پی۔ ایل، ٹائی پیگ، بی سی ایل اور ایم ای ایل کی شیئر ہولڈنگ کا پیٹرین ساتھ منسلک ہے۔

## نی شیئر آمدنی

دوران 30 جون 2016ء نی شیئر آمدنی 46.00 روپے تھی جو کہ پچھلے سال 62.54 روپے تھی۔

لاہور

09 ستمبر 2016ء

سید محمد عرفان عقیل

چیف ایگزیکٹو



# گروپ ڈائریکٹرز رپورٹ

## برائے سال 30 جون 2016ء

ڈائریکٹرز مسرت کے ساتھ 30 جون 2016ء کو ختم ہونے والے سال کے لیے اپنی آڈیٹڈ گروپ کونسل ایڈیٹڈ فنانشل اسٹیٹمنٹس کو پیش کرتے ہیں۔

### مالیاتی رپورٹنگ

ملٹ ٹریکٹرز لمیٹڈ نے بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز (آئی ایف آر ایس-10) کونسل ایڈیٹڈ اسٹیٹمنٹس کو اپنایا ہے۔ (آئی-ایف-آر-ایس) 10 کے مطابق جہاں انویسٹر ”کمپنی کنٹرول“ جو کہ آئی ایف آر ایس میں بتایا گیا ہے کی صلاحیت رکھتی ہے وہاں انویسٹر اپنی فنانشل اسٹیٹمنٹس کنسولیدیت کرتے ہوئے انویسٹر کمپنی کے فنانشل اسٹیٹمنٹس بھی شامل کرے۔

کمپنی نے ان ہدایات کو مد نظر رکھتے ہوئے بی سی ایل اور ایم ای ایل میں اپنی کنٹرول کی صلاحیت کو دوبارہ جانچا اور اس نتیجے پر پہنچی ہے کہ بی سی ایل اور ایم ای ایل کو سبڈ آریز جانا جائے جو کہ پہلے ایسوسی ایٹڈ کمپنیز تھیں اور کنسولیدیتڈ فنانشل اسٹیٹمنٹس اس کے مطابق تیار کی جائیں۔ اس طرح کمپنی نے اپنی اکاؤنٹنگ ایسوسی ایٹڈ کمپنیز میں سرمایہ کاری کے حوالے سے تبدیلی کر لی ہے۔ جو کہ انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کے مطابق ہے تاکہ کنٹرول کے اصول پر عمل کیا جاسکے۔ اس تبدیلی کے مالی اثرات کونوٹ نمبر 4.2.4 میں بیان کیا گیا ہے۔ تقابلی اعداد شمار بھی نئے سرے سے بیان کر دیا گیا تھا۔

### دی گروپ

گروپ میں ملٹ ٹریکٹرز لمیٹڈ (ہولڈنگ کمپنی) اور ذیلی ادارے یعنی ملٹ انڈسٹریل پراڈکٹس لمیٹڈ (ایم آئی پی ایل) ٹائی پیگ انٹرنیڈیٹی ایم سی ڈی، یو اے ای، بولان کاسٹنگ لمیٹڈ (بی سی ایل) اور ملٹ ایکویپمنٹ لمیٹڈ (ایم ای ایل) شامل ہیں۔

### ملٹ انڈسٹریل پراڈکٹس لمیٹڈ

ایم آئی پی ایل، ایم ٹی ایل کے لیے آٹو موبائل بیٹریز بنانے کے ساتھ ساتھ بعد ازاں مارکیٹ میں فروخت میں مصروف ہے۔ ایم ٹی ایل اس کمپنی میں 64.09 فیصد ایکویٹی رکھتی ہے۔ ایم آئی پی ایل نے بعد ازاں ٹیکس 151.465 ملین منافع کمایا اور دوران سال 1064.935 ملین کی سیلز رجسٹر ڈکی۔

### ٹائی پیگ انٹرنیڈیٹی ایم سی ڈی

ٹائی پیگ انٹرنیڈیٹی ایم سی ڈی، یو اے ای میں ایک لمیٹڈ نیچیلیٹی کمپنی ہے جو کہ ڈی ای ملٹی کموڈیٹیز سینٹر اتھارٹی میں رجسٹرڈ ہے۔ ملٹ ٹریکٹرز لمیٹڈ اس کمپنی میں 75 فی صد ایکویٹی رکھتی ہے۔ کمپنی کی پرنسپل سرگرمیوں میں مشنری کی تجارت، بھاری سامان اور پڑزہ جات شامل ہیں۔ کمپنی کے بزنس کی پرنسپل جگہ جو میرہ لیک ٹاؤز، ڈی، یو اے ای میں واقع ہے۔ کمپنی 25 دسمبر 2012ء کو ان کارپورٹ ہوئی کمپنی کا مجموعی خالص منافع 30 جون 2016ء کو 1,492,648 یو اے ای درہم تھا۔

### بولان کاسٹنگ لمیٹڈ

بی سی ایل ایک پبلک لمیٹڈ کمپنی ہے جو کہ پاکستان سٹاک ایکسچینج میں لسٹڈ ہے۔ بی سی ایل ٹریکٹروں کے انتہائی پیچیدہ پڑزہ جات بناتی ہے مثلاً میجر ٹریکٹر کاسٹنگ برائے ایم۔ٹی۔ ایل، ایم ٹی ایل کمپنی کے کُل پیدائپ کیپٹل میں 46.20 فیصد حصہ رکھتی ہے۔ بی سی ایل کا خالص منافع بعد از ٹیکس اور کُل سیلز برائے سال 2016ء میں بالترتیب 1,333.476 ملین اور 26.484 ملین تھا۔







# PROXY FORM

## 53rd 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 Friday, October 28, 2016 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 \_\_\_\_\_ 2016.

**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





## تشکیل نیابت داری

53واں سالانہ اجلاس عام



**MILLAT TRACTORS LIMITED**

میں اہم  
ساکن  
رکن و حاصل  
اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر  
ساکن  
ساکن  
عام حصص برطبق شیئر رجسٹرڈ فولیو نمبر  
اور ذیلی کھاتہ نمبر  
یا بصورت دیگر  
ساکن  
کو اپنی جگہ بروز جمعہ المبارک مورخہ 28 اکتوبر 2016ء وقت 04:00 بجے سہ پہر، بمقام کمپنی کے رجسٹرڈ آفس: 9-کلو میٹر شیخوپورہ روڈ  
شاہدرہ لاہور میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط کئے گئے مورخہ 2016

گواہان:

براہ کرم پانچ روپے مالیت کے  
ریونیوٹلٹ 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:

پراسیز کے موخر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کمپنی کا رکن 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 پر اسی فارم کے ساتھ کمپنی میں جمع کرائیں۔

ملت ٹریکٹرز لمیٹڈ

9-کلو میٹر شیخوپورہ روڈ، لاہور - پاکستان

یو اے این: 111 200 786



**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 جمید 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 جمید 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 ٹریڈرز 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:







# Notes

## AGM

*on Friday, October 28th, 2016 at 4:00 p.m.*

*at every adjournment thereof.*

# Notes

## AGM

*on Friday, October 28th, 2016 at 4:00 p.m.*








*at every adjournment thereof.*



## Be aware, Be alert, Be safe

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

### Key features:

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor  
Education Initiative of  
Securities and Exchange  
Commission of Pakistan

 [jamapunji.pk](http://jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices



Sheikhupura Road , Lahore - Pakistan  
Tel : +92 42 37911021 - 25  
UAN : 111 200 786  
[www.millat.com.pk](http://www.millat.com.pk)

# HERALDING A GLOBAL VISION EXPORTS THE NEW FOCUS



ANNUAL REPORT 2016