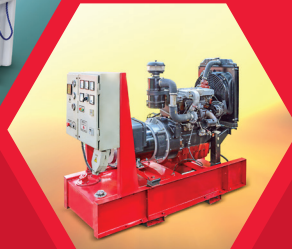


# Growth through Diversification



Annual Report 2017



**MILLAT TRACTORS LIMITED**



## Growth through diversification

**From tractor assembling to fork-lift trucks, diesel generator sets and prime movers. Millat has always been a truly locally indigenized player with global footprint.**

Millat Tractors Limited has always been on the forefront of diversification. Millat Tractors Limited has strived to achieve excellence and exceed the expectation of its stake holders.

The story starts from initially developing gensets and prime movers; later collaborating with Heli, China to produce forklift trucks and now the Company has partnered up with IFS to offer business software and Enterprise Resource Solutions to local market on behalf of one of the world's renowned IT solution provider.

Our journey of growth through diversification is steady and continuous...

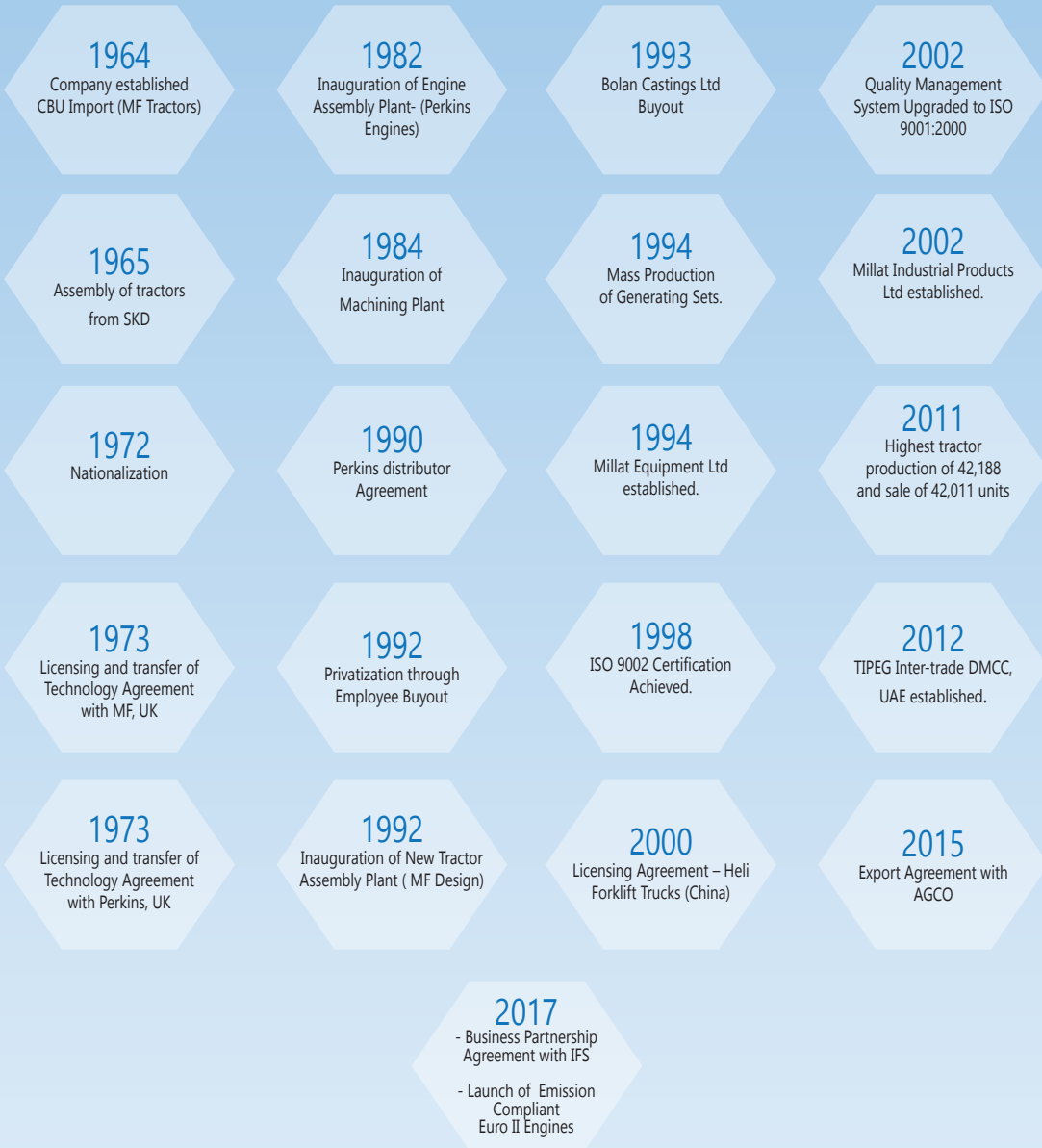


**Diversification  
is preamble of flourishing  
through innovation.**





# CHRONICLES





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 and 32nd 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





# FINANCIAL HIGHLIGHTS

	Sales Revenue Rs. in Million	Profit After Tax Rs. in Million	Number of Outstanding Shares (000's)	Earnings per Share- Basic and Diluted Rs.
2017	30,014	4,258	44,293	96.12
2016	16,914	1,750	44,293	39.52
	Dividend Rs. / Share	Dividend Percentage	Long Term Investments Rs. in Million	Total Current Assets Rs. in Million
2017	95.00	98.83	484	15,622
2016	50.00	126.53	397	8,321
	Shareholders Equity Rs. in Million	Return on Capital Employed Percentage	Current Ratio Times	Debt : Equity Ratio Times
2017	5,750	76.42	1.38:1	0:100
2016	4,141	43.21	1.54:1	0:100
	Market Capitalization (Year End) Rs. in Million	Market Capitalization (Year End) US\$ in Million	Price to Earning Ratio Times	Net Assets per Share Rs.
2017	60,878	580	14.30	129.82
2016	25,258	241	14.43	93.51

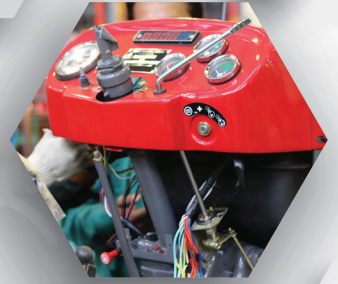
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# Vision

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





# Mission

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



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### CHAIRMAN

Mr. Sikandar Mustafa Khan

### CHIEF EXECUTIVE

S M Irfan Aqueel

### DIRECTORS

Mr. Latif Khalid Hashmi

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mian Muhammad Saleem

Syed Zubair Ahmed Shah

Mr. Saad Iqbal

### COMPANY SECRETARY

Muhammad Faisal Azeem

### CHIEF FINANCIAL OFFICER

Mr. Sohail A. Nisar - FCA

### AUDITORS

M/s. EY Ford Rhodes,  
Chartered Accountants

### LEGAL ADVISORS

Asjad Saeed and Associates

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  
Executive Director



Syed Zubair Ahmed Shah  
Director



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. Saad Iqbal	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:

- i) recommending human resource management policies to the Board;
- ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- iii) recommending to the Board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and
- iv) 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:

- i) to make recommendations to the Board.
- ii) 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.

- iii) 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;
- iv) 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:

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

## MARKETING COMMITTEE

1.	Mr. Sohail Bashir Rana	Chairman
2.	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
DGM Production	Member
G.M Marketing	Member
Chief Financial Officer	Member

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

## 2. BUSINESS STRATEGY COMMITTEE

Chief Executive	Chairman
Chief Financial Officer	Member
GM Marketing	Member

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

## 3. MANAGEMENT CO-ORDINATION COMMITTEE

Chief Executive 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
DGM Production	Member
Sr. Mgr. Service	Member
DGM Mfg & Maintenance	Member

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

## 6. RISK MANAGEMENT COMMITTEE

Chief Financial Officer	Chairman
DGM Engineering	Member
GM Marketing	Member

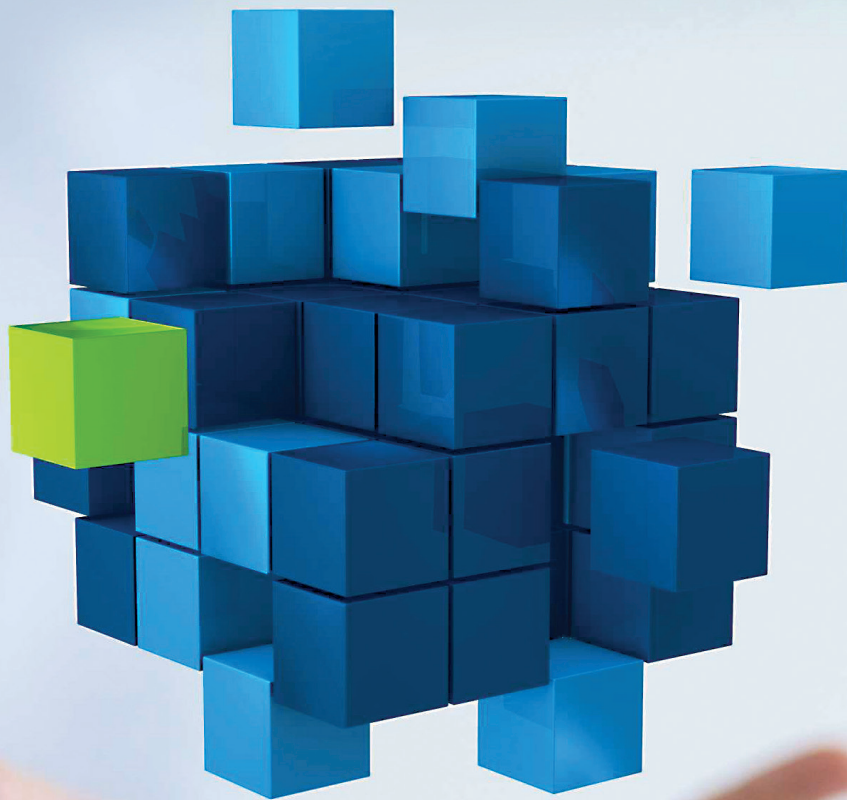
The Risk Management Committee is responsible for ensuring that procedures to identify and continuously update risks are in place. The Committee oversees the process of assessment of the possible impact and likelihood of occurrence of identified risks. The committee is also responsible for formulating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

## 7. ENVIRONMENTAL COMMITTEE

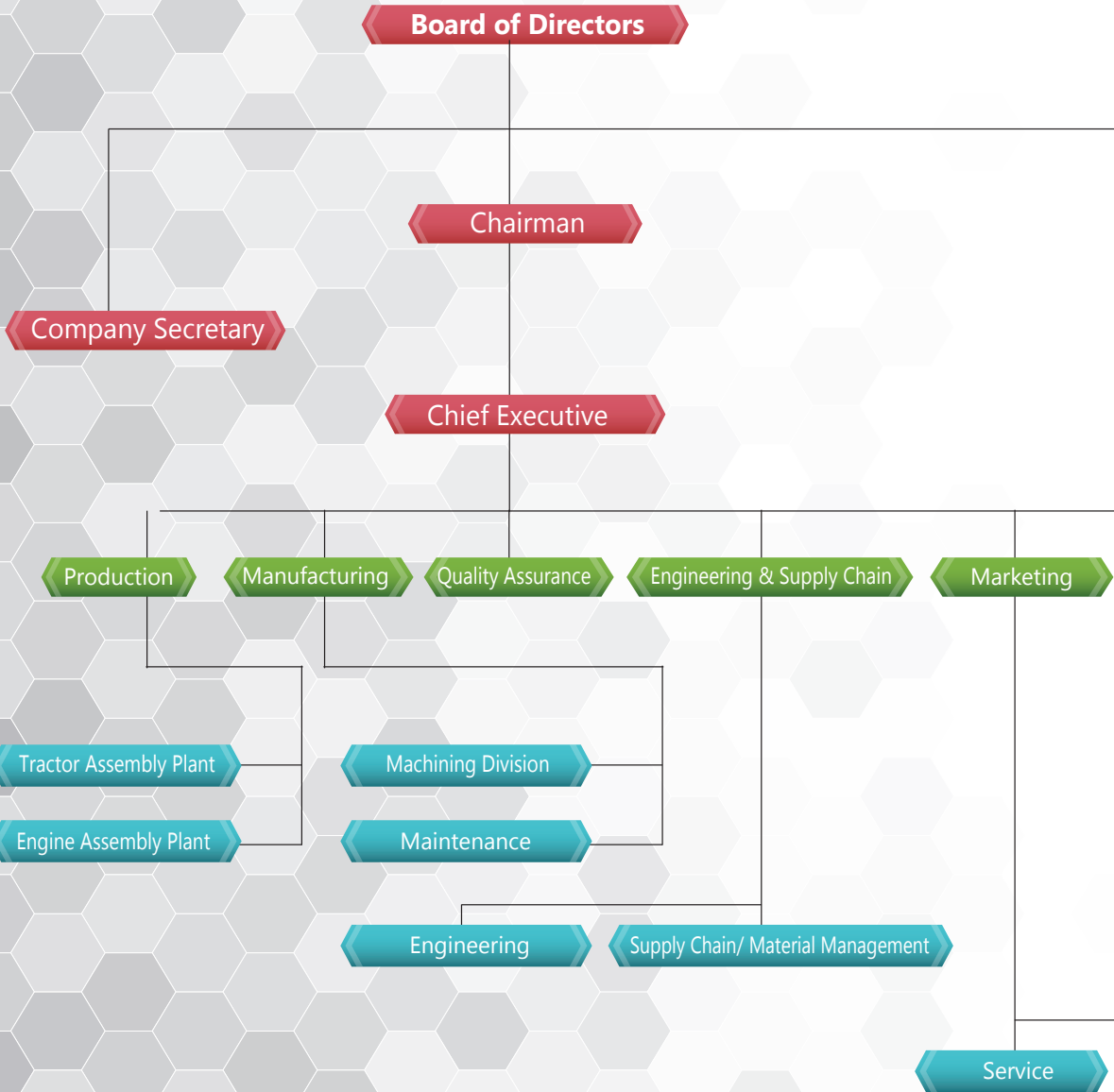
Sr. Mgr. Admin, Purchase & IR	Chairman
Manager IR	Member

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.

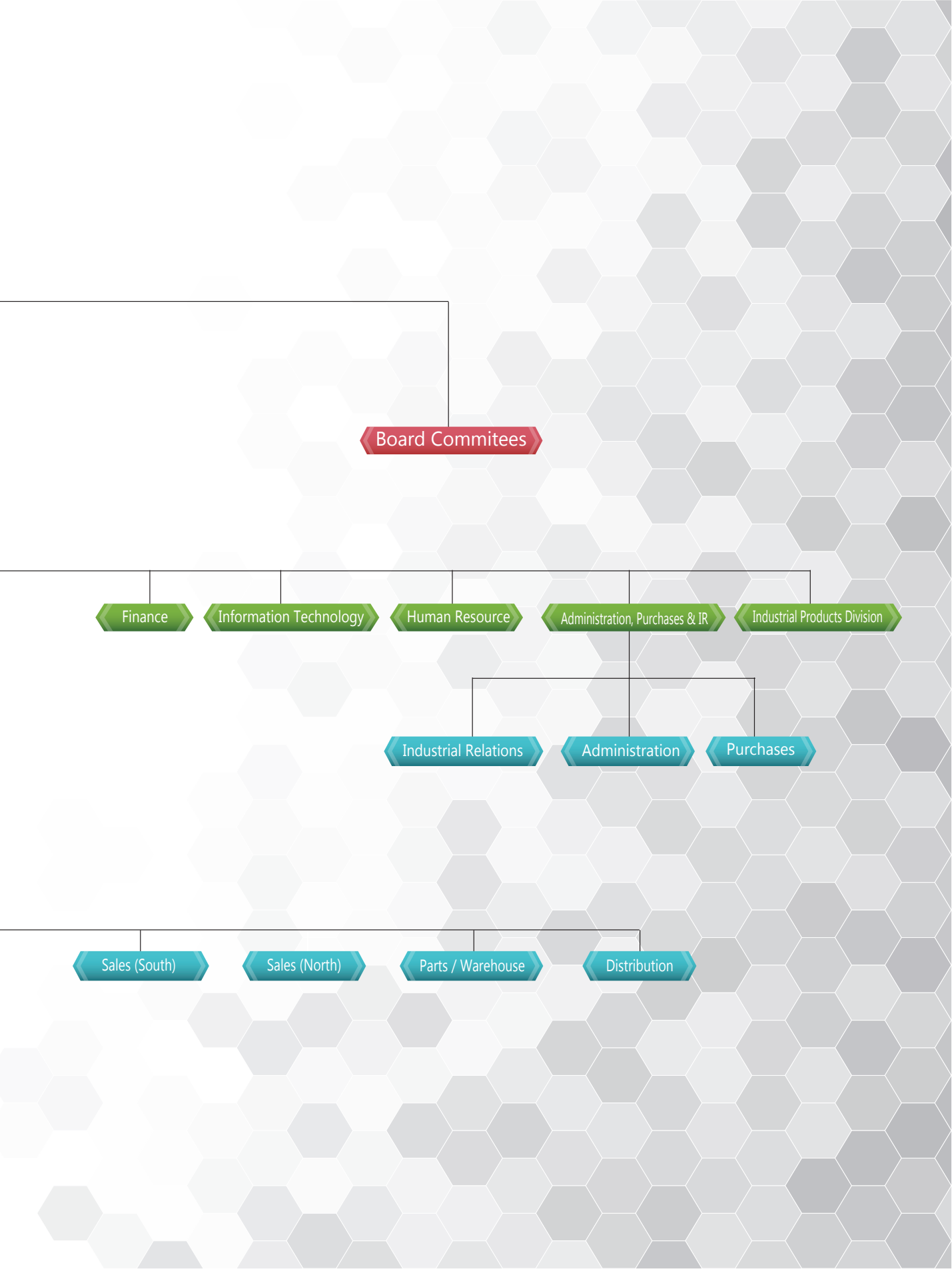
# MANAGEMENT COMMITTEES



# ORGANIZATION STRUCTURE







# OBJECTIVES & STRATEGIC PLANNING

## OBJECTIVES

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

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

## STRATEGIC PLANNING

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

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



# CODE OF CONDUCT

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

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

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

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

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



# CORE VALUES

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





# SAFETY, HEALTH & ENVIRONMENT POLICY

## SAFETY POLICY

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

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

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

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

All the employees are insured under Group Life Insurance Scheme.

Regular safety inspections are carried out to improve the preparedness.

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

## HEALTH POLICY

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

## ENVIRONMENT POLICY

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



# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 54th 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 27, 2017 at 4:00 P.M to transact the following business:

## A. ORDINARY BUSINESS

- 1) To confirm minutes of the Extra Ordinary General Meeting held on March 14, 2017.
- 2) To receive, consider and adopt the audited accounts of the Company and the Group for the year ended June 30, 2017 together with the Directors' and Auditors' Reports thereon.
- 3) To approve final cash dividend of Rs. 60.00 per share i.e., 600% in addition to the interim dividend of Rs. 35.00 per share i.e., 350% already paid making a total cash dividend of Rs. 95.00 per share i.e., 950%.
- 4) To appoint auditors and fix their remuneration for the year ending June 30, 2018.

## B. SPECIAL BUSINESS

- 1) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2017 by passing the following special resolution with or without modification.

"Resolved that the following transactions conducted with Related Parties for the year ended June 30, 2017 be and are hereby ratified, approved and confirmed."

### 2017 (AMOUNTS IN RUPEES)

NAME(S)	PURCHASES	SALES
MILLAT EQUIPMENT LIMITED	3,284,740,162	8,611,860
BOLAN CASTINGS LIMITED	1,621,616,412	4,582,463
MILLAT INDUSTRIAL PRODUCTS LIMITED	212,637,150	73,321
TIPEG INTERTRADE DMCC	424,107,047	396,696,573
<b>TOTAL</b>	<b>5,543,100,771</b>	<b>409,964,217</b>

- 2) To authorize Chief Executive of the Company to approve transactions with Related Parties for the year ending June 30, 2018 by passing the following special resolution with or without modification.

"Resolved that the Chief Executive of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis during the year ending June 30, 2018.

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 amend Article 77 of the Articles of Association of the Company.

"Resolved that in Article 77 the word and figure 'Rs. 30,000' be and is hereby substituted with the word and figure 'Rs.50,000.'"

**C. ANY OTHER BUSINESS**

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

By order of the Board



Muhammad Faisal Azeem  
Company Secretary

Lahore:

October 05, 2017

**NOTES**

1. The share transfer books of the Company will remain closed from October 21, 2017 to October 27, 2017 (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 20, 2017 will be considered in time for the purpose of payment of final cash dividend and for the purpose of attending and voting at the meeting.
2. A member entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
3. Members, who have deposited their shares into Central Depository Company of Pakistan will further have to follow the under mentioned guidelines.

**A. ATTENDING OF MEETING IN PERSON:**

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

**B. APPOINTMENT OF PROXIES:**

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

submitted along with proxy form to the Company

#### 4. VIDEO CONFERENCE FACILITY

As per Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the Annual General Meeting (AGM) through video conference at least seven days prior to the date of AGM, the Company will arrange a video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding the video conference facility venue at least 5 days before the date of the AGM along with the complete information needed to access the facility. If you would like to avail video conferencing facility, as per above, please fill the following and submit to registered office of the Company at least 07 days before AGM.

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

5. 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.

#### 6. MANDATORY SUBMISSION OF CNIC

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.

#### 7. PAYMENT OF CASH DIVIDEND ELECTRONICALLY

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. A notice of the foregoing seeking information from shareholders for payment of dividend through electronic mode was sent earlier. The shareholders are now once again requested to provide their folio number, name and details of bank account consisting of bank name, branch name, branch code, Account number, Title of Account and IBAN/swift code in which they desire their dividend to be credited, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same at the earliest possible.

In case shares are held in CDC then the form must be submitted directly to shareholder's broker/participant/CDC Investor account services.

#### 8. DEDUCTION OF TAX FROM DIVIDEND INCOME

The Government of Pakistan through Finance Act, 2017 has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:

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

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

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

Company	Folio/CDS	Total	Principal shareholder		Joint shareholder	
			Name	Shareholding	Name	Shareholding
Name	Account#	Shares	and CNIC#	Proportion(no. of Shares	and CNIC#	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: 042-37358817.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or the Shares Registrar. The shareholders while sending NTN certificates, must quote company name and their respective folio numbers.

#### VALID TAX EXEMPTION CERTIFICATE FOR EXEMPTION FROM WITHHOLDING TAX

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

#### 9. PLACEMENT OF ACCOUNTS ON WEBSITE

The financial statements of the Company for the year ended June 30, 2017 along with reports have been placed at the website of the Company [www.millat.com.pk](http://www.millat.com.pk)

#### 10. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL

The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors' and directors' reports along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility can give their consent.

**11. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH CD/DVD/USB**

SECP through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and directors' report etc. to its members through CD/DVD/USB at their registered addresses. In view of the above the Company has sent its Annual Report-2017 to the shareholders in the form of CD. Any Member can send request for printed copy of the Annual Report-2017 to the Company on standard request form placed on its website.

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

**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 group companies, the quorum of directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017 and therefore, these transactions have to be approved by the shareholders in General Meeting.

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

The commercial reasons for entering into RPTs are the following:

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

The Company has the following equity in the subsidiary Companies.

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

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

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

In the last Annual General Meeting, the shareholders had authorized the Chief Executive of the Company to approve these transactions in the normal course of business subject to final approval/ratification by the shareholders. Therefore, these transactions are being placed before the shareholders for final approval/ratification.

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

## 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, 2018 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, 2018. 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

The remuneration being paid to directors for attending meetings of the Board or Committees of the Board needs revision in view of overall inflation. The aforesaid amendment has been approved by the Board of Directors in their meeting held on April 26, 2017. A copy of the amended Articles of Association is available with the Company Secretary for inspection by the members.

The Directors are interested in the resolution to the extent of fee to which they are entitled.





## CHAIRMAN'S REVIEW

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

It is my pleasure to convey that your company has achieved highest ever profit in its history. I dedicate this benchmark achievement to the management of the company and dedication of all our employees.

### GOVERNANCE ROLE OF THE BOARD COMPOSITION AND DYNAMICS OF THE BOARD

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



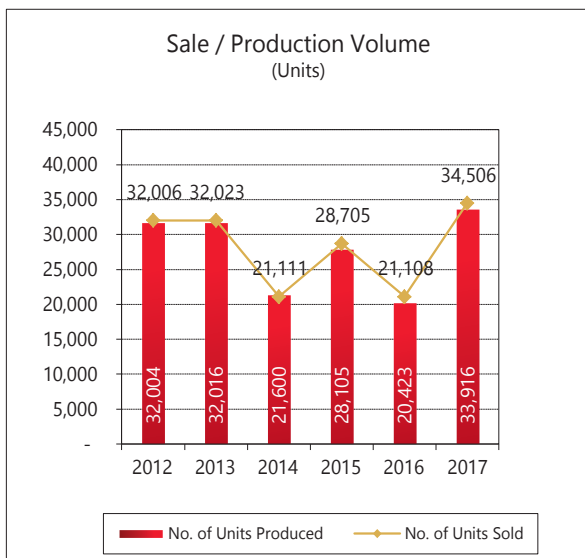


The composition of the Board is in compliance with the requirements of Code of Corporate Governance applicable on public listed entities, which is given below:

- Independent directors: 1
- Executive directors: 2
- Non-executive directors: 5

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

- Audit Committee
- Human Resource and Remuneration Committee
- Directors Remuneration Committee
- Board Committee for Group Supervision
- Finance Committee
- Marketing Committee





### DIVERSIFICATION PLANS

During the year the company has signed a Partner Network Program with IFS for execution of software business by MTL in future. IFS is a Swedish world leading software solution provider with brand name “IFS” regionally operating through Sri Lanka. Millat Tractors Limited has been successfully using the IFS ERP solutions since 2009. We plan to diversify into Information Technology field, in which Pakistan has a limited international contribution. We already have a trained human resource to cater the needs of Pakistan Market as well as other regional markets.

A joint venture consortium led by Nishat Group is setting up a green field project for manufacture and sale of Hyundai Motor’s passenger and commercial vehicles in Pakistan. On their invitation, Millat is exploring the possibility of becoming apart of the consortium.

The aforesaid steps are being taken to diversify MTL business, create value for shareholder, jobs opportunity and improve socio economic conditions.



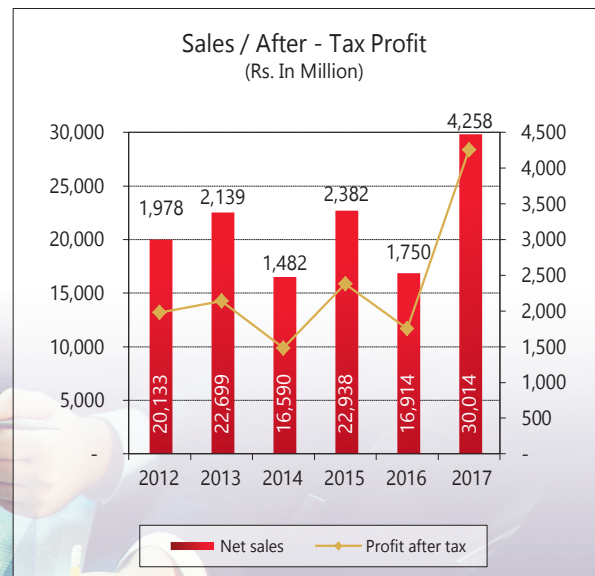
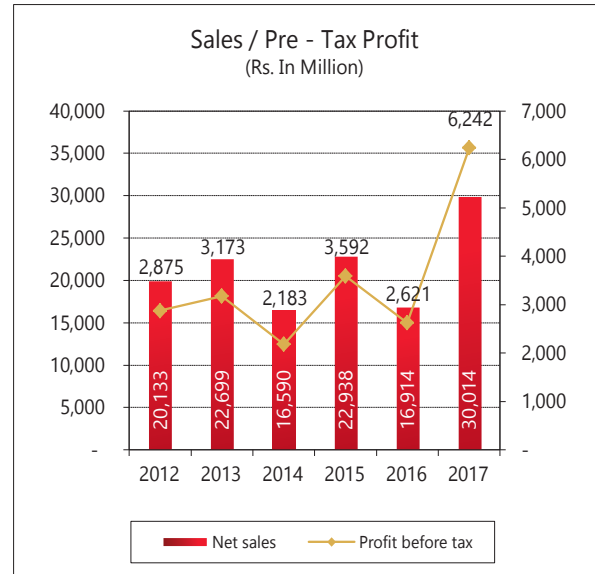


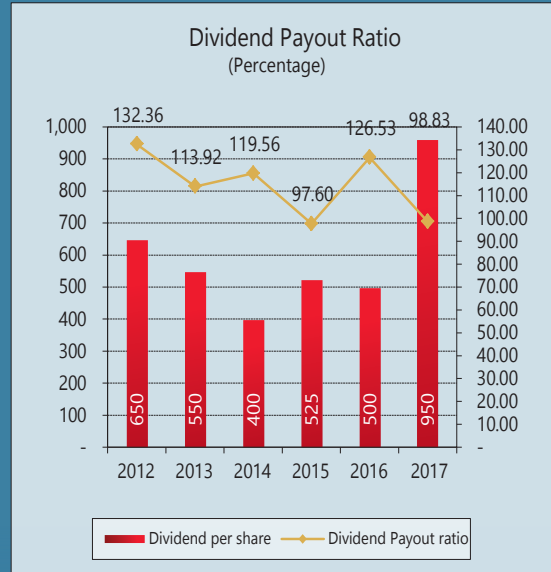
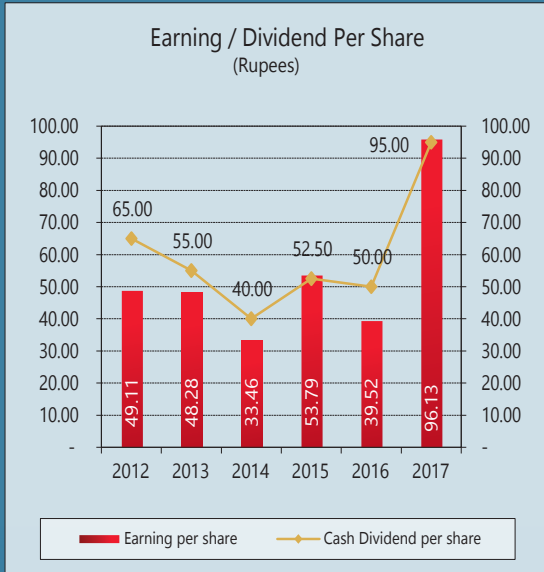
## BOARD EVALUATION

As required vide clause V (e) of the Code of Corporate Governance 2012, a mechanism consisting of a comprehensive questionnaire was circulated to all directors of the Board for evaluation of performance of Board of Directors. The key areas covered included:

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

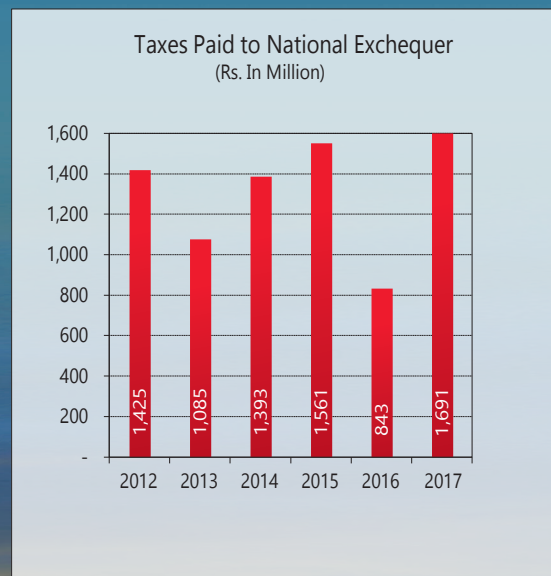
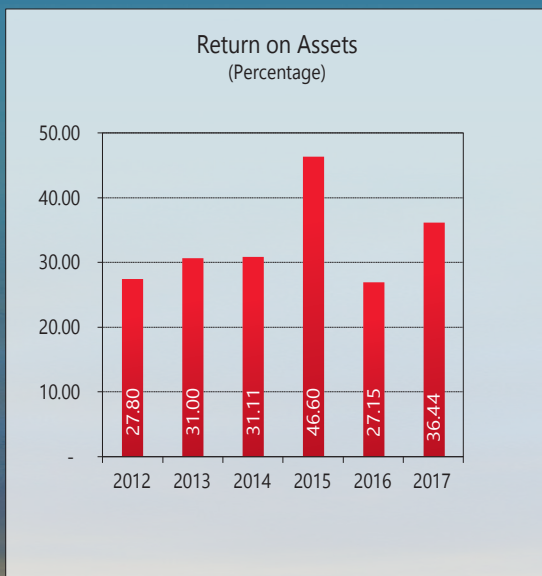
Individual feedback was obtained and on the basis of that feedback the average rating of the performance of the Board and role of Chairman regarding governing the BOD was found up to the mark as is evident by the performance of the company and its overall image.







# Diversification, growth & heralding the future, are the ladder, we have stepped-up.





## OVERALL ECONOMIC AND INDUSTRY REVIEW

Pakistan's economy as projected has a GDP growth of 5.28% which is better as compared to past 10 years.

This has been possible because of improvement in productivity, credit availability in private sector and investment in the power sector. The government initiative in progressing the China Pakistan Economic Corridor Project has also impacted the tractor industry of Pakistan. Tractor sales have grown rapidly specially the higher horse power range which has doubled. Higher produce of Kharif Crop, stable borrowing rate by State Bank of Pakistan of 5.75%, improved large scale manufacturing has also contributed.

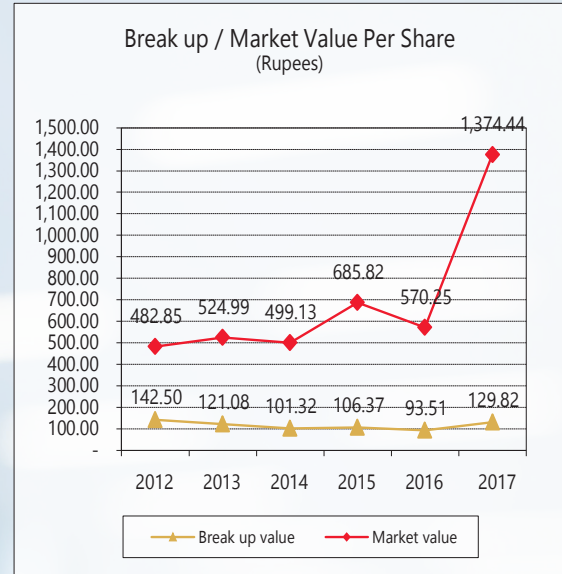
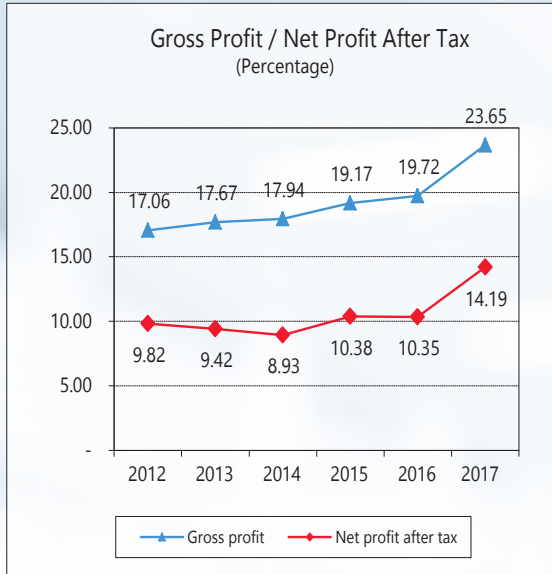
The tractor business is anticipated to cross the 60,000 units of sales this year out of which Millat's share is expected to be around 60% (36,000 units). Under the conditions highlighted above, the Board of Directors, Management and Employees are preparing to meet the forthcoming challenges and achieve the targets of higher volumes and efficient cost cutting measures to surpass the expectations of our shareholders Inshah Allah.

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

Sikandar Mustafa Khan  
Chairman

Millat Tractors Limited  
September 12, 2017









## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors feel pleasure in presenting their 54th annual report together with audited accounts of the Company for the year ended June 30, 2017.

### APPROPRIATIONS

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

The aforesaid payout shall be in addition to the interim cash dividend of Rs. 35.00 per share (350%) making a total of Rs. 95.00 per share (950%) as cash dividend.

The following appropriations were made during the year:



	Rupees in thousands)	
	General reserve	Un-appropriated profit
Opening balance	2,985,519	622,192
Less: Final dividend @ 300%	(706,584)	(622,192)
Transfer to general reserves	-	-
	<u>2,278,935</u>	<u>-</u>
Profit for the year ended June 30, 2017	-	4,399,876
	<u>2,278,935</u>	<u>4,399,876</u>
Less: Interim dividend @ 350%	-	(1,550,239)
Un-appropriated profit carried forward	<u>2,278,935</u>	<u>2,849,637</u>

### EARNINGS PER SHARE

Earning per share for the year ended June 30, 2017 was Rs. 96.12 as against Rs. 39.52 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, five Board meetings were held. The number of meetings attended by each Director is given hereunder:

Name of Director	Meetings attended
Mr. Sikandar Mustafa Khan - Chairman	5
S M Irfan Aqueel - CEO	4
Mr. Latif Khalid Hashmi	5
Mr. Sohail Bashir Rana	4
Mr. Laeeq Uddin Ansari	5
Mian Muhammad Saleem	5
Syed Zubair Ahmed Shah	5
Mr. Saad Iqbal	3



## BOARD COMMITTEE'S

The names of members of Board Committees and their attendance are as follows:-

Sr. No.	Board's Committees and Members	Meetings Held	Meetings Attended
1.	<b>AUDIT COMMITTEE</b> Syed Zubair Ahmed Shah, Chairman Mr. Latif Khalid Hashmi, Member Mr. Sohail Bashir Rana, Member Mr. Saad Iqbal	05	05 05 04 03
2.	<b>FINANCE COMMITTEE</b> Mr. Latif Khalid Hashmi, Chairman Mr. Laeeq Uddin Ansari, Member Mian Muhammad Saleem, Member S.M Irfan Aqueel, Member	33	33 33 33 33
3.	<b>MARKETING COMMITTEE</b> Mr. Sohail Bashir Rana, Chairman Mian Muhammad Saleem, Member S. M Irfan Aqueel, Member	07	07 07 07
4.	<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b> Mr. Sikandar Mustafa Khan, Chairman Mr. Sohail Bashir Rana, Member Mr. Laeeq Uddin Ansari, Member S. M Irfan Aqueel, Member	01	01 01 01 01
5.	<b>DIRECTORS' REMUNERATION COMMITTEE</b> Mr. Sikandar Mustafa Khan, Chairman Mr. Latif Khalid Hashmi, Member Mr. Sohail Bashir Rana, Member Syed Zubair Ahmed Shah, Member	NIL	- - - -
6.	<b>BOARD'S COMMITTEE FOR GROUP SUPERVISION</b> Mr. Sikandar Mustafa Khan, Chairman Mr. Latif Khalid Hashmi, Member Mr. Sohail Bashir Rana, Member Mr. Laeeq Uddin Ansari, Member Mian Muhammad Saleem, Member	02	02 02 02 02 02



**Unmatched legacy and untiring efforts resulting in the production of international standards emission compliant engines.**





## PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS DURING FINANCIAL YEAR-2017

The Company is a public limited Company incorporated in Pakistan in 1964 and is listed on Pakistan Stock Exchange Limited. 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 including forklift trucks and generators.

The financial statements of the Company truly reflect the state of Company's affairs and fair review of its business. The tractor industry in Pakistan has witnessed noticeable growth during the year 2016-17. The government's tax relief incentives on sale of tractors have enabled tractor sales to reach a three-year high and the trend is likely to continue. Tractor sales were also boosted by increased purchasing power of farmers and introduction of CPEC related developmental projects. The organization has made an astounding rebound in 2017 by delivering 34,506 tractors against 20,423 units in the previous year, and showed revenue of Rs. 30 billion contrasted with Rs. 17 billion.

Productivity of the organization has enhanced and its gross profit proportion has increased from 19.7% to 23.7% while profit before tax has enhanced from 15.5% to 20.8%.

The reduction of sales tax from 10% to 5% has been the primary demand drivers for tractors. CPEC related activity and improvement in major industrial zones is at its pinnacle. The prime Minister's Kissan Package envisioned enhancement of crop productivity and water supply which consequently helped increase sales volume of tractor industry. The organization has formally launched export trade level tractor models through participation of AGCO Corporation for African and Middle Eastern markets.

## PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

Effective risk management is the key to sustainable business. Our risk management framework, coupled with our internal control policies have helped us maintain our focus and mitigating principal risks affecting our Company. The internal control framework established by the Company ensures appropriate risk mitigation plans by assigning designated accountability and policy framework for upward communication of any material issues and incidents. The Company is susceptible to the following principal risks which are mitigated via specific policies and plans:

### OPERATIONAL RISKS

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

- Taxation regime of Pakistan
- Natural calamities
- Supply chain management
- Customer relationship
- Inflation
- Employee turnover

Taxation regime in Pakistan has been under turmoil in recent years. With frequent changes in laws and regulations, not to mention the manner in which they were introduced, have significantly increased the cost of doing business as well as introducing additional hurdles for smooth business operations. It is a credible feat that sales tax on tractor sales has been reduced to ease the burden on customers, but that burden has been passed on to the Company in shape of significant amount of sales tax refunds. A significant portion of Company's funds have been stuck in the shape of sales tax refunds which has caused serious working capital deficiency. However, we do have sufficient working capital availability through financing arrangement with the banks; though this comes at a cost.





EXPORT TRACTOR M

385 MASSEY FERGUSON



MTL



MTL



MTL



MTL



# Our Pride



Natural disasters have struck Pakistan frequently in recent history, most frequent of which is monsoon flooding. Due to inadequate water reservoirs and water storage facilities, the river lands become flooded during the monsoon season causing serious damage to seasonal crops. If this risk is not mitigated, it will directly have an impact on Company's performance since our products are directly linked with agriculture sector. However, keeping in view the size of the orders in hand we are confident to keep pace in difficult times as well.

Supply chain management and similar risks are being managed through a variety of measures including development of alternate sourcing materials, dedicating resources with requisite skills and expertise, facility up gradations, robust forecasting and budgeting process etc. In addition to the above, adequate segregation of duties, trainings and skill development, job rotations, employee empowerment and measures as such are being introduced to mitigate such risks.

### FINANCIAL RISKS

Financial risks are those that may cause financial loss to the entity. Financial risk has been described in detail in note 40 of the attached financial statements that include market risks, credit risks and liquidity risk.

### COMPLIANCE RISK

Non-compliance with laws and regulations may result in imposition of punitive action. Therefore, the Company has zero tolerance policy for non-compliance activities and behaviours. In addition, to mitigate such risks, a very comprehensive and effective compliance function is in place in the Company. Further, the Company's Code of Conduct clearly defines expectations from employees of the Company. The Company encourages employees and business partners to report compliance violations that they may encounter.

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

To further expand our horizons and develop new investment avenues for our stakeholders, the Company ventured into following new investment opportunities during the year:

The Company is in the process of evaluating the possibility of joining a consortium for setting up of a Greenfield project enabling manufacturing and sale of Hyundai automobiles in Pakistan. The range of vehicles under consideration includes passenger and 1 ton range commercial light trucks.

The Company in its endeavour to explore synergies in its operations within group companies and diversification of product portfolio has entered into a partnership agreement with IFS (a world leading software solution provider) to sell and implement IFS products in Pakistan. The agreement has been initially executed with the Company and is transferable to any of its subsidiary companies in future.

### FUTURE PROSPECTS OF PROFIT

Growth in agricultural sector is expected to rebound on account of higher production of cotton, sugarcane, maize and increased production of wheat. Agriculture credit target has been set from Rs 700 billion to Rs 1,001 billion which will help boost agricultural sector even further. Loan of Rs. 50,000 per farmer will be granted as well. GDP target has been set at 6% for the fiscal year 2017-18. Rs. 1,001 billion have been allocated for development projects whereas educational budget has been increased considerably as well. Tractor sale in FY-2018 is expected to increase in continuation of previous year's 34,500 units. The sale is expected to increase on account of CPEC related development activities and other agricultural related activities initiated by Government. The profitability in term of financial performance is expected to be in line with sales volume for the upcoming year.



## ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

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

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

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

The Company launched EURO II emission compliant engines during the year as part of its green engine initiative. These engines are first of its kind within Pakistan, once again highlighting our ability to deliver on our core competencies. The Company partnered with Stanadyne Corporation USA to develop these engines. This will have a positive effect not only on the bottom line of the Company but greenhouse gas emissions and venturing into export market. The Company expects that with the development of these emission compliant engines, the horizon of exports for such engines shall open up as well. Moreover, this development will keep the company ready to ensure compliance with any future legislation related to emission compliance in Pakistan. Along with this the continuation of present tax regime on tractors sales and agricultural schemes are likely to remain the factors for growth enhancements.

## DUTY & TAXES

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

## AUDITORS

It has been the Company's policy to change auditors after every five years. The present auditors M/s. E Y Ford Rhodes, Chartered Accountants have completed their five years term and therefore another firm of Chartered Accountants had to be appointed as auditors of the Company for the year ending June 30, 2018.

The Board Audit Committee and the Board of Directors have endorsed the appointment of M/s. A. F. Ferguson & Company, Chartered Accountants, Lahore. They have been given satisfactory rating under the Quality Control Review of the Institute of Chartered Accountants of Pakistan.

## 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:



share

competition

skills

offensive

development

directions

Diversification

increase

new related

results

products

matrix

premium

market

growth

enhancement

segment

strategies

customers

specialist

potential

bar

creative

compliance

library

vision

listening

penetration

integrity

search

customer

Ansoff's



- a) 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. 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, 2017 were the following:

- Provident Fund	Rs. 628,814,380
- Gratuity Fund	Rs. 459,432,065
- Pension Fund	Rs. 1,145,018,483

The value of investment includes accrued interest.

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

### PURCHASE OF SHARES

#### No. of shares Purchased

Mr. Laeeq Uddin Ansari - Director	63,700
Mrs. Ayesha Sohail (Spouse of Mr. Sohail Bashir Rana - Director)	3,017
Mrs. Shireen Shah Aqueel (Spouse of S.M Irfan Aqueel - CEO)	16,500

### SALE OF SHARES

#### No. of shares Sold

Mr. Latif Khalid Hashmi - Director	109,400
------------------------------------	---------

### CODE OF CONDUCT

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

### STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Stock Exchange in its Listing Regulations, relevant for the year ended June 30, 2017 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 numbers of permanent employees as on June 30, 2017 were 406 compared to 414 of last year.

### **CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated financial statements of the Company as on June 30, 2017 are annexed.

### **CORPORATE SOCIAL RESPONSIBILITY**

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

### **WEB PRESENCE**

Company's periodic financial statements for the current financial year including annual reports for

the last three years are available on the Company's website [www.millat.com.pk](http://www.millat.com.pk) for information of the investors.

### **URDU LANGUAGE VERSION**

An Urdu Language version of this Director's Report is also being published in the Annual Report as per provisions of SECP's SRO 1041(I)/2015 dated October 21, 2015.

For and on behalf of the Board

Chief/Executive

Director

Lahore:  
September 12, 2017

# CORPORATE SOCIAL RESPONSIBILITY-2017



## CORPORATE SUSTAINABILITY

MTL strongly believes to invest in all aspects of its responsibilities towards being a sustainable and contributory member of the society. MTL recognizes the importance of its employees, their work life balances, safety & security, reducing carbon footprints for better atmosphere, community uplift programs for society and underprivileged sectors, customers & products, ethical behaviors in our dealings, contribution to the national exchequer and welfare programs in all facets under this belief.

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

## EDUCATIONAL PATRONAGE

MTL has consistently been extending its generosity towards the improvement of society through contribution insocial and educational benefit of the society.

The Company has donated Rs. 600,000 to Sargodhian Spirit Trust for Neelab Project for establishing educational centers of excellence in Khyber Pukthunkua. Moreover, a contribution of Rs. 2.2 million was also made to Citizens Foundation for support and up gradation of schools in Dera Sacha Sauda.

## ENERGY CONSERVATION

Considering the energy crisis in Pakistan the company has taken a various measures to reduce energy consumption and costs. Some of the steps taken are include:

- Energy efficient variable speed drive compressors have been installed in manufacturing and assembly facility,

- High wattage lights have been replaced with energy efficient LED lights,
- High power motors, pumps and fans have been replaced with more efficient alternatives,

### ENVIRONMENTAL PROTECTION MEASURES

After successful development of a Green Engine test laboratory the company has introduced emission friendly engines and entered into the club of emission compliant engine manufacturers. These engines developed with partnership of Stanadyne Corporation USA will be formally taken into production to meet global demands of engines and emission compliant tractors.

Our gardening division undertakes a key part in providing a sound and contamination free atmosphere. MTL partakes in yearly chrysanthemum and different green development activities for cleaner environment and reduction in contamination.

### COMMUNITY INVESTMENT AND WELFARE SCHEMES

During the year the Company donated Rs.100,000 to Lahore Businessman Association for Rehabilitation of Disabled, Rs. 200,000 to R.S. Foundation for underprivileged children and contributed Rs. 3.1 million towards development and support of different medical institutes.







## CONSUMER PROTECTION

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

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

## INDUSTRIAL RELATIONS

The Company is an equal opportunity employer and its management and workforce relish affable association.

The management conducts meetings frequently with the labor union members to ensure all their needs are fulfilled and provide a safe and friendly work environment. MTL facilitates education of progeny of employees as well as proactively contributes and aids its employees in their religious practices by providing them adequate number of holidays and financial assistance in performing pilgrimage (Hajj) to Makkah under Company's Hajj Scheme.



## EMPLOYMENT OF PEOPLE WITH SPECIAL NEEDS

Since the company is an equal opportunity employer, it guarantees that its staffing process stays fair to physical inabilities subject to work requirements. A total of 8 personnel with a disability of some form have been employed by Millat Tractors.



## OCCUPATIONAL SAFETY AND HEALTH

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

The workers are provided safety gears as per work requirement. MTL likewise has an in-house first-aid office for giving emergency treatment. The company during the year has also obtained an ambulance for transporting workers to nearby clinics.

### **ETHICS AND ANTI-CORRUPTION**

MTL actively discourages all forms of corruption and any form of conduct that violates principles of business ethics. The company is fully committed to be compliant with all principles of fairness, transparency and integrity. To ensure compliance with professional, ethical and moral code as well as legal measures the Company has a formal Code of Conduct. The purpose of the code is to highlight the standards of behavior and conduct from employees in their dealings with customers, suppliers, clients, co-workers, management and the general public. This code highlights expected behavior as well as punitive measures against violators.

### **CORPORATE PHILANTHROPY**

For commercial altruism the company has also made contribution in conducting and promoting various activities in corporate sector including Annual Golf Tournament, International Marketing Conference "MARCON 2017", International Foundry Exhibition, Prizes in competitions held in Pakistan Cattle Show etc.



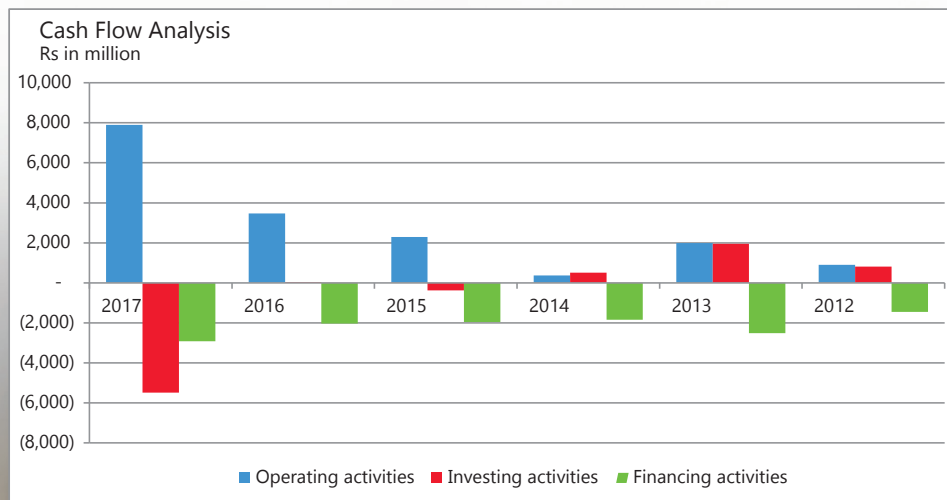






# SUMMARY OF CASH FLOW

	2017	2016	2015	2014	2013	2012
	..... (Rupees in thousand) .....					
Net Cash from / (Used in)						
Operating activities	7,900,148	3,468,778	2,294,250	365,624	1,990,541	896,969
Investing activities	(5,483,184)	42,456	(371,970)	512,669	1,951,648	813,277
Financing activities	(2,918,213)	(2,031,152)	(1,958,284)	(1,847,699)	(2,509,415)	(1,448,942)
Net increase / (decrease) in cash and cash equivalent	(501,249)	1,480,082	(36,004)	(969,406)	1,432,774	261,304
Cash and cash equivalent at the beginning of the year	2,562,252	1,082,170	1,118,174	2,087,580	654,806	393,502
Cash and cash equivalent at the end of the year	2,061,003	2,562,252	1,082,170	1,118,174	2,087,580	654,806



# SIX YEARS AT A GLANCE

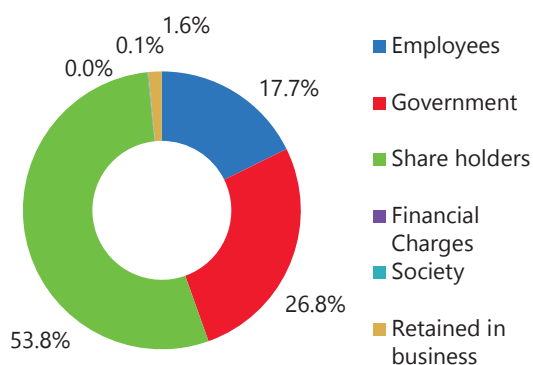
		2017	2016	2015	2014	2013	2012
<b>Profit &amp; Loss Summary</b>							
Net sales	Rs. thousand	30,013,921	16,913,832	22,937,917	16,589,996	22,698,651	20,133,130
Gross profit	Rs. thousand	7,097,329	3,335,860	4,396,469	2,976,691	4,010,267	3,433,817
Operating profit	Rs. thousand	6,244,414	2,636,106	3,601,749	2,262,688	3,237,526	2,881,753
Profit before tax	Rs. thousand	6,242,233	2,620,806	3,592,389	2,183,480	3,172,972	2,875,345
Profit after tax	Rs. thousand	4,257,533	1,750,298	2,382,421	1,481,864	2,138,646	1,977,618
Earning before interest, tax, depreciation & amortization (EBITDA)	Rs. thousand	6,315,879	2,701,146	3,673,462	2,322,428	3,296,625	2,945,723
<b>Balance Sheet Summary</b>							
Share capital	Rs. thousand	442,926	442,926	442,926	442,926	402,660	366,055
General reserves	Rs. thousand	2,278,935	2,895,519	3,116,706	3,263,551	3,306,590	3,368,710
Property, plant & equipment	Rs. thousand	717,873	448,130	485,721	481,293	448,375	415,926
Non current assets	Rs. thousand	790,395	882,548	984,201	1,115,518	1,056,250	889,203
Current assets	Rs. thousand	15,622,341	8,320,644	6,239,303	5,421,289	8,732,156	9,038,370
Current liabilities	Rs. thousand	11,350,121	5,407,391	2,976,973	2,500,805	5,331,414	5,098,772
Net working capital	Rs. thousand	4,272,220	2,913,253	3,262,330	2,920,484	3,400,742	3,939,598
Long term / deferred liabilities	Rs. thousand	30,635	102,171	20,809	29,437	30,148	28,530
<b>Profitability Ratios</b>							
Gross profit	%	23.65	19.72	19.17	17.94	17.67	17.06
Operating profit	%	20.81	15.59	15.70	13.64	14.26	14.31
Profit before tax	%	20.80	15.50	15.66	13.16	13.98	14.28
Net profit after tax	%	14.19	10.35	10.39	8.93	9.42	9.82
EBITDA margin	%	21.04	15.97	16.01	14.00	14.52	14.63
Operating leverage	%	1.77	1.02	1.55	1.12	0.96	1.40
Return on equity	%	74.05	42.26	50.57	33.02	43.87	37.91
Return on capital employed	%	76.42	43.21	51.27	33.33	44.33	38.10
Return on assets	%	36.44	27.15	46.60	31.11	31.00	27.80
<b>Liquidity Ratios</b>							
Current	Times	1.38:1	1.54:1	2.1:1	2.17 : 1	1.64 : 1	1.77 : 1
Quick / Acid test	Times	1.04:1	1.05:1	1.24:1	1.15 : 1	1.12 : 1	1.17 : 1
Cash to current liabilities	Times	0.18:1	0.47:1	0.36:1	0.45 : 1	0.39 : 1	0.13 : 1
Cash flow from operations to sales	Times	0.26:1	0.21:1	0.10:1	0.02 : 1	0.09 : 1	0.04 : 1
<b>Activity / Turnover Ratios</b>							
Inventory turnover ratio	Times	7.14	5.23	7.28	5.15	6.46	5.79
No. of Days in Inventory	Days	51	70	50	71	57	63
Debtor turnover ratio	Times	124.93	71.00	149.87	30.28	32.77	68.51
No. of Days in Receivables	Days	3	5	2	12	11	5
Creditor turnover ratio	Times	23.44	13.79	19.99	7.51	7.94	9.76
No. of Days in Creditors	Days	16	26	18	49	46	37
Total assets turnover ratio	Times	1.75	1.75	2.98	2.36	2.22	1.95
Fixed assets turnover ratio	Times	41.41	25.12	32.99	23.91	34.79	34.46
Operating cycle	Days	38	48	34	34	22	31
<b>Investment / Market Ratios</b>							
Earning per share (after tax)	Rs.	96.12	39.52	53.79	33.46	48.28	49.11
Price earning	Times	14.30	14.43	12.75	14.92	10.87	9.83
Dividend yield	%	9.59	8.61	8.93	7.96	9.81	13.32
Dividend payout ratio (after tax)	%	98.83	126.53	97.60	119.56	113.92	132.36
Dividend cover	Times	2.75	0.79	1.02	0.64	1.02	0.83
Cash Dividend per share	Rs.	95	50	52.5	40.00	55.00	65.00
Bonus per share	%	-	-	-	-	19.00	-
<b>Market value per share:</b>							
Year end	Rs.	1,374.44	570.25	685.82	499.13	524.99	482.85
During the year:							
Highest	Rs.	1,575.99	705.00	710.99	571.54	646.00	625.80
Average	Rs.	991.10	580.95	587.99	502.64	560.50	487.95
Lowest	Rs.	538.00	460.00	465.00	433.73	475.00	350.09
Break-up value per share	Rs.	129.82	93.51	106.37	101.32	121.08	142.50
(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	29,726	245	444	29.14	52.02	499.76



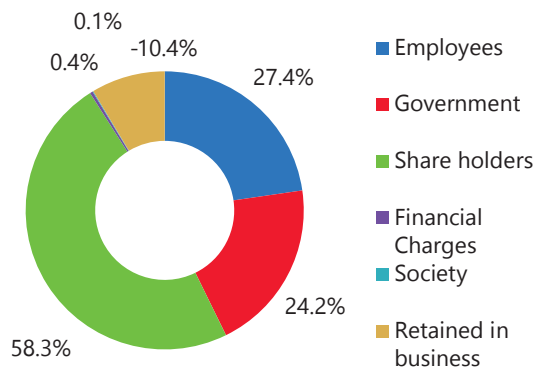
# STATEMENT OF VALUE ADDITION & ITS DISTRIBUTION

	2017		2016	
	Rs. ('000)	%	Rs. ('000)	%
<b>VALUE ADDITION</b>				
Net Sales	30,013,921		16,913,832	
Material and services	(22,798,705)		(13,384,931)	
Other income	610,091		272,249	
	7,825,307		3,801,150	
<b>VALUE DISTRIBUTION</b>				
<b>Employees</b>				
Salaries wages and ammenities	1,052,736	13.45	901,876	23.73
Worker's profit participation fund	334,536	4.28	140,507	3.70
	1,387,272	17.73	1,042,383	27.42
<b>Government</b>				
Tax	1,984,700	25.36	870,508	22.90
Workers welfare fund	113,950	1.46	48,821	1.28
	2,098,650	26.82	919,329	24.19
<b>Share holders</b>				
Cash Dividend	4,207,797	53.77	2,214,627	58.26
	4,207,797	53.77	2,214,627	58.26
<b>Financial Charges</b>				
Finance Cost	2,181	0.03	15,300	0.40
	2,181	0.03	15,300	0.40
<b>Society</b>				
Donation	6,235	0.08	4,225	0.11
	6,235	0.08	4,225	0.11
<b>Retained in business</b>				
Depreciation	73,436	0.94	69,615	1.83
Retained profit	49,736	0.64	(464,329)	(12.22)
	123,172	1.57	(394,714)	(10.38)
	7,825,307	100.00	3,801,150	100.00

Distribution of Value Addition - 2017



Distribution of Value Addition - 2016



# HORIZONTAL ANALYSIS

	Rs. ('000)	2017 Increase/ (Decrease) %	Rs. ('000)	2016 Increase/ (Decrease) %
<b>Balance Sheet Items</b>				
Property, Plant and Equipment	717,873	60.2	448,130	(7.7)
Capital Work in Progress	6,974	(96.9)	225,134	7.4
Intangible Assets	897	(72.8)	3,295	(14.8)
Investment Property	255,708	-	255,708	-
Long Term Investments	484,279	22.0	396,928	7.4
Long Term Loans	2,575	73.6	1,483	(22.4)
Employee benefits	39,962	100.0	-	(100.0)
Stores and Spares	118,431	5.8	111,913	4.5
Stock in Trade	3,646,581	43.3	2,545,484	4.8
Trade Debts	194,311	(32.1)	286,194	50.4
Loans and Advances	54,488	(24.4)	72,071	4.9
Trade Deposits and Prepayments	19,611	(19.5)	24,366	7.1
Balance with statutory authority	2,526,588	113.4	1,184,143	54.3
Other receivables	97,246	(7.2)	104,756	70.3
Tax refunds due from Government	185,886	(70.5)	629,148	(22.8)
Short Term Investments	6,718,196	739.4	800,317	14.3
Cash and Bank balances	2,061,003	(19.6)	2,562,252	136.8
<b>Total Assets</b>	<b>17,130,609</b>	<b>77.5</b>	<b>9,651,322</b>	<b>25.1</b>
<b>Share Holder's Equity</b>				
Share Holder's Equity	5,749,853	38.8	4,141,760	(12.1)
<b>Non Current Liabilities</b>				
Non Current Liabilities	30,635	(70.0)	102,171	391.0
<b>Current Liabilities</b>				
Current Liabilities	11,350,121	109.9	5,407,391	81.6
<b>Total Liabilities and Equity</b>	<b>17,130,609</b>	<b>77.5</b>	<b>9,651,322</b>	<b>25.2</b>
<b>Profit &amp; Loss Items</b>				
Sales - Net	30,013,921	77.5	16,913,832	(26.3)
Cost of Sales	22,916,592	68.8	13,577,972	(26.8)
Gross Profit	7,097,329	112.8	3,335,860	(24.1)
Distribution and marketing expenses	536,522	53.2	350,155	(32.0)
Administrative Expenses	471,550	10.9	425,327	1.4
Other operating income	610,091	124.1	272,249	(32.6)
Other operating expenses	454,934	131.5	196,521	(25.7)
Operating profit	6,244,414	136.9	2,636,106	(26.8)
Finance costs	2,181	(85.7)	15,300	63.5
Profit before tax	6,242,233	138.2	2,620,806	(27.0)
Taxation	1,984,700	128.0	870,508	(28.1)
Profit after Tax	4,257,533	143.2	1,750,298	(26.5)



2015		2014		2013		2012	
Rs. ('000)	Increase/ (Decrease) %	Rs. ('000)	Increase/ (Decrease) %	Rs. ('000)	Increase/ (Decrease) %	Rs. ('000)	Increase/ (Decrease) %
485,721	0.9	481,293	7.3	448,375	7.8	415,926	(4.5)
209,660	(1.3)	212,431	4.1	204,112	21.3	168,260	8.5
3,867	(34.3)	5,888	600.1	841	(85.7)	5,871	(66.7)
255,708	-	255,708	-	255,708	-	255,708	-
369,543	6.9	345,750	(2.4)	354,119	22.9	288,187	(1.3)
1,911	(1.5)	1,941	(6.0)	2,065	(23.6)	2,702	(5.5)
143,512	(51.2)	293,800	22.7	239,405	42.1	168,475	98.3
107,141	(11.4)	120,951	(9.4)	133,485	95.1	68,419	(48.0)
2,429,982	(0.2)	2,433,690	(6.5)	2,601,698	(12.9)	2,986,120	15.7
190,240	56.3	121,731	(87.5)	974,158	136.8	411,326	133.1
68,683	(43.7)	122,047	70.7	71,498	(60.6)	181,535	(15.7)
22,748	(6.0)	24,198	(11.6)	27,384	9.1	25,103	31.2
767,295	141.4	317,853	(83.3)	1,904,916	15.5	1,649,132	156.9
61,506	(48.6)	119,679	38.4	86,483	(11.4)	97,630	31.1
815,198	(13.5)	942,966	221.7	293,083	(41.7)	502,439	265.7
700,203	600.2	100,000	(81.9)	551,871	(77.6)	2,461,860	(17.1)
1,082,170	(3.2)	1,118,174	(46.4)	2,087,580	218.8	654,806	66.4
7,715,088	9.9	7,018,100	(31.4)	10,236,781	(1.0)	10,343,499	20.5
4,711,443	5.0	4,487,858	(7.9)	4,875,219	(6.5)	5,216,197	12.1
20,809	(29.3)	29,437	(2.4)	30,148	5.7	28,530	(20.9)
2,976,973	19.0	2,500,805	(53.1)	5,331,414	4.6	5,098,772	30.8
7,709,225	9.8	7,018,100	(31.4)	10,236,781	(1.0)	10,343,499	20.5
22,937,917	38.3	16,589,996	(26.9)	22,698,651	12.7	20,133,130	(19.0)
18,541,448	36.2	13,613,305	(27.2)	18,688,384	11.9	16,699,313	(18.3)
4,396,469	47.7	2,976,691	(25.8)	4,010,267	16.8	3,433,817	(22.5)
515,007	5.7	487,292	(1.4)	494,367	2.2	483,940	(10.5)
419,320	14.5	366,191	7.7	340,081	9.5	310,629	1.2
404,157	35.0	299,483	(0.6)	301,383	(36.2)	472,618	(30.5)
264,550	65.3	160,003	(33.2)	239,676	4.2	230,113	(32.4)
3,601,749	59.2	2,262,688	(30.1)	3,237,526	12.3	2,881,753	(26.6)
9,360	(88.2)	79,208	22.7	64,554	907.4	6,408	(33.0)
3,592,389	64.5	2,183,480	(31.2)	3,172,972	10.4	2,875,345	(26.5)
1,209,968	72.5	701,616	(32.2)	1,034,326	15.2	897,727	(27.8)
2,382,421	60.8	1,481,864	(30.7)	2,138,646	8.1	1,977,618	(26.0)

# VERTICAL ANALYSIS

	2017		2016	
	Rs. ('000)	%	Rs. ('000)	%
<b>Balance Sheet Items</b>				
Property, Plant and Equipment	717,873	4.2	448,130	4.6
Capital Work in Progress	6,974	0.0	225,134	2.3
Intangible Assets	897	0.0	3,295	0.0
Investment Property	255,708	1.5	255,708	2.6
Long Term Investments	484,279	2.8	396,928	4.1
Long Term Loans	2,575	0.0	1,483	0.0
Employee benefits	39,962	0.2	-	-
Stores and Spares	118,431	0.7	111,913	1.2
Stock in Trade	3,646,581	21.3	2,545,484	26.4
Trade Debts	194,311	1.1	286,194	3.0
Loans and Advances	54,488	0.3	72,071	0.7
Trade Deposits and Prepayments	19,611	0.1	24,366	0.3
Balance with statutory authority	2,526,588	14.7	1,184,143	12.3
Other receivables	97,246	0.6	104,756	1.1
Tax refunds due from Government	185,886	1.1	629,148	6.5
Short Term Investments	6,718,196	39.2	800,317	8.3
Cash and Bank balances	2,061,003	12.0	2,562,252	26.5
<b>Total Assets</b>	<b>17,130,609</b>	<b>100.0</b>	<b>9,651,322</b>	<b>100.0</b>
Share Holder's Equity	5,749,853	33.6	4,141,760	42.9
Non Current Liabilities	30,635	0.2	102,171	1.1
Current Liabilities	11,350,121	66.3	5,407,391	56.0
<b>Total Liabilities and Equity</b>	<b>17,130,609</b>	<b>100.0</b>	<b>9,651,322</b>	<b>100.0</b>
<b>Profit &amp; Loss Items</b>				
Sales - Net	30,013,921	100.0	16,913,832	100.0
Cost of Sales	22,916,592	76.4	13,577,972	80.3
Gross Profit	7,097,329	23.6	3,335,860	19.7
Distribution and marketing expenses	536,522	1.8	350,155	2.1
Administrative Expenses	471,550	1.6	425,327	2.5
Other operating income	610,091	2.0	272,249	1.6
Other operating expenses	454,934	1.5	196,521	1.2
Operating profit	6,244,414	20.8	2,636,106	15.6
Finance Cost	2,181	0.0	15,300	0.1
Profit before Tax	6,242,233	20.8	2,620,806	15.5
Taxation	1,984,700	6.6	870,508	5.1
Profit after Tax	4,257,533	14.2	1,750,298	10.3

2015		2014		2013		2012	
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
485,721	6.3	481,293	6.9	448,375	4.4	415,926	4.0
209,660	2.7	212,431	3.0	204,112	2.0	168,260	1.6
3,867	0.1	5,888	0.1	841	0.0	5,871	0.1
255,708	3.3	255,708	3.6	255,708	2.5	255,708	2.5
369,543	4.8	345,750	4.9	354,119	3.5	288,187	2.8
1,911	0.0	1,941	0.0	2,065	0.0	2,702	0.0
143,512	1.9	293,800	4.2	239,405	2.3	168,475	1.6
107,141	1.4	120,951	1.7	133,485	1.3	68,419	0.7
2,429,982	31.5	2,433,690	34.7	2,601,698	25.4	2,986,120	28.9
190,240	2.5	121,731	1.7	974,158	9.5	411,326	4.0
68,683	0.9	122,047	1.7	71,498	0.7	181,535	1.8
22,748	0.3	24,198	0.3	27,384	0.3	25,103	0.2
767,295	9.9	317,853	4.5	1,904,916	18.6	1,649,132	15.9
61,506	0.8	119,679	1.7	86,483	0.8	97,630	0.9
815,198	10.6	942,966	13.4	293,083	2.9	502,439	4.9
700,203	9.1	100,000	1.4	551,871	5.4	2,461,860	23.8
1,082,170	14.0	1,118,174	15.9	2,087,580	20.4	654,806	6.3
7,715,088	100.0	7,018,100	100.0	10,236,781	100.0	10,343,499	100.0
4,711,443	61.1	4,487,858	63.9	4,875,219	47.6	5,216,197	50.4
20,809	0.3	29,437	0.4	30,148	0.3	28,530	0.3
2,976,973	38.6	2,500,805	35.6	5,331,414	52.1	5,098,772	49.3
7,709,225	100.0	7,018,100	100.0	10,236,781	100.0	10,343,499	100.0
22,937,917	100.0	16,589,996	100.0	22,698,651	100.0	20,133,130	100.0
18,541,448	80.8	13,613,305	82.1	18,688,384	82.3	16,699,313	82.9
4,396,469	19.2	2,976,691	17.9	4,010,267	17.7	3,433,817	17.1
515,007	2.2	487,292	2.9	494,367	2.2	483,940	2.4
419,320	1.8	366,191	2.2	340,081	1.5	310,629	1.5
404,157	1.8	299,483	1.8	301,383	1.3	472,618	2.3
264,550	1.2	160,003	1.0	239,676	1.1	230,113	1.1
3,601,749	15.7	2,262,688	13.6	3,237,526	14.3	2,881,753	14.3
9,360	0.0	79,208	0.5	64,554	0.3	6,408	0.0
3,592,389	15.7	2,183,480	13.2	3,172,972	14.0	2,875,345	14.3
1,209,968	5.3	701,616	4.2	1,034,326	4.6	897,727	4.5
2,382,421	10.4	1,481,864	8.9	2,138,646	9.4	1,977,618	9.8



# 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 2017 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, 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 2017.



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EY Ford Rhodes  
Chartered Accountants  
Engagement Partner: Naseem Akbar

Lahore: 14 September 2017

# Statement of Compliance

## with the Code of Corporate Governance [See clause (5.19.24)]

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 5.19.1 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.
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.
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 04 members, of whom three are non-executive directors and one member is an executive director 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. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis of inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with



(Syed Muhammad Irfan Aqueel)  
Chief Executive



(Sohail Bashir Rana)  
Director

Lahore:  
September 12, 2017

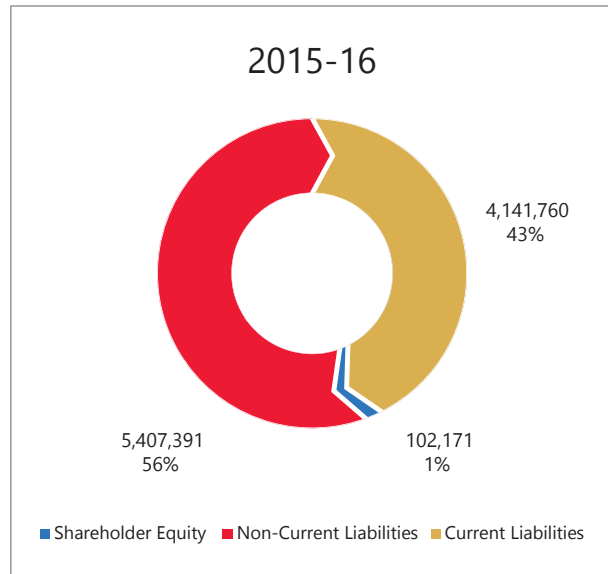
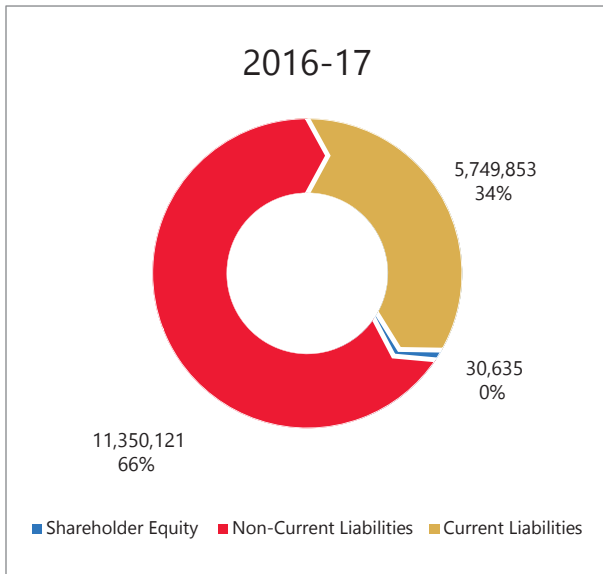


Financial Statements  
**MILLAT TRACTORS LIMITED**  
For the year ended 30 June 2017

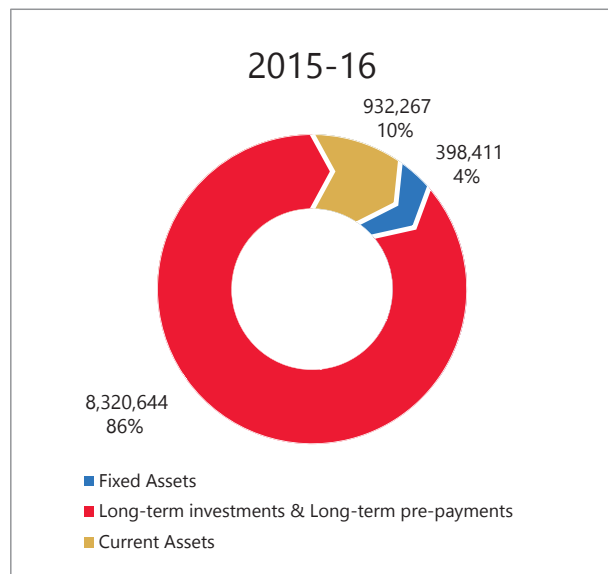
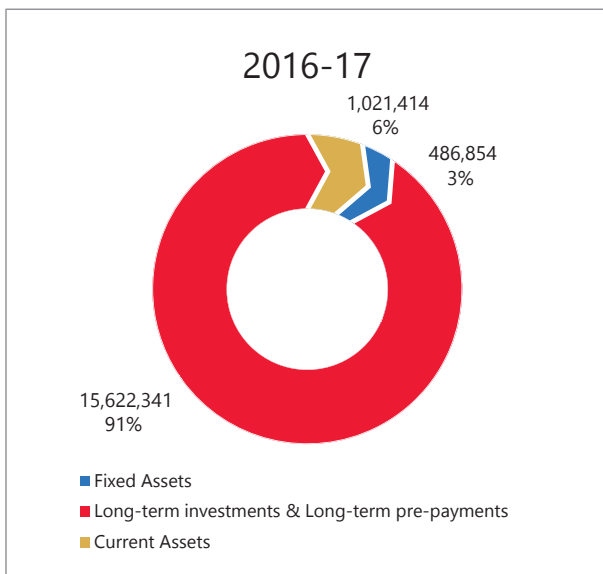


# GRAPHICAL ANALYSIS OF BALANCE SHEET

## Equity & Liabilities



## Assets



## AUDITORS' REPORT to the Members

We have audited the annexed balance sheet of Millat Tractors Limited ("the Company") as at 30 June 2017 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;
  - (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 2017 and of the profit, its comprehensive income, 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.



EY Ford Rhodes  
Chartered Accountants  
Name of audit engagement partner:  
Naseem Akbar

Lahore :  
14 September 2017



# BALANCE SHEET

as at June 30, 2017

	Note	2017 (Rupees in thousand)	2016
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
50,000,000 (2016: 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		2,278,935	2,985,519
Unappropriated profit		2,849,637	622,192
Available for sale reserve		178,355	91,123
		5,749,853	4,141,760
<b>Non-current liabilities</b>			
Long term deposits	6	11,515	11,505
Deferred tax liabilities - net	7	19,120	2,108
Employees' defined benefit plan	8	-	88,558
		30,635	102,171
<b>Current liabilities</b>			
Accumulating compensated absences		94,952	96,282
Trade and other payables	9	11,255,169	5,310,799
Accrued mark-up on short term borrowings	10	-	310
		11,350,121	5,407,391
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11	-	-
		17,130,609	9,651,322

The annexed notes from 1 to 48 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	2017 (Rupees in thousand)	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment :			
Operating fixed assets	12	717,873	448,130
Capital work in progress	13	6,974	225,134
		724,847	673,264
Intangible assets	14	897	3,295
Investment property	15	255,708	255,708
Long term investments	16	484,279	396,928
Long term loans	17	2,575	1,483
Employees' defined benefit plan	8	39,962	-
		1,508,268	1,330,678
<b>Current assets</b>			
Stores, spare parts and loose tools	18	118,431	111,913
Stock in trade	19	3,646,581	2,545,484
Trade debts	20	194,311	286,194
Loans and advances	21	54,488	72,071
Trade deposits and short term prepayments	22	19,611	24,366
Balances with statutory authorities	23	2,526,588	1,184,143
Other receivables	24	97,246	104,756
Tax refunds due from the Government		185,886	629,148
Short term investments	25	6,718,196	800,317
Cash and bank balances	26	2,061,003	2,562,252
		15,622,341	8,320,644
		17,130,609	9,651,322

  
Director

## PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2017

	Note	2017	2016
(Rupees in thousand)			
Sales - net	27	30,013,921	16,913,832
Cost of sales	28	22,916,592	13,577,972
<b>Gross profit</b>		<b>7,097,329</b>	<b>3,335,860</b>
Distribution and marketing expenses	29	536,522	350,155
Administrative expenses	30	471,550	425,327
Other operating expenses	31	454,934	196,521
		1,463,006	972,003
Other income	32	610,091	272,249
<b>Operating profit</b>		<b>6,244,414</b>	<b>2,636,106</b>
Finance costs	33	2,181	15,300
<b>Profit before taxation</b>		<b>6,242,233</b>	<b>2,620,806</b>
Taxation	34	1,984,700	870,508
<b>Profit for the year</b>		<b>4,257,533</b>	<b>1,750,298</b>
Earnings per share - basic and diluted (Rupees)	38	96.12	39.52

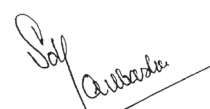
The annexed notes from 1 to 48 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director



# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

	2017	2016
	(Rupees in thousand)	
Profit for the year	4,257,533	1,750,298
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealized gain on revaluation of available for sale investments	87,232	26,170
Items not to be reclassified to profit or loss in subsequent periods:		
Remeasurement gain / (loss) on defined benefit plan	142,343	(242,255)
Total other comprehensive income / (losses) net of tax	229,575	(216,085)
Total comprehensive income for the year	4,487,108	1,534,213

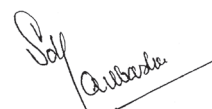
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Chief Financial Officer



Chief Executive Officer



Director

## CASH FLOW STATEMENT

for the year ended 30 June 2017

	Note	2017	2016
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	39	11,203,535	4,884,145
Interest and mark-up paid		(2,491)	(16,790)
(Increase) / decrease in long term loans to employees - net		(1,092)	428
Workers' Profit Participation Fund paid		(320,507)	(152,539)
Workers' Welfare Fund paid		(90,245)	(125,856)
Taxes paid		(2,866,871)	(1,109,412)
Retirement benefits paid - net		(22,191)	(12,108)
Long term security deposits received		10	910
		(3,303,387)	(1,415,367)
<b>Net cash flows from operating activities</b>		<b>7,900,148</b>	<b>3,468,778</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(139,210)	(69,065)
Purchase of intangible assets		-	(2,381)
Proceeds from disposal of property, plant and equipment		17,615	18,716
Short term investments made - net		(5,679,475)	(68,383)
Profit on bank deposits received		36,821	14,009
Dividend received		281,065	149,560
<b>Net cash flows (used in) / generated from investing activities</b>		<b>(5,483,184)</b>	<b>42,456</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(2,918,213)	(2,031,152)
<b>Net cash flows used in financing activities</b>		<b>(2,918,213)</b>	<b>(2,031,152)</b>
Net (decrease) / increase in cash and cash equivalents		(501,249)	1,480,082
Cash and cash equivalents at the beginning of the year		2,562,252	1,082,170
<b>Cash and cash equivalents at the end of the year</b>	26	<b>2,061,003</b>	<b>2,562,252</b>

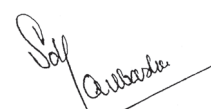
The annexed notes from 1 to 48 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Share capital	Revenue reserves		Available for sale reserve	Total
		General reserves	Unappropriated profit		
.....(Rupees in thousand).....					
<b>Balance as on 01 July 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
Final dividend for the year ended					
30 June 2016 @ Rs. 30 per share	-	(706,584)	(622,192)	-	(1,328,776)
Interim dividend for the year ended					
30 June 2017 @ Rs. 35 per share	-	-	(1,550,239)	-	(1,550,239)
Total comprehensive income for the					
year ended 30 June 2017	-	-	4,399,876	87,232	4,487,108
<b>Balance as on 30 June 2017</b>	442,926	2,278,935	2,849,637	178,355	5,749,853

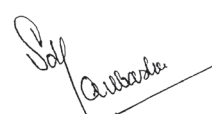
The annexed notes from 1 to 48 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director



# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2017

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Millat Tractors Limited (the Company) is a public limited Company incorporated in Pakistan in 1964 under the Companies Act 1913 (now the repealed Companies Ordinance, 1984), and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Sheikhpura Road, District Sheikhpura. 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 investments in the subsidiary companies namely Millat Equipment Limited (MEL), Bolan Castings Limited (BCL), Millat Industrial Products Limited (MIPL) and Tipeg Intertrade DMCC have been accounted for at cost less accumulated impairment losses, if any.

### 2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated 20 July 2017 communicated that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Hence, 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 4.2.1 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, residual values and method of depreciation of property, plant and equipment**

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

**3.2.4 Provision for inventories**

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 and presentation 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 to these financial statements 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 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 – Joint Arrangements-Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets

Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

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

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 – Financial Instruments: Disclosures - Servicing contracts

IFRS 7 – Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 – Employee Benefits - Discount rate: regional market issue

IAS 34 – Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report

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

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

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

**4.2.1 Defined benefit plan****4.2.1.1 Pension**

The Company operates a funded defined benefit pension scheme for all its eligible employees. Contributions under the scheme are made to this fund on the basis of actuarial recommendation at 17% (2016: 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, 2017.

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:

	2017	2016
Expected rate of increase in salary level	6.8%	6.3%
Expected rate of return	7.3%	9.8%
Discount rate	7.8%	7.3%
Average expected remaining working life of employees	10 years	10 years

#### 4.2.2 Defined contribution plans

##### 4.2.2.1 Gratuity

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

##### 4.2.2.2 Provident fund

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

#### 4.2.3 Accumulating compensated absences

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

#### 4.3 Taxation Current

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

#### Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the 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.

#### 4.4 Property, plant and equipment

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

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



Depreciation on all items of property, plant and equipment except for leasehold office building is charged to profit and loss account applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation on leasehold office building is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the asset. Depreciation is being charged at the rates given in note 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.

#### 4.5 Capital work-in-progress

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

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

#### 4.6 Intangible assets

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

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

The Company assesses at each 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.

#### 4.7 Investment property

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

The Company assesses at each 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.

#### 4.8 Investments and other financial assets

##### 4.8.1 Subsidiary and associated undertakings

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

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but 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.

##### 4.8.2 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.

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

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

##### 4.8.2.2 Held-to-maturity 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.

##### 4.8.2.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method.

Gains and losses are recognized in profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortization process.

#### 4.8.2.4 Available-for-sale 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, spare parts and loose tools

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

Provision for obsolete and slow-moving stores, spare parts and loose tools is based on management estimate.

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 are stated at cost and comprise of cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values.

**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.

Dividend is recognized as income when the right to receive dividend is established.

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

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

**4.15 Research cost**

These costs are charged to profit 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 these are approved.

**4.23 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 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
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
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
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019

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 standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

Standard	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
IFRS 17 Insurance Contracts	01 January 2021

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
(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		
41,750	41,750	fully paid bonus shares	417,497	417,497
44,293	44,293		442,926	442,926

6. LONG TERM DEPOSITS

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

	2017	2016
	(Rupees in thousand)	

7. DEFERRED TAX LIABILITIES - NET

The liability for deferred tax comprises temporary differences relating to:

Taxable temporary differences:

Accelerated tax depreciation	56,345	43,182
Change in fair value of short term investments	2,251	129
	58,596	43,311

Deductible temporary differences:

Accumulating compensated absences	(28,486)	(29,847)
Provision for doubtful receivables	(10,990)	(11,356)
	(39,476)	(41,203)
Net deferred tax liability at the year end	19,120	2,108

Reconciliation of deferred tax liabilities - net

	Deferred tax liability		Deferred tax asset		Net liability
	Accelerated tax depreciation	Change in fair value of short term investments	Accumulating compensated absences	Provision for doubtful receivables	
----- (Rupees in thousand) -----					
Balance as at 01 July 2015	50,835	-	(28,900)	(11,721)	10,214
Tax income / (expense) during the year recognised in profit and loss	(7,653)	129	(947)	365	(8,106)
Balance as at 30 June 2016	43,182	129	(29,847)	(11,356)	2,108
Tax income / (expense) during the year recognised in profit and loss	13,163	2,122	1,361	366	17,012
<b>Balance as at 30 June 2017</b>	<b>56,345</b>	<b>2,251</b>	<b>(28,486)</b>	<b>(10,990)</b>	<b>19,120</b>



	Note	2017 (Rupees in thousand)	2016
<b>8. EMPLOYEES' DEFINED BENEFIT PLAN</b>			
<b>8.1</b>			
Present value of defined benefit obligation	(8.3)	1,105,684	1,137,355
Fair value of plan assets	(8.4)	(1,145,645)	(1,048,797)
(Asset) / Liability recognized in the balance sheet		(39,962)	88,558
<b>8.2 For the year</b>			
Salaries, wages and amenities include the following in respect of employees' pension scheme:			
Current service cost		19,443	15,960
Interest cost		80,332	82,529
Expected return on plan assets		(74,334)	(97,086)
		25,441	1,403
<b>8.3 The movement in present value of defined benefit obligation is as follows:</b>			
Present value of defined benefit obligation as at 01 July		1,137,355	871,824
Current service cost		19,443	15,960
Interest cost		80,332	82,529
Benefits due but not paid		(34)	-
Benefits paid		(58,608)	(50,750)
Actuarial (gain) / loss		(72,804)	217,792
Present value of defined benefit obligation as at 30 June		1,105,684	1,137,355
<b>8.4 The movement in fair value of plan assets is as follows:</b>			
Fair value of plan assets as at 01 July		1,048,797	1,015,336
Expected return on assets		74,334	97,086
Contributions		11,618	11,587
Benefits paid		(58,608)	(50,750)
Benefits due but not paid		(34)	-
Return on plan assets		69,538	(24,462)
Fair value of plan assets as at 30 June		1,145,645	1,048,797
Actual return on plan assets		143,872	72,624

	2017	2016
	(Rupees in thousand)	
<b>8.5 Plan assets comprises of :</b>		
Term deposit receipts :		
United Bank Limited	320,000	470,000
National Bank of Pakistan	-	60,000
Bonds and mutual funds :		
MCB DCF income fund	185,106	162,776
NAFA Capital proceeds	308,706	245,128
Alflah GHP islamic stock fund	104,559	80,862
Accrued interest and bank balance:		
Accrued interest	-	25,997
Bank balances	225,531	3,269
Advance income tax	1,743	765
	<b>1,145,645</b>	<b>1,048,797</b>

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:

	2017	2016	2015	2014	2013
<b>As at 30 June</b>	----- (Rupees in thousand) -----				
Present value of defined benefit obligation	1,105,684	1,137,355	871,824	635,895	634,660
Fair value of plan assets	1,145,645	1,048,797	1,015,336	929,695	874,065
(Deficit) / Surplus	39,961	(88,558)	143,512	293,800	239,405
Experience adjustment on obligation	(72,804)	217,792	187,304	(39,678)	(65,577)
Experience adjustment on plan assets	69,538	(24,462)	945	8,064	(8,477)

#### Sensitivity analysis

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase and disclosed in note 4.3.1.1. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2017	2016
	(Rupees in thousand)	
Discount rate + 100 bps	1,024	1,033
Discount rate - 100 bps	1,239	1,261
Salary increase + 100 bps	1,117	1,159
Salary increase - 100 bps	1,082	1,117

	Note	2017 (Rupees in thousand)	2016
<b>9. TRADE AND OTHER PAYABLES</b>			
Trade creditors	(9.1)	1,023,184	932,021
Accrued liabilities		178,484	170,764
Advances from customers	(9.2)	9,386,045	3,646,077
Unclaimed dividends		242,693	281,891
Bills payable		163,559	22,955
Security deposits	(9.3)	4,765	4,700
Trademark fee payable		64,738	125,948
Workers' Welfare Fund		72,527	48,822
Worker's Profit Participation Fund	(9.4)	19,656	5,627
Others	(9.5)	99,518	71,994
		<b>11,255,169</b>	<b>5,310,799</b>

9.1 These include balances due to related parties amounting Rs. 101,215 thousand (2016: Rs.176,511 thousand).

9.2 These represent advances from customers against sale of tractors and carry no mark-up. Further, as referred in note 26 to these financial statements, these also include an amount of Rs. 22,991 thousand (2016: Rs.1,959,865 thousand) 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	2017 (Rupees in thousand)	2016
<b>9.4 Workers' Profit Participation Fund</b>			
Opening balance		5,627	17,659
Payments made during the year		(320,507)	(152,539)
		(314,880)	(134,880)
Allocation for the year	(31)	334,536	140,507
Closing balance		<b>19,656</b>	<b>5,627</b>

9.5 These include deposits by employees under car and motorcycle scheme amounting to Rs. 27,050 thousand (2016: Rs. 25,221 thousand) and carry no markup.

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

10.1 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 2017 was Rs. Nil (2016: Rs. Nil).

10.2 Short term borrowings have been availed from various banks against aggregate sanctioned limit of Rs. 4,000,000 thousand (2016: Rs. 4,000,000 thousand). The rates of mark up range from KIBOR plus 0.1% to KIBOR plus 0.5% (2016: KIBOR plus 0.1% to KIBOR plus 0.4%) per annum.



10.3 The Company has facilities for opening of letters of credit and guarantees aggregating to Rs. 3,726,685 thousand (2016: Rs. 3,450,000 thousand) out of which Rs. 3,050,241 thousand (2016: Rs. 2,694,529 thousand) remained unutilized at the end of the year.

10.4 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 provided guarantee amounting to Rs. 5,000 thousand (2016: Rs. 5,000 thousand) to bank for repayment of loan by employees. An amount of Rs. 697 thousand (2016: Rs. 1,900 thousand) was utilized by employees as at 30 June 2017.

11.1.2 Guarantees issued by the banks on behalf of the Company in the normal course of business amount to Rs. 405,533 thousand (2016: Rs.484,561 thousand).

11.1.3 Income tax returns for the years from 2003 to 2016 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. 640,543 thousand (2016: Rs. 697,000 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 made in these financial statements accordingly.

11.1.4 The Deputy Commission 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 filed an appeal in the Honorable 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 Honorable 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 Honorable High Court Lahore. The management and the legal advisor are confident of favorable outcome of the case, hence no provision in this regard has been made in these financial statements. The case is pending in the Honorable High Court, Lahore.
- 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 Honorable 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 Honorable High Court, Lahore against further recovery action of Authorities. The management and legal advisor are confident that the outcome of the case would be decided in their 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. 1,375,790 thousand (2016: Rs. 270,910 thousand) at the balance sheet date.

12. OPERATING FIXED ASSETS

	Land		Buildings		Owned					Total
	Freehold	Leasehold	On freehold land	On leasehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	
----- (Rupees in thousand) -----										
<b>Net book value</b>										
<b>Year ended 30 June 2017</b>										
Opening net book value	58,307	8	25,805	-	160,155	28,985	139,644	18,695	16,531	448,130
Additions (at cost)	-	-	211,456	-	8,579	54,276	74,685	3,679	4,695	357,370
Disposals / write offs	-	-	-	-	-	-	(16,186)	(239)	(164)	(16,589)
Depreciation charge	-	-	(3,151)	-	(16,459)	(4,338)	(37,912)	(3,069)	(6,109)	(71,038)
Closing net book value	58,307	8	234,110	-	152,275	78,923	160,231	19,066	14,953	717,873
<b>Gross book value</b>										
<b>As at 30 June 2017</b>										
Cost	58,307	8	387,593	2,900	478,507	120,676	301,567	79,237	48,588	1,477,383
Accumulated depreciation	-	-	(153,483)	(2,900)	(326,232)	(41,753)	(141,336)	(60,171)	(33,635)	(759,510)
Net book value	58,307	8	234,110	-	152,275	78,923	160,231	19,066	14,953	717,873
Depreciation rate % per annum	-	-	5-10	5	10	10-20	20	10-15	33	
<b>Net book 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	-	-	(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 book 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
Depreciation rate % per annum	-	-	5-10	5	10	10-20	20	10-15	33	



	Note	2017 (Rupees in thousand)	2016
<b>12.1 The depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	(28)	33,706	32,502
Distribution and marketing expenses	(29)	6,831	6,546
Administrative expenses	(30)	30,501	27,614
		<b>71,038</b>	<b>66,662</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>					
	Sikandar Mustafa Khan	8,500	6,250	2,250	2,250	As approved by the Board
	Sohail Bashir	6,500	4,784	1,716	1,716	As approved by the Board
	<b>Employees:</b>					
	Farogh Iqbal	2,025	812	1,213	1,213	Company car scheme
	Farogh Iqbal	1,771	518	1,253	1,253	Company car scheme
	Akbar Hassan Dar	1,555	957	598	598	Company car scheme
	Akbar Sheikh	1,533	1,043	490	490	Company car scheme
	Muhammad Akbar	1,527	76	1,451	1,451	Company car scheme
	Irfan Aqueel	1,334	832	502	502	Company car scheme
	Muhammad Akram	1,301	959	342	342	Company car scheme
	Muhammad Akbar	1,300	958	342	342	Company car scheme
	Azhar Noor	1,300	958	342	342	Company car scheme
	Ghulam Dawood	985	546	439	439	Company car scheme
	Iqbal Ahmad	862	215	647	647	Company car scheme
	Majeed Ahmed	862	154	708	708	Company car scheme
	Zia ur Rehman	862	295	567	567	Company car scheme
	Ammar Shahid	862	391	471	471	Company car scheme
	Muhammad Usman	862	524	338	338	Company car scheme
	Waleed Ahmed	701	515	186	186	Company car scheme
	Amir Noor	700	514	186	186	Company car scheme
	Syed Shumail Afghan	697	512	185	185	Company car scheme
	Muhammad Afzal	697	512	185	185	Company car scheme
	Hafizullah	671	493	178	178	Company car scheme
	Ali Abbas Kamran	671	494	177	177	Company car scheme
	Aftab Khurshid	671	494	177	177	Company car scheme
	Imran Ayub	671	494	177	177	Company car scheme
	Irfan Bashir	671	494	177	177	Company motorcycle scheme
	Sikandar Khan Afridi	85	42	42	42	Company motorcycle scheme
	Muhammad Abbas	77	51	26	26	Company motorcycle scheme
	Waqas Khurram	77	51	26	26	Company motorcycle scheme

Vehicles	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
----- (Rupees in thousand) -----						
	Moazzam Moain	77	51	26	26	Company motorcycle scheme
	Muhammad Tayyab	76	51	25	25	Company motorcycle scheme
	Ramzan Butt	76	51	25	25	Company motorcycle scheme
	Abdul Ghafoor	76	51	25	25	Company motorcycle scheme
	Muhammad Aslam	76	51	25	25	Company motorcycle scheme
	Mazhar Ali	76	51	25	25	Company motorcycle scheme
	Shahzad Hussain	76	51	25	25	Company motorcycle scheme
	Rao Nadeem Anjum	76	51	25	25	Company motorcycle scheme
	Amir Nazir	75	50	25	25	Company motorcycle scheme
	Zeeshan Habib	70	25	45	45	Company motorcycle scheme
	Usman Riaz Butt	69	32	37	37	Company motorcycle scheme
	Malik Shaukat Ali	67	45	22	22	Company motorcycle scheme
	M. Asmat Ullah	67	45	22	22	Company motorcycle scheme
	Muhammad Aslam	67	45	22	22	Company motorcycle scheme
	Tariq Mahmood	67	43	24	24	Company motorcycle scheme
	Sohail Akhtar	67	45	22	22	Company motorcycle scheme
	Muhammad Ayub	67	45	22	22	Company motorcycle scheme
	M Siddique	67	45	22	22	Company motorcycle scheme
	Muhammad Imran	67	45	22	22	Company motorcycle scheme
	Muhammad Saleem	67	45	22	22	Company motorcycle scheme
	Zafar Ali Sheikh	67	45	22	22	Company motorcycle scheme
	Yasin Bhatti	67	45	22	22	Company motorcycle scheme
	Farrukh Siddiqui	67	45	22	22	Company motorcycle scheme
	Javed Arshad	67	45	22	22	Company motorcycle scheme
	Ammar Shahid	66	21	45	45	Company motorcycle scheme
	Umer Arshad	64	16	48	48	Company motorcycle scheme
<b>Outsiders:</b>						
	Khurram Ayub	864	846	18	355	Auction
	Ashraf Ali Khan	108	101	7	29	Auction
	Millat Industrial Products Limited	666	523	143	145	Auction
	Millat Industrial Products Limited	851	755	96	520	Auction
	Millat Industrial Products Limited	666	579	87	329	Auction
<b>Laptops Directors:</b>						
	Sikandar Mustafa Khan	123	94	29	29	As approved by the Board
<b>Employees:</b>						
	Farogh Iqbal	79	56	23	23	Company laptop scheme
	Muhammad Akram	79	56	23	23	Company laptop scheme
	Azhar Noor	79	56	23	23	Company laptop scheme
	Mansoor Abbasi	125	81	44	44	Company laptop scheme
	Ehsan ul Haq	79	56	23	23	Company laptop scheme

	Note	2017 (Rupees in thousand)	2016
<b>13. CAPITAL WORK IN PROGRESS</b>			
Plant and machinery		1,282	116
Advance for office building		-	220,125
Advance for vehicles		5,692	4,893
		6,974	225,134
<b>13.1</b> Movement in capital work in progress is as follows:			
Opening balance		225,133	209,661
Additions during the year		78,480	102,677
Capitalized / disposed off during the year	(13.2)	296,639	87,205
		6,974	225,133
<b>13.2</b> Office floors at Tricon Corporate Centre Lahore has been capitalized during the year.			
<b>14. INTANGIBLE ASSET</b>			
<b>Net carrying value basis</b>			
Opening net book value		3,295	3,867
Additions		-	2,381
Amortization charge	(30)	(2,398)	(2,953)
		897	3,295
<b>Gross carrying value basis:</b>			
Cost		44,981	42,600
Additions		-	2,381
Accumulated amortization		(44,084)	(41,686)
		897	3,295
<b>Rate of amortization</b>		33%	33%
<b>15. INVESTMENT PROPERTY</b>			
Land		258,444	258,444
Provision for impairment		(2,736)	(2,736)
		255,708	255,708

**15.1** This represents residential plots stated at cost. As at 30 June 2017 and 30 June 2016, the fair values of these properties were Rs. 288,600 thousand and Rs. 277,500 thousand respectively. These valuation were performed by an independent valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that considers sales of similar properties that have been transacted in open market.

**15.2** 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.

**15.3** 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	2017		2016	
	Equity % held	Investment at cost	Equity % held	Investment at cost
	------(Rupees in thousand)-----			
<b>Investment in related parties</b>				
<b>In subsidiary undertaking</b>				
<b>Unquoted</b>				
<b>Millat Industrial Products Limited</b>				
5,737,500 (2016: 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 disclosed in the audited financial statements for the year ended 30 June 2017 was Rs. 367,019 thousand (2016: Rs. 317,648 thousand).				
<b>Tipeg Intertrade DMCC</b>				
1,500 (2016: 1,500) fully paid ordinary shares of AED 1,000/- each	75.00	42,795	75.00	42,675
Value of investment based on net assets as disclosed in the reviewed financial statements for the period ended 30 Dec 2016 was Rs. 104,650 thousand (2016: Rs. 75,688 thousand).				
<b>Millat Equipment Limited</b>				
11,699,993 (2016: 11,699,993) fully paid ordinary shares of Rs. 10/- each	45.00	117,000	45.00	117,000
Value of investment based on net assets as disclosed in the audited financial statements for the year ended 30 June 2017 was Rs. 556,960 thousand (2016: Rs. 486,662 thousand).				
<b>Quoted</b>				
<b>Bolan Castings Limited</b>				
5,306,979 (2016: 5,306,979) fully paid ordinary shares of Rs. 10/- each as at 30 June 2017 was Rs. 800,171 thousand (2016: Rs. 216,206 thousand).	46.26	76,610	46.26	76,610
<b>Arabian Sea Country Club Limited</b>				
500,000 (2016: 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 as disclosed in the audited financial statements for the year ended 30 June 2010 was 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>				
1,282,825 (2016: 1,282,825) fully paid ordinary shares of Rs. 10/- each		12,145		12,145
Surplus on revaluation of investment		178,354		91,123
Market value as at 30 June		190,499		103,268
		484,279		396,928

17. LONG TERM LOANS - considered good	Note	2017 (Rupees in thousand)	2016
Loan to employees:			
company loan	(17.1)	4,560	1,644
motor cycle loan	(17.2)	1,239	1,339
		5,799	2,983
Less: current portion included in current assets	(21)	(3,224)	(1,500)
		2,575	1,483

17.1 These represent interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly installments over a period of two years for executive and three years for workers.

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 installments over a period of five years.

17.3 Reconciliation of carrying amount of loans to executives:

	Balance as at 01 July 2016	Disbursement during the year	Repayments during the year	Balance as at 30 June 2017
	----- (Rupees in thousand)-----			
Due from executives	146	4,050	775	3,421

17.4 The above loans were provided for personal use of the executives.

## 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	2017 (Rupees in thousand)	2016
Raw material	(19.1) & (19.2)	3,129,457	1,818,476
Work-in-process		16,141	10,432
Finished goods :			
Manufacturing		363,676	606,228
Trading		137,307	110,348
		500,983	716,576
		3,646,581	2,545,484

19.1 This includes stock in transit amounting to Rs. 396,588 thousand (2016: Rs. 61,873 thousand).

19.2 This includes raw materials and components held with third parties amounting to Rs. 110,017 thousand (2016: Rs. 59,663 thousand).

20. TRADE DEBTS		Note	2017 (Rupees in thousand)	2016
20.1	Considered good	(20.2)	194,311	286,194
20.2	These are unsecured but considered good by the management.			
20.3	Trade debts include balances due from the following related parties			
	Millat Equipment Limited		1,821	1,246
	Bolan Castings Limited		348	1,455
	Tipeg Intertrade DMCC		5,192	25,217
		(20.3.1)	7,361	27,918

20.3.1 Aging of due from related parties:	2017		2016		
	Neither past due not impaired	Past due 1-6 months but not impaired	Neither past due not impaired	Past due 1-6 months but not impaired	
-----Rupees in thousand-----					
	Millat Equipment Limited	-	1,821	-	1,246
	Bolan Castings Limited	-	348	-	1,455
	Tipeg Intertrade DMCC	-	5,192	-	25,217
		-	7,361	-	27,918

21. LOANS AND ADVANCES

	Current portion of long term loans to employees	(17)	3,224	1,500
	Advances to employees - considered good	(21.1) & (21.2)	1,479	2,052
	Advances to suppliers - considered good		45,515	46,890
			50,218	50,442
	Advances to suppliers - considered doubtful		2,485	2,485
	Less: provision for doubtful advances		(2,485)	(2,485)
			-	-
	Letter of credit opening charges		4,270	21,629
			54,488	72,071

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. 291 thousand (2016: Rs.173 thousand) and Directors Rs. 344 thousand (2016: Rs. 670 thousand) in respect of travel advance.

22. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

These includes interest free security deposits amounting to Rs. 17,861 thousands (2016: Rs.19,733 thousands) made for tender placement.

23. BALANCES WITH STATUTORY AUTHORITIES		Note	2017 (Rupees in thousand)	2016
	Special excise duty payable		(1,305)	(776)
	Sales tax recoverable		2,562,040	1,219,066
	Less: provision for doubtful claims		(34,147)	(34,147)
			2,527,893	1,184,919
			2,526,588	1,184,143



24. OTHER RECEIVABLES	Note	2017 (Rupees in thousand)	2016
Claims receivable from foreign suppliers		91,149	103,319
Interest accrued		6,097	1,437
		97,246	104,756
<b>25. SHORT TERM INVESTMENTS</b>			
Mutual Funds designated at fair value through profit and loss:	(25.1)	5,718,196	800,317
Investment in Term Deposit Receipt (TDR)	(25.2)	1,000,000	-
		6,718,196	800,317

25.1 This represents investment in mutual funds as follows:

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

30 June 2016			
Mutual Funds	Number of units	Fair value per unit	Total
	(Number in thousand)	(Rupees)	(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

25.2 This carries mark-up at the rate of 6.05% per annum with maturity of one month.

26. CASH AND BANK BALANCES	Note	2017 (Rupees in thousand)	2016
<b>In hand:</b>			
cash		615	5,265
cheques in hand	(9.2)	22,991	2,025,882
		23,606	2,031,147
<b>At banks:</b>			
current accounts		695,699	403,435
deposit accounts	(26.1)	1,341,698	127,670
		2,037,397	531,105
		2,061,003	2,562,252

26.1 These carry mark-up at the rate ranging from 4.75% to 5.45% (2016: 4.5% to 5.5%) per annum.

27. SALES - net

<b>Local:</b>			
Tractors		30,971,176	17,576,346
Implements		166,966	112,158
Multi-application products		209,130	361,075
Trading goods		410,362	334,293
		31,757,634	18,383,872
<b>Less:</b>			
Trade discount		(24,948)	(22,677)
Sales tax and special excise duty		(1,872,412)	(1,612,366)
		(1,897,360)	(1,635,043)
		29,860,274	16,748,829
<b>Export:</b>			
Tractors		502,912	351,172
Trading goods		32,691	54,066
Multi-application products		-	569
		535,603	405,807
		30,395,877	17,154,636
Less: commission		(381,956)	(240,804)
		30,013,921	16,913,832

28. COST OF SALES	Note	2017 (Rupees in thousand)	2016
Components consumed		21,397,748	12,856,084
Salaries, wages and amenities	(28.1)	340,641	316,430
Contract services		278,562	216,595
Fuel and power		83,032	73,474
Communication		213	273
Travelling and vehicle running		6,967	10,045
Printing and stationery		3,199	3,312
Insurance		13,682	13,876
Repairs and maintenance		83,601	76,010
Stores and spares consumed		91,720	84,541
Depreciation	(12.1)	33,706	32,502
Other expenses		29,817	11,296
		22,362,888	13,694,438
Add: opening work-in-process		10,432	18,222
Less: closing work-in-process		(16,141)	(10,432)
Increase in work-in-process		(5,709)	7,790
Cost of goods manufactured		22,357,179	13,702,228
Add: opening finished goods		606,228	206,667
Less: closing finished goods		(363,676)	(606,228)
Increase in finished goods stock		242,552	(399,561)
Cost of sales - manufactured		22,599,731	13,302,667
Cost of sales - trading	(28.2)	316,861	275,305
		22,916,592	13,577,972
<b>28.1</b> It includes the following staff retirement benefits:			
Defined benefit plan - pension		11,764	2,772
Defined contribution plan - gratuity		5,517	5,818
Defined contribution plan - provident fund		6,305	6,561
Provision for compensated absences		1,170	2,342
		24,756	17,493
<b>28.2</b> Cost of sales - trading			
Opening stock		110,348	114,586
Purchases		343,820	271,067
		454,168	385,653
Closing stock		(137,307)	(110,348)
		316,861	275,305



		2017	2016
		(Rupees in thousand)	
<b>29.</b>	<b>DISTRIBUTION AND MARKETING EXPENSES</b>		
	Salaries and amenities	(29.1) 122,569	101,633
	Contract services	32,502	30,196
	Fuel and power	7,214	6,891
	Communication	433	431
	Travelling and vehicle running	15,223	13,723
	Printing and stationery	4,637	4,338
	Insurance	6,589	6,654
	Trademark fee	235,734	105,277
	Advertisement and sales promotion	20,734	20,661
	Depreciation	(12.1) 6,831	6,546
	Meeting / convention	9,042	36
	After sales support	56,105	22,828
	Research cost	-	736
	Other expenses	18,909	30,205
		536,522	350,155
<b>29.1</b>	It includes the following staff retirement benefits:		
	Defined benefit plan - pension	6,449	579
	Defined contribution plan - gratuity	2,967	3,004
	Defined contribution plan - provident fund	3,506	3,284
	Provision for compensated absences	420	843
		13,342	7,710
<b>30.</b>	<b>ADMINISTRATIVE EXPENSES</b>		
	Salaries and amenities	(30.1) 240,241	204,776
	Contract services	38,221	32,246
	Fuel and power	10,339	11,462
	Communication	4,632	4,410
	Travelling and vehicle running	26,841	25,086
	Insurance	5,522	5,709
	Repairs and maintenance	14,014	7,829
	Security	15,335	12,996
	Legal and professional	(30.2) 6,606	14,989
	Depreciation	(12.1) 30,501	27,614
	Amortization of intangible asset	(14) 2,398	2,953
	Rent, rates and taxes	8,853	10,081
	Fee and subscription	2,971	3,546
	Entertainment	5,571	6,068
	Property, plant and equipment written off	-	5,804
	Other expenses	59,505	49,758
		471,550	425,327
<b>30.1</b>	It includes the following staff retirement benefits:		
	Defined benefit plan - pension	7,340	(1,428)
	Defined contribution plan - gratuity	2,090	2,593
	Defined contribution plan - provident fund	5,886	5,472
	Provision for compensated absences	1,410	2,786
		16,726	9,423

			2017	2016
			(Rupees in thousand)	
<b>30.2</b>	Legal and professional expenses include following in	Note		
	respect of auditors' services:			
	Statutory audit		1,470	1,400
	Half year review		160	160
	Special reports and sundry certifications		230	230
	Out of pocket expenses		100	100
			1,960	1,890
<b>31.</b>	<b>OTHER OPERATING EXPENSES</b>			
	Workers' Profit Participation Fund	(9.4)	334,536	140,507
	Workers' Welfare Fund		113,950	48,821
	Donations	(31.1)	6,235	4,225
	Exchange loss		213	2,968
			454,934	196,521
<b>31.1</b>	Donation includes 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 1,000
<b>32.</b>	<b>OTHER INCOME</b>			
	<b>Income from financial assets</b>			
	Dividend income from Baluchistan Wheels Limited		6,414	3,847
	Return on commercial bank deposits		41,481	11,531
	Gain on sale of short term investments	(32.1)	230,902	31,315
	Change in fair value of short term investments	(32.2)	7,502	416
	Gain on translation of foreign investment		120	1,215
	Interest received on early payments and advances		30,307	49,339
			316,726	97,663
	<b>Income from investment in subsidiary</b>			
	Dividend income from Millat Equipment Limited		210,600	93,600
	Dividend income from Millat Industrial Products Limited		45,900	28,687
	Dividend income from Bolan Castings Limited		5,307	10,614
	Dividend income from Tipeg Intertrade DMCC		12,844	12,812
			274,651	145,713
	<b>Income from assets other than financial assets</b>			
	Rental income		5,101	5,343
	Scrap sales		5,735	16,758
	Gain on disposal of property, plant and equipment		1,026	-
	Sundry additions to income	(32.3)	4,710	5,164
	Multiapp products service income		2,082	1,385
	Lab income		60	223
			18,714	28,873
			610,091	272,249

	Note	2017 (Rupees in thousand)	2016
<b>32.1 Realized gain on sale of short term investment:</b>			
ABL Cash Fund		33,258	7,503
ABL Government Securities Fund		228	-
ABL Income Fund		15,428	883
ABL Islamic Income Fund		6,013	-
Meezan Cash Fund		1,685	-
Meezan Islamic Fund		20	-
UBL Liquidity Income Plus Fund		11,814	-
UBL Money Market Fund		88	-
Askari Sovereign Cash Fund		-	2,528
Al-Falah GHP Sovereign Fund		84	-
Al-Falah GHP Money Market Fund		4,502	-
Lackson Money Market Fund		15,667	-
HBL Money Market Fund		19,569	3,957
NAFA Government Securities Liquid Fund		32,647	6,993
NAFA Money Market Fund		140	-
Atlas Money Market Fund		17,781	1,992
Atlas Sovereign Fund		97	-
Atlas Income Fund		9,548	50
MCB DCF Fund		26,391	581
MCB Cash Management Optimizer Fund		35,942	6,828
		<b>230,902</b>	<b>31,315</b>
<b>32.2 Unrealized gain / (loss):</b>			
ABL Cash Fund		756	383
ABL Income Fund		499	-
ABL Islamic Income Fund		821	-
UBL Liquidity Income Plus Fund		368	-
Lackson Money Market Fund		712	-
HBL Money Market Fund		830	-
NAFA Government Securities Liquid Fund		661	-
Atlas Money Market		697	-
Atlas Income Fund		565	-
MCB DCF Fund		239	-
MCB Cash Management Optimizer Fund		1,354	33
		<b>7,502</b>	<b>416</b>
<b>32.3</b> This includes income received as tender money in case of auctions and late delivery charges from suppliers.			
<b>33. FINANCE COSTS</b>			
Mark-up on short term borrowings - secured		210	10,725
Bank charges and commission		1,971	4,575
		<b>2,181</b>	<b>15,300</b>
<b>34. TAXATION</b>			
For the year:			
current		1,968,874	870,308
deferred		17,012	(8,106)
		<b>1,985,886</b>	<b>862,202</b>
Prior years:			
current		(1,186)	8,306
	(34.1)	<b>1,984,700</b>	<b>870,508</b>
<b>34.1 Numerical reconciliation between average effective tax rate and the applicable tax rate.</b>		<b>2017</b>	<b>2016</b>
		<b>%</b>	<b>%</b>
Applicable tax rate		31.00	32.00
- Effect of change in prior year		(0.02)	0.31
- Income chargeable to tax at different rates		2.54	2.72
- Effect on opening deferred taxes on reduction of rate		(0.01)	(0.01)
- Others		(1.72)	(1.80)
		<b>0.79</b>	<b>1.22</b>
Average effective tax rate		<b>31.79</b>	<b>33.22</b>

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

The Board of Directors of the Company in its meeting held on 12 September 2017 has proposed a final cash dividend of Rs. 60 per share (2016: Rs. 30 per share) in respect of the year ended 30 June 2017. 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 remuneration recognized in these financial statements including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Directors				Executives	
	2017	2016	2017		2016		2017	2016
			Non Executive Directors		Executive Directors			
Number of persons	1	1	4	1	4	1	86	79
Remuneration	9,066	8,491	18,957	3,377	23,378	3,199	86,088	79,406
Cost of living allowance	-	-	18,957	3,377	23,378	3,199	35,844	40,014
Bonus	5,052	3,410	13,392	1,963	6,906	1,144	49,555	23,875
House rent	4,079	3,821	8,531	1,520	10,520	1,440	32,945	29,225
Contribution to provident fund and gratuity funds	908	851	-	338	-	320	14,776	15,142
Pension contribution	-	-	-	-	-	-	6,093	6,802
Medical expenses	180	149	3,092	223	1,677	90	7,124	7,578
Utilities	293	331	1,701	487	1,714	279	9,024	8,286
Other reimbursable expenses	1,719	1,643	5,417	1,057	5,652	1,129	13,962	13,224
	21,297	18,696	70,047	12,342	73,225	10,800	255,411	223,552

The Company has also provided 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 (2016: two directors) was Rs. 588 thousand (2016: Rs. 410 thousand) and travelling expenses Rs. 656 thousand (2016: Rs. 773 thousand).



### 37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary 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 12.2. 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	2017 (Rupees in thousand)	2016
Subsidiaries	Sale of goods	409,964	109,966
	Purchase of components	5,543,101	3,260,500
	Dividend income	274,651	145,713
Retirement benefit plan	Contribution to staff retirement benefit plans	11,618	11,587
Defined contribution plans	Contribution to defined contribution plan	10,574	11,415
Provident Fund	Amount Contributed	15,697	15,317

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:

	2017 (Rupees in thousand)	2016
Profit for the year after tax	4,257,533	1,750,298
Weighted average number of ordinary shares outstanding during the year	44,293	44,293
	(Number of shares in thousands)	
Earnings per share	96.12	39.52
	-----Rupees-----	

#### 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	2017 (Rupees in thousand)	2016
Profit before taxation		6,242,233	2,620,806
Adjustment for:			
Depreciation on property, plant and equipment		71,038	66,662
Amortization of intangible assets		2,398	2,953
Provision for accumulating compensated absences		(1,330)	5,971
Profit on bank deposits		(41,481)	(11,531)
Dividend income		(281,065)	(149,560)
Provision for pension obligation		25,441	(10,185)
Provision for gratuity		10,573	12,108
Gain on disposal of property, plant and equipment		(1,026)	-
Property, plant and equipment written off		-	5,804
Gain on sale of short term investments		(230,902)	(31,315)
Gain due to change in fair value of investments		(7,621)	(1,631)
Finance costs		2,181	15,300
Exchange loss		213	2,968
Provision for workers' profit participation fund		334,536	140,507
Provision for workers' welfare fund		113,950	48,821
Provision for working capital changes	(39.1)	4,964,397	2,166,467
		<b>11,203,535</b>	<b>4,884,145</b>
<b>39.1 Working capital changes</b>			
<b>Decrease / (increase) in current assets:</b>			
Stores and spares		(6,518)	(4,772)
Stock-in-trade		(1,101,097)	(115,502)
Trade debts		91,883	(95,954)
Loans and advances		17,583	(3,388)
Trade deposits and short term prepayments		4,755	(1,618)
Other receivables		12,170	(51,591)
		(981,224)	(272,825)
<b>Increase in current liabilities:</b>			
Trade and other payables		5,945,621	2,439,292
		<b>4,964,397</b>	<b>2,166,467</b>

#### 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. However, the company has limited exposure for currency risk and considered not material to the company.

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
		2017	2016
(Rupees in thousand)			
Receivables/ (Trade and other payables) - GBP	+1	50	67
	-1	(50)	(67)
Receivables/ (Trade and other payables) - USD	+1	697	581
	-1	(697)	(581)
Receivables/ (Trade and other payables) - EUR	+1	53	71
	-1	(53)	(71)
Reporting date rate:		2017	2016
		Rupee	Rupee
GBP		136.68	140.40
USD		105.00	104.70
EUR		120.14	116.31

##### (b) Other price risk

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

Short-term investments pertain to investment in mutual funds. These investment are carefully managed and observed on the basis of duly approved policy by Board of Directors. The underlying composition of these mutual funds does not involve equity instruments therefore it does not have any co-relation with stock market. Hence, the Company is not exposed to other price risk in this avenue as well.

##### (c) Interest rate risk

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

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

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

	2017	2016
(Rupees in thousand)		
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	104,407	8,105
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	1,237,291	119,565

**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

		Changes in interest rate	Effects on profit before tax
		(Rupees in thousand)	
Bank balances - deposit accounts	2017	+1%	12,373
		-1%	(12,373)
	2016	+1%	1,196
		-1%	(1,196)

**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. 9,580,174 thousand (2016: Rs. 4,155,482 thousand), the financial assets which are subject to credit risk amounted to Rs. 9,088,002 thousand (2016: Rs. 3,748,254 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:

	2017	2016
	(Rupees in thousand)	
Trade debts	194,311	286,194
Trade deposits	17,861	19,733
Other receivables	97,246	104,756
Short term investments	6,718,196	800,317
Bank balances	2,060,388	2,556,987
	9,088,002	3,767,987
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 Months	186,539	274,335
Past due 4 - 6 Months	3,886	4,761
Past due one year	3,886	7,098
	194,311	286,194

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			2017	2016
	Short term	Long term	Agency	(Rupees in thousand)	
Meezan Bank Limited	A-1+	AA	JCR-VIS	44,295	9,685
Allied Bank Limited	A1+	AA+	PACRA	86,841	26,706
Zarai Taraqati Bank Ltd	A-1+	AAA	JCR-VIS	454,370	104,347
Bank Alfalah Limited	A1+	AA+	PACRA	554,064	13,375
Standard Chartered Bank	A1+	AAA	PACRA	13,431	20,546
United Bank Limited	A-1+	AAA	JCR-VIS	302,780	202,386
The Bank of Punjab	A1+	AA	PACRA	551	551
MCB Bank Limited	A1+	AAA	PACRA	105,795	28,059
Habib Bank Limited	A-1+	AAA	JCR-VIS	289,646	93,835
Sindh Bank Limited	A-1+	AA	JCR-VIS	105,440	8,105
National Bank of Pakistan	A1+	AAA	PACRA	80,184	23,510
				2,037,397	531,105

	Rating	Agency	2017	2016
<b>Mutual funds / Term Deposit Receipts</b>				
			(Rupees in thousand)	
MCB Dynamic Cash Fund	A+	PACRA	500,215	-
United Liquidity Plus Fund	AA(f)	JCR-VIS	254,410	-
MCB Cash Management Optimizer Fund	AA(f)	PACRA	836,037	400,033
Nafa Government Securities Liquid Fund	AAA(f)	PACRA	550,251	-
ABL Income Fund	A(f)	JCR-VIS	387,812	-
Meezan Cash Fund	AA(f)	JCR-VIS	101,278	-
ABL Cash Fund	AA(f)	JCR-VIS	606,325	400,284
Atlas Money Market Fund	AA(f)	PACRA	514,069	-
HBL Money Market Fund	AA(f)	JCR-VIS	465,997	-
ALFALAH GHP Money Market Fund	AA+(f)	PACRA	103,440	-
LAKSON Money Market Fund	AA(f)	PACRA	487,322	-
ATLAS Income Fund	AA-(f)	PACRA	507,762	-
ABL Islamic Income Fund	A(f)	JCR-VIS	403,278	-
TDR - Meezan Bank Limited	AA	JCR-VIS	1,000,000	-
			6,718,196	800,317

### 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 2017, the Company had Rs. 4,000,000 thousand available borrowing limits from financial institutions and Rs.1,921,290 thousand cash and bank balances.

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

	Carrying amount	Less than one year	One to five years	More than five years
----- (Rupees in thousand) -----				
Trade and other payables	1,776,941	1,776,941	-	-
Long term deposits	11,515	-	11,515	-
	1,788,456	1,776,941	11,515	-
The following are the contractual maturities of financial liabilities as at 30 June 2016:				
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	-

40.4 Financial instruments by categories

	Available-for-sale		At fair value through profit and loss		Held to Maturity		Loans and receivables		Cash and equivalents		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
----- (Rupees in thousand) -----												
<b>Financial assets as per balance sheet</b>												
Long term investments	190,499	103,268	-	-	-	-	293,780	293,660	-	-	484,279	396,928
Loans and advances to employees	-	-	-	-	-	-	7,278	5,035	-	-	7,278	5,035
Trade debts	-	-	-	-	-	-	194,311	286,194	-	-	194,311	286,194
Trade deposits	-	-	-	-	-	-	17,861	19,733	-	-	17,861	19,733
Other receivables	-	-	-	-	-	-	97,246	104,756	-	-	97,246	104,756
Short term investments	-	-	5,718,196	800,317	1,000,000	-	-	-	-	-	6,718,196	800,317
Cash and bank balances	-	-	-	-	-	-	-	-	2,061,003	2,562,252	2,061,003	2,562,252
<b>Total current</b>	<b>190,499</b>	<b>103,268</b>	<b>5,718,196</b>	<b>800,317</b>	<b>1,000,000</b>	<b>-</b>	<b>610,476</b>	<b>709,378</b>	<b>2,061,003</b>	<b>2,562,252</b>	<b>9,088,617</b>	<b>3,773,252</b>
<b>Total non current</b>											<b>491,557</b>	<b>401,963</b>

**Financial liabilities as per balance sheet**

	2017	2016
Trade and other payables	1,776,941	3,624,092
Accrued mark-up on short term borrowings	-	310
Long term deposits	11,515	11,505
<b>Total current</b>	<b>1,788,456</b>	<b>3,635,907</b>
<b>Total non current</b>	<b>1,776,941</b>	<b>3,624,402</b>
	<b>11,515</b>	<b>11,505</b>

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 to 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 2017, the Company held the following financial instruments carried at fair value:

Financial Assets measured at fair value - available for sale	2017	Level 1	Level 2	Level 3
	------(Rupees in thousand)-----			
Equity shares	190,499	190,499	-	-
Investment in mutual funds	6,718,196	6,718,196	-	-
	6,908,695	6,908,695	-	-
Date of valuation : 30 June 2017				
There were no liabilities measured at fair value as at 30 June 2017.				

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

Financial 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	-	-

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

#### 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 Companies Act 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2017 (Rupees in thousand)	2016
Size of the fund		628,814	625,672
Cost of investment made	(42.2)	538,283	530,921
Percentage of investment made		85.60%	84.86%
Fair value of investment		1,158,239	906,182

**42.2 Breakup of investment - amount**

	2017		2016	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
Investment in shares (listed securities)	5,258	1%	6,690	1%
Term Deposit Receipts (TDR)	533,025	85%	524,231	84%
	538,283	86%	530,921	85%

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

43. CAPACITY AND PRODUCTION	2017	2016
	Units per annum	
<b>Tractors</b>		
Plant capacity (double shift)	30,000	30,000
Actual production	33,916	21,108

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

**44. NUMBER OF EMPLOYEES**

	2017	2016
Number of employees at the end of the year	406	414
Average number of employees during the year	410	421

**45. TAX ON UNDISTRIBUTED RESERVES**

As per section 5A of Income Tax Ordinance 2001, whereby every public company shall pay tax at the rate of 10 percent of such undistributed reserves which exceeds the amount of its paid up capital. However, this tax shall not apply in case of a public company which distribute cash dividend equal to at least either 40 percent of its after tax profits or 50 percent of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the fact, the Board of Directors of the Company has paid a interim dividend amounting to Rs 1,550 million for the financial and tax year 2017 which exceeds the prescribed minimum dividend requirement as referred above. The Company believes that it would not be liable to pay tax on its undistributed reserves as of 30 June 2017.

**46. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by Board of Directors of the Company on 12 September 2017.

**47. CORRESPONDING FIGURES**

Corresponding figures have been reclassified or arranged, wherever necessary, for better and fair presentation. However, no significant reclassifications / rearrangement have been made during the year.

**48. GENERAL**

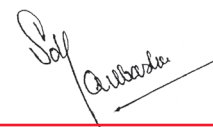
Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Chief Financial Officer



Chief Executive Officer



Director





Consolidated Financial Statements  
**MILLAT TRACTORS LIMITED**  
For the year ended 30 June 2017





# GROUP DIRECTORS' REPORT

## Year ended 30 June 2017

The Directors are pleased to present their report together with the audited Group Consolidated Financial Statements for the year ended June 30, 2017.

### THE GROUP

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

### MILLAT INDUSTRIAL PRODUCTS LIMITED

#### a. BOARD OF DIRECTORS

The Directors of the Company shall retire at the forthcoming Annual General Meeting of the Company and six Directors shall be elected in their place. The retiring Directors are: M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari Mian Muhammad Saleem and Ahsan Imran Shaikh.

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

The Company is engaged in the business of manufacturing and sale of vehicular, industrial and domestic batteries under the brand name of "Millat Batteries". During the year the Company has increased its production capacity in addition to development and marketing of Deep Cycle batteries. MIPL earned an after tax profit of Rs. 148.623 million and registered sale of Rs. 1,161 million for the year under review. Earnings per share were Rs. 16.60.

#### c. PRINCIPAL RISKS AND UNCERTAINTIES

The major risks/threats and uncertainties being faced by the Company are fluctuation in prices of local raw material, increased landed cost of imported raw material due to variations in foreign exchange rate, shrinking of market of batteries for UPS due to improved electricity supply and entry of new competitors in the market. No changes have occurred during the financial year concerning the nature of the business of the company.

#### d. FUTURE PROSPECTS OF PROFIT

The Company aims to meet sales target in the next financial year despite reduced gross margins due to increasing trend of material prices and promotional activities of competitors.

#### e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place and are being meticulously observed by concerned personals and being monitored by internal audit department on regular basis.

### TIPEG INTERTRADE DMCC

#### a. BOARD OF DIRECTORS

The Directors of the Company are: M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari and Mian Muhammad Saleem. There has been no change in the composition of the Board during the year.

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

TIPEG Intertrade DMCC, Dubai, U.A.E is a Limited Liability Company registered with Dubai Multi Commodities Centre Authority. Millat Tractors Limited has a holding of 75% in the equity of the Company. The principal activity of the Company is trading in machinery and heavy equipment and parts thereof. The principal place of business



of the Company is located at Jumeirah Lake Towers, Dubai, UAE. TIPEG earned a net profit of AED 1.030 million and registered sale of AED 16.543 million for the period under review. Earnings per share were AED 515.205. So far performance of the Company has been satisfactory and business will further expand after higher exports of tractors from Pakistan.

**c. PRINCIPAL RISKS AND UNCERTAINTIES**

Currently no apparent risk or uncertainty is likely to affect the performance of the Company. No changes have occurred during the financial year concerning the nature of the business of the company

**d. FUTURE PROSPECTS OF PROFIT**

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

**e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

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

**BOLAN CASTINGS LIMITED**

**a. BOARD OF DIRECTORS**

The Directors of the Company shall retire at the forthcoming Annual General Meeting of the Company and seven Directors shall be elected in their place. The retiring Directors are: M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, Syed Muhammad Irfan Aqueel, Syed Javaid Ashraf, Muhammad Imran Rafiq and Saifuddin.

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

BCL is a public limited company listed on Pakistan Stock Exchange. BCL manufactures intricate tractor components i.e., major tractor castings for MTL. MTL holds 46.26% shares of the total paid up capital of the Company. During the financial year the Company has produced 11,566 M.T of castings against 8,436 M.T of last year. The tonnage net sales were 11,694 M.T against 8,955 M.T of last year. The sales revenues amounted to Rs. 1,744.098 million against Rs. 1,333.476 million of last year. The gross profit was Rs. 246.628 million against Rs. 140.876 million of last year. The profit after tax was Rs. 97.776 million against Rs. 25.870 million of last year. The earning per share was Rs. 8.52.

**c. PRINCIPAL RISKS AND UNCERTAINTIES**

BCL risk management framework, coupled with internal control policies have helped to maintain focus and mitigating principle risks. However, overall risks arising from the Company's financial instruments are limited as there is no significant exposure to market risk in respect of such instruments.

**d. FUTURE PROSPECTS OF PROFIT**

The automobile sector is also showing robust signs of progress. The growth witnessed during last year is expected to continue. Therefore, all signs are leading towards consistent improvements which form solid foundation for growth in the foundry market. The Company is concentrating on improving supply of castings in the most

economical manner and also focusing on improving quality of castings. BCL is expected to experience boost in its sales of castings and will ensure enhanced market share and better financial performance as its outcome.

**e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

BCL maintains a sound system of internal controls, which is designed to identify, evaluate and manage risks that may impede the achievement of the Company's business objectives rather than to eliminate these risks and can, therefore, provide only reasonable assurance against material misstatement or loss. The Audit Committee is responsible for reviewing the effectiveness of the system of internal controls.

## **MILLAT EQUIPMENT LIMITED**

**a. BOARD OF DIRECTORS**

The Directors of the Company are: M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, Syed Muhammad Irfan Aqueel. There has been no change in the composition of the Board during the year.

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

MEL is a non listed public limited company and is engaged in manufacturing of gears, shafts and other related parts for MTL. The shareholding of MTL in the paid up capital of MEL is 45%. The Company's principal activities remained the same as per previous years i.e., producing a range of transmission shafts and gears for the various models of Massey Ferguson tractors in Pakistan. The financial performance of the Company during the year was exceptional as ever highest financial results in terms of sales, production & profitability were achieved. MEL earned an after tax profit of Rs. 624.216 million and registered sale of Rs. 3,303.592 million for the year under review. Earnings per share were Rs. 24.01.

**c. PRINCIPAL RISKS AND UNCERTAINTIES**

In an apparent view, other than being a single customer Company and risk associated with it there appears no odd that may have any material adverse effect on Company's business in a foreseeable future. No changes have occurred during the financial year concerning the nature of the business of the company

**d. FUTURE PROSPECTS OF PROFIT**

With the increasing GDP, particularly positive growth of industrial sector, improving law & order situation in the country and the ongoing mega infrastructural projects, the demand for tractors is expected to increase. This increase in tractor's demand will result in increased supply of components which will improve profitability of the Company.

**e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

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

## SUBSEQUENT EVENTS

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

## CHANGE IN NATURE OF BUSINESS

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

## 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, 2017.

## FUTURE PROSPECTS

There is no significant doubt about the group companies' ability to continue as going concerns and therefore future prospects are positive.

## PATTERN OF SHAREHOLDING

The pattern of shareholding of MTL is annexed to the Directors' Report and the shareholding pattern of MIPL, TIPEG, BCL and MEL is enclosed.

## EARNINGS PER SHARE

Earnings per share of the group for the year ended June 30, 2017 was Rs. 111.15 as against Rs. 46.00 of the preceding year.

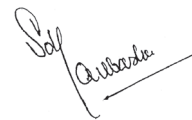
## URDU LANGUAGE VERSION

An Urdu Language version of this Director's Report is also being published in the Annual Report as per provisions of SECP's SRO 1041(I)/2015 dated October 21, 2015.



CHIEF EXECUTIVE

Lahore: September 12, 2017



DIRECTOR

# MILLAT GROUP OF COMPANIES

## CONSOLIDATED PATTERN OF SHAREHOLDING

as on June 30, 2017

Pattern of Shareholding of Millat Industrial Products Limited  
As on 30-06-2017

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
8	1	100	665
21	101	500	5,709
59	501	1,000	46,842
49	1,001	1,500	59,266
39	1,501	2,000	69,298
20	2,001	3,000	48,024
14	3,001	5,000	53,739
54	5,001	40,000	849,200
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>275</b>			<b>8,952,840</b>

Pattern of Shareholding of TIPEG INTERTRADE DMCC  
As on 30-06-2017

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 30-06-2017

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
148	1	100	4,004
533	101	500	156,533
133	501	1000	120,250
243	1001	5000	556,806
42	5001	10000	309,612
12	10001	15000	146,831
8	15001	20000	145,936
7	20001	25000	156,763
3	25001	30000	83,815
1	30001	35000	32,270
1	35001	40000	38,500
1	40001	45000	44,794
1	45001	50000	46,278
1	55001	60000	58,500
1	60001	65000	63,000
1	140001	145000	144,359
1	145001	150000	148,000
1	160001	165000	163,000
1	165001	170000	166,369
1	215001	220000	218,500
1	255001	260000	258,266
1	290001	295000	293,388
1	295001	300000	300,000
1	320001	325000	321,500
1	485001	490000	488,276
1	595001	600000	600,000
1	1095001	1100000	1,100,000
1	5305001	5310000	5,306,979
<b>1148</b>			<b>11,472,529</b>

Pattern of Shareholding of Millat Equipment Limited  
As on 30-06-2017

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
47	1	1000	30,165
33	1001	2000	56,672
41	2001	3000	112,817
58	3001	4000	202,500
49	4001	5000	231,700
83	5001	10000	637,984
26	10001	15000	326,938
22	15001	20000	397,737
9	20001	25000	200,400
16	25001	30000	459,800
4	30001	35000	135,550
10	35001	40000	381,479
4	40001	45000	171,600
6	45001	50000	293,400
3	50001	55000	159,200
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
4	120001	150000	557,200
2	150001	200000	361,950
3	200001	300000	674,401
2	300001	700000	1,000,251
4	700001	1905000	6,962,954
1	1905001	11700000	11,699,993
<b>439</b>			<b>26,000,000</b>



# MILLAT GROUP OF COMPANIES

## CONSOLIDATED CATEGORIES OF SHAREHOLDING

as on June 30, 2017

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	3,120	0.03	2,004,001	7.71
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(CEO-MTL)	-	-	-	-	-	-	100,000	0.38
Khawaja Ijaz Majeed(CEO-MIPL)	10,000	0.11	-	-	-	-	-	-
Mr. Saifuddin	-	-	-	-	2,500	0.02	-	-
Syed Javaid Ashraf	-	-	-	-	17,936	0.16	-	-
Mrs. Qurat ul Ain (Spouse of Director Mr. Latif Khalid Hashmi)	-	-	-	-	-	-	3,700.00	0.01
	<b>1,874,900</b>	<b>20.94</b>	<b>500</b>	<b>25.00</b>	<b>369,547</b>	<b>3.22</b>	<b>7,797,255</b>	<b>29.99</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>								
	13,350.00	0.15	-	-	94,562	0.82	49,650	0.19
<b>4- PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>								
					1,100,273	9.59	-	-
<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>								
	-	-			321,500	2.80	-	-
<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			-	-	2,915,507	25.41	-	-
b-Foreign	-	-	-	-	28,000	0.24	-	-
<b>12- OTHERS</b>								
Joint Stock Companies	-	-	-	-	163,256	1.42	-	-
Trust	-	-	-	-	339,666	2.96	-	-
Public	1,327,090	14.82	-	-	-	0.00	6,453,102	24.82
Miscellaneous	-	-	-	-	344,523	3.00	-	-
	<b>8,952,840</b>	<b>100.00</b>	<b>2,000</b>	<b>100.00</b>	<b>11,472,529</b>	<b>100.00</b>	<b>26,000,000</b>	<b>100.00</b>

\* SHAREHOLDERS HOLDING 5% OR MORE VOTING INTEREST (SEPARATELY INCLUDED ABOVE).

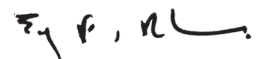
Mr. Sikandar Mustafa Khan	543,750	6.07	100	5	-	-	1,625,001	6.25
Mr. Latif Khalid Hashmi	-	-	100	5	-	-	1,625,001	6.25
Mr. Sohail Bashir Rana	-	-	100	5	-	-	1,708,951	6.57
Mr. Laeeq Uddin Ansari	-	-	100	5	3,120	0.03	2,004,001	7.71
Mian Muhammad Saleem	-	-	100	5	-	-	-	-
Millat Tractors Limited	5,737,500	64.09	1,500	75	5,306,979	46.26	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 (together with referred as Group) as at 30 June 2017 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 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 statement of its subsidiaries, Millat Equipment Limited, Millat Industrial Products Limited, Bolan Castings Limited and Tipeg Intertrade DMCC were audited and reviewed by other firms of auditors respectively, 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 consolidated 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 2017 and the results of their operations for the year then ended.



EY Ford Rhodes

Chartered Accountants

Name of audit engagement partner:

Naseem Akbar

Lahore :  
14 September 2017

## CONSOLIDATED BALANCE SHEET as at June 30, 2017

	Note	2017 (Rupees in thousand)	2016
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
50,000,000 (2016: 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		2,475,309	3,181,893
Unappropriated profit		3,635,597	1,105,960
Exchange translation reserve		1,223	1,029
Fair value reserve		233,682	146,450
		6,788,737	4,878,258
Non-controlling interests		1,222,266	1,118,359
<b>Total Equity</b>		<b>8,011,003</b>	<b>5,996,617</b>
<b>Non-current liabilities</b>			
Long term deposits	6	23,530	21,343
Deferred taxation	7	92,247	21,660
Employees' defined benefit plan	8	23,979	168,513
		139,756	211,516
<b>Current liabilities</b>			
Accumulating compensated absences		112,386	121,202
Trade and other payables	9	11,571,982	5,461,736
Current portion of long term deposits		1,013	899
Short term borrowings	10	125,501	274,159
Accrued mark-up on short term borrowings		1,126	5,111
		11,812,008	5,863,107
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
		19,962,767	12,071,240

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



Chief Financial Officer



Chief Executive Officer

	Note	2017 (Rupees in thousand)	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Operating fixed assets	12	1,581,995	1,238,495
Capital work in progress	13	145,508	270,631
		1,727,503	1,509,126
Intangible asset	14	1,099	3,597
Goodwill		18,572	18,572
Investment property	15	255,708	255,708
Long term investments	16	233,193	126,555
Long term loans	17	3,429	2,264
Long term deposits	18	7,412	7,411
		2,246,916	1,923,233
<b>Current assets</b>			
Stores and spares	19	380,937	342,749
Stock in trade	20	4,438,217	3,149,366
Trade debts	21	285,300	433,764
Loans and advances	22	136,376	135,257
Trade deposits and short term prepayments	23	29,457	36,940
Other receivables	24	97,434	105,305
Balances with statutory authorities	25	2,550,041	1,193,953
Tax refunds due from the Government		302,766	821,906
Short term investments	26	7,281,640	1,194,315
Cash and bank balances	27	2,213,683	2,734,452
		17,715,851	10,148,007
		19,962,767	12,071,240

  
 Director



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
Sales - net	28	31,612,367	17,961,175
Cost of sales	29	22,825,374	13,736,444
<b>Gross profit</b>		<b>8,786,993</b>	<b>4,224,731</b>
Distribution and marketing expenses	30	635,049	429,450
Administrative expenses	31	651,551	568,371
Other operating expenses	32	551,617	240,122
		1,838,217	1,237,943
<b>Operating profit</b>		<b>6,948,776</b>	<b>2,986,788</b>
Other income	33	400,940	160,135
		7,349,716	3,146,923
Finance cost	34	16,001	52,666
<b>Profit before taxation</b>		<b>7,333,715</b>	<b>3,094,257</b>
Taxation	35	2,410,888	1,056,595
<b>Profit after taxation</b>		<b>4,922,827</b>	<b>2,037,662</b>
<b>Attributable to:</b>			
- Equity holders of the holding Company		4,456,258	1,839,710
- Non-controlling interests		466,569	197,952
		4,922,827	2,037,662
<b>Earnings per share - basic and diluted (Rupees)</b>	39	<b>111.14</b>	<b>46.00</b>

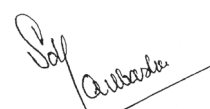
The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

	2017	2016
	(Rupees in thousand)	
Profit for the year	4,922,827	2,037,662
<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	1,223	1,178
Unrealized gain / (loss) on revaluation of available for sale investments	87,232	32,739
	88,455	33,917
Items not to be reclassified to profit or loss in subsequent period:		
Actuarial gain / (loss) on defined benefit plans	142,345	(275,693)
Total other comprehensive gain / (loss), net of tax	230,800	(241,776)
<b>Total comprehensive income for the year</b>	<b>5,153,627</b>	<b>1,795,886</b>
<b>Attributable to:</b>		
- Equity holders of the holding Company	4,668,109	1,612,373
- Non-controlling interest	485,518	183,513
	5,153,627	1,795,886

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



Chief Financial Officer



Chief Executive Officer



Director

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2017

	Note	2017	2016
		(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	40	12,906,737	6,194,551
Interest and mark-up paid		(19,986)	(59,912)
Net (increase) / decrease in long term loans to employees		(1,165)	428
Workers' Profit Participation Fund paid		(339,108)	(171,909)
Workers' Welfare Fund paid		(103,048)	(61,166)
Taxes paid		(3,177,249)	(1,386,366)
Retirement benefits paid - net		(171,285)	(143,218)
Long term security deposits received		2,301	1,446
		(3,809,540)	(1,820,697)
<b>Net cash generated from operating activities</b>		<b>9,097,197</b>	<b>4,373,854</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(403,837)	(210,412)
Purchase of intangible assets		-	(2,382)
Proceeds from disposal of property, plant and equipment		31,623	31,623
Investment made - net		(5,856,423)	(107,036)
Profit on bank deposits received		47,339	17,185
Dividend received		11,252	4,710
<b>Net cash used in investing activities</b>		<b>(6,170,046)</b>	<b>(266,312)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings		(148,658)	(318,758)
Dividends paid to non controlling interests		(420,441)	(147,081)
Dividends paid to equity holder of the holding company		(2,879,015)	(2,103,896)
<b>Net cash used in financing activities</b>		<b>(3,448,114)</b>	<b>(2,569,735)</b>
Net increase / (decrease) in cash and cash equivalents		(520,963)	1,537,807
Cash and cash equivalents at the beginning of the year		2,734,452	1,195,761
Foreign exchange difference		194	884
<b>Cash and cash equivalents at the end of the year</b>	27	<b>2,213,683</b>	<b>2,734,452</b>

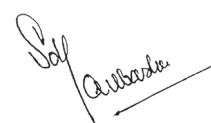
The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	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 2015</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-net of tax	-	-	(257,724)	884	29,209	(14,144)	(241,775)
Total Comprehensive Income	-	-	1,581,986	884	29,209	183,808	1,795,887
<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
Final dividend for the year ended 30 June 2016 @ Rs. 30 per share	-	(706,584)	(622,192)	-	-	-	(1,328,776)
Interim dividend for the year ended 30 June 2017 @ Rs. 35 per share	-	-	(1,550,239)	-	-	-	(1,550,239)
Dividend payment to non controlling interests	-	-	-	-	-	(381,611)	(381,611)
Net profit for the year	-	-	4,456,258	-	-	466,569	4,922,827
Other comprehensive income for the year-net of tax	-	-	245,810	194	87,232	18,949	352,185
Total Comprehensive Income	-	-	4,702,068	194	87,232	485,518	5,275,012
<b>Balance as on 30 June 2017</b>	442,926	2,475,309	3,635,597	1,223	233,682	1,222,266	8,011,003

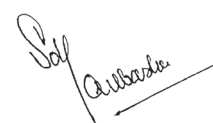
The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2017

### 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 Act 1913 (now the repealed Companies Ordinance, 1984), and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Sheikhpura Road, District Sheikhpura. 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 repealed Companies Ordinance 1984, is a subsidiary of Millat Tractors Limited which holds 45% equity. MEL is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles parts and components thereof.

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

### 2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail. After promulgation of Companies Act 2017, the additional expected to be included in the financial statement of the Group for the year ended 30 June 2018. Currently, the Group is assessing the impact of the required on the Group's financial statement.

### 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 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

- IFRS 11 – Joint Arrangements-Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets  
Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

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

- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 – Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 – Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 – Employee Benefits - Discount rate: regional market issue
- IAS 34 – Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report

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 recognized directly in the profit and loss account. The assets, liabilities, income and expenses of subsidiaries are consolidated on a line by line basis and the carrying amount of investments held by the holding company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements. Inter-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies used in preparation of consolidated financial statements of the holding company are consistent with accounting policies of its subsidiaries. When necessary, adjustments are made to bring the accounting policies in line with that of the holding Company.

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

### 4.2.2 Non-controlling interest

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

## 4.3 Segment reporting

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. 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 defined benefit obligation as reduced by fair value of plan assets. 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.

	2017	2016
Expected rate of increase in salary level	6.8%	6.3%
Expected rate of return	7.3%	9.8%
Discount rate	7.8%	7.3%
Average expected remaining working life of employees	10 years	10 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 and charged to profit and loss account.

##### 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 accumulated impairment loss. Freehold and leasehold land is stated at cost less any accumulated impairment loss.

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

Depreciation on all items of property, plant and equipment except for leasehold office building is charged to profit and loss account applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation on leasehold office building is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the asset. Depreciation is being charged at the rates given in note 11. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

The Group continually assesses at each 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 accumulated impairment loss.

#### 4.8 Intangible assets

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

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

The Group assesses at each 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 accumulated 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 using effective interest rate method.

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

#### 4.16 Research cost

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

#### 4.17 Borrowing costs

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

#### 4.18 Trade and other payables

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

#### 4.19 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each 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. However, if these are approved after the reporting period but before the financial statements are authorized for issue, they are disclosed in the notes to the financial statements.

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 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
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRS 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
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019

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 standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any 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 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017 (Number of shares in thousand)	2016		2017 (Rupees in thousand)	2016
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		
41,750	41,750	fully paid bonus shares	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.

	2017 (Rupees in thousand)	2016
<b>7. DEFERRED TAXATION</b>		
The liability for deferred tax comprises temporary differences relating to:		
<b>Taxable temporary differences:</b>		
Accelerated tax depreciation	167,134	151,437
Change in fair value of short term investments	2,251	129
	169,385	151,566
<b>Deductible temporary differences:</b>		
Accumulating compensated absences	(36,423)	(37,242)
Provision for doubtful receivables	(12,046)	(12,359)
Provision for slow moving stores and spare parts	(310)	(310)
Provision for slow moving stock in trade	(103)	(103)
Provision for doubtful debts	(1,049)	(1,049)
Provision for retirement benefit obligations	(27,207)	(33,865)
Carried forward losses	-	(3,515)
Minimum tax	-	(41,463)
	(77,138)	(129,906)
Net deferred tax liability at the year end	92,247	21,660

	Note	2017 (Rupees in thousand)	2016
<b>8. EMPLOYEES' DEFINED BENEFIT PLAN</b>			
<b>Staff retirements benefit plan- Liability / (Asset)</b>			
Parent	8.1	(39,961)	88,558
Subsidiary	8.2	63,940	79,955
		23,979	168,513
<b>8.1 Present value of defined benefit obligation</b>		1,105,684	1,137,355
Fair value of plan assets		(1,145,645)	(1,048,797)
Liability / (asset) recognized in the balance sheet		(39,961)	88,558
<b>For the year</b>			
Salaries, wages and amenities include the following in respect of employees' pension scheme:			
Current service cost		19,443	15,960
Interest cost		80,332	82,529
Expected return on plan assets		(74,334)	(97,086)
		25,441	1,403
<b>The movement in present value of defined benefit obligation is as follows:</b>			
Present value of defined benefit obligation as at 01 July		1,137,355	871,824
Interest cost		80,332	82,529
Current service cost		19,443	15,960
Benefits due but not paid		(34)	-
Benefits paid		(58,608)	(50,750)
Actuarial loss		(79,712)	217,792
Present value of defined benefit obligation as at 30 June		1,098,776	1,137,355
<b>The movement in fair value of plan assets is as follows:</b>			
Fair value of plan assets as at 01 July		1,048,797	1,015,336
Expected return on assets		74,334	97,086
Contributions		11,618	11,587
Benefits paid		(58,608)	(50,750)
Benefits due but not paid		(34)	-
Return on plan assets excluding interest income		69,538	(24,462)
Fair value of plan assets as at 30 June		1,145,645	1,048,797
Actual return on plan assets		143,872	72,624
<b>Plan assets comprises of :</b>			
Term deposit receipts :			
UBL		320,000	470,000
National Bank of Pakistan		-	60,000
Bonds and mutual funds :			
MCB DCF income fund		185,106	162,776
NAFA Capital protected fund		308,706	245,128
Alflah GHP islamic stock fund		104,559	80,862
Accrued interest and bank balance:			
Accrued interest		-	25,997
Bank balances		225,531	3,269
Advance income tax		1,743	765
		1,145,645	1,048,797

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:

	2017	2016	2015	2014	2013
	----- (Rupees in thousand) -----				
<b>As at 30 June</b>					
Present value of defined benefit obligation	1,105,684	1,137,355	871,824	635,895	634,660
Fair value of plan assets	1,145,645	1,048,797	1,015,336	929,695	874,065
(Deficit) / Surplus	39,961	(88,558)	143,512	293,800	239,405
Experience adjustment on obligation	(79,712)	217,792	187,304	(39,678)	(65,577)
Experience adjustment on plan assets	69,538	(24,462)	945	8,064	(8,477)

#### 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.

	2017	2016
	(Rupees in thousand)	
Discount rate + 100 bps	1,024	1,033
Discount rate - 100 bps	1,239	1,261
Salary increase + 100 bps	1,117	1,159
Salary increase - 100 bps	1,082	1,117

#### 8.2 Subsidiary staff retirement benefit plan

	2017	2016
Employees' defined benefit plan- Liability	63,940	79,955
	63,940	79,955

	2017			2016		
	Funded		Un-Funded	Funded		Un-Funded
	Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity

#### Balance sheet reconciliation

	-----Rupees in thousand-----					
Present value of defined benefit obligation at June 30	167,462	56,002	28,118	159,537	53,572	23,156
Fair value of plan assets at June 30	114,368	73,274	-	(112,476)	(43,834)	-
Deficit / (surplus)	53,094	(17,272)	28,118	47,061	9,738	23,156

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

Balances as at July 1	159,537	53,571	23,156	118,151	55,105	22,254
Benefits paid by the plan	(5,756)	(2,868)	(1,596)	(4,759)	(10,054)	(1,484)
Current service costs	2,962	2,018	1,218	2,428	2,151	1,210
Interest cost	11,358	3,771	1,621	11,288	4,871	2,065
Remeasurement	(1,798)	(490)	3,720	31,406	1,499	(889)
Employee Contributions	1,159	-	-	1,023	-	-
Balance as at June 30	167,462	56,002	28,118	159,537	53,572	23,156



	2017			2016		
	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	112,476	43,834	-	(105,680)	(61,432)	-
Contributions paid into the plan	2,606	1,028	-	(2,307)	(959)	-
Benefits paid by the plan	(5,756)	(2,868)	-	4,759	10,054	-
Interest income	8,082	3,111	-	(10,022)	(5,453)	-
Remeasurement	(4,198)	28,169	-	1,797	13,956	-
Employee Contributions	1,159	-	-	(1,023)	-	-
Balance as at June 30	114,368	73,274	-	(112,476)	(43,834)	-

**Expense recognised in profit and loss account**

Current service costs	2,962	2,018	1,218	2,428	2,151	1,210
Net Interest (income) / cost	3,275	660	1,621	1,266	(582)	2,065
(Income) / expense recognised in profit and loss account	6,238	2,677	2,839	3,694	1,569	3,275

**Remeasurement recognised in Other Comprehensive Income**

Experience losses / (gains)	(1,798)	(490)	3,720	31,406	1,499	(889)
Remeasurement of fair value of plan assets	4,198	(28,169)	-	1,797	13,956	-
Remeasurements	2,400	(28,659)	3,720	33,203	15,455	(889)

**Net recognised liability / (asset)**

Net recognised (asset) / liability as at July 1	47,061	9,737	23,156	12,470	(6,327)	22,254
(Income) / expense recognised in profit and loss account	6,238	2,677	2,839	3,694	1,569	3,275
Contribution made during the year to the Fund	(2,606)	(1,028)	(1,596)	(2,307)	(959)	(1,484)
Remeasurements recognised in Other Comprehensive Income	2,400	(28,659)	3,720	33,203	15,455	(889)
Recognised liability / (asset) as at June 30	53,093	(17,273)	28,119	47,060	9,738	23,156

**Plan assets comprises of following:**

Debt instruments	85,281	23,811	-	96,437	28,713	-
Equity and mutual funds	19,018	44,266	-	13,462	11,953	-
Cash at Bank	10,070	5,197	-	2,576	3,169	-
Total as at June 30	114,369	73,274	-	112,475	43,835	-

**Actuarial assumptions**

Discount rate at June 30	8.00%	8.00%	8.00%	7.25%	7.25%	7.25%
Future salary increases	8.00%	8.00%	8.00%	7.25%	7.25%	7.25%
Future pension increases	0.00%	-	-	0.00%	-	-

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	decrease in assumption
<b>Sensitivity analysis for actuarial assumptions</b>			
Discount rate at June 30	1.00%	(19,604)	23,017
Future salary increases	1.00%	13,907	(12,887)

	2017	2016	2015	2014	2013
<b>Pension fund</b>	----- (Rupees in thousand) -----				
Fair value of plan assets	114,368	(112,476)	(105,680)	(90,083)	(82,228)
Present value of the defined benefit obligation	(167,462)	159,537	118,151	75,021	73,485
Deficit / (surplus)	(53,094)	47,061	12,471	(15,062)	(8,743)
Experience adjustments on plan liabilities	(1,798)	31,406	35,055	(6,019)	1,335
Experience adjustments on plan assets	(4,198)	4,238	(1,764)	(1,384)	(8,380)
<b>Executives' gratuity fund</b>					
Fair value of plan assets	73,274	(43,834)	(61,432)	(46,103)	(50,858)
Present value of the defined benefit obligation	(56,002)	53,571	55,105	48,771	46,758
Deficit / (Surplus)	17,272	9,737	(6,327)	2,668	(4,100)
Experience adjustments on plan liabilities	(490)	1,499	2,618	4,617	(1,696)
Experience adjustments on plan assets	28,169	(13,956)	13,883	(1,007)	(1,653)
<b>Non-Executives' gratuity fund</b>					
Present value of the defined benefit obligations	(28,118)	23,156	22,254	19,177	18,834
Experience adjustments on plan obligations	3,720	(889)	2,047	(1,485)	(1,293)

The weighted average duration of the plans are as follows:

	No. of years
Pension fund	8.47
Executives' gratuity fund	8.47
Non-executives' gratuity	8.47

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

	Note	2017 (Rupees in thousand)	2016
<b>9. TRADE AND OTHER PAYABLES</b>			
Trade creditors		1,177,147	976,328
Accrued liabilities		197,763	218,125
Advances from customers	(9.1)	9,409,029	3,664,400
Unclaimed dividends		247,650	286,480
Bills payable		163,559	22,955
Security deposits	(9.2)	8,901	6,210
Trademark fee payable		64,738	125,948
Income tax deducted at source		1,400	2,249
Sales tax payable		3,390	-
Workers' profit participation fund	(9.3)	88,858	23,974
Workers' welfare fund		99,700	61,571
Others	(9.4)	109,847	73,496
		<b>11,571,982</b>	<b>5,461,736</b>

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. 22,991 thousand (2016: Rs. 1,949,066) 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		23,974	60,709
Allocation for the year	(32)	403,992	171,909
		427,966	232,618
Payments made during the year		(339,108)	(208,644)
Closing balance		<b>88,858</b>	<b>23,974</b>

9.4 These include deposits by employees under car and motorcycle scheme amounting to Rs. 27,050 thousand (2016: Rs. 25,221 thousand) and carry no mark-up.

**10. SHORT TERM BORROWINGS**

**Short term running finance- secured**

Under mark-up arrangement	(10.1)	49,404	187,707
Under musharika facility	(10.2)	76,097	11,452
Under Istisna Cum Wakala arrangement	(10.3)	-	75,000
		<b>125,501</b>	<b>274,159</b>

10.1 This represents running finance facilities obtained from commercial banks aggregating to Rs. 300 million (2016: Rs. 480 million). These carry mark-up rates ranging from 1 month KIBOR plus 0.5% to 0.6% (2016: 1 month KIBOR plus 0.5% 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 million (2016: Rs. 100 million). The profit rate on this facility is 3 month KIBOR plus 0.4% (2016: 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 (2016: Rs. 75 million). The profit rate on this facility is 6 months KIBOR plus 0.6% (2016: 6 months KIBOR plus 0.6%).
- 10.4 Short term borrowings facilities are available from various banks against aggregate sanctioned limit of Rs. 4,800,000 thousand (2016: Rs. 4,900,655 thousand). The rates of mark up range between KIBOR plus 0.1% to KIBOR plus 0.5% (2016: KIBOR plus 0.1% to KIBOR plus 0.6%) per annum.
- 10.5 Out of authorized limit of Rs. 4,800,000 thousand (2016: Rs. 4,800,000 thousand), Rs. 500,000 thousand limit with Meezan Bank Limited based on Islamic mode of financing.
- 10.6 The Group has facilities for opening of letters of credit and guarantees aggregating to Rs. 4,277,288 thousand (2016: Rs. 4,302,740 thousand) out of which Rs. 3,050,735 thousand (2016: Rs. 3,466,809 thousand) remained unutilized at the end of the year.
- 10.7 The facilities mentioned from note 10.2 to 10.6 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. 6,237 thousand to bank for repayment of loan by employees. An amount of Rs. 697 thousand (2016: Rs. 5000 thousand) was utilized by employees as at 30 June 2017.

11.1.2 Guarantees issued by the banks on behalf of the Group in the normal course of business amount to Rs. 414,349 thousand (2016: Rs.494,262 thousand).

#### Holding company

11.1.3 Income tax returns for the years from 2003 to 2016 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 (2016: Rs. 697,000 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 made in these financial statements accordingly.

11.1.4 The Deputy Commission 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 filed an appeal in the Honorable 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 Honorable 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 Honorable High Court Lahore. The management and the legal advisor are confident of favorable outcome of the case, hence no provision in this regard has been made in these financial statements. The case is pending in the Honorable High Court, Lahore.

**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 Honorable 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 Honorable High Court, Lahore against further recovery action of Authorities. The management and legal advisor are confident that the outcome of the case would be decided in their favour hence no provision relating to aforesaid demand has been made in these financial statements.

#### Subsidiaries

**11.1.9** 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. 6.02 million. 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.

**11.1.10** 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 acres - 2 roads - 34 poles belonging to him that he purchased in year 2003. The plaintiff has also sought mesne profits from the Company for such alleged encroachment. The Company claims ownership to the disputed piece of land and disputes any encroachment 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.

**11.1.11** Proceedings u/s 122(5A) for Tax Year 2008 were finalized creating demand of Rs. 1,479,586/-. Total Demand had subsequently been adjusted against available refunds of Tax Year 2012. Company filed Rectification application u/s 221 to rectify mistakes floating on the surface of order. After rectification, company shall have net outstanding demand of Rs. 229,586/-. Rectification order is being awaited.

**11.1.12** Company has filed Rectification application u/s 221 for Tax Year 2010 against appeal effect order dated 21.1.2013 issued u/s 124/ 129. After rectified order, company shall have net refunds of Rs. 1,946,078/-. Rectification order is being awaited. Further, Withholding tax proceedings u/s 161 were also initiated for Tax Year 2010. Proceedings have been complied in totality. Show cause notice is being awaited.

**11.1.13** Withholding tax proceedings u/s 161/205 were finalized for tax year 2011 vide order dated 18.08.2014 creating demand of Rs. 11,407,595/-. Out of total demand, department has adjusted the demand of Rs. 3,340,806/- against refunds available from previous tax years. Consequently, company filed appeal and stay

application to CIR(A) against the outstanding demand of Rs. 8,066,789/-. Stay was granted by CIR(A) subject to payment of Rs. 2,000,000/-. In the appellant order, CIR(A) confirmed the demand of Rs. 13,023/- while remaining issues were remanded back with direction for fresh assessment. On this instance, the company is under appeal before ATIR and appeal has not been heard till date.

- 11.1.14** Re-assessment proceedings u/s 124/129 read with 161/2015 were finalized for tax year 2011 vide order dated 30.06.2016 creating demand of Rs 5,926,565/- Company had filed appeal to CIR(A) which was finalized vide order dated 22.09.2016 granting relief of Rs. 5,903,542/-. After appeal effect, company shall have net tax payable of Rs. 13,024/-. Department is under appeal before ATIR and the appeal has not been fixed for hearing till date.
- 11.1.15** Show Cause proceedings u/s 122(9) were initiated for tax year 2011 vide notice dated 01.02.2012. Proceedings have been complied in totality. Final order is being awaited.
- 11.1.16** Withholding tax proceedings u/s 161 were initiated for tax year 2012 vide notice dated 28.09.15. Show Cause proceedings were initiated vide notice dated 27.01.16 and the same have been complied in totality. Final order is being awaited.
- 11.1.17** Audit proceeding u/s 177(1) were initiated for tax year 2013 vide notice dated 13.06.2014. Company has filed written representation before Chief Commissioner Inland Revenue vide letter dated 26.09.2014 for dropping the selection of case. Final decision on representation has not been made till date.
- 11.1.18** Demand of Rs.17,423,326/- was raised against the company vide order u/s 161/205 for tax year 2014. Department has recovered demand of Rs.16,639,659/- from the bank account of company. Company filed appeal to CIR(A) who granted relief on two issues with the of CIR(A) order, appeal effect has been filed with the department after which company shall have net Refund of Rs. 16,639,659/-. Appeal Effect order is being awaited.

Further, Re-assessment proceedings were initiated u/s 161/124 for tax year 2014 vide notice dated 05.05.2017. Proceedings are in process hence, no tax liability can be anticipated at this stage.

Penalty Proceedings u/s 182 were finalized for tax year 2014 imposing Penalty of Rs. 87,500/-. Company filed appeal to CIR(A) on 24.12.2014 who vide order dated 18.02.2016 has granted relief of Rs. 70,000/-. Company and department both are in appeal before ATIR.

- 11.1.19** Penalty proceedings u/s 182 were finalised for tax year 2015 imposing penalty of Rs. 12,500/-. Company has filed appeal to CIR(A) on 17.03.2015 and the appeal has not been heard till date.

Withholding tax proceedings u/s 161 were initiated for tax year 2015 on 07.12.2016. Proceedings have been complied in totality. Show cause notice is being awaited.

- 11.1.20** 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.

- 11.1.21** The Company received notice from the Directorate of Intelligence and Investigation – Federal Board of Revenue (FBR), Karachi on April 28, 2017. In the said notice it was alleged that the Company had purchased goods from a dummy / fake supplier who got registered with the Regional Tax Officers at Karachi and issued fake sales tax invoices to the Company and accordingly the Company has claimed illegal / inadmissible input tax adjustment amounting to Rs 2,439,468/-. As a result the name of the Company was included in the First Information Report (FIR) No. 678(931)/I&I/IR/KHI(AB-521)/2016/3617 dated 28-04-2017 registered by the Additional Director, Intelligence and Investigation - FBR, Karachi. Total demand raised against the company is Rs. 2,439,468/- which the FBR allowed to deposit in two equal installments of which one installment of Rs. 1,219,734/- was deposited by the company on June 8, 2017 (Ref. note: 9).

## 11.2 Commitments

- 11.2.1** Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs.1,434,718 thousand (2016: Rs. 403,826 thousand) at the balance sheet date.
- 11.2.2** The aggregate commitments in respect of capital expenditure as at June 30, 2017 amount to Rs. 8.48 million. (June 30, 2016: Nil).

12. OPERATING FIXED ASSETS

	Note		2017 (Rupees in thousand)	2016 (Rupees in thousand)	Restated					
Operating property, plant and equipment	(12.1)		1,581,017	1,237,431						
Major stores, spares and loose tools (classified as tools and equipment)			978	1,064						
			1,581,995	1,238,495						
12.1 Operating property, plant and equipment										
	----- (Rupees in thousand) -----									
Net book value basis:										
Year ended 30 June 2017										
Opening net book value	158,551	8	181,076	-	558,462	44,706	188,713	88,150	17,765	1,237,431
Additions (at cost)	-	-	265,656	-	66,910	59,495	108,961	15,431	5,631	522,084
Disposals	-	-	-	-	-	(89)	(20,054)	(239)	(164)	(20,546)
Depreciation charge	-	-	(17,165)	-	(60,886)	(7,171)	(51,128)	(15,009)	(6,593)	(157,952)
Closing net book value	158,551	8	429,567	-	564,486	96,941	226,492	88,333	16,639	1,581,017
Gross book value basis:										
As at 30 June 2017										
Cost	158,551	8	720,905	2,900	1,651,334	170,716	411,300	274,807	55,316	3,445,837
Accumulated depreciation	-	-	(291,338)	(2,900)	(1,086,848)	(73,775)	(184,808)	(186,474)	(38,677)	(1,864,820)
Net book value	158,551	8	429,567	-	564,486	96,941	226,492	88,333	16,639	1,581,017
Depreciation rate % per annum	-	-	5-10	5	10	10-33	20	10-20	30-33	
Net carrying value basis:										
Year ended 30 June 2016										
Opening net book value	158,551	8	161,428	-	593,324	45,792	196,506	86,133	21,674	1,263,416
Additions (at cost)	-	-	32,573	-	27,824	8,041	60,855	19,078	4,100	152,471
Disposals	-	-	(89)	-	(1,980)	(3,022)	(25,575)	(2,110)	(290)	(33,066)
Depreciation charge	-	-	(12,836)	-	(60,706)	(6,105)	(43,073)	(14,951)	(7,719)	(145,390)
Closing net book value	158,551	8	181,076	-	558,462	44,706	188,713	88,150	17,765	1,237,431
Gross carrying value basis:										
As at 30 June 2016										
Cost	158,551	8	456,797	2,900	1,588,098	107,747	362,925	260,894	50,252	2,988,172
Accumulated depreciation	-	-	(275,721)	(2,900)	(1,029,636)	(63,041)	(174,212)	(172,744)	(32,487)	(1,750,741)
Net book value	158,551	8	181,076	-	558,462	44,706	188,713	88,150	17,765	1,237,431
Depreciation rate % per annum	-	-	5-10	5	10	10-33	20	10-20	30-33	

	Note	2017 (Rupees in thousand)	2016
<b>12.2 The depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	(29)	106,258	100,537
Distribution and marketing expenses	(30)	8,015	8,932
Administrative expenses	(31)	43,680	35,921
		<b>157,953</b>	<b>145,390</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>						
	Sikandar Mustafa Khan	8,500	6,250	2,250	2,250	As approved by the Board
	Sohail Bashir	6,500	4,784	1,716	1,716	As approved by the Board
<b>Employees</b>						
	Farogh Iqbal	2,025	812	1,213	1,213	Company car scheme
	Farogh Iqbal	1,771	518	1,253	1,253	Company car scheme
	Akbar Hassan Dar	1,555	957	598	598	Company car scheme
	Akbar Sheikh	1,533	1,043	490	490	Company car scheme
	Muhammad Akbar	1,527	76	1,451	1,451	Company car scheme
	Irfan Aqueel	1,334	832	502	502	Company car scheme
	Muhammad Akram	1,301	959	342	342	Company car scheme
	Muhammad Akbar	1,300	958	342	342	Company car scheme
	Azhar Noor	1,300	958	342	342	Company car scheme
	Mr Ghulam Dawood	985	546	439	439	Company car scheme
	Iqbal Ahmad	862	215	647	647	Company car scheme
	Majeed Ahmed	862	154	708	708	Company car scheme
	Zia ur Rehman	862	295	567	567	Company car scheme
	Ammar Shahid	862	391	471	471	Company car scheme
	Muhammad Usman	862	524	338	338	Company car scheme
	Waleed Ahmed	701	515	186	186	Company car scheme
	Amir Noor	700	514	186	186	Company car scheme
	Syed Shumail Afghan	697	512	185	185	Company car scheme
	Muhammad Afzal	697	512	185	185	Company car scheme
	Hafizullah	671	493	178	178	Company car scheme
	Ali Abbas Kamran	671	494	177	177	Company car scheme
	Aftab Khurshid	671	494	177	177	Company car scheme



Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
----- (Rupees in thousand) -----						
Imran Ayub		671	494	177	177	Company car scheme
Irfan Bashir		671	494	177	177	Company motorcycle scheme
Sikandar Khan Afridi		85	42	42	42	Company motorcycle scheme
Muhammad Abbas		77	51	26	26	Company motorcycle scheme
Waqas Khurram		77	51	26	26	Company motorcycle scheme
Moazzam Moain		77	51	26	26	Company motorcycle scheme
Muhammad Tayyab		76	51	25	25	Company motorcycle scheme
Ramzan Butt		76	51	25	25	Company motorcycle scheme
Abdul Ghafoor		76	51	25	25	Company motorcycle scheme
Muhammad Aslam		76	51	25	25	Company motorcycle scheme
Mazhar Ali		76	51	25	25	Company motorcycle scheme
Shahzad Hussain		76	51	25	25	Company motorcycle scheme
Rao Nadeem Anjum		76	51	25	25	Company motorcycle scheme
Amir Nazir		75	50	25	25	Company motorcycle scheme
Zeeshan Habib		70	25	45	45	Company motorcycle scheme
Usman Riaz Butt		69	32	37	37	Company motorcycle scheme
Malik Shaukat Ali		67	45	22	22	Company motorcycle scheme
M. Asmat Ullah		67	45	22	22	Company motorcycle scheme
Muhammad Aslam		67	45	22	22	Company motorcycle scheme
Tariq Mahmood		67	43	24	24	Company motorcycle scheme
Sohail Akhtar		67	45	22	22	Company motorcycle scheme
Muhammad Ayub		67	45	22	22	Company motorcycle scheme
M Siddique		67	45	22	22	Company motorcycle scheme
Muhammad Imran		67	45	22	22	Company motorcycle scheme
Muhammad Saleem		67	45	22	22	Company motorcycle scheme
Zafar Ali Sheikh		67	45	22	22	Company motorcycle scheme
Yasin Bhatti		67	45	22	22	Company motorcycle scheme
Farrukh Siddiqui		67	45	22	22	Company motorcycle scheme
Javed Arshad		67	45	22	22	Company motorcycle scheme
Ammar Shahid		66	21	45	45	Company motorcycle scheme
Umer Arshad		64	16	48	48	Company motorcycle scheme
Khawaja Q. Mohiuddin		868	638	230	230	Company car scheme
Mohammad Nasir		630	470	160	160	Company car scheme
Siraj Ahmed		625	466	159	159	Company car scheme

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
----- (Rupees in thousand) -----						
	Abid Javed	614	464	150	150	Company car scheme
	Sohail Ahmad Nisar	1,300	960	340	340	Company car scheme
	Shahzad Nadeem	845	623	222	222	Company motorcycle scheme
	Saeed Iqbal	714	527	187	187	Company motorcycle scheme
	Zagham Ali	714	527	187	187	Company motorcycle scheme
	Azeem	714	527	187	187	Company motorcycle scheme
	Asif Mehmood	714	527	187	187	Company motorcycle scheme
	Zunnuren Usman	714	527	187	187	Company motorcycle scheme
	Ijaz Majeed	2,054	1,542	512	543	Company car scheme
	Sajjad Hussain	64	13	51	51	Company motorcycle scheme
	Abdul Rahman Arif	901	662	239	239	Company car scheme
	Tanveer Ahmed Saleem	68	36	32	32	Company motorcycle scheme
<b>Outsiders:</b>						
	Haji Mohammad Sharif	735	679	56	625	Auction
	Muhammad Munir	707	653	54	962	Auction
	Khurram Ayub	864	846	18	355	Auction
	Ashraf Ali Khan	108	101	7	29	Auction
	Muhammad Latif	579	468	111	375	Auction
	Millat Industrial Products Limited	666	523	143	145	Auction
	Millat Industrial Products Limited	851	755	96	520	Auction
	Millat Industrial Products Limited	666	579	87	329	Auction
	Adamjee Insurance Company Limited	905	811	94	577	Insurance Claim
<b>Laptops</b>	<b>Directors:</b>					
	Sikandar Mustafa Khan	122	93	29	29	As approved by the Board
<b>Employees</b>						
	Farogh Iqbal	79	56	23	23	Company laptop scheme
	Muhammad Akram	79	56	23	23	Company laptop scheme
	Azhar Noor	79	56	23	23	Company laptop scheme
	Mansoor Abbasi	125	81	44	44	Company laptop scheme
	Ehsan ul Haq	79	56	23	23	Company laptop scheme
	Sohail Ahmed Nisar	103	45	58	58	Company laptop scheme

	Note	2017 (Rupees in thousand)	2016
<b>13. CAPITAL WORK IN PROGRESS</b>			
Plant and machinery		132,549	3,788
Advance for office building	(13.1)	1,166	220,125
Advance for vehicles		11,793	46,718
		<b>145,508</b>	<b>270,631</b>

13.1 During the year, office floors at Tricon Corporate Centre has been capitalized.

<b>14. INTANGIBLE ASSET</b>			
<b>Net carrying value basis</b>			
Opening net book value		3,597	4,520
Additions		-	2,381
Amortization charge	(29), (30), (31)	(2,498)	(3,304)
		<b>1,099</b>	<b>3,597</b>
<b>Gross carrying value basis</b>			
Cost		47,381	45,000
Additions		-	2,381
Accumulated amortization		(46,282)	(43,784)
		<b>1,099</b>	<b>3,597</b>
<b>Rate of amortization</b>		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 This represents residential plots stated at cost. As at 30 June 2017 and 30 June 2016, the fair values of the properties were Rs. 288,600 thousand and Rs. 277,500 thousand respectively. These valuation were performed by an independent valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that considers sales of similar properties that have been transacted in open market.

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

15.3 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.

		2017	2016
		(Rupees in thousand)	
<b>16. LONG TERM INVESTMENTS</b>			
<b>Arabian Sea Country Club Limited</b>			
500,000 (2016: 500,000) fully paid ordinary shares of Rs. 10/- each		5,000	5,000
Equity held 6.45% (2016: 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 (2016: 1,570,325) fully paid ordinary shares of Rs. 10/- each		24,364	24,364
Fair value gain		208,829	102,191
Market value as at 30 June		233,193	126,555
		233,193	126,555
<b>17. LONG TERM LOANS - considered good</b>			
<b>Loan to employees:</b>			
Company loan	(17.1)	4,560	1,644
Motor cycle loan	(17.2)	2,741	2,738
		7,301	4,382
Less: Current portion included in current assets	(22)	(3,872)	(2,118)
		3,429	2,264

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	Disburse-	Repayments	Balance
	as at 01	ment during	during	as at 30
	July 2016	the year	the year	June 2017
----- (Rupees in thousand) -----				
Due from Executives	146	4,050	775	3,421



**18. LONG TERM DEPOSITS**

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

**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	2017 (Rupees in thousand)	2016 (Rupees in thousand)
<b>20. STOCK IN TRADE</b>			
Raw material	(20.1)	3,480,817	2,055,420
Work-in-process		249,712	221,196
Finished goods :			
Manufacturing		363,676	762,402
Trading		344,012	110,348
		707,688	872,750
	(20.2)	4,438,217	3,149,366

**20.1** This includes stock in transit amounting to Rs. 418,988 thousand (2016: Rs. 132,193 thousand).

**20.2** Included in stocks are raw materials and components held with third parties amounting to Rs. 126,111 thousand (2016: Rs. 80,871 thousand).

**21. TRADE DEBTS**

	2017 (Rupees in thousand)	2016 (Rupees in thousand)
Trade debts - Considered good	285,300	347,299
Less: bad debts written off	-	23,240
	285,300	324,059

	Note	2017 (Rupees in thousand)	2016
<b>22. LOANS AND ADVANCES</b>			
Current portion of long term loans to employees	(17)	3,872	2,118
Advances to employees - Considered good	(22.1)	4,213	4,801
Advances to suppliers - Considered good		108,957	88,873
		117,042	95,792
Advances to suppliers - Considered doubtful		2,485	2,485
Less: Provision for doubtful advances		(2,485)	(2,485)
		-	-
Letter of credit opening charges		19,334	39,465
		136,376	135,257

22.1 The maximum aggregate amount at the end of any month during the year due from the Chief Executive Officer was Rs. 291 thousand (2016: Rs.173 thousand) and Directors Rs. 344 thousand (2016: Rs. 670 thousand) in respect of travel advance.

### 23. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

These includes interest free security deposits amounting to Rs.17,861 thousands (2016: Rs.19,733 thousands) made for tender placement. None of the deposits are sharia-compliant or based on Islamic mode of financing.

		2017 (Rupees in thousand)	2016
<b>24. OTHER RECEIVABLES</b>			
Claims receivable from suppliers		94,645	106,815
Profit / interest accrued		6,285	1,437
Others		-	549
		100,930	108,801
Less: Provision for impairment		(3,496)	(3,496)
		97,434	105,305
<b>25. BALANCES WITH STATUTORY AUTHORITIES</b>			
Special excise duty payable		(1,305)	(776)
Sales tax recoverable		2,585,493	1,228,876
Less: provision for doubtful claims		(34,147)	(34,147)
		2,551,346	1,194,729
		2,550,041	1,193,953

26. SHORT TERM INVESTMENTS	Note	2017 (Rupees in thousand)	2016
Financial asset at fair value through profit and loss	(26.1)	5,718,196	800,317
Held for trading investments		400,527	201,465
Investment in Term Deposit Receipts (TDR)	(26.2) & (26.3)	1,162,917	192,461
Surplus on revaluation of investment	(33)	-	72
		<b>7,281,640</b>	<b>1,194,315</b>

26.1 This represents investment in mutual funds as follows:

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

30 June 2016			
Mutual Funds	Number of units	Fair value per unit	Total
	(Number in thousand)	(Rupees)	(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>

26.2 These carry mark-up at the rate of 3.75% to 5.65% (2016: 4% to 6%) and having tenures ranging from 7 days to 60 days. The said TDRs may be encashed any time before maturity.

26.3 Out of these TDRs amounting to Rs. 2,917 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	2017 (Rupees in thousand)	2016
<b>In hand:</b>			
Cash		1,139	6,656
Cheque in hand		22,991	2,025,882
		24,130	2,032,538
<b>At banks:</b>			
Current accounts		714,294	421,258
Deposit accounts	(27.1)	1,475,259	280,656
		2,189,553	701,914
		<b>2,213,683</b>	<b>2,734,452</b>

27.1 These carry mark-up ranging from 3.75% to 5.65% (2016: 3.75% to 6%) per annum.

	Note	2017 (Rupees in thousand)	2016
<b>28. SALES - net</b>			
<b>Local</b>			
Tractors		30,971,176	17,576,346
Implements		729,867	425,551
Multi-application products		209,130	361,075
Trading goods		410,362	334,293
Batteries		1,334,719	1,218,551
Castings		433,265	343,188
		34,088,519	20,259,004
<b>Less:</b>			
Discount		(194,808)	(152,598)
Sales tax and special excise duty		(2,957,883)	(2,359,707)
		(3,152,691)	(2,512,305)
		30,935,828	17,746,699
<b>Export</b>			
Tractors		1,010,794	364,710
Trading goods		32,691	54,066
Implements		-	569
Batteries		-	31,652
Automotive parts		15,010	4,283
		1,058,495	455,280
		31,994,323	18,201,979
Less: commission		(381,956)	(240,804)
		31,612,367	17,961,175
<b>29. COST OF SALES</b>			
Components consumed		18,887,884	10,883,370
Salaries, wages and amenities	(29.1)	931,459	748,428
Contract services		576,563	328,119
Fuel and power		202,395	320,412
Oil and lubricants		137,047	84,073
Communication		528	562
Travelling and vehicle running		42,918	43,875
Printing and stationery		5,828	5,593
Insurance		28,447	27,736
Repairs and maintenance		164,786	145,396
Stores and spares consumed		328,902	271,492
Packing material consumed		7,310	4,058
Depreciation	(12.2)	106,258	100,537
Amortization	(14)	100	270
Other expenses		924,925	43,805
		22,345,350	13,007,726
Add: opening work-in-process		221,196	300,063
Less: closing work-in-process		(249,712)	(221,196)
		(28,516)	78,867
Cost of goods manufactured		22,316,834	13,086,593
Add: Opening finished goods		762,402	444,953
Less: Closing finished goods		(570,723)	(352,982)
		191,679	91,971
		22,508,513	13,178,564
Cost of sales - trading	(29.2)	316,861	557,880
		22,825,374	13,736,444



	Note	2017 (Rupees in thousand)	2016
<b>29.1 It includes the following staff retirement benefits:</b>			
Defined benefit plan - pension		21,914	2,772
Defined contribution plan - gratuity		8,647	5,818
Defined contribution plan - provident fund		10,412	10,300
Provision for compensated absences		1,170	4,358
		<u>42,143</u>	<u>23,248</u>
<b>29.2 Cost of sales - trading</b>			
Opening stock		110,348	114,586
Purchases		343,820	553,642
Closing stock		(137,307)	(110,348)
		<u>316,861</u>	<u>557,880</u>
<b>30. DISTRIBUTION AND MARKETING EXPENSES</b>			
Salaries and amenities	(30.1)	148,331	116,631
Contract services		32,502	30,196
Fuel and power		8,542	8,280
Communication		636	610
Travelling and vehicle running		21,460	18,157
Carriage and freight		47,821	36,188
Printing and stationery		5,202	8,742
Insurance		10,231	8,423
Trademark fee		235,734	105,277
Advertisement and sales promotion		28,874	32,222
Depreciation	(12.2)	8,015	8,932
Amortization	(14)	-	20
Meeting / convention		9,042	36
After sales support		56,105	22,828
Research cost		-	736
Other expenses		22,554	32,172
		<u>635,049</u>	<u>429,450</u>
<b>30.1 It includes the following staff retirement benefits:</b>			
Defined benefit plan - pension		6,909	579
Defined contribution plan - gratuity		3,147	3,004
Defined contribution plan - provident fund		3,712	3,423
Provision for compensated absences		420	843
		<u>14,188</u>	<u>7,849</u>
<b>31. ADMINISTRATIVE EXPENSES</b>			
Salaries and amenities	(31.1)	359,824	297,245
Contract services		40,363	33,827
Fuel and power		14,608	17,848
Communication		9,890	6,223
Travelling and vehicle running		34,130	33,627
Insurance		8,572	8,173
Repairs and maintenance		16,378	8,734
Security		18,612	15,538
Legal and professional	(31.2)	15,544	23,587
Depreciation	(12.2)	43,680	35,921
Amortization of intangible asset	(14)	2,398	3,014
Rent, rates and taxes		9,768	11,423
Fee and subscription		5,639	4,912
Entertainment		7,507	7,805
Bad debts		-	19
Property, plant and equipment written off		-	5,804
Other expenses		64,638	54,671
		<u>651,551</u>	<u>568,371</u>

			2017	2016
			(Rupees in thousand)	
<b>31.1</b>	<b>It includes the following staff retirement benefits:</b>	<b>Note</b>		
	Defined benefit plan - pension		8,490	(1,428)
	Defined contribution plan - gratuity		2,900	2,593
	Defined contribution plan - provident fund		7,757	6,527
	Provision for compensated absences		1,410	2,786
			20,557	10,478
<b>31.2</b>	<b>Legal and professional expenses include following in respect of auditors' services:</b>			
	Statutory audit		3,147	2,953
	Half year review		381	423
	Special reports and sundry certifications		616	739
	Out of pocket expenses		391	375
			4,535	4,490
<b>32.</b>	<b>OTHER OPERATING EXPENSES</b>			
	Workers' Profit Participation Fund	(9.3)	403,992	171,909
	Workers' Welfare Fund		141,177	61,166
	Donations	(32.1)	6,235	4,079
	Loss on exchange rate and price difference		213	2,968
			551,617	240,122
<b>32.1</b>	None of the directors had interest in the donee institutions.			
	<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 1,000
<b>33.</b>	<b>OTHER INCOME</b>			
	<b>Income from financial assets:</b>			
	Dividend income from Baluchistan Wheels Limited		11,252	4,710
	Return on bank deposits		47,339	17,185
	Accrued interest on Term Deposit Receipts (TDR)		17,317	-
	Gain on sale of short term investments	(33.1)	230,902	40,403
	Change in fair value of short term investments	(26) & (33.2)	8,029	488
	Gain on translation of foreign investment		120	1,215
	Interest charged on early payments and advances		30,307	49,339
			345,266	113,340
	<b>Income from assets other than financial assets:</b>			
	Rental income		5,101	5,343
	Scrap sales		17,801	26,091
	Exchange gain		44	-
	Gain on disposal of property, plant and equipment		4,116	1,443
	Insurance claim		299	2,079
	Liabilities no longer required written back		2,532	2,270
	Lab income		60	223
	Multiapp products service income		2,469	1,385
	Others	(33.3)	23,252	7,961
			55,674	46,795
			400,940	160,135

	Note	2017 (Rupees in thousand)	2016
<b>33.1 Realized gain / (loss) on sale of short term investment:</b>			
ABL Cash Fund		33,258	8,563
ABL Government Securities		228	5,303
ABL Income Fund		15,428	883
ABL Islamic Income Fund		6,013	-
Meezaan Cash Fund		1,685	-
Meezaan Islamic Fund		20	-
UBL Liquidity Income Plus Fund		11,814	-
UBL Money Market Fund		88	-
Al-Falah GHP Sovereign Fund		84	-
Al-Falah GHP Money Market Fund		4,502	-
Lackson Money Market Fund		15,667	-
HBL Money Market Fund		19,569	3,957
NAFA Government Securities Liquid Fund		32,647	7,728
NAFA Money Market Fund		140	-
Atlas Money Market		17,781	1,992
Askari Sovereign Cash fund		-	2,528
Atlas Sovereign Fund		97	-
Atlas Income Fund		9,548	50
MCB DCF Fund		26,391	580
MCB Cash Management Optimizer Fund		35,942	8,819
		230,902	40,403
<b>33.2 Unrealized gain / (loss):</b>			
ABL Government Securities Fund		527	72
ABL Cash Fund		756	383
ABL Income Fund		499	-
ABL Islamic Income Fund		821	-
UBL Liquidity Income Plus Fund		368	-
Lackson Money Market Fund		712	-
HBL Money Market Fund		830	-
NAFA Government Securities Liquid Fund		661	-
Atlas Money Market		697	-
Atlas Income Fund		565	-
MCB DCF Fund		239	-
MCB Cash Management Optimizer Fund		1,354	33
		8,029	488
<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		11,323	44,612
Bank charges and commission		4,678	8,054
		16,001	52,666
<b>35. TAXATION</b>			
<b>For the year:</b>			
Current		2,349,374	1,049,087
Deferred		66,097	(11,256)
		2,415,471	1,037,831
<b>Prior years:</b>			
Current		(456)	18,926
Deferred		(4,127)	(162)
		(4,583)	18,764
		2,410,888	1,056,595
<b>35.1 Numerical reconciliation between average effective tax rate and the applicable tax rate.</b>		2017	2016
		%	%
<b>Applicable tax rate</b>		31.00	32.00
- Effect of change in prior year		(0.38)	1.07
- Income exempt for tax purposes		-	(0.03)
- Income chargeable to tax at lower rate		2.57	2.99
- Effect on opening deferred taxes on reduction of rate		(0.01)	(0.02)
- Others		(0.36)	(1.86)
		1.82	2.15
		32.82	34.15

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

The Board of Directors of the parent undertaking in its meeting held on 12 September 2017 has proposed a final cash dividend of Rs. 60 per share (2016: Rs. 30 per share) in respect of the year ended 30 June 2017. 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	
	2017	2016	2017		2016		2017	2016
	4	5	Non Executive Directors		Non Executive Directors		2	4
Number of persons			4	3	4	4	2	96
Remuneration	26,535	24,375	18,957	7,936	23,378	23,378	4,162	100,566
Cost of living allowance	1,618	-	18,957	3,980	23,378	23,378	3,199	40,014
Bonus	11,109	6,296	13,392	2,455	6,906	6,906	1,493	29,908
House rent	4,621	6,586	8,531	1,835	10,520	10,520	1,907	34,007
Contribution to provident fund and gratuity funds	1,367	1,447	-	338	-	-	570	17,083
Pension contribution	-	-	-	86	-	-	-	6,802
Medical expenses	777	457	3,092	827	1,677	1,677	172	9,083
Utilities	1,788	1,700	1,701	1,490	1,714	1,714	1,043	12,035
Other reimbursable expenses	6,034	4,487	5,417	1,490	5,652	5,652	1,420	15,816
	53,849	45,348	70,047	20,437	73,225	73,225	13,966	265,314

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 (2016: four Directors) was Rs. 768 thousand (2016: Rs. 590 thousand) and travelling expenses Rs. 656 thousand (2016: Rs. 392 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:

		2017	2016
		(Rupees in thousand)	
Retirement benefit plan	Contribution to staff retirement benefit plan	37,313	30,902
Defined contribution plan	Contribution to defined contribution plan	14,694	11,415
Provident Fund	Amount Contributed	21,881	20,250

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	4,922,827	2,037,662
(Number of shares)		
Weighted average number of ordinary shares outstanding during the year	44,293	44,293
Rupees		
Earnings per share	111.14	46.00

#### 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	2017	2016
		(Rupees in thousand)	
Profit before taxation		7,333,717	3,094,257
Adjustment for:			
Depreciation on property, plant and equipment		157,953	145,390
Amortization of intangible asset		2,498	3,304
Provision for accumulating compensated absences		3,000	7,987
Bad debts written off		-	19
Profit on bank deposits		(47,339)	(17,185)
Dividend income		(11,252)	(4,710)
Pension		37,195	135,386
Provision for gratuity		(22,262)	19,410
Non-current assets written off		-	5,804
Exchange loss		213	2,968
Gain on disposal of property, plant and equipment		(4,116)	(1,443)
Gain on sale of short term investments		(230,902)	(40,403)
Gain on change in fair value of investments		(19,406)	(1,703)
Finance cost		16,001	52,666
Workers' Profit Participation Fund		403,992	171,909
Workers' Welfare Fund		141,177	61,166
Working capital changes	(40.1)	5,146,268	2,559,729
		12,906,737	6,194,551

40.1 Working capital changes	Note	2017 (Rupees in thousand)	2016
<b>(Increase) / decrease in current assets</b>			
Stores and spares		(38,188)	6,476
Stock in trade		(1,288,851)	186,729
Trade debts		148,251	(109,724)
Loans and advances		(1,119)	10,143
Trade deposits and short term prepayments		7,483	11,889
Other receivables		7,871	(40,321)
		(1,164,553)	65,192
<b>Increase in current liabilities</b>			
Trade and other payables		6,310,821	2,494,537
		5,146,268	2,559,729

#### 41. FINANCIAL RISK MANAGEMENT

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

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

- Market risk
- Credit risk
- Liquidity risk

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

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. However, the company has limited exposure for currency risk and considered not material to the company.

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
		2017	2016
(Rupees in thousand)			
Receivables/ (Trade and other payables) - GBP	+1	290	127
	-1	(290)	(127)
Receivables/ (Trade and other payables) - USD	+1	697	581
	-1	(697)	(581)
Receivables/ (Trade and other payables) - EUR	+1	53	71
	-1	(53)	(71)

	Changes in Rate	Effects on Profit Before Tax	Effects on Profit Before Tax
		2017	2016
Reporting date rate per:			
GBP		136.68	140.40
USD		105.00	104.70
EUR		120.14	116.31

(b) Other price risk

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

Short-term investments pertain to investment in mutual funds. These investment are carefully managed and observed on the basis of duly approved policy by Board of Directors. The underlying composition of these mutual funds does not involve equity instruments therefore it does not have any co-relation with stock market. Hence, the Company is not exposed to other price risk in this avenue as well.

(c) Interest rate risk

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

The 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:

	2017	2016
	(Rupees in thousand)	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	135,729	57,421
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	1,339,530	223,235

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	2017	+1	12,763
		-1	(12,763)
	2016	+1	1,731
		-1	(1,731)
Short term borrowings	2017	+1	1,180
		-1	(1,180)
	2016	+1	2,700
		-1	(2,700)

### 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. 10,130,176 thousand (2016: Rs. 4,610,985 thousand), the financial assets which are subject to credit risk amounted to Rs. 9,884,330 thousand (2016: Rs. 4,468,591 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:

	2017	2016
	(Rupees in thousand)	
Trade debts	285,300	433,764
Other receivables	97,434	105,305
Short term investments	7,281,640	1,194,315
Bank balances	2,212,544	2,727,796
Long term deposits	7,412	7,411
	<u>9,884,330</u>	<u>4,468,591</u>
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 Months	214,932	362,064
Past due 4 - 6 Months	8,872	7,533
Past due 7 - 12 Months	48,794	47,609
Past due to above one year	17,743	16,558
	<u>290,341</u>	<u>433,764</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			2017	2016
	Short	Long	Agency	(Rupees in thousand)	
Meezan Bank Limited	A-1+	AA	JCR-VIS	46,165	9,896
Allied Bank Limited	A-1+	AA+	PACRA	86,841	30,790
Zarai Taraqati Bank Limited	A-1+	AAA	JCR-VIS	458,905	104,347
Bank Alfalah Limited	A-1+	AA	PACRA	554,064	14,050
Standard Chartered Bank	A-1+	AAA	PACRA	13,431	20,546
United Bank Limited	A-1+	AAA	JCR-VIS	313,380	226,036
The Bank of Punjab	A-1+	AA-	PACRA	551	551
MCB Bank Limited	A-1+	AAA	PACRA	178,026	28,154
Habib Bank Limited	A-1+	AAA	JCR-VIS	293,103	94,996
Sindh Bank	A-1+	AA	JCR-VIS	105,440	8,105
National Bank of Pakistan	A-1+	AAA	JCR-VIS	80,184	23,510
Emirates NBD	P-2	A-3	Moody's	21,072	50,503
MCB Bahrain	P-3	Baa3	Moody's	-	30,068
Faysal Bank Limited	A1+	AA	PACRA	29,050	49,490
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2	179
JS Bank Limited	A1+	A+	PACRA	4	4
Bank Al Habib Limited	A1+	AA+	PACRA	4,606	8,889
Dubai Islamic Bank	A-1	A+	JCR-VIS	-	43
Askari Bank Limited	A-1+	AA	JCR-VIS	4,729	1,757
				2,189,553	701,914

Mutual funds / Term Deposit Receipts	Rating		Agency	2017	2016
				(Rupees in thousand)	
NAFA Government Securities Liquid Fund	AAA(f)		PACRA	650,251	-
ABL Cash Fund	AA(f)		JCR-VIS	706,325	400,284
HBL Money Market Fund	AA(f)		JCR-VIS	465,997	-
MCB Dynamic Cash Fund	A+		PACRA	500,215	-
United Liquidity Plus Fund	AA(f)		JCR-VIS	254,410	-
MCB Cash Management Optimizer Fund	AA(f)		PACRA	936,037	500,033
ABL Income Fund	A(f)		JCR-VIS	387,812	-
Meezan Cash Fund	AA(f)		JCR-VIS	101,278	-
Atlas Money Market Fund	AA(f)		PACRA	514,069	-
ALFALAH GHP Money Market Fund	AA+(f)		PACRA	103,440	-
LAKSON Money Market Fund	AA(f)		PACRA	487,322	-
ATLAS Income Fund	AA-(f)		PACRA	507,762	-
ABL Islamic Income Fund	A(f)		JCR-VIS	403,278	-
TDR - Meezan Bank Limited	AA		JCR-VIS	1,000,000	-
UBL- Term Deposit Receipt	AA-(f)		PACRA	162,917	192,461
ABL Government Securities Fund	A(f)		JCR-VIS	100,527	101,537
				7,281,640	1,194,315

### 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 2017, the Group had Rs. 4,900,655 thousand available borrowing limits from financial institutions and Rs. 2,213,683 thousand cash and bank balances.

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

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Trade and other payables	1,974,395	1,974,395	-	-
Short term borrowings	125,501	125,501	-	-
Mark-up accrued on short term borrowings	1,126	1,126	-	-
Long term deposits	24,543	1,013	23,530	-
	2,125,565	2,102,035	23,530	-



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	-
	3,962,369	3,941,026	21,343	-

41.4 Financial instruments by categories

	Available for-sale	At fair value through profit and loss	Loans and receivables	Investments at cost	Total
	2017	2016	2017	2016	2017
	(Rupees in thousand)				

Financial assets as per balance sheet

Long term investments	233,193	126,555	-	-	-	233,193	126,555
Long term loans	-	-	3,429	2,264	-	-	2,264
Long term deposits	-	-	7,412	7,411	-	-	7,411
Loans to employees	-	-	8,085	6,919	-	-	6,919
Trade debts	-	-	285,300	433,764	-	-	433,764
Other receivables	-	-	97,434	105,305	-	-	105,305
Short term investments	-	-	6,118,723	1,001,854	1,162,917	7,281,640	1,194,315
Cash and bank balances	-	-	2,213,683	2,734,452	-	2,213,683	2,734,452
	233,193	126,555	6,118,723	1,001,854	1,162,917	10,130,176	4,610,985

Financial liabilities as per balance sheet

	2017	2016
	(Rupees in thousand)	
Trade and other payables	1,974,395	3,660,857
Short term borrowings	125,501	274,159
Mark-up accrued on short term borrowings	1,126	5,111
Long term deposits	24,543	22,242
	2,125,565	3,962,369

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 2017, the Group held the following financial instruments carried at fair value:

	2017	Level 1	Level 2	Level 3
	------(Rupees in thousand)-----			
<b>Assets measured at fair value - available for sale</b>				
Equity shares - available for sale	233,193	233,193	-	-
Investment in mutual funds	6,118,723	6,118,723	-	-

Date of valuation : 30 June 2017

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

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	1,001,782	1,001,782	-	-

Date of valuation : 30 June 2016

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

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.

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees in thousands											
Sales	30,013,921	16,913,832	3,303,592	1,899,206	1,744,098	1,333,476	2,093,857	1,398,702	(5,543,101)	(3,584,041)	31,612,367	17,961,175
Cost of sales	22,916,592	13,577,972	2,261,937	1,514,684	1,497,470	1,192,600	1,692,476	1,035,229	(5,543,101)	(3,584,041)	22,825,374	13,736,444
<b>Gross profit</b>	<b>7,097,329</b>	<b>3,335,860</b>	<b>1,041,655</b>	<b>384,522</b>	<b>246,628</b>	<b>140,876</b>	<b>401,381</b>	<b>363,473</b>	<b>-</b>	<b>-</b>	<b>8,786,993</b>	<b>4,224,731</b>
Distribution cost	536,522	350,155	3,026	2,628	47,146	34,256	48,355	42,411	-	-	635,049	429,450
Administrative expenses	471,550	425,327	69,625	57,736	46,575	41,363	63,801	43,945	-	-	651,551	568,371
	1,008,072	775,482	72,651	60,364	93,721	75,619	112,156	86,356	-	-	1,286,600	997,821
<b>Operating profit</b>	<b>6,089,257</b>	<b>2,560,378</b>	<b>969,004</b>	<b>324,158</b>	<b>152,907</b>	<b>65,257</b>	<b>289,225</b>	<b>277,117</b>	<b>-</b>	<b>-</b>	<b>7,500,393</b>	<b>3,226,910</b>
Finance costs	2,181	15,300	856	1,409	10,996	33,138	1,968	2,819	-	-	16,001	52,666
Other operating expenses	454,934	196,521	70,575	24,030	10,724	3,060	15,384	16,511	-	-	551,617	240,122
	457,115	211,821	71,431	25,439	21,720	36,198	17,352	19,330	-	-	567,618	292,788
Other income	610,091	272,249	49,025	19,569	10,239	10,360	6,240	3,685	(274,655)	(145,728)	400,940	160,135
Profit before taxation	6,242,233	2,620,806	946,598	318,288	141,426	39,419	278,113	261,472	(274,655)	(145,728)	7,333,715	3,094,257
Taxation	1,984,700	870,508	322,382	98,026	43,650	12,936	60,156	75,125	-	-	2,410,888	1,056,595
Profit for the year	4,257,533	1,750,298	624,216	220,262	97,776	26,483	217,957	186,347	(274,655)	(145,728)	4,922,827	2,037,662

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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Segment operating assets</b>												
Operating fixed assets	717,873	448,130	491,473	500,859	178,841	180,313	193,808	109,193	-	-	1,581,995	1,238,495
Capital work in progress	6,974	225,134	132,433	3,672	6,101	4,116	-	37,709	-	-	145,508	270,631
Intangible asset	897	3,295	202	-	-	-	-	302	-	-	1,099	3,597
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Investment property	255,708	255,708	-	-	-	-	-	-	-	-	255,708	255,708
Long term investments	484,279	396,928	-	-	42,694	23,288	-	-	(293,780)	(293,661)	233,193	126,555
Long term loans	2,575	1,483	-	-	854	781	-	-	-	-	3,429	2,264
Long term deposits	-	-	3,519	3,518	3,893	3,893	-	-	-	-	7,412	7,411
Employees' defined benefit plan	39,962	-	-	-	17,272	-	-	-	-	-	57,234	-
Stores and spares	118,431	111,913	132,866	133,509	116,252	84,625	13,388	12,702	-	-	380,937	342,749
Stock in trade	3,646,581	2,545,484	268,792	206,308	290,062	280,698	232,782	116,876	-	-	4,438,217	3,149,366
Trade debts	194,311	286,194	69,651	122,391	59,632	141,879	114,947	87,729	(153,241)	(204,429)	285,300	433,764
Loans and advances	54,488	72,071	47,881	28,407	4,997	4,612	29,010	30,167	-	-	136,376	135,257
Trade deposits and short term prepayments	19,611	24,366	-	-	322	341	9,524	12,233	-	-	29,457	36,940
Balances with statutory authorities	2,526,588	1,184,143	-	-	23,453	2,628	-	7,182	-	-	2,550,041	1,193,953
Other receivables	97,246	104,756	-	-	188	5,694	-	-	-	(5,145)	97,434	105,305
Tax refunds due from the Government	185,886	629,148	(28,703)	56,149	137,000	124,831	8,583	11,778	-	-	302,766	821,906
Short term investments	6,718,196	800,317	400,527	201,537	-	-	162,917	192,461	-	-	7,281,640	1,194,315
Cash and bank balances	2,061,003	2,562,252	43,585	53,968	9,554	12,910	99,541	105,322	-	-	2,213,683	2,734,452
<b>Total operating assets</b>	<b>17,130,609</b>	<b>9,651,322</b>	<b>1,562,226</b>	<b>1,310,318</b>	<b>891,115</b>	<b>870,609</b>	<b>864,500</b>	<b>723,654</b>	<b>(428,449)</b>	<b>(484,663)</b>	<b>20,020,001</b>	<b>12,071,240</b>
<b>Segment operating liabilities</b>												
Long term deposits	11,515	11,505	6,372	4,839	5,643	4,999	-	-	-	-	23,530	21,343
Deferred taxation liability / (asset)	19,120	2,108	62,103	64,737	(4,001)	-	15,025	(45,185)	-	-	92,247	21,660
Employees' defined benefit plan	-	88,558	-	-	81,212	79,954	-	1	-	-	81,212	168,513
Accumulating compensated absences	94,952	96,282	17,434	15,573	-	-	-	9,347	-	-	112,386	121,202
Trade and other payables	11,255,169	5,310,799	267,144	143,970	106,661	107,523	124,952	103,873	(181,944)	(204,429)	11,571,982	5,461,736
Current portion of long term deposits	-	-	-	-	1,013	899	-	-	-	-	1,013	899
Short term borrowings	-	-	-	-	125,501	274,159	-	-	-	-	125,501	274,159
Accrued mark-up on short term borrowings	-	310	188	32	938	4,769	-	-	-	-	1,126	5,111
<b>Total operating liabilities</b>	<b>11,380,756</b>	<b>5,509,562</b>	<b>353,241</b>	<b>229,151</b>	<b>316,967</b>	<b>472,303</b>	<b>139,977</b>	<b>68,036</b>	<b>(181,944)</b>	<b>(204,429)</b>	<b>12,008,997</b>	<b>6,074,623</b>

#### 44. LISTING OF SUBSIDIARY COMPANIES

Name of Subsidiary	Group shareholding (%)	NCI shareholding (%)	Place 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	1,590,929	667,992	895,116	196,507
Total Liabilities	353,241	95,331	320,969	44,646
Total comprehensive income / (loss)	624,216	148,623	97,776	69,334
Total comprehensive income / (loss) allocated to NCI	343,319	53,371	52,545	17,334
Accumulated NCI	680,729	202,717	299,056	37,971
Cash and cash equivalents	43,585	169,895	(115,947)	92,562
Cash generated from / (utilized) in				
operating activities	798,472	89,958	364,176	51,782
investing activities	(342,535)	(65,587)	(18,453)	-
financing activities	(466,320)	(71,623)	(22,945)	(17,118)

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

	Note	2017 (Rupees in thousand)	2016 (Rupees in thousand)
Size of the fund		799,248	791,157
Cost of investment made	(45.2)	671,850	650,970
Percentage of investment made		84%	82%
Fair value of investment		1,302,547	1,037,356

45.2 Breakup of investment - amount	2017		2016	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
Investment in shares (listed securities)	25,083	3.14%	26,355	3.33%
Term Deposit Receipts (TDR)	540,893	67.68%	532,677	67.33%
Special Saving Certificate (SSC)	88,643	11.09%	77,289	9.77%
Government Securities	17,231	2.16%	14,649	1.85%
	671,850	84.06%	650,970	82.28%

45.3 The above information is based on audited financial statements of the provident fund for the year ended 30 June 2017.



	2017	2016
<b>46. CAPACITY AND PRODUCTION</b>	Units per annum	
<b>Tractors</b>		
Plant capacity (double shift)	30,000	30,000
Actual production	33,916	21,108

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

**Batteries**

During the year, the actual production capacity attained was 201,535 batteries (standard 15 plates 211,208 batteries compared with (2016: 171,317 standard 15 plates 188,233 batteries)) against annual manufacturing capacity of 212,000 batteries (2016: 172,000).

**Tractors components**

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

	Metric tons	
<b>Castings</b>		
Installed capacity	13,200	13,200
Actual production	11,566	8,437
Capacity utilisation	87.62%	63.92%

Production during the year was as per the market demand.

	2017	2016
<b>47. NUMBER OF EMPLOYEES</b>		
Number of employees at the end of the year	759	762
Average number of employees during the year	761	766

**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 12 September 2017.

**49. CORRESPONDING FIGURES**

Corresponding figures have been reclassified or rearranged, wherever necessary, for better and fair presentation. However, no significant reclassifications / rearrangement have been made during the year.

**50. GENERAL**

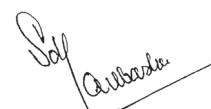
Figures have been rounded off to the nearest thousand of rupees.



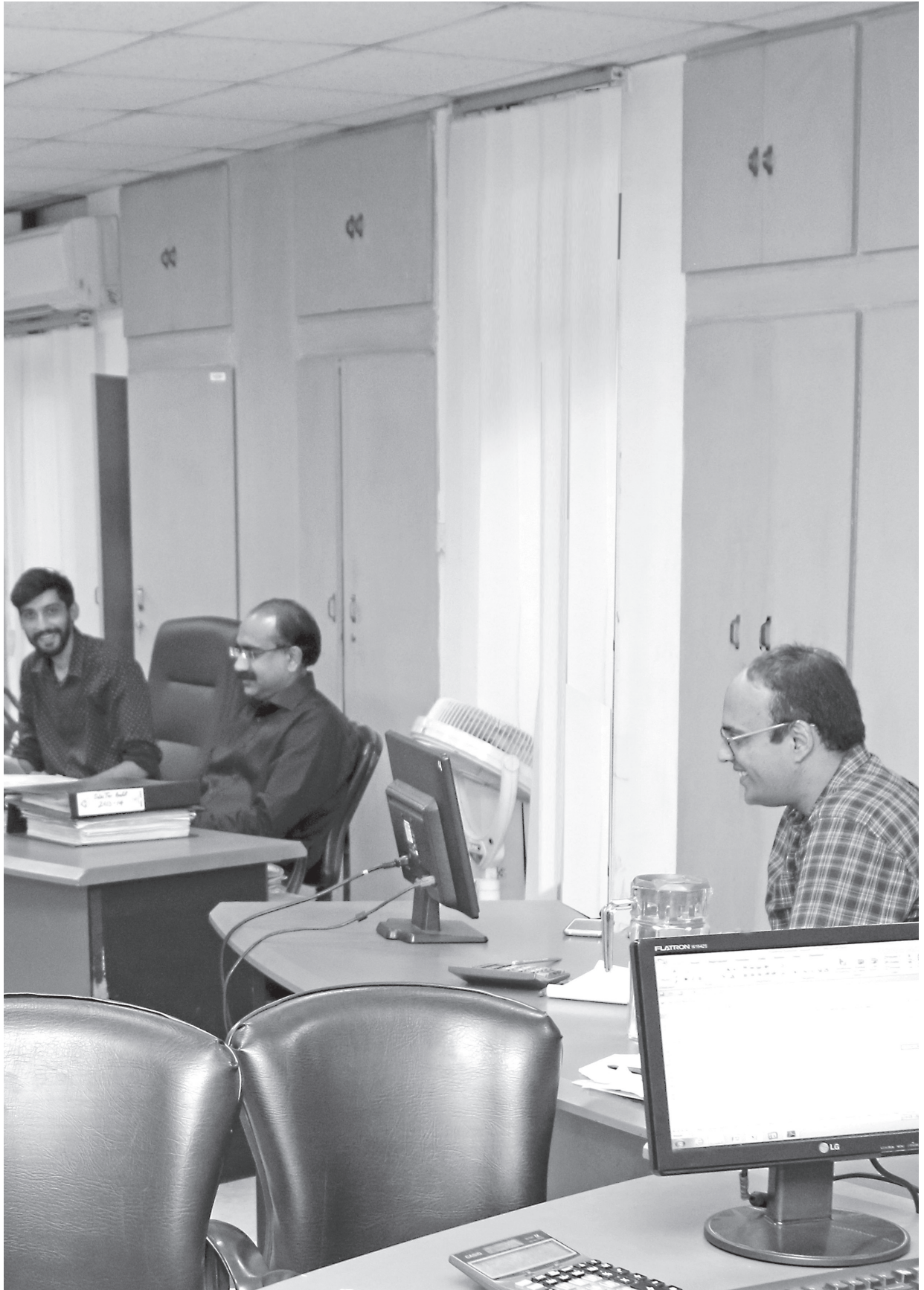
Chief Financial Officer



Chief Executive Officer



Director



## PATTERN OF SHAREHOLDING

as on June 30, 2017

Number of Share Holders	From	Shareholding To	Number of Shares Held	% of Capital
1,222	1	100	52,017	0.12
922	101	500	260,605	0.59
411	501	1000	319,689	0.72
685	1001	5000	1,602,536	3.62
236	5001	10000	1,697,010	3.83
96	10001	15000	1,191,331	2.69
53	15001	20000	925,111	2.09
39	20001	25000	873,202	1.97
27	25001	30000	743,922	1.68
18	30001	35000	594,605	1.34
13	35001	40000	480,325	1.08
10	40001	45000	422,163	0.95
8	45001	50000	333,518	0.75
5	50001	55000	259,603	0.59
10	55001	60000	575,190	1.30
5	60001	65000	306,981	0.69
6	65001	70000	328,555	0.74
2	70001	75000	141,140	0.32
1	75001	80000	78,024	0.18
6	80001	85000	500,946	1.13
2	85001	90000	178,302	0.40
6	95001	100000	590,056	1.33
4	100001	105000	409,389	0.92
1	105001	110000	107,698	0.24
6	115001	120000	703,473	1.59
1	120001	125000	123,463	0.28
1	130001	135000	130,996	0.30
1	135001	140000	136,733	0.31
1	150001	155000	151,250	0.34
1	155001	160000	157,950	0.36
1	160001	165000	162,800	0.37
1	165001	170000	169,594	0.38
1	175001	180000	180,000	0.41
1	180001	185000	181,960	0.41
1	205001	210000	206,236	0.47

Number of Share Holders	From	Shareholding To	Number of Shares Held	% of Capital
2	215001	220000	436,848	0.99
1	220001	225000	220,350	0.50
1	235001	240000	240,000	0.54
2	250001	255000	251,220	0.57
1	265001	270000	265,364	0.60
1	270001	275000	274,600	0.62
1	275001	280000	279,082	0.63
1	280001	285000	283,158	0.64
2	285001	290000	575,598	1.30
1	310001	315000	312,700	0.71
1	325001	330000	327,250	0.74
1	335001	340000	339,785	0.77
1	405001	410000	409,333	0.92
2	495001	500000	997,929	2.25
1	530001	535000	532,724	1.20
1	575001	580000	575,859	1.30
1	705001	710000	706,796	1.60
1	745001	750000	747,703	1.69
1	770001	775000	772,497	1.74
1	975001	980000	978,813	2.21
2	1080001	1085000	1,082,000	2.44
1	1085001	1090000	1,087,818	2.46
1	1310001	1315000	1,311,180	2.96
1	1440001	1445000	1,441,220	3.25
1	1550001	1555000	1,550,074	3.50
1	1600001	1605000	1,600,025	3.61
1	2045001	2050000	2,046,799	4.62
1	2345001	2350000	2,349,994	5.31
1	3435001	3440000	3,437,110	7.76
1	3580001	3585000	3,582,342	8.09
3,839		TOTAL	44,292,544	100.00

## CATEGORIES OF SHAREHOLDERS as on June 30, 2017

	Number of Share Holders	Shares Held	Percentage
<b>1 DIRECTOS, CEO AND THEIR SPOUSE &amp; MINOR CHILDREN</b>			
Mr. Sikandar Mustafa Khan	1	3,582,342	8.09
Syed Muhammad Irfan Aqueel	1	100,079	0.23
Mr. Latif Khalid Hashmi	1	1,600,025	3.61
Mr. Sohail Bashir Rana	1	2,349,994	5.31
Mr. Laeeq Uddin Ansari	1	3,437,110	7.76
Mian Muhammad Saleem	1	978,813	2.21
Mr. Saad Iqbal	1	772,497	1.74
Mrs. Cyma Khan (Spouse of Mr. Sikandar Mustafa Khan)	1	58,657	0.13
Mrs. Ayesha Sohail (Spouse of Mr. Sohail Bashir Rana)	1	271,220	0.61
Mrs. Shireen Shah Aqueel (Spouse of S.M. Irfan Aqueel)	1	16,500	0.04
		13,167,237	29.73
<b>2 ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES</b>			
a) MTL Employees welfare Trust.	1	40,619	0.09
b) MTL Provident Fund Trust.	1	409,333	0.92
c) MTL Gratuity Fund Trust.	1	286,625	0.65
		736,577	1.66
<b>3 EXECUTIVES/ WORKERS</b>	49	220,901	0.50
<b>4 PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>			
State Life Insurance Corporation of Pakistan.	1	2,046,799	4.62
<b>5 NIT AND IDBP (ICPUNIT)</b>			
IDBP (ICP Unit)	2	82	0.00
CDC- Trustee NIT-Equity Market Opportunity Fund	1	66,583	0.15
CDC- Trustee NIT Islamic Equity Fund	1	13,600	0.03
		80,265	0.18
<b>6 BANKS, DEVELOPMENT FINANCIAL INSTITUTION, NON-BANKING FINANCIAL INSTITUTIONS</b>	11	460,651	1.04
<b>7 INSURANCE COMPANIES</b>	8	3,942,137	8.90
<b>8 MODARABA</b>	3	5,870	0.0133
<b>9 MUTUAL FUNDS</b>			
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	157,950	0.36
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	116,800	0.26
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	96,100	0.22
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	13,500	0.03
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	60,000	0.14
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	9,850	0.02
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	116,900	0.26
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	12,500	0.03
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	48,650	0.11
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	4,000	0.01



	Number of Share Holders	Shares Held	Percentage
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	60,750	0.14
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	5,243	0.01
CDC - TRUSTEE MEEZAN BALANCED FUND	1	800	0.00
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	28,900	0.07
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	1	1,134	0.00
CDC - TRUSTEE LAKSON TACTICAL FUND	1	8,986	0.02
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	4,600	0.01
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	1	11,000	0.02
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	2,000	0.00
CDC - TRUSTEE APF-EQUITY SUB FUND	1	2,500	0.01
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	15,000	0.03
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	57,500	0.13
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY	1	15,000	0.03
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	116,200	0.26
CDC - TRUSTEE ABL STOCK FUND	1	180,000	0.41
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	1,500	0.00
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	57,500	0.13
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	2,000	0.00
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	274,600	0.62
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	31,650	0.07
CDC - TRUSTEE NAFA STOCK FUND	1	312,700	0.71
CDC - TRUSTEE PICIC STOCK FUND	1	8,000	0.02
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	4,600	0.01
CDC - TRUSTEE LAKSON EQUITY FUND	1	55,550	0.13
CDC - TRUSTEE HBL - STOCK FUND	1	82,750	0.19
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	18,500	0.04
M/S. GOLDEN ARROW SELECTED STOCK FUNDS LTD.	1	12	0.00
		1,995,225	4.50
<b>10 SHAREHOLDERS HOLDING 5% OR MORE VOTING INTEREST.</b>	*		
<b>11 GENERAL PUBLIC</b>			
a. Local	3563	18,872,982	42.61
b. Foreign	51	1,502,871	3.39
<b>12 OTHERS</b>			
Joint Stock Companies	63	262,371	0.59
Trust	27	900,952	2.03
Others	9	97,706	0.22
	3,839	44,292,544	100
<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	3,437,110	7.76

## TRACTOR DEALERS

### PUNJAB

Haji Sher Muhammad & Brothers, Attock  
Sahgol Motors, Rawalpindi  
Friends Corporation, Mandi Bahauddin  
Hassan Corporation, Gujranwala  
Zeshan Tractors, Gujrat  
Globe Automobiles, Lahore  
Zamindar Tractors & Equipment, Kasur  
Shahrah Autos, Sheikhpura  
Bilal Tractors, Nankana  
Jhang Tractor House, Jhang  
Muhammad Yousaf & Co., Faisalabad  
Sheraz Tractors, Toba Tek Singh  
Ahmed K. Agencies, Jhang  
Sahiwal Tractor House (Pvt) Ltd., Sahiwal  
Khawaja Autos, Okara  
Pakistan Tractor House, Sargodha  
Super United Tractors, Mianwali  
Shaheen Tractor House, Bhakkar  
Multan Autos, Multan  
Chenab Tractor House, Muzaffargarh  
Universal Autos, D.G. Khan  
Haleem (Pvt) Ltd., Khanewal  
Thal Agro Services, Leiah  
Al-Hassan Traders, Bahawalpur  
Panjnad Tractors, R.Y. Khan  
Aziz Sons Tractor Corporation, R.Y. Khan  
Vehari Tractors, Vehari  
Sutluj Traders, Chishtian  
Sargoro Services, Bahawalnagar  
Shabbir Trading Co., Depalpur, Distt. Okara  
Iqbal Enterprises, Chakwal  
Pak Ghazi Tractors, Jampur, Distt. Rajanpur  
Kissan Brothers, Kasur  
Usman Enterprises, Opp. Millat Tractors Limited,  
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  
Taj Jamal & Co., Jaffarabad

### KHYBER PAKHTOONKHWA

Indus Autos, D.I. Khan  
Khurram Tractors, Sarai Naurang, Bannu  
Kohat Automobiles, Kohat  
Samir Tractor Agency, Parachinar  
Hunza Motors, Gilgit  
Tractor House, Charsadda  
Tractor House, Peshawar  
Zahoor Tractor House, Mardan  
Saiyar Tractor Agency, Kurram Agency  
Gewan Tractors, Haripur  
Iftikhar Traders, Peshawar  
Lakki Tractor Showrom, D.I. Khan

### SINDH

Popular Tractor Co., Sukkur  
Larkana Tractor House, Larkana  
Jacobabad Tractor, Jacobabad  
Good Luck Tractor Co., Khairpur  
Pakistan Zaree Industries, Hyderabad  
Mehran Trading Co., Sanghar  
Al-Hamd Tractors, Dadu  
Millat Farm Machinery, Nawabshah  
Agrico International, Karachi  
Tharparkar Tractor House, Mirpurkhas  
Al-Davi Tractors House, Shahdadkot  
Kashmor Tractor Co., Kashmir  
K.K. Tractors, Tandu Allah Yar

### KASHMIR

Sana & Brothers Enterprises, Bagh

## SPARE PARTS DEALERS

### PUNJAB

Chisti Sabri Auto Store, Lahore  
 Jamshid Tractor Centre, Lahore  
 Shakoor Auto, Lahore  
 New Mukhtar Sons, Lahore  
 Mian Autos, Lahore  
 Goshia Traders, Lahore  
 Malik Tractors, Lahore  
 Muslim Tractor Corp., Lahore  
 Ghazi Autos, Lahore  
 Pak Tractor House (Pvt) Ltd., Lahore  
 Sadar Auto Traders, Lahore  
 Farhan Tractors, Lahore  
 Rana Auto Store, Pattoki  
 Tractors Parts, Sahiwal  
 Mian Autos, Sheikhpura  
 Madina Tractors, Muridkey, Sheikhpura  
 Kissan Tractor House, Sialkot  
 Madina Autos Servies, Sambrial  
 Mukhtar Autos, Sahiwal  
 Madina Autos, Arifwala  
 Crescent Autos, Pakpattan  
 Madina Autos, Burewala  
 Pak Auto Store, Haroonabad  
 Umer Nawaz Auto Store, Multan  
 Ishtiaq Auto Store, Multan  
 New Altaaf Autos, Multan  
 Kohistan Autos, Multan  
 Hafiz Autos, Kabeerwala  
 M. Latif & Brothers, Mian Channu  
 Mian Autos, Manawala  
 Pak Autos, Pirmahal  
 Baloch Tractor House, Jhang  
 Farooq Autos, Faisalabad  
 786 Auto Traders, Faisalabad  
 Chaudhry Tractor Centre, Sargodha  
 Pak Auto Store, Haroonabad  
 Mushtaq Parts Centre, Wazirabad  
 Mukhtar Autos, Daska  
 Awami Tractor Workshop, Narowal  
 Riaz Autos, Mandi Faizabad, Sheikhpura  
 Kashmir Auto & Hardware House, Daska

Sargodha Tractor Parts, Gujranwala  
 Kissan Autos, Fateh Jang  
 Usman Yaseen Tractor Parts, Okara  
 Ali Akbar & Sons, Bahawalpur  
 Amin Autos, Bahawalpur  
 Nazar Tractor Workshop, Ali Pur  
 Madina Tractor & Tyer House, Kasur  
 Ali Auto Centre, Distt. Muzaffargarah  
 Tahal Auto Store, Joharabad  
 Punjnand Traders, Rahim Yar Khan  
 Somoro Auto Store, Rohjan City, Rajan Pur  
 Gohar Auto Tractor Parts, Muzaffargarah  
 Ch. Autos, Leiah  
 Millat Autos Store, D.G. Khan

### KHYBER PAKHTOONKHWA

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

### SINDH

Abdul Khaliq Khoosa Autos, Jaffarabad  
 Tractor Corporation, Nasirabad  
 Kisan Tractor Parts, Jackabad  
 Madni Tractor, Hyderabad

ایم ٹی ایل پراڈکٹس میں آنے والی مختلف خرابیوں اور ان کے ازالہ کیلئے مختلف آگہی پروگرامز اور سروے منعقد کراتی ہے۔ اس کے ساتھ ساتھ کسٹمرز کی سہولت کیلئے قوانین کی وضاحت بھی کی جاتی ہے اور انہیں کسی بھی صورت میں کمپنی سے رابطے کرنے کے بارے میں بھی آگاہ کیا جاتا ہے۔

### صنعتی تعلقات

کمپنی اپنے ملازمین کو برابری کی بنیاد پر ملازمت کے مواقع فراہم کرتی ہے اور اس کی انتظامیہ اور کام کرنے والے افراد ایک منظم ایسوسی ایشن کی صورت میں منسلک ہیں۔ انتظامیہ لیبر یونین سے مستقل بنیادوں پر رابطے میں رہتی ہے اور انہیں کام سے متعلق محفوظ اور بہترین ماحول فراہم کرنے کی ضمانت دیتی ہے۔ ایم ٹی ایل ملازمین کے بچوں کو تعلیم کی فراہمی یقینی بناتی ہے اور اس کے علاوہ ان کے مذہبی تہواروں پر مناسب چھٹیاں فراہم کرتی ہے اس کے علاوہ ملازمین جج سکیم کے تحت حج پر جانے کی سعادت بھی حاصل کرتے ہیں۔

### معذور افراد کیلئے روزگار

ایم ٹی ایل تمام افراد کو روزگار کے یکساں مواقع فراہم کرتی ہے۔ اسی بات کے پیش نظر کمپنی نے معذور افراد کو بھی اپنے ادارے میں روزگار فراہم کیا ہے۔ اس وقت ایم ٹی ایل میں مجموعی طور پر 8 افراد جو کسی حوالے سے جسمانی معذوری کا شکار ہیں، باعزت روزگار حاصل کر رہے ہیں۔

### پیشہ ورانہ حفاظت اور صحت

ایم ٹی ایل کی یہ کوشش ہوتی ہے کہ اس کے ملازمین اپنی اور اپنے ساتھ موجود دیگر ملازمین کی حفاظت کا خیال رکھیں۔ تمام ملازمین صحت اور حفاظت کے اصولوں پر عملدرآمد کرتے ہیں۔ ملازمین کو کام کی نوعیت کے مطابق سیفٹی آلات فراہم کئے جاتے ہیں۔ ایم ٹی ایل میں ابتدائی طبی امداد کا ایک ان ہاؤس آفس بھی موجود ہے جہاں ایمرجنسی کی صورت میں طبی معاونت فراہم کی جاتی ہے۔ کمپنی نے اس سال ورکرز کو کسی حادثے کی صورت میں ہسپتال پہنچانے کیلئے ایک ایسولینس بھی حاصل کی ہے۔

### کرپشن فری ماحول

ایم ٹی ایل ہر طرح کی کرپشن اور کاروبار سے متعلق ضابطہ اخلاق کی خلاف ورزی کی حوصلہ شکنی کرتا ہے۔ کمپنی نے ہمیشہ شفافیت پر مبنی اصولوں کو اہمیت دی ہے۔ قانونی اور کاروباری حوالوں سے مثبت اقدار کے فروغ کیلئے کمپنی نے ایک اپنا ضابطہ اخلاق بھی ترتیب دیا ہے۔ اس ضابطہ اخلاق کی ترتیب کا مقصد ملازمین کو یہ سکھانا ہے کہ وہ کس طرح اپنے کسٹمرز، سپلائرز، کلائینٹس، کوورکرز، مینجمنٹ اور عام لوگوں کے ساتھ تعلقات استوار کریں۔ ضابطہ اخلاق میں بہترین رویہ رکھنے اور خلاف ورزی پر جرمانے کے بارے میں بھی ملازمین کو آگاہ کیا گیا ہے۔

### کارپوریٹ سیکٹر سے متعلق مختلف سرگرمیاں

ایم ٹی ایل کارپوریٹ سیکٹر میں مختلف نوعیت کی کمرشل سرگرمیوں کا انعقاد کرتی ہے ان میں سالانہ گالف ٹورنامنٹ، انٹرنیشنل مارکیٹنگ کانفرنس (مارکون 2017) انٹرنیشنل فاؤنڈری ایگزیکٹو، پاکستان کیٹل شو میں منعقد مقابلوں میں انعامات کی فراہمی شامل ہے۔

## سی ایس آر کی جانب وابستگی کارپوریٹ منصوبوں کو برقرار رکھنا

ایم ٹی ایل سوسائٹی کا ایک ذمہ دار اور مستحکم ممبر ہونے کے باعث اس کے تمام شعبوں میں سرمایہ کاری پر یقین رکھتا ہے۔ ایم ٹی ایل اپنے ملازمین کی اہمیت کو تسلیم کرتا ہے، اسی لئے وہ ان کی کام سے متعلق زندگی میں توازن، سیفٹی اور سکیورٹی، کاربن فٹ پرنٹ میں کمی سوسائٹی میں موجود محروم طبقات کی ترقی کے لئے ہر دم کوشاں رہتا ہے۔ اس کے علاوہ ایم ٹی ایل معاشرے میں کسٹمز اور پراڈکٹس سے متعلق اخلاقی اقدار کو فروغ دے کر فلاح و بہبود کے پروگراموں کی تشکیل پر بھی یقین رکھتا ہے۔

ایم ٹی ایل اپنی کارپوریٹ سماجی ذمہ داریوں کو اس انداز میں نبھاتا ہے کہ اس کے کسٹمز، ملازمین، شیئر ہولڈرز، کمیونٹی اور ماحول پر اس کا مثبت اثر ہو۔ کمپنی اپنے (سی ایس آر پروگرام) جس میں رفاہی و غیر رفاہی سرگرمیاں شامل ہیں میں کارپوریٹ سٹریٹجی کے حوالے سے ایک فعال کردار ادا کر رہی ہے۔

### تعلیمی خدمات

ایم ٹی ایل نے معاشرے میں بہتری لانے کیلئے مستقل بنیادوں پر تعلیمی اور سماجی حوالوں سے کام کیا ہے۔ کمپنی نے خیبر پختونخواہ میں نیلاب پراجیکٹ کے تحت ایجوکیشنل سینٹرز کی تعمیر کیلئے Sargodhian Spirit Trust کو 600,000 روپے کی خطیر رقم عطیہ کی۔ اس کے علاوہ ڈیرہ سچا سودا میں سکولز کی تعمیر و مرمت کیلئے سیٹیزن فاؤنڈیشن کو 2.2 ملین کی رقم بھی عطیہ کی۔

### توانائی کی بچت

ملک میں موجود توانائی کے بحران کو مد نظر رکھتے ہوئے کمپنی نے توانائی کی بچت کیلئے اہم اقدامات کئے۔ ان میں سے چند درج ذیل ہیں:

مینوفیکچرنگ میں ایسے سپیڈ ڈرائیو کمپیوٹر کا استعمال جو توانائی کی بچت کرتے ہیں۔

زیادہ دلچ کی حامل لائٹس کو تبدیل کر کے ان کی جگہ کم بجلی استعمال کرنے والے ای ڈی بلب لگائے گئے ہیں۔

ہائی پاور موٹرز، پمپس اور پنکھوں کی جگہ کم بجلی استعمال کرنے والے آلات لگائے گئے ہیں۔

### ماحولیاتی تحفظ سے متعلق اقدامات

گرین انجن ٹیسٹ لیبارٹری کے قیام کے بعد کمپنی نے ایسے انجن متعارف کرائے ہیں جو ماحول دوست ہیں۔ اس کا میاب آغاز کے بعد کمپنی (امیشن کمپلائنسٹ انجن مینوفیکچرر) کے کلب میں شامل ہو گئی ہے۔

یہ انجن سٹینڈاڈ آن کارپوریشن یو ایس اے Stanadyne Corporation USA کی شراکت کے ساتھ بنائے گئے ہیں اور اب ان کی پروڈکشن شروع کی جائے گی تاکہ عالمی سطح پر انجن اور (امیشن کمپلائنسٹ ٹریکٹرز) کی طلب کو پورا کیا جاسکے۔

ہمارے شعبہ باغبانی نے شور اور آلودگی سے پاک ماحول کی فراہمی میں اہم کردار ادا کیا ہے۔ ایم ٹی ایل آلودگی سے پاک ماحول کیلئے سالانہ گل داؤدی کی نمائش اور دوسری سرگرمیوں میں بھرپور حصہ لیتی ہے۔

### سماجی سرمایہ کاری اور فلاح و بہبود کے منصوبے

اس سال کمپنی نے لاہور بزنس مین ایسوسی ایشن کو معذوروں کی بحالی کیلئے 100,000 روپے کی رقم عطیہ کی۔ آرائس فاؤنڈیشن کو سماجی طور پر محروم بچوں کیلئے 200,000 روپے کی رقم اور 3.1 ملین روپے کی رقم مختلف میڈیکل کے اداروں کو عطیہ کی گئی۔

### صارف کا تحفظ

کمپنی کے پاس پاکستان بھر میں کسی بھی دوسرے مینوفیکچررز کی نسبت پروڈکشن کی جدید ترین سہولیات موجود ہیں۔ کمپنی مسلسل بنیادوں پر اپنے صارفین کو عالمی معیار کے مطابق پراڈکٹس پہنچا رہی ہے جس میں سیلز کے بعد بھی سروس فراہمی کا موثر نظام شامل ہے۔



ہے جس میں قابل قبول اور ناقابل قبول عمل کی وضاحت کی گئی ہے۔ یہ ضابطہ اخلاق کمپنی کی ویب سائٹ پر بھی موجود ہے۔

### کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل

30 جون، 2017 کو ختم ہونے والے سال کیلئے پاکستان سٹاک ایکسچینج کی جانب سے مقرر کردہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کی گئی ہے۔ اس سے متعلق ایک بیان رپورٹ کے ساتھ منسلک ہے۔

### چیئر مین کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز چیئر مین کے جائزہ کی تائید کرتے ہیں جو کہ ڈائریکٹرز رپورٹ کا حصہ ہے۔

### شیئر ہولڈنگ کا تناسب

شیئر ہولڈنگ کا تناسب منسلک کیا گیا ہے۔

### ملازمین کی تعداد

30 جون، 2017 کو ختم ہونے والے سال پر کمپنی کے مستقل ملازمین کی تعداد 406 تھی جبکہ گزشتہ سال یہ تعداد 414 تھی

### مجموعی مالیاتی اسٹیٹمنٹ

30 جون، 2017 تک کی مجموعی مالیاتی اسٹیٹمنٹ منسلک کی گئی ہے۔

### کارپوریٹ سماجی ذمہ داری

کارپوریٹ سماجی ذمہ داریوں کے متعلق بیان، جنرل آرڈر 2009، کے تحت اس رپورٹ کا لازمی حصہ بنایا گیا ہے۔

### ویب سائٹ پر موجودگی

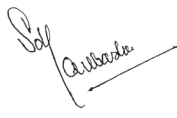
موجودہ مالی سال کیلئے کمپنی کی فنانشل اسٹیٹمنٹس بشمول گزشتہ تین سالوں کی سالانہ رپورٹس اور سرمایہ داروں کیلئے معلومات کمپنی کی ویب سائٹ [www.millat.com.pk](http://www.millat.com.pk) پر موجود ہیں۔

### رپورٹ اردو زبان میں

ایس ای سی پی کے ضابطے ایس آر او 2015/1041 (I) بتاریخ 21 اکتوبر، 2015 کے مطابق ڈائریکٹرز رپورٹ کو اردو زبان میں سالانہ رپورٹ کے اندر شائع کیا گیا ہے۔

بحکم بورڈ

  
چیف ایگزیکٹو

  
ڈائریکٹر

لاہور، 12 ستمبر، 2017

### بعد میں آنے والے واقعات

مالیاتی سال تختہ اور دی گئی تاریخ کے درمیان ایسی کوئی واضح تبدیلی نہیں ہوئی جس سے مالیاتی پوزیشن میں کوئی فرق آیا ہو۔

### فنانشل اور کارپوریٹ رپورٹنگ فریم ورک کی اسٹیٹمنٹ

کمپنی نے کارپوریٹ گورننس کے ضابطہ اخلاق کی ضروریات کو مد نظر رکھتے ہوئے درج ذیل قواعد ترتیب دیئے ہیں:

- a- کمپنی کی طرف سے تیار کردہ اسٹیٹمنٹ کمپنیز آرڈیننس 1984 کے مطابق ترتیب دی گئی ہے اور اس میں درج مالیاتی گوشوارے، اسکے معاملات، کاروباری سرگرمیوں کے نتائج، یکیش فلوارا کیویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- b- کمپنی نے باضابطہ طور پر اکاؤنٹس کے کھاتوں کو تیار کر رکھا ہے۔
- c- ان مالیاتی گوشواروں کی تیاری میں ضروری اور مخصوص اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے جو بین الاقوامی فنانشل رپورٹنگ اسٹیٹمنٹ رڈز کے مطابق ہیں اور پاکستان میں قابل اطلاق ہیں۔ اکاؤنٹنگ کے تخمینے انتہائی منطقی اور محتاط اندازوں پر مبنی ہیں۔
- d- ان مالیاتی گوشواروں کی تیاری میں بین الاقوامی فنانشل رپورٹنگ اسٹیٹمنٹ رڈز کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔
- e- اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
- f- بطور ادارہ کمپنی کے مستقبل میں کام جاری رکھنے کی اہلیت پر کوئی شکوک و شبہات نہیں ہیں۔
- g- متعین شدہ اصول و ضوابط میں تفصیلاً درج کارپوریٹ گورننس کے رہنما اصولوں سے انحراف نہیں کیا گیا۔
- h- گزشتہ 6 سالوں کے اہم کاروباری اور مالیاتی حسابات اس سالانہ رپورٹ میں درج ہیں۔
- i- 30 جون 2017، کو آڈیٹڈ اکاؤنٹس کی بنیاد پر پراویڈنٹ فنڈ، گریجویٹ، پنشن فنڈ کی سرمایہ کاری کی مالیت درج ذیل ہے:
- |              |                    |
|--------------|--------------------|
| پراویڈنٹ فنڈ | 628,814,380 روپے   |
| گریجویٹ فنڈ  | 459,432,065 روپے   |
| پنشن فنڈ     | 1,145,018,483 روپے |
- سرمایہ کاری کی رقم میں انٹرسٹ شامل ہے۔

### کل حصص کی خریداری

63,700  
3,017  
16,500

### حصص کی خریداری

مسٹر لیتیق الدین انصاری، ڈائریکٹر  
مسز عائشہ سہیل (بیوی، مسز سہیل بشیر رانا، ڈائریکٹر)  
مسز شیریں شاہ عقیل (بیوی، ایس ایم عرفان عقیل، سی ای او)

### حصص کی تعداد جو فروخت کئے

109,400

### حصص کی فروخت

مسٹر لطیف خالد ہاشمی، ڈائریکٹر

### ضابطہ اخلاق

پروفیشنل اسٹیٹمنٹ رڈز، کارپوریٹ اقدار کے فروغ اور بورڈ سینئر مینجمنٹ اور دیگر ملازمین کی سالمیت برقرار رکھنے کیلئے بورڈ نے ایک ضابطہ اخلاق کی منظوری دی

سی پیک سے متعلق منصوبوں کی تعمیر اور زراعت میں حکومت کی جانب سے شروع کئے گئے اقدامات کے باعث سیلز میں اضافہ متوقع ہے۔ آنے والے سال میں منافع کی شرح سیلز کی شرح کے مطابق متوقع ہے۔

### موزوں داخلی مالیاتی کنٹرول

ملٹ ٹریکٹرز لمیٹڈ کی انتظامیہ کمپنی کو پیش آنے والے خطرات سے نمٹنے کیلئے داخلی کنٹرول سسٹم کی تشکیل اور تصحیح کی ذمہ دار ہے۔

ہمارا سسٹم مناسب ہے اور اس بات کی ضمانت دیتا ہے کہ

☆ اثاثے غیر متعلقہ استعمال کے خلاف محفوظ ہیں۔

☆ مکمل اور قابل اعتبار اکاؤنٹنگ ریکارڈ برنس کے اندر رہتے ہوئے استعمال کیلئے دستیاب ہے۔

اور

☆ آپریشنل برنس کے اندر ایک مناسب کنٹرول میکانزم تشکیل دیا گیا ہے۔

☆ داخلی مالیاتی کنٹرول جو کمپنی کے اندر ترتیب دیا گیا ہے وہ سال بھر اطمینان بخش رہا۔

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

کمپنی نے سال کے دوران اپنے گرین انجن اقدام کے تحت یورو ٹو امیشن کمپلائنٹ انجن EURO II emission compliant engines لانچ کئے ہیں۔ یہ پاکستان میں اپنی نوعیت کا پہلا انجن ہے، یہ ایک بار پھر ہماری صلاحیتوں اور کارکردگی کا منہ بولتا ثبوت ہے۔ کمپنی نے سٹینڈاڈ امین کارپوریشن یو ایس اے Stanadyne Corporation USA کے ساتھ مل کر اسے بنایا ہے۔ یہ ناصرف کمپنی بلکہ گرین ہاؤس گیس کے اخراج پر بھی مثبت اثرات مرتب کرے گا اور دوسری مارکیٹس میں برآمد بھی کیا جاسکے گا۔

کمپنی کو یقین ہے کہ ان امیشن کمپلائنٹ انجن کی تیاری سے برآمدات کی نئی راہیں کھلیں گی۔ مزید برآں کمپنی اس بات کی ضمانت دیتی ہے کہ وہ مستقبل میں امیشن کمپلائنس سے متعلق کی جانے والی کسی بھی قسم کی قانون سازی کی تعمیل کرے گی۔ اس کے ساتھ ساتھ ٹریکٹرز پر موجودہ ٹیکس کی شرح برقرار رکھنے اور زرعی شعبے میں حکومتی سکیموں کے جاری رہنے سے ہماری پیداوار میں اضافہ ہوگا۔

### ڈیوٹی اور ٹیکسز

ٹیکسز اور لیویز کے بارے میں متعلقہ نوٹس اکاؤنٹس میں دیئے گئے ہیں۔

### آڈیٹرز

یہ کمپنی پالیسی ہے کہ وہ ہر پانچ سال بعد آڈیٹرز کو تبدیل کرتی ہے۔ موجودہ آڈٹ فرم میسرز ای وائے فور ڈی رھوڈز، چارٹرڈ اکاؤنٹنٹس M/s. E Y Ford Rhodes, Chartered Accountants اپنے پانچ سال مکمل کر چکی ہے اور 30 جون 2018 کو ختم ہونے والے سال کیلئے نئی چارٹرڈ اکاؤنٹنٹ فرم کا تقرر کیا جانا ہے۔

بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس لاہور M/s. A. F. Ferguson & Company, Chartered Accountants, Lahore کی تقرری کی تائید کی ہے۔ اس فرم کو انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کی جانب سے کوالٹی کنٹرول ریویو کے تحت تسلی بخش ریٹنگ دی گئی ہے۔

### ڈائریکٹرز کا تربیتی پروگرام

ڈائریکٹرز کے لئے ایک اور اینٹیوشن کورس تشکیل دیا گیا جس میں انھیں ضابطہ، قابل اطلاق قوانین، ان کی ذمہ داریوں سے آگاہ کیا گیا تاکہ وہ موثر طریقے سے کمپنی اور شیئرز ہولڈرز کی طرف سے معاملات سنبھال سکیں۔ انھیں تحریری مواد بھی فراہم کیا گیا۔

انتظامات اور ان کی مدد سے سرمائے کی دستیابی کے باعث ہم اس مشکل سے خود کو بچاتے ہیں، اگرچہ یہ سب لاگت میں اضافے کا باعث ہوتا ہے۔ قدرتی آفات نے گزشتہ کئی برسوں کے دوران پاکستان کو کافی نقصان پہنچایا ہے۔ ان میں سب سے اہم مون سون بارشوں سے آنے والے سیلاب ہیں۔ ڈیمز نہ ہونے کے باعث مون سون بارشوں کا زیادہ تر پانی ضائع ہو کر سیلاب کا باعث بنتا ہے جس سے فصلوں کو خاصا نقصان پہنچتا ہے۔ اگر اس نقصان کو کم نہ کیا جائے تو اس کا براہ راست اثر کمپنی کی کارکردگی پر ہوتا ہے کیوں کہ ہماری پراڈکٹس کا تعلق بھی زرعی شعبے سے ہے۔ تاہم اس ساری صورتحال کے بعد بھی ہم دستیاب آرڈرز کو وقت پر مکمل کرنے کیلئے پرعزم ہوتے ہیں۔

سپلائی چین مینجمنٹ اور ایسی ہی دوسری مشکلات کو منظم طریقہ کار کے تحت حل کیا جاتا ہے جیسے کہ میٹرل کی متبادل ذرائع سے تیاری، ملازمین کو ان کی مہارت اور تجربے کے حوالے سے کام کی فراہمی، سہولیات کو جدید خطوط پر استوار کرنا بجٹ اور فور کاسٹنگ کے عمل کو مضبوط کرنا۔ درج بالا کے علاوہ ذمہ داریوں کی مناسب تقسیم، تربیت اور مہارت میں بہتری، جب کی روٹیشن اور ملازمین کو بااختیار کرنے جیسے اقدامات متعارف کرائے گئے جن کے ذریعے خطرات (رسک) کو کم کیا گیا۔

## فنانسنگ رسک

فنانسنگ رسک وہ ہے جن سے کمپنی کو مالیاتی نقصان کا اندیشہ ہو۔ منسلک فنانسنگ کے نوٹ نمبر (40) میں فنانسنگ رسک کے بارے میں تفصیل سے بیان کیا گیا ہے اس میں مارکیٹ رسک، کریڈٹ رسک اور لیکویڈٹی رسک شامل ہیں۔

## قانون کی تعمیل (کمپلائنس رسک)

قوانین و ضوابط کی تعمیل نہ کرنے کی صورت میں انضباطی کارروائی کا احتمال ہو سکتا ہے۔ اسی لئے کمپنی اس سلسلے میں اپنی پالیسیز سرگرمیوں اور رویہ جات پر سمجھوتہ نہیں کرتی۔ مزید برآں کمپنی میں رسک کو کم کرنے کیلئے ایک انتہائی جامع اور موثر کمپلائنس فنکشن ترتیب دیا گیا ہے۔ اس کے علاوہ کمپنی کا ضابطہ اخلاق کمپنی کے ملازمین سے توقعات کو بھی واضح کرتا ہے۔ کمپنی اس بات کو سراہتی ہے کہ اس کے ملازمین اور بزنس پارٹنرز کسی بھی قسم کی قانونی خلاف ورزی کے بارے میں کمپنی کو آگاہ کریں۔

## مالی سال کے دوران کمپنی بزنس کی نوعیت میں تبدیلی

کاروبار کو مزید آگے بڑھانے کیلئے کمپنی نے اپنے سٹیک ہولڈرز کیلئے سرمایہ کاری کے نئے مواقع فراہم کئے ہیں۔ سرمایہ کاری کے یہ نئے مواقع درج ذیل ہیں:

کمپنی اس بات کا جائزہ لے رہی ہے کہ وہ گرین فیلڈ پراجیکٹ کے تحت پاکستان میں ہنڈائی آٹوموبائل کی مینوفیکچرنگ شروع کرنے کیلئے ایک کنسورشیم کا حصہ بنے۔ اس سلسلے میں گاڑیوں کی ریجنل ریفرور ہے اور اس میں پیئیر اور 1 ٹن کے کمرشل لائیوٹ ٹرک شامل ہیں۔ کمپنی نے کاروبار کو وسعت دینے اور اپنی مصنوعات میں نئی جہتوں کو متعارف کرانے کیلئے اپنی گروپ کمپنیز اور آئی ایف ایس (دنیا میں سافٹ ویئر سولوشن کی معروف کمپنی) سے شراکت داری معاہدہ کیا ہے جس کے تحت پاکستان میں آئی ایف ایس کی پراڈکٹس فروخت کی جائیں گی۔ ابتدائی طور پر اس معاہدے کو کمپنی کے ساتھ شروع کیا گیا ہے اور مستقبل میں اسے ماتحت کمپنیز کو منتقل کیا جائے گا۔

## مستقبل میں منافع کے امکانات

زرعی شعبے میں گندم، کپاس، مکی اور گنے کی زیادہ پیداوار متوقع ہے جس سے اس شعبے میں ترقی ہوگی۔ (ایگریکلچرل کریڈٹ ٹارگٹ) زرعی اہداف 700 سے 1,001 بلین تک رکھے گئے ہیں جس سے اس شعبے کو مزید فروغ دینے میں مدد ملے گی۔ اس کے علاوہ فی کسان 50,000 روپے قرض بھی فراہم کیا جائے گا۔ مالی سال 2017-18 میں جی ڈی پی کا ہدف 6 فیصد رکھا گیا ہے۔ 1,001 بلین روپے مختلف منصوبوں کی تکمیل کیلئے مختص کئے گئے ہیں جبکہ تعلیمی بجٹ میں بھی اضافہ کیا گیا ہے۔ مالی سال 2018 میں ٹریڈ کی سیل گزشتہ سال کے 34,500 یونٹس کے مقابلے میں زیادہ متوقع ہے۔

## مالیاتی سال 2017 کے دوران کمپنی بزنس کی ترقی اور کارکردگی سے متعلق سرگرمیاں

یہ ایک پبلک لمیٹڈ کمپنی ہے جو کہ 1964 سے پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کارجرٹ ڈ آفس شیخوپورہ روڈ، ڈسٹرکٹ شیخوپورہ میں واقع ہے۔ یہ بنیادی طور پر زرعی ٹریکٹرز کی مینوفیکچرنگ اور اسمبلنگ کرتی ہے۔ اس کے علاوہ اس کی مینوفیکچرنگ میں ملٹی ایپلی کیشن پراڈکٹس جیسے فورک لفٹ ٹرک اور جنریٹرز بھی شامل ہیں۔

کمپنی کی مالیاتی تفصیلات اس بات کی عکاسی کرتی ہیں کہ کمپنی کے کاروباری معاملات شفاف نوعیت کے ہیں۔ پاکستان کی ٹریکٹر انڈسٹری میں سال 2016-17 کے دوران نمایاں ترقی ہوئی ہے۔ حکومت کی جانب سے سیلز ٹیکس میں دی گئی رعایت کے باعث ٹریکٹرز کی سیلز میں نمایاں اضافہ ہوا ہے۔ یہ تین سالوں میں سب سے زیادہ ہے اور یہ رجحان ابھی تک جاری ہے۔ ٹریکٹرز کی سیلز میں سی پیک سے منسلک منصوبوں کے باعث بھی اضافہ ہوا ہے اس کے علاوہ اس کی طلب میں ایک بڑی وجہ کسانوں کی قوت خرید میں اضافہ بھی ہے۔ سال 2017 میں کمپنی نے غیر معمولی صلاحیتوں کا مظاہرہ کرتے ہوئے 34,506 ٹریکٹرز فروخت کئے جبکہ پچھلے سال یہ تعداد 20,423 تھی۔ اس سیلز کے ساتھ کمپنی نے 30 بلین کی آمدنی حاصل کی جو گزشتہ سال 17 بلین تھی۔

کمپنی کی پیداواری صلاحیت میں اضافہ ہوا ہے اور اس کے خالص منافع کی شرح 19.7 فیصد سے بڑھ کر 23.7 فیصد تک پہنچ گئی جبکہ منافع بعد از ادائیگی ٹیکس 15.5 فیصد سے بڑھ کر 20.8 فیصد ہو گیا ہے۔ سیلز ٹیکس میں 10 سے 5 فیصد کمی سے ٹریکٹرز کی طلب میں اضافہ ہوا۔ سی پیک سے متعلق سرگرمیوں اور انڈسٹریل بہتری نے بھی اپنا کردار ادا کیا۔ وزیراعظم کی جانب سے دیئے گئے کسان چیک اور فصل کیلئے پانی کی مناسب فراہمی نے بھی ٹریکٹرز کی سیلز بڑھانے میں اہم کردار ادا کیا۔ آرگنائزیشن نے (اے جی سی او) کے اشتراک سے افریقہ اور مشرق وسطیٰ کی مارکیٹس کے لئے ایکسپورٹ ماڈول بھی لانچ کئے ہیں۔

## کمپنی کی جانب سے غیر یقینی صورتحال اور خطرات کا سامنا

موثر رسک مینجمنٹ کسی بھی کاروبار کو مستحکم رکھنے کیلئے لازمی جزو ہے۔ ہمارا خطرات سے نمٹنے کا نظام اور داخلی پالیسیز نے ہمیں اور ہماری توجہ کمپنی کو لاحق بنیادی خطرات کے خلاف مرکوز کرنے میں کافی مدد کی ہے۔ کمپنی کی جانب سے بنایا گیا داخلی کنٹرول کا یہ فریم ورک کسی بھی قسم کے نقصان کو کم کرنے میں معاون ثابت ہوتا ہے۔ کمپنی کو درج ذیل بنیادی خطرات کا سامنا ہے اور وہ ان معاملات میں نقصان کے اندیشے کو اپنی پالیسیز اور منصوبوں کے ذریعے کم کرتی ہے۔

## آپریشنل رسک

آپریشنل رسک کا تعلق ایسے عوامل سے ہے جو آپ کے آپریٹرز کو باآسانی چلانے سے روکتے ہیں۔ ہمارے آپریشنل رسک درج ذیل ہیں:

- ☆ پاکستان میں ٹیکس کا نظام
- ☆ موسمی تبدیلیاں
- ☆ سپلائی چین کا نظام
- ☆ کسٹمر سے تعلقات
- ☆ افراط زر
- ☆ ملازمین کی تبدیلی

پاکستان کے ٹیکس نظام میں گزشتہ چند برسوں سے بے یقینی کی صورتحال رہی ہے۔ قانون میں مختلف تبدیلیوں جن کے بارے میں ذکر کرنا مناسب نہیں کہ انہیں کس طرح متعارف کرایا جاتا ہے کی وجہ سے کاروباری لاگت بہت زیادہ بڑھ جاتی ہے۔ اسی وجہ سے کاروبار کو متوازن انداز میں چلانے میں بھی مشکلات آتی ہیں۔ یہ بات قابل ستائش ہے کہ ٹریکٹرز پر سیلز ٹیکس میں کمی سے کسٹمرز کا بوجھ کم ہوا ہے لیکن سیلز ٹیکس ریفرنڈم کی صورت میں یہ بوجھ کمپنی پر منتقل ہو گیا ہے۔ کمپنی فنڈ کی ایک بڑی رقم سیلز ٹیکس ریفرنڈم کی صورت میں پھنس جاتی ہے جس سے مالیاتی مشکلات کا سامنا کرنا پڑتا ہے۔ تاہم مختلف بینکوں کے ساتھ ہمارے مالیاتی



## بورڈ کمیٹیز

بورڈ کمیٹیز اس کے ممبران اور ان کی حاضری کی تفصیلات درج ذیل ہیں:

سیریل نمبر	بورڈ کمیٹی اور ممبرز	میٹنگز جو منعقد ہوئیں	میٹنگ جن میں شمولیت اختیار کی
1	آڈٹ کمیٹی	05	
	سیدز بیر احمد شاہ، چیئر مین	05	
	مسٹر لطیف خالد ہاشمی، ممبر	05	
	مسٹر سہیل بشیر رانا، ممبر	04	
	مسٹر سعداقبال، ممبر	03	
2	فنانس کمیٹی	33	
	مسٹر لطیف خالد ہاشمی، چیئر مین	33	
	مسٹر لیتق الدین انصاری، ممبر	33	
	میاں محمد سلیم، ممبر	33	
	ایس ایم عرفان عقیل، ممبر	33	
3	مارکیٹنگ کمیٹی	07	
	مسٹر سہیل بشیر رانا، چیئر مین	07	
	میاں محمد سلیم، ممبر	07	
	ایس ایم عرفان عقیل، ممبر	07	
4	ہیومن ریورس اینڈ ریمزیشن کمیٹی	01	
	مسٹر سکندر مصطفیٰ خان، چیئر مین	01	
	مسٹر سہیل بشیر رانا، ممبر	01	
	مسٹر لیتق الدین انصاری، ممبر	01	
	ایس ایم عرفان عقیل، ممبر	01	
5	ڈائریکٹرز ریمزیشن کمیٹی	کوئی نہیں	
	مسٹر سکندر مصطفیٰ خان، چیئر مین	-	
	مسٹر خالد لطیف ہاشمی، ممبر	-	
	مسٹر سہیل بشیر رانا، ممبر	-	
	سیدز بیر احمد شاہ، ممبر	-	
6	گروپ سپرویزن کیلئے بورڈ کمیٹی	02	
	مسٹر سکندر مصطفیٰ خان، چیئر مین	02	
	مسٹر لطیف خالد ہاشمی، ممبر	02	
	مسٹر سہیل بشیر رانا، ممبر	02	
	مسٹر لیتق الدین انصاری، ممبر	02	
	میاں محمد سلیم، ممبر	02	

## ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹرز 30 جون 2017، کو مکمل ہونے والے سال کیلئے آڈیٹڈ اکاؤنٹس پر مبنی 54 ویں سالانہ رپورٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔

### شیئر کی تخصیص

آپ کے ڈائریکٹرز نے حتمی کیش ڈیویڈنڈ 60.00 روپے فی حصص 600 فیصد کے حساب سے تجویز کیا ہے۔  
یہ رقم عبوری کیش ڈیویڈنڈ 35.00 روپے فی شیئر (350 فیصد) کے علاوہ ہے۔ اس طرح کل رقم 95 روپے فی شیئر 950 فیصد ہوگی۔  
سال کے دوران رقم کی تخصیص درج ذیل ہے:

غیر مختص منافع (رقم ہزاروں میں)	جنرل ریزرو	
622,192	2,985,519	اوپننگ بیلنس
(622,192)	(706,584)	منفی: حتمی ڈیویڈنڈ 300 فیصد
-	-	جنرل ریزرو میں منتقلی
4,399,876	-	ختم ہونے والے مالی سال 30 جون، 2017 کا منافع
(1,550,239)	-	منفی: عبوری ڈیویڈنڈ 350 فیصد
2,489,637	2,278,935	غیر منافع منقسمہ کیری فارورڈ

### فی حصص آمدنی

30 جون، 2017 کو ختم ہونے والے سال میں فی حصص آمدنی 96.12 روپے رہی جو کہ گزشتہ سال 39.52 روپے تھی۔

### بورڈ آف ڈائریکٹرز

بورڈ 8 ڈائریکٹرز پر مشتمل ہے جنہیں 30 اکتوبر 2015 کے سالانہ اجلاس عام میں منتخب کیا گیا تھا۔ اس سال بورڈ کی ساخت میں کوئی تبدیلی نہیں ہوئی۔ سال کے دوران پانچ بورڈ مینٹنگز منعقد کی گئیں۔ ہر ڈائریکٹر کی جانب سے مینٹنگز میں شامل ہونے کی تفصیلات درج ذیل ہیں:

### مینٹنگز میں شمولیت کی تعداد

### ڈائریکٹرز کے نام

5	مسٹر سکندر ایم خان (چیئرمین)
4	سید محمد عرفان عقیل (سی ای او)
5	مسٹر لطیف خالد ہاشمی
4	مسٹر سہیل بشیر رانا
5	مسٹر لیتیق الدین انصاری
5	میاں محمد سلیم
5	سید زبیر احمد شاہ
3	مسٹر سعد اقبال

نشاط گروپ کی قیادت میں ایک جوائنٹ ویٹیز کنسورشیم تشکیل دیا گیا ہے۔ جس کے تحت پاکستان میں ہندائی موٹرز پیسنجر اور کمرشل وہیکلز کی سیلز اور مینوفیکچر کے حوالے سے گرین فیلڈ پراجیکٹ کا آغاز کرے گا۔ ان کی دعوت پر ملت نے کنسورشیم کا حصہ بننے کے امکانات کا جائزہ لیا۔ درج بالا اقدامات ایم ٹی ایل بزنس کے فروغ، شیئر ہولڈرز کیلئے موثر اقدام، روزگار میں اضافے اور سماجی و اقتصادی صورتحال کو بہتر بنانے کیلئے اٹھائے گئے ہیں۔

### بورڈ کی کارکردگی کا جائزہ

کارپوریٹ گورننس کوڈ کی شق (e) 2012، V کے مطابق ایک وضع کردہ طریقہ کار کے تحت بورڈ ڈائریکٹرز کی کارکردگی کو جانچنے کیلئے بورڈ ڈائریکٹرز میں ایک جامع سوالنامہ تقسیم کیا گیا جن میں درج ذیل اہم شعبہ جات شامل ہیں:

حکمت عملی اور منصوبہ بندی

بورڈ کے آپریشنز اور اس پر اثر انداز ہونے کی صلاحیت

کارکردگی کا جائزہ اور نگرانی

پروفیشنل ڈیولپمنٹ

انفرادی طور پر رائے لی گئی اور اس رائے کی بنیاد پر بورڈ اور چیئرمین کی کارکردگی کو مجموعی طور پر بہترین پایا گیا جو اس بات کا ثبوت ہے کہ کمپنی کی مجموعی کارکردگی بہتر ہوئی ہے۔

### مجموعی اقتصادی اور صنعتی جائزہ

پاکستانی معیشت نے 5.28 فیصد کی شرح سے ترقی کی ہے جو پچھلے 10 سال کے مقابلے میں سب سے بہتر ہے۔ یہ سب پیداوار میں بہتری، نجی شعبے میں کریڈٹ کی دستیابی اور پاور سیکٹر میں سرمایہ کاری کی بدولت ممکن ہوا۔ حکومت کے پاک چین اقتصادی راہداری کے منصوبے کی وجہ سے بھی پاکستانی ٹریڈر انڈسٹری پر مثبت اثرات مرتب ہوئے۔ ٹریڈر انڈسٹری کی سیلز میں اضافہ ہوا بالخصوص زیادہ ہارس پاور والے ٹریڈرز کی طلب میں دگنا اضافہ ہوا۔ خریف کی فصل کی بہتر پیداوار، سٹیٹ بینک آف پاکستان کی جانب سے 5.75 فیصد کی مستحکم شرح قرض اور بڑے پیمانے پر بہتر مینوفیکچرنگ نے بھی اس سلسلے میں اپنا کردار ادا کیا۔ اس سال ٹریڈر بزنس کے شعبے میں 60 ہزار یونٹس کی فروخت متوقع ہے جس میں سے ملت کا متوقع شیئر 60 فیصد (36 ہزار یونٹس) کے قریب ہے۔ اوپر دی گئی صورتحال کے پیش نظر، بورڈ آف ڈائریکٹرز، مینجمنٹ اور ملازمین اپنی پوری کوشش، جدوجہد اور مناسب کاسٹ کنٹنگ سے اس چیلنج اور شیئر ہولڈرز کے متوقع اہداف کو حاصل کریں گے۔ انشاء اللہ

میں (بی او ڈی) کے تمام ممبران کو کمپنی کے وژن اور مشن کے مطابق مقاصد کے حصول کیلئے ان کی دانشمندانہ رائے، مسلسل تعاون اور راہنمائی پر ان کا شکر گزار ہوں۔



سیکندر مصطفیٰ خان

چیئرمین

لاہور

12 ستمبر 2017ء

## چیرمین کی جائزہ رپورٹ

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

یہ بات میرے لئے باعث مسرت ہے کہ آپ کی کمپنی نے اپنی تاریخ میں سب سے زیادہ منافع حاصل کیا ہے۔ میں اس کامیابی کو کمپنی کی مینجمنٹ اور اپنے ملازمین کے نام کرتا ہوں۔

### بورڈ کا انتظامی کردار

### بورڈ کی تشکیل اور ساخت

بورڈ کی ذمہ داریوں میں کمپنی کو ایک محتاط فریم ورک میں رہتے ہوئے منظم قیادت فراہم کرنا ہے تاکہ کسی بھی قسم کی مشکل صورتحال سے منظم انداز میں نبرد آزما ہوا جاسکے۔ بورڈ، کمپنی میں تین اہم کردار ادا کرتا ہے۔

یہ ایک سمت کا تعین کرتا ہے (جیسے کمپنی کی حکمت عملی وضع کرنا) انتظامیہ کو مشورے اور معائنات فراہم کرنا اور ان کی نگرانی کرنا (مشاورتی کردار) یہ کردار کمپنی کے مشن اور وژن سے مطابقت رکھتے ہیں تاکہ کاروبار سے متعلق کمپنی کے مقاصد حاصل کئے جاسکیں۔

بورڈ کی تشکیل کو ڈ آف کارپوریٹ گورننس کی ضروریات جو پبلک لسٹیڈ اداروں پر لاگو ہیں کہ مطابق ہیں جو درج ذیل ہیں:

- 1 خود مختار ڈائریکٹرز
- 2 ایگزیکٹو ڈائریکٹرز
- 5 نان ایگزیکٹو ڈائریکٹرز

سٹیوارڈ شپ کی ضمانت اور کمپنی کی درست سمت کی نگرانی کیلئے بورڈ نے ذیلی کمیٹیاں تشکیل دی ہیں، جس نے میری نظر میں مطلوبہ مقاصد کے حصول کیلئے اہم کردار ادا کیا ہے۔

درج ذیل کمیٹیاں کو ڈ آف کارپوریٹ گورننس کی تعمیل کو یقینی بناتی ہیں:

آڈٹ کمیٹی

ہیومن ریسورس اور ریمونریشن (Remuneration) کمیٹی

ڈائریکٹرز ریمونریشن (Remuneration) کمیٹی

بورڈ کمیٹی برائے گروپ سپرویزن

فنانس کمیٹی

مارکیٹنگ کمیٹی

### توسیعی منصوبے

موجودہ سال کے دوران کمپنی نے مستقبل میں ایم ٹی ایل کی جانب سے سافٹ ویئر کے کاروبار کی تکمیل کیلئے آئی ایف ایسے ساتھ پارٹنر شپ ورک پروگرام پر دستخط کئے ہیں۔ آئی ایف ایس ایک سویڈش کمپنی ہے جس کا شمار دنیا کی بڑی سافٹ ویئر کمپنیز میں ہوتا ہے اور یہ علاقائی طور پر سری لنکا سے آپریٹ کرتی ہے۔ ملت ٹریکٹرز 2009 سے آئی ایف ایس (ای آر پی سلوشنز) کامیابی سے استعمال کر رہی ہے۔ ہم انفارمیشن ٹیکنالوجی کے شعبے میں وسعت لانا چاہتے ہیں جس میں بین الاقوامی سطح پر پاکستان کا حصہ انتہائی محدود ہے۔ ہمارے پاس پہلے سے ہی ایسے تجربہ کار افراد موجود ہیں جو پاکستان اور دیگر علاقائی مارکیٹس کی ضروریات کو پورا کر رہے ہیں۔

## آڈیٹرز کا مشاہدہ

سال ختمہ 30 جون، 2017 کی سالانہ آڈٹ رپورٹ میں کسی بھی گروپ کمپنی کے بارے میں آڈیٹرز نے اپنی رپورٹ میں کسی قسم کی منفی رائے نہیں دی۔

## مستقبل کے امکانات

گروپ کمپنی کی صلاحیتوں پر کسی کو کوئی شک نہیں اسی لئے مستقبل میں ترقی کے امکانات روشن ہیں۔

## شراکت داری طریقہ کار


ایم ٹی ایل، ایم آئی پی ایل، بی سی ایل، اور ایم ای ایل کی شراکت داری کو ڈائریکٹرز رپورٹ کے ساتھ منسلک کیا گیا ہے۔

## آمدنی فی شیئر

سال ختمہ 30 جون، 2017 پر گروپ کی فی حصص آمدنی 111.15 روپے ہے جو کہ گذشتہ برس 46 روپے تھی۔

## رپورٹ اردو زبان میں

ایس ای سی پی کے ضابطے ایس آر او 2015/1(1) 1041 بتاریخ 21 اکتوبر، 2015 کے مطابق ڈائریکٹرز رپورٹ کو اردو زبان میں سالانہ رپورٹ کے اندر شائع کیا گیا ہے۔

  
ڈائریکٹر

  
چیف الیکٹریٹیو

لاہور، 12 ستمبر، 2017



## d- مستقبل کے امکانات

آٹوموبائل سیکٹر میں ترقی کے بے شمار مواقع ہیں۔ جو ترقی گذشتہ سال رہی اسے آئندہ بھی جاری رکھا جائے گا۔ تمام علامات مسلسل بہتری کو ظاہر کرتی ہیں جس سے ترقی کی ایک مضبوط بنیاد ملتی ہے۔ کمپنی اس بات پر اپنی توجہ مرکوز کئے ہوئے ہے کہ کاسٹنگز کی سپلائی کو بہتر بنایا جائے اور معاشی اعتبار سے کاسٹنگز کی کوالٹی کو بہتر کیا جائے۔ بی سی ایل کی توجہ مستقبل میں کاسٹنگز کی سبلیز کو بڑھا کر مارکیٹ شیئر میں اضافہ کرنے کی طرف مرکوز ہے تاکہ مالیاتی کارکردگی کے بہتر نتائج مل سکیں۔

## e- موزوں داخلی مالیاتی کنٹرول

بی سی ایل کے پاس ایک منظم داخلی کنٹرول سسٹم ہے۔ جسے ایسے خطرات کی شناخت کے لئے ڈیزائن کیا گیا ہے جو کمپنی کے کاروباری اہداف میں رکاوٹ بن سکتے ہیں۔ اس کے تحت کمپنی کو پیش آنے والے ممکنہ نقصان سے بچایا جاسکتا ہے۔ آڈٹ کمیٹی داخلی کنٹرول سسٹم کی افادیت کو جانچنے کی ذمہ دار ہے۔

## ملت ایکویٹمنٹ لمیٹڈ

### a- بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز مسز سکندر مصطفیٰ خان، لطیف خالد ہاشمی، سہیل بشیر رانا، لیتیق الدین انصاری، میاں محمد سلیم اور سید محمد عرفان عقیل ہیں۔ بورڈ کی ساخت میں سال کی دوران کوئی تبدیلی نہیں آئی۔

### b- بنیادی سرگرمیاں، کمپنی کاروبار کی کارکردگی اور ترقی

ایم ای ایل ایک نان لسٹڈ پبلک کمپنی ہے جو ایم ٹی ایل کیلئے گیسز، شافٹ اور دیگر متعلقہ پارٹس بناتا ہے۔ ایم ای ایل کے کل ادا شدہ سرمائے میں ایم ٹی ایل 45 فیصد کے شیئرز رکھتی ہے۔ کمپنی کی بنیادی سرگرمیاں پچھلے سال کی طرح رہی جیسے کہ پاکستان میں میسی فرگوسن ٹریکٹرز کے مختلف ماڈلز کے ٹرانسمیشن شافٹس اور گیسز کی تیاری۔ کمپنی کی مالیاتی کارکردگی غیر معمولی رہی، سبلیز، پروڈکشن اور منافع کے اعتبار سے سب سے زیادہ اہداف حاصل کئے گئے۔ ایم ای ایل کی اس سال رجسٹرڈ سیل 3,303.592 ملین رہی جبکہ خالص منافع بعد از ادا کیے ٹیکس 624.216 ملین رہا۔ فی حصص آمدنی 24.01 رہی۔

### c- بنیادی خطرات اور غیر یقینی کی صورتحال

ظاہری طور پر ایک سنگل کسٹمر کمپنی اور اس سے منسلک خدشات کے علاوہ اور کوئی دیگر وجوہات نہیں جو مستقبل میں کمپنی کاروبار کو متاثر کرے۔ کاروبار کی نوعیت کے حوالے سے مالیاتی سال میں کوئی تبدیلی نہیں آئی۔

## d- مستقبل کے امکانات

جی ڈی پی میں اضافے، انڈسٹریل سیکٹر میں مثبت ترقی، ملکی سیکورٹی صورتحال میں بہتری اور کنسنٹریشن کے میگا پراجیکٹس کے باعث ٹریکٹرز کی طلب میں اضافہ ہوا ہے۔ اس طلب میں اضافے کے باعث کمپنی کے مجموعی منافع میں اضافہ ہوگا۔

## e- موزوں داخلی مالیاتی کنٹرول

داخلی مالیاتی کنٹرول اپنی جگہ پر ہے اور بورڈ آڈٹ کمیٹی اس کے اطمینان بخش عملدرآمد کی ضمانت دیتی ہے۔

## بعد میں آنے والے واقعات

مالیاتی سال ختمہ اور دی گئی تاریخ کے درمیان ایسی کوئی واضح تبدیلی نہیں ہوئی جس سے مالیاتی پوزیشن میں کوئی فرق آیا ہو۔

## کاروبار کی نوعیت میں تبدیلی

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

### **b۔ بنیادی سرگرمیاں، کمپنی کاروبار کی کارکردگی اور ترقی**

ٹائی پیگ انٹرنیٹ ڈی ایم سی سی، دبئی، یو اے ای ایک لمیٹڈ لائسنسڈ کمپنی ہے جو کہ دبئی ملٹی کموڈوٹیز سینٹر اتھارٹی میں رجسٹرڈ ہے۔ ملت ٹریڈنگ لمیٹڈ کمپنی کی ایکویٹی میں 75 فیصد کا ملکیتی ہے۔ کمپنی کی بنیادی سرگرمیوں میں مشینری اور بھاری ایکویپمنٹ اور پارٹس کی ٹریڈنگ شامل ہے۔ کمپنی کے کاروبار کی جگہ جو میرہ لیک ٹاور (Jumeirah Lake Towers) دبئی، یو اے ای ہے۔ ٹائی پیگ کی اس عرصہ کے دوران رجسٹرڈ فروخت 16.543 ملین (اے ای ڈی) رہی جبکہ خالص منافع 1.030 ملین (اے ای ڈی) رہا۔ فی حصص آمدنی 515.205 (اے ای ڈی) رہی۔ یوں کمپنی کی پرفارمنس اطمینان بخش رہی اور پاکستان سے ٹریڈرز کی زیادہ برآمدات کے بعد بزنس کو مزید فروغ ملے گا۔

### **c۔ بنیادی خطرات اور غیر یقینی کی صورتحال**

فی الوقت کمپنی کو کسی بھی قسم کے خطرات اور غیر یقینی صورتحال کا سامنا نہیں جو اس کی کارکردگی پر اثر انداز ہو۔ کاروبار کی نوعیت کے حوالے سے مالیاتی سال میں کوئی تبدیلی نہیں آئی۔

### **d۔ مستقبل کے امکانات**

کمپنی کا یہ عزم ہے کہ وہ ایم ٹی ایل اور دیگر گروپ کمپنیز کی مارکیٹنگ پراڈکٹس کو افریقہ اور دیگر بین الاقوامی مارکیٹس تک رسائی دے کر اس کی سبزی میں اضافہ کرے۔

### **e۔ موزوں داخلی مالیاتی کنٹرول**

داخلی مالیاتی کنٹرول اپنی جگہ پر ہے اور اس کا باریک بینی سے مشاہدہ کیا گیا ہے۔

### **بولان کاسٹنگ لمیٹڈ**

#### **a۔ بورڈ آف ڈائریکٹرز**

کمپنی کے ڈائریکٹرز اگلی سالانہ جنرل میٹنگ میں ریٹائر ہو جائیں گے اور ان کی جگہ پر 7 نئے ڈائریکٹرز کا انتخاب کیا جائے گا۔ ریٹائر ہونے والے ڈائریکٹرز میں مسز سکندر مصطفیٰ خان، لطیف خالد ہاشمی، سہیل بشیر رانا، لہیق الدین انصاری، میاں محمد سلیم، سید محمد عرفان عقیل، سید جاوید اشرف، محمد عمران رفیق اور سیف الدین شامل ہیں۔

### **b۔ بنیادی سرگرمیاں، کمپنی کاروبار کی کارکردگی اور ترقی**

بی سی ایل پاکستان سٹاک ایکسچینج میں لسٹڈ ایک پبلک لمیٹڈ کمپنی ہے۔ بی سی ایل ٹریڈرز کے پیچیدہ پرزہ جات بناتی ہے جیسے کہ ایم ٹی ایل کیلئے ٹریڈرز کاسٹنگ وغیرہ۔ ایم ٹی ایل کمپنی کے کل ادا شدہ سرمائے میں 46.26 فیصد کے شیئرز رکھتی ہے۔ اس سال کمپنی نے 11,566 ایم ٹی کاسٹنگ بنائی ہیں جو کہ گذشتہ سال 8,436 ایم ٹی تھیں۔ ٹن کے حساب سے نیٹ سیلز 11,694 ایم ٹی رہی جو کہ گذشتہ سال 8,955 ایم ٹی تھیں۔ سیلز کی رقم 1,744.098 ملین رہی جو کہ گذشتہ سال 1,333.476 ملین تھی۔ کل منافع 246.628 ملین رہا جو کہ گذشتہ سال 140.876 ملین تھا۔ منافع بعد از ٹیکس 9.776 ملین رہا جو کہ پچھلے سال 25.870 ملین تھا۔ فی حصص آمدنی 8.52 روپے رہی۔

### **c۔ بنیادی خطرات اور غیر یقینی کی صورتحال**

بی سی ایل کا انتظامی فریم ورک جو داخلی پالیسیز سے منسلک ہے سے بنیادی خطرات کو کم کرنے اور توجہ کو مرکوز کرنے میں کافی مدد ملتی ہے۔ تاہم مجموعی طور پر کمپنی کو مالیاتی اعتبار سے محدود خطرات کا سامنا کرنا پڑ سکتا ہے کیونکہ مارکیٹ میں اس طرح کی صورتحال میں خطرات کا اندیشہ کم رہتا ہے۔

## گروپ ڈائریکٹرز رپورٹ

ڈائریکٹرز کی جانب سے کمپنی کی 30 جون 2017، کو ختم ہونے والی سال کی آڈٹ شدہ مالیاتی تفصیلات آڈیٹرز کی رپورٹ کے ساتھ بخوشی پیش کی جاتی ہے۔

### گروپ

گروپ جو کہ ملت ٹریکٹرز لمیٹڈ (ایم ٹی ایل) (ملکیتی کمپنی) اور اس کی ذیلی کمپنیاں جیسے کہ ملت انڈسٹریل پراڈکٹس لمیٹڈ (ایم آئی پی ایل)، ٹائی پیگ انٹر ٹریڈ ڈی ایم سی سی، دی، یو اے ای، بولان کاسٹنگ لمیٹڈ (بی سی ایل) اور ملت ایکویپمنٹ لمیٹڈ (ایم ای ایل) پر مشتمل ہے۔

### ملت انڈسٹریل پراڈکٹس لمیٹڈ

#### a۔ بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز اگلی سالانہ جنرل میٹنگ میں ریٹائر ہو جائیں گے اور ان کی جگہ پر 6 نئے ڈائریکٹرز کا انتخاب کیا جائے گا۔ ریٹائر ہونے والے ڈائریکٹرز میں مسز سکندر مصطفیٰ خان، لطیف خالد ہاشمی، سہیل بشیر رانا، لئیق الدین انصاری، میاں محمد سلیم اور احسن عمران شیخ شامل ہیں۔

#### b۔ بنیادی سرگرمیاں، کمپنی کاروبار کی کارکردگی اور ترقی

کمپنی اپنے برانڈ نام (ملت بیٹریز) کے نام سے وہیکلز، انڈسٹریل اور گھریلو صارفین کے لئے بیٹریز تیار کرتی ہے۔ اس سال کمپنی نے (ڈیپ سائیکل بیٹریز) کی ڈیولپمنٹ اور مارکیٹنگ کے علاوہ اپنی موجودہ پیداواری صلاحیت میں اضافہ کیا ہے۔ ایم آئی پی ایل کی موجودہ سال رجسٹرڈ فروخت 1,161 ملین رہی جبکہ خالص منافع بعد از ٹیکس ادا کیے 148.623 ملین رہا۔ فی حصص آمدنی 16.60 روپے رہی۔

#### c۔ بنیادی خطرات اور غیر یقینی کی صورتحال

کمپنی کو جن مسائل اور غیر یقینی صورتحال کا سامنا ہے ان میں مقامی سطح پر خام مال کی قیمتوں میں اتار چڑھاؤ، فارن کرنسی میں اضافے کے باعث درآمدی خام مال کی قیمتوں میں اضافہ، مارکیٹ میں بجلی کی متبادل ذرائع سے فراہمی کے باعث یو پی ایس کیلئے بیٹریز کی طلب میں کمی۔ کاروبار کی نوعیت کے حوالے سے مالیاتی سال میں کوئی تبدیلی نہیں آئی۔

#### d۔ مستقبل کے امکانات

میٹریل کی قیمتوں میں کمی، مسابقتی کمپنیوں کی تشہیری مہم اور مجموعی مارجن میں کمی کے باوجود کمپنی کی یہ کوشش ہوگی کہ اگلے مالی سال سیز کے اہداف کو پورا کیا جائے۔

#### e۔ موزوں داخلی مالیاتی کنٹرول

داخلی مالیاتی کنٹرول اپنی جگہ پر ہے اور آڈٹ ڈیپارٹمنٹ کے متعلقہ افراد کی جانب سے اس کا مستقل بنیادوں پر باریک بینی سے مشاہدہ کیا جاتا ہے۔

#### ٹائی پیگ انٹر ٹریڈ ڈی ایم سی سی

#### a۔ بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز مسز سکندر مصطفیٰ خان، لطیف خالد ہاشمی، سہیل بشیر رانا، لئیق الدین انصاری اور میاں محمد سلیم ہیں۔ بورڈ کی ساخت میں سال کی دوران کوئی تبدیلی نہیں آئی۔

# PROXY FORM

## 54th 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 27, 2017 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 \_\_\_\_\_ 2017.

**WITNESSES:**

1. Signature : \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Address : \_\_\_\_\_

CNIC or  
 Passport No. : \_\_\_\_\_

2. Signature : \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Address : \_\_\_\_\_

Signature

Please affix  
 Rupees five  
 revenue stamp

(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

54واں 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 بمطابق شیئر رجسٹرڈ فولیو نمبر  
اور ذیلی کھاتہ نمبر  
یا بصورت دیگر  
ساکن  
کو اپنی جگہ بروز جمعہ المبارک مورخہ 27 اکتوبر 2017ء وقت 04:00 بجے سہ پہر، بمقام کمپنی کے رجسٹرڈ آفس: 9- کلومیٹر شیخوپورہ روڈ  
شاہدرہ لاہور میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط کئے گئے مورخہ 2017

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:

پراسیڈر کے موخر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کمپنی کارکن ہونا ضروری نہیں ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراسی فارم کے ساتھ کمپنی میں جمع کرائیں۔

ملت ٹریکٹرز لمیٹڈ

9-کلو میٹر شیخوپورہ روڈ، لاہور - پاکستان

یو اے این: 111 200 786



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## 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 اطلاعی 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

بتاریخ: \_\_\_\_\_

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 رسمی / مسماة \_\_\_\_\_

ولایت / زوجیت \_\_\_\_\_

ملت ٹریڈنگز لمیٹڈ کے پڑتال شدہ مالیاتی گوشوارے اور سالانہ اجلاس عام کی اطلاع بذریعہ ای میل مندرجہ ذیل ای میل پتے پر حاصل کرنا چاہتا/چاہتی ہوں

ممبر / 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 27th, 2017 at 4:00 p.m

at every adjournment thereof.



















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