

# **MILLAT TRACTORS LIMITED**



**Persistence through Excellence**

**3rd Quarterly Report  
For the Nine Months and Quarter ended  
March 31, 2020**



# CONTENTS

## Financial Statements

Directors' Review	03
Condensed Interim Statement of Financial Position	04
Condensed Interim Statement of Profit or Loss and other Comprehensive Income	06
Condensed Interim Statement of Changes in Equity	07
Condensed Interim Statement of Cash Flows	08
Notes to the Condensed Interim Financial Statements	09

## Group's Consolidated Financial Statements

Consolidated Condensed Interim Statement of Financial Position	14
Consolidated Condensed Interim Statement of Profit or Loss and other Comprehensive Income	16
Consolidated Condensed Interim Statement of Changes in Equity	17
Consolidated Condensed Interim Statement of Cash Flows	18
Notes to the Consolidated Condensed Interim Financial Statements	19

# CORPORATE INFORMATION

## Board of Directors

### Chairman

Mr. Sikandar Mustafa Khan

### Chief Executive

Syed Muhammad Irfan Aqueel

### Directors

Mr. Latif Khalid Hashmi

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mian Muhammad Saleem

Mrs. Ambreen Waheed

Mr. Saad Iqbal

### Company Secretary

Mr. Muhammad Faisal Azeem

### Chief Financial Officer

Mr. Sohail A. Nisar

### Auditors

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

Chartered Accountants

### Legal Advisors

Riaa Barker Gillette

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

E-mail: 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.

MCB Islamic Bank Ltd.

## Registered Office and Plant

Sheikhupura Road, Distt. Sheikhupura.

Tel: 042-37911021-25,

UAN: 111-200-786

Fax: 042-37924166, 37925835

Webside: www.millat.com.pk

E-mail: info@millat.com.pk

## Regional Offices

### Karachi

3-A, Faiyaz Centre, Sindhi Muslim

Co-operative Housing Society,

Tel: 021-34553752

UAN: 111-200-786

Fax: 021-34556321

### Islamabad

H. No. 22, St. No. 41, Sector F-6/1,

Tel: 051-2271470

UAN: 111-200-786

Fax: 051-2270693

### Multan Cantt.

Garden Town, (Daulatabad), Shershah Road,

Tel: 061-6537371

Fax: 061-6539271

### Sukkur

House No. B-106, Akuwat Nagar Society

Near Goal Masjid Airport Road, Sukkur

Tel: 071-5815041

Fax: 071-5815042

# DIRECTORS' REVIEW

I am pleased to present the interim financial information of the Company for nine months ended March 31, 2020 along with consolidated interim financial information of Millat Group of Companies.

This year has been a tumultuous one so far with various factors giving rise to new challenges. The first and second quarters were marred by economic uncertainty. As the situation seemed to stabilize, the global pandemic of COVID-19 has severely impacted daily life as well as economic activities throughout the world.

Resultantly, sales of the Company have decreased by 38 % to 14,612 units as compared to 23,551 units sold in the comparable previous nine months. Accordingly, EPS has declined from PKR 55.69 per share to PKR 27.31 per share.

Future outlook is uncertain and as we speak, it is not possible to determine when this global pandemic will reach its end. The devaluation of PKR against USD will offset the benefit of low international oil & energy prices.

Agricultural growth has been negligible on account of global warming and water shortage. In addition, average temperatures during the 3rd quarter have remained below standard mean as compared to historical averages which does not bode well for wheat crop. Serious action needs to be taken to ensure long term longevity of the agriculture sector.

The Company complied with governmental advice to shut down its activities to ensure safety and well-being of its employees and vendor base. Furthermore, due to dwindling sales and billions of rupees stuck up in sales tax refunds, it is becoming difficult to manage our working capital needs which not only supports the Company, but a significant number of vendor industry which has been instrumental in indigenization of tractor parts.

We have restored the assembly activity to ensure that demand of agriculture sector is met while ensuring safety of our workforce, vendors and dealers. It is hoped that the situation will improve moving forward in upcoming fiscal year and we will be out of these testing times with even greater zeal and sense of responsibility.

In the end, let's pray to Allah the almighty for a positive outcome and I would like to thank, on behalf of the Board of Directors, all of the employees, vendors, dealers and other stakeholders, especially those who are working tirelessly despite the lockdown, for striving to fulfill our vision and mission.

For, and on behalf, of the Board



Sikandar Mustafa Khan  
Chairman  
Lahore: April 27, 2020

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (unaudited)

As at March 31, 2020

	Note	(Un-audited) March 31, 2020 (Rupees in thousand)	(Audited) June 30, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
50,000,000 (June 30, 2019: 50,000,000)			
ordinary shares of Rs 10 each		500,000	500,000
Issued, subscribed and paid up capital		498,292	442,926
Reserves		2,919,812	4,390,241
		3,418,104	4,833,167
<b>Non-current liabilities</b>			
Long term deposits		12,731	12,731
<b>Current liabilities</b>			
Accumulating compensated absences		127,219	113,337
Trade and other payables		2,355,719	2,498,398
Contract liabilities		3,263,909	2,772,987
Short term borrowings		1,621,883	–
Unclaimed dividend		293,357	310,095
Unpaid dividend		11,372	33,469
		7,673,459	5,728,286
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	11,104,294	10,574,184

The annexed notes 1 to 13 form an integral part of the unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) March 31, 2020 (Rupees in thousand)	(Audited) June 30, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Operating fixed assets	6	685,372	718,559
Capital work in progress	7	47,980	12,827
Intangible assets		2,591	4,048
Investment property		255,708	255,708
Long term investments	8	1,736,034	1,383,879
Long term loans		2,546	2,826
Deferred tax asset - net		20,385	12,797
Employees' defined benefit plan		237,504	219,519
		2,988,120	2,610,163
<b>Current assets</b>			
Stores and spares		154,610	150,799
Stock-in-trade		3,992,030	3,148,589
Trade debts		88,223	46,637
Loans and advances		101,218	113,876
Trade deposits and prepayments		33,543	46,461
Balances with statutory authority		2,476,222	2,250,219
Other receivables		97,839	87,023
Tax refunds due from the Government		986,394	1,268,429
Cash and bank balances		186,095	851,988
		8,116,174	7,964,021
		11,104,294	10,574,184



Chairman

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (unaudited)

For the nine months ended 31 March 2020

	Nine months ended 31 March		Three months ended 31 March	
	2020	2019	2020	2019
	(Rupees in thousand)			
Revenue from contracts with customers	15,835,709	22,810,865	5,941,553	7,205,001
Cost of sales	13,092,124	18,426,657	4,845,276	5,737,110
<b>Gross profit</b>	<b>2,743,585</b>	<b>4,384,208</b>	<b>1,096,277</b>	<b>1,467,891</b>
Distribution and marketing expenses	467,504	464,114	188,257	162,812
Administrative expenses	344,238	343,812	107,906	108,563
Other operating expenses	135,411	491,430	50,981	94,535
	947,153	1,299,356	347,144	365,910
Other income	245,646	739,013	80,084	166,682
<b>Operating profit</b>	<b>2,042,078</b>	<b>3,823,865</b>	<b>829,217</b>	<b>1,268,663</b>
Finance cost	204,965	39,615	76,972	16,120
<b>Profit before taxation</b>	<b>1,837,113</b>	<b>3,784,250</b>	<b>752,245</b>	<b>1,252,543</b>
Taxation	476,272	1,009,471	199,671	302,557
<b>Profit after taxation for the period</b>	<b>1,360,841</b>	<b>2,774,779</b>	<b>552,574</b>	<b>949,986</b>
<b>Other comprehensive income / (loss)</b>				
Items that may not be reclassified to profit or loss in subsequent periods:				
Unrealized (loss) / gain on revaluation of investments measured at fair value through other comprehensive income	(7,620)	(22,060)	(13,662)	12,854
<b>Total comprehensive income for the period</b>	<b>1,353,221</b>	<b>2,752,719</b>	<b>538,912</b>	<b>962,840</b>
		(restated)		(restated)
		(Rupees)		
<b>Earnings per share - basic and diluted</b>	<b>27.31</b>	<b>55.69</b>	<b>11.09</b>	<b>19.06</b>

The annexed notes 1 to 13 form an integral part of the unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman



# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (unaudited)

For the nine months ended 31 March 2020

	Share capital	Revenue reserves		Capital reserves	Total
		General reserves	Unappropriated profit	Fair value reserves	
(Rupees in thousand)					
<b>Balance as on 01 July 2018</b>	442,926	2,278,935	2,806,293	126,670	5,654,824
Final dividend for the year ended					
30 June 2018 @ Rs. 60/- per share	-	-	(2,657,553)	-	(2,657,553)
Interim dividend @ Rs. 45 per share	-	-	(1,993,165)	-	(1,993,165)
Total comprehensive income					
for the nine months ended 31 March 2019	-	-	2,774,779	(22,060)	2,752,719
<b>Balance as on 31 March 2019</b>	442,926	2,278,935	930,354	104,610	3,756,825
<b>Balance as on 01 July 2019</b>	442,926	2,278,935	2,044,557	66,749	4,833,167
Final dividend for the year ended					
30 June 2019 @ Rs. 40/- per share	-	-	(1,771,702)	-	(1,771,702)
Bonus shares issued for the year ended					
June 30, 2019 @ 12.5% per share	55,366	-	(55,366)	-	-
Interim dividend @ Rs. 20 per share	-	-	(996,582)	-	(996,582)
Total comprehensive income					
for the nine months ended 31 March 2020	-	-	1,360,841	(7,620)	1,353,221
<b>Balance as on 31 March 2020</b>	<b>498,292</b>	<b>2,278,935</b>	<b>581,748</b>	<b>59,129</b>	<b>3,418,104</b>

The annexed notes 1 to 13 form an integral part of the unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (unaudited)

For the nine months ended 31 March 2020

	Note	Nine months ended March 31,	
		2020 (Rupees in thousand)	2019
<b>Cash flows from operating activities</b>			
Profit before taxation		1,837,113	3,784,250
Adjustment for:			
Depreciation on property, plant & equipment		61,097	59,246
Amortization of intangible assets		1,457	1,458
Gain on foreign currency retranslation		(4,275)	–
Gain on disposal of short term investments		(1,178)	202,509
(Reversal) / Provision for employee benefits		(4,103)	21,339
Finance cost		204,965	39,615
Profit on bank deposits		(14,632)	(23,850)
Dividend income		(156,965)	(674,592)
		86,366	(374,275)
<b>Cash flow from operating activities before working capital changes</b>		1,923,479	3,409,975
<b>Effect on cash flow due to working capital changes</b>			
(Increase) / decrease in current assets:			
Stores and spares		(3,811)	(16,257)
Stock in trade		(843,441)	96,898
Trade debts		(41,586)	(9,266)
Loans and advances		12,658	(105,886)
Trade deposits and prepayments		12,918	(14,945)
Other receivables		23,872	(1,554)
		(839,390)	(51,010)
(Decrease) / Increase in current liabilities:			
Trade and other payables		(218,879)	2,024,101
Contract liabilities		490,922	(6,097,346)
<b>Cash used in from operations</b>		1,356,132	(714,280)
Taxes paid		(427,828)	(1,516,594)
Decrease in long term loans to employees		280	140
Increase in long term security deposits		–	61,346
Finance cost paid		(128,765)	(24,515)
		(556,313)	(1,479,623)
<b>Net cash generated from / (used) in operating activities</b>		799,819	(2,193,903)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(81,396)	(84,683)
Purchase of intangible assets		–	(5,992)
Long term investments made		(355,500)	(450,000)
Purchase of short term investments		(500,000)	–
Proceeds from sale of short term investments		501,178	7,065,127
Proceeds from sale of property, plant and equipment		18,333	8,828
Dividend received		122,277	648,718
Profit on bank deposits		14,632	23,850
<b>Net cash (used) in / generated from investing activities</b>		(280,476)	7,205,848
<b>Cash flows from financing activities</b>			
Dividend paid		(2,807,119)	(4,599,162)
<b>Net cash used in financing activities</b>		(2,807,119)	(4,599,162)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(2,287,776)	412,783
Cash and cash equivalents at the beginning of the period		851,988	520,140
<b>Cash and cash equivalents at the end of the period</b>	9	(1,435,788)	932,923

The annexed notes 1 to 13 form an integral part of the unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the nine months ended 31 March 2020

## 1. The company and its activities

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

## 2. Statement of compliance

2.1 This interim financial information of the Company for the nine months ended March 31, 2020 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable for interim financial reporting comprise of :

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

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

2.2 This interim financial information is un-audited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

## 3. Basis of preparation

3.1 This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 June 2019.

3.2 The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2019 except for as disclosed in note 3.3 below.

3.3 IFRS 16 was notified by the SECP to be effective from annual periods beginning on or after January 01, 2019. Accordingly, the Company has adopted IFRS 16 effective from July 01, 2019 using the modified retrospective approach as permitted under the specific transitional provisions in the standard. This standard replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

There is no significant impact of the standard on these unconsolidated condensed interim financial statements of the Company on initial adoption

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the nine months ended 31 March 2020

## 4. Accounting estimates and judgments

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 30 June 2019.

## 5. Contingencies and commitments

There has been no significant change in the contingencies since the date of preceding published annual financial statements.

Commitments in respect of outstanding letters of credit are Rs. 317,410 thousand (June 30, 2019: Rs 621,662 thousand).

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
		(Rupees in thousand)	
<b>6.</b>	<b>Operating fixed assets</b>		
	Opening book value	718,559	700,763
	Add: Additions during the period/ year	46,518	113,332
		<b>765,077</b>	<b>814,095</b>
	Less:		
	Deletions during the period / year	(18,333)	(12,382)
	Adjustments made during the period / year	(275)	(801)
	Depreciation charge for the period / year	(61,097)	(82,353)
		<b>(79,705)</b>	<b>(95,536)</b>
	Closing book value	<b>685,372</b>	<b>718,559</b>
<b>6.1</b>	<b>Additions during the period</b>		
	- Plant and machinery	8,465	41,343
	- Tools and equipment	7,760	3,912
	- Furniture, fixture and office equipment	1,393	2,674
	- Vehicles	25,824	48,647
	- Computers	3,076	6,839
	- Building	-	9,917
		<b>46,518</b>	<b>113,332</b>
<b>7.</b>	<b>Capital Work In Progress</b>		
	Plant and machinery	5,034	9,231
	Advance for tools and equipments	1,613	1,613
	Advance for intangibles	41,333	-
	Advance for Vehicles	-	1,983
		<b>47,980</b>	<b>12,827</b>

	(Un-audited) March 31, 2020 (Rupees in thousand)	(Audited) June 30, 2019
<b>8. Long term investments</b>		
Related parties:		
In subsidiary undertakings - At cost		
- Millat Industrial Products Limited - unquoted	57,375	57,375
- Tipeg Intertrade DMCC - unquoted	67,875	63,600
- Bolan Castings Limited - quoted	76,610	76,610
- Millat Equipment Limited - unquoted	117,000	117,000
	318,860	314,585
<b>Other investment - At fair value through other comprehensive income</b>		
- Hyundai Nishat Motors (Pvt.) Limited- unquoted		
Cost	990,000	990,000
Advance against share subscription	355,500	-
	1,345,500	990,000
	1,664,360	1,304,585
<b>Investment other than related parties At fair value through other comprehensive income</b>		
Quoted		
Cost	12,145	12,145
Surplus on revaluation of investment	59,129	66,749
	71,274	78,894
Unquoted at cost	400	400
	1,736,034	1,383,879
	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
	(Rupees in thousand)	
<b>9. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	186,095	932,923
Short term borrowings	(1,621,883)	-
	(1,435,788)	932,923

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the nine months ended 31 March 2020

	(Un-audited) March 31, 2020 (Rupees in thousand)	(Un-audited) March 31, 2019
<b>10. TRANSACTIONS WITH RELATED PARTIES</b>		
Purchase of components	2,777,079	3,944,350
Sale of goods and services	498,796	207,953
Dividend income	151,688	372,489
Cost of Investments made	355,500	450,000
Contribution to staff retirement benefit plans	21,824	20,762
Disposal of assets to key management personnel	5,789	-

	(Un-audited) March 31, 2020 (Rupees in thousand)	(Audited) June 30, 2019
The Outstanding balances of such parties are as under:		
Payable to related parties	238,878	369,207
Receivable from related parties	37	3,800

## 11. Events after balance sheet date

The Board of Directors has declared nil cash dividend (June 30, 2019: Rs. 40 per share) and nil bonus shares (June 30, 2019: 12.5%) in their meeting held on April 27, 2020.

## 12. Date of authorisation

This condensed interim financial information was authorised for issue on April 27, 2020 by the Board of Directors of the company.

## 13. Corresponding figures

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



Chief Financial Officer



Chief Executive Officer



Chairman

Consolidated Condensed Interim Financial Statements

# Millat Tractors Limited

For The Nine Months ended 31 March 2020

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (unaudited)

As at March 31, 2020

	Note	(Un-audited) March 31, 2020 (Rupees in thousand)	(Audited) June 30, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
50,000,000 (2019: 50,000,000) ordinary shares of Rs. 10/- each		500,000	500,000
Issued, subscribed and paid up capital		498,292	442,926
Reserves		3,635,885	5,250,076
		4,134,177	5,693,002
Non-controlling interests		874,807	1,038,347
<b>Non-current liabilities</b>			
Long term deposits		25,955	25,575
Employees' defined benefit plan		51,484	49,619
		77,439	75,194
<b>Current liabilities</b>			
Accumulating compensated absences		150,203	147,064
Trade and other payables		2,784,491	2,523,596
Contract liabilities		3,309,441	2,807,032
Current portion of long term deposits		493	411
Short term borrowings		2,702,514	887,798
Unclaimed dividend		303,414	320,741
Unpaid dividend		11,372	33,469
		9,261,928	6,720,111
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5		
		14,348,351	13,526,654

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



	Note	(Un-audited) March 31, 2020 (Rupees in thousand)	(Audited) June 30, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Operating fixed assets	6	1,692,517	1,789,809
Capital work in progress	7	84,001	30,912
Intangible asset		2,659	4,138
Goodwill		18,572	18,572
Investment property		255,708	255,708
Long term investments	8	1,489,913	1,086,875
Long term loans		7,146	3,662
Long term deposits		3,807	21,432
Deferred taxation - net		22,176	13,635
Employees' defined benefit plan		249,722	231,351
		3,826,221	3,456,094
<b>Current assets</b>			
Stores and spares		461,519	487,933
Stock in trade		4,802,710	3,924,036
Trade debts		631,380	357,962
Loans and advances		220,149	216,086
Trade deposits and short term prepayments		48,548	61,503
Other receivables		99,083	85,913
Balances with statutory authorities		2,473,820	2,268,505
Tax refunds due from the Government		1,418,383	1,624,122
Short term investments		-	4,182
Non-current assets classified as held for sale		1,092	-
Cash and bank balances		365,446	1,040,318
		10,522,130	10,070,560
		14,348,351	13,526,654



Chairman

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (unaudited)

For the nine months ended 31 March 2020

	Nine months ended 31 March		Three months ended 31 March	
	2020	2019	2020	2019
	(Rupees in thousand)			
Revenue from contracts with customers	16,852,721	23,567,834	6,378,506	8,168,741
Cost of sales	13,641,269	18,439,011	5,203,813	6,526,597
<b>Gross profit</b>	<b>3,211,452</b>	<b>5,128,823</b>	<b>1,174,693</b>	<b>1,642,144</b>
Distribution and marketing expenses	530,508	537,257	208,011	191,918
Administrative expenses	566,520	581,000	188,421	179,338
Other operating expenses	159,784	530,089	48,781	102,754
	1,256,812	1,648,346	445,213	474,010
Other income	116,107	398,680	53,439	32,085
<b>Operating profit</b>	<b>2,070,747</b>	<b>3,879,157</b>	<b>782,919</b>	<b>1,200,219</b>
Finance cost	316,386	89,234	117,156	41,577
<b>Profit before taxation</b>	<b>1,754,361</b>	<b>3,789,923</b>	<b>665,763</b>	<b>1,158,642</b>
Taxation	552,085	1,129,108	211,578	318,801
Profit after tax for the period	1,202,276	2,660,815	454,185	839,841
<b>Other comprehensive income / (loss):</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(2,582)	1,518	(4,925)	(29,174)
Unrealized (loss) / gain on revaluation of investments measured at fair value through other comprehensive income	(9,227)	(27,367)	(16,724)	16,906
	(11,809)	(25,849)	(21,649)	(12,268)
<b>Total comprehensive income for the year</b>	<b>1,190,467</b>	<b>2,634,966</b>	<b>432,536</b>	<b>827,573</b>
<b>Attributable to:</b>				
- Equity holders of the holding Company				
Profit after tax	1,221,268	2,521,367	492,697	823,380
Other comprehensive (loss) / income for the period	(10,945)	(22,997)	(19,417)	(6,773)
	1,210,323	2,498,370	473,280	816,607
- Non-controlling interests				
Profit / (loss) after tax	(18,992)	139,448	(38,512)	16,461
Other comprehensive (loss) / income for the period	(864)	(2,852)	(2,232)	(5,495)
	(19,856)	136,596	(40,744)	10,966
	1,190,467	2,634,966	432,536	827,573
			(restated)	(restated)
			(Rupees)	
<b>Earnings per share - basic and diluted</b>	<b>24.13</b>	<b>53.40</b>	<b>9.11</b>	<b>16.85</b>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (unaudited)

For the nine months ended 31 March 2020

	Issued subscribed and paid up capital	Revenue reserves		Capital reserves		Non- controlling interests	Total
		General reserves	Unappropriated profit	Exchange translation reserve	Fair value reserve		
(Rupees in thousand)							
<b>Balance as on 30 June 2018</b>	442,926	2,475,309	3,646,254	15,418	176,639	1,297,342	8,053,888
Final dividend for the year ended							
30 June 2018 @ Rs. 60/- per share	-	-	(2,657,553)	-	-	-	(2,657,553)
Dividend payment to NCI	-	-	-	-	-	(397,103)	(397,103)
Interim dividend for the year ended							
30 June 2019 @ Rs. 45/- per share	-	-	(1,993,165)	-	-	-	(1,993,165)
Total comprehensive income							
for the nine months ended 31 March 2019	-	-	2,521,367	(1,518)	(27,367)	139,448	2,631,930
<b>Balance as on 31 March 2019</b>	<b>442,926</b>	<b>2,475,309</b>	<b>1,516,903</b>	<b>13,900</b>	<b>149,272</b>	<b>1,039,687</b>	<b>5,637,997</b>
<b>Balance as on 30 June 2019</b>	<b>442,926</b>	<b>2,475,309</b>	<b>2,619,150</b>	<b>45,158</b>	<b>110,459</b>	<b>1,038,347</b>	<b>6,731,349</b>
Final dividend for the year ended							
30 June 2019 @ Rs. 40 per share	-	-	(1,771,702)	-	-	-	(1,771,702)
Bonus shares issued for the year ended							
June 30, 2019 @ 12.5% per share	55,366	-	(55,366)	-	-	-	-
Dividend payment to NCI	-	-	-	-	-	(144,548)	(144,548)
Interim dividend for the year ended							
30 June 2020 @ Rs. 20/- per share	-	-	(996,582)	-	-	-	(996,582)
Total comprehensive income / (loss)							
for the nine months ended 31 March 2020	-	-	1,221,268	(2,582)	(9,227)	(18,992)	1,190,467
<b>Balance as on 31 March 2020</b>	<b>498,292</b>	<b>2,475,309</b>	<b>1,016,768</b>	<b>42,576</b>	<b>101,232</b>	<b>874,807</b>	<b>5,008,984</b>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (unaudited)

For the nine months ended 31 March 2020

	Note	Nine months ended March 31,	
		2020 (Rupees in thousand)	2019
<b>Cash flows from operating activities</b>			
Profit before taxation		1,754,361	3,789,923
Adjustment for:			
Depreciation on property, plant & equipment		150,166	140,027
Amortization of intangible assets		1,479	1,492
(Gain) / loss on disposal of short term investments		(1,207)	202,509
(Reversal) / Provision for employee benefits		(13,367)	22,772
Finance cost		316,386	89,234
Profit on bank deposits		(15,188)	(24,206)
Dividend income		(5,277)	(3,848)
		432,992	427,980
<b>Cash flow from operating activities before working capital changes</b>		<b>2,187,353</b>	<b>4,217,903</b>
<b>Effect on cash flow due to working capital changes</b>			
(Increase) / decrease in current assets:			
Stores and spares		26,414	(27,453)
Stock in trade		(878,674)	366,079
Trade debts		(273,418)	(304,954)
Loans and advances		(4,063)	(152,570)
Trade deposits and prepayments		12,955	(19,391)
Other receivables		(13,170)	(29,863)
		(1,129,956)	(168,152)
(Decrease) / Increase in current liabilities:			
Trade and other payables		192,611	1,830,572
Contract liabilities		502,409	(6,099,632)
<b>Cash generated from / (used in) operations</b>		<b>1,752,417</b>	<b>(219,309)</b>
Taxes paid		(560,202)	(1,840,822)
Increase in long term loans to employees		(3,484)	(3,473)
Decrease in long term security deposits		18,087	63,706
Mark-up paid		(248,102)	(49,829)
		(793,701)	(1,830,418)
<b>Net cash generated from/ (used) in operating activities</b>		<b>958,716</b>	<b>(2,049,727)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(107,055)	(225,503)
Purchase of intangible assets		-	(5,993)
Short term investments made - net		(500,000)	-
Proceeds from sale of short term investments		505,389	7,219,869
Long term investment made		(412,265)	(450,000)
Dividend received		5,277	3,848
Profit on bank deposits		15,188	24,206
<b>Net cash (used) in/ generated from investing activities</b>		<b>(493,466)</b>	<b>6,566,427</b>
<b>Cash flows from financing activities</b>			
Dividend paid to equity holders		(2,807,708)	(4,596,940)
Dividend paid to non-controlling interests		(144,548)	(397,103)
<b>Net cash used in financing activities</b>		<b>(2,952,256)</b>	<b>(4,994,043)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,487,006)</b>	<b>(477,343)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>152,520</b>	<b>595,684</b>
Foreign exchange difference		(2,582)	(1,518)
<b>Cash and cash equivalents at the end of the period</b>	9	<b>(2,337,068)</b>	<b>116,823</b>

The annexed notes 1 to 14 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

# SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the nine months ended 31 March 2020

## 1. The group and its activities

Millat Tractors Limited - the Holding Company is a public limited Company incorporated in Pakistan in 1964 under the Companies Act 2017 (repealed Companies Ordinance, 1984), and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Sheikhpura Road, District Sheikhpura. The Company is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products.

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

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.

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

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

## 2. Statement of compliance

2.1 This interim financial information of the Group for the nine months ended March 31, 2020 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable for interim financial reporting comprise of :

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

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

2.2 This interim financial information is un-audited and is being submitted to shareholders, as required by section 228 of the Companies Act, 2017.

# SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the nine months ended 31 March 2020

## 3. Basis of preparation

- 3.1** This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2019.
- 3.2** The accounting policies and methods of computation adopted for the preparation of this condensed consolidated interim financial information are same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended 30 June 2019 except for as disclosed in note 3.3 below.
- 3.3** IFRS 16 was notified by the SECP to be effective from annual periods beginning on or after January 01, 2019. Accordingly, the Company has adopted IFRS 16 effective from July 01, 2019 using the modified retrospective approach as permitted under the specific transitional provisions in the standard. This standard replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. There is no significant impact of the standard on these consolidated condensed interim financial statements of the Group on initial adoption.

## 4. Accounting estimates and judgments

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 30 June 2019.

## 5. Contingencies and commitments

There has been no significant change in the contingencies since the date of preceding published annual financial statements.

Commitments in respect of outstanding letters of credit are Rs.317,410 thousand (June 30, 2019: Rs 681,504 thousand).

	Note	(Un-audited) March 31, 2020 (Rupees in thousand)	(Audited) June 30, 2019
<b>6. Operating fixed assets</b>			
Opening book value		1,788,432	1,665,034
Stores, spares & loose tools		1,377	1,377
Add: Additions during the period / year	6.1	87,964	347,806
		1,877,773	2,014,217
Less: Disposals / write offs during the period / year (at book value)		(35,090)	(26,163)
Depreciation charged during the period/ year		(150,166)	(198,245)
		(185,256)	(224,408)
Closing book value		1,692,517	1,789,809
<b>6.1 Additions during the period / year</b>			
- Buildings on freehold land		–	11,744
- Plant and machinery		25,679	158,738
- Tools and equipments		22,361	97,458
- Furniture, fixture and office equipment		2,669	4,562
- Vehicles		34,043	68,238
- Computers		3,212	7,066
		87,964	347,806
<b>7. Capital work in progress</b>			
Advance against intangibles		75,516	8,160
Plant and machinery		6,872	19,156
Advance for tools and equipment		1,613	1,613
Advance for vehicles		–	1,983
		84,001	30,912
<b>8. Long term investments</b>			
Investment at fair value through other comprehensive income- unquoted			
Cost		990,400	990,400
Advance against share subscription		412,265	–
		1,402,665	990,400
Investment at fair value through other comprehensive income- quoted			
Cost		24,364	24,364
Surplus on revaluation of investment		62,884	72,111
		87,248	96,475
		1,489,913	1,086,875

## SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

For the nine months ended 31 March 2020

	(Un-audited) March 31, 2020 (Rupees in thousand)	(Un-audited) March 31, 2019
<b>9. Cash and cash equivalents</b>		
Cash and bank balances	365,446	1,098,634
Short term borrowings	(2,702,514)	(981,811)
	(2,337,068)	116,823

	Nine months ended March 31,	
	2020	2019
	(Rupees in thousand)	
<b>10. Transactions with related parties</b>		
Retirement benefit plans	Contribution to staff retirement benefit plans	
	30,769	31,882
Associated undertaking	Cost of Investments made	
	355,500	450,000
Key management personnel	Disposal of vehicles	
	5,789	929

### 11 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	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Rupees in thousands												
Revenue from contract with customers	15,635,709	22,810,865	1,695,247	2,531,421	1,052,477	1,178,560	1,545,705	1,199,291	(3,276,417)	(4,152,303)	16,852,721	23,567,834
Cost of sales	13,092,124	18,426,657	1,383,321	1,875,751	1,075,162	1,223,567	1,367,079	1,065,319	(3,276,417)	(4,152,303)	13,641,269	18,439,011
Gross profit	2,743,585	4,384,208	311,926	655,670	(22,685)	(45,027)	178,626	133,972	-	-	3,211,452	5,128,823
Distribution cost	467,504	464,114	1,357	10,108	30,819	37,206	30,828	25,629	-	-	530,508	537,257
Administrative expenses	344,238	343,812	91,196	94,472	49,625	58,558	81,461	84,158	-	-	566,520	581,000
Other operating expenses	135,411	491,430	24,373	38,659	-	-	-	-	-	-	159,784	530,089
	947,153	1,299,356	116,926	143,239	80,444	95,764	112,289	109,987	-	-	1,256,812	1,648,946
Other income	245,646	739,013	14,181	19,222	7,915	12,225	53	(106)	(151,688)	(371,674)	116,107	398,680
Operating profit	2,042,078	3,823,865	209,181	531,653	(95,214)	(128,566)	66,390	23,879	(151,688)	(371,674)	2,070,747	3,779,157
Finance costs	204,965	39,615	44,105	10,570	60,170	32,610	7,146	6,439	-	-	316,386	89,234
Profit before taxation	1,837,113	3,784,250	165,076	521,083	(155,384)	(161,176)	59,244	17,440	(151,688)	(371,674)	1,754,361	3,769,923
Taxation	476,272	1,009,471	47,872	149,773	16,433	(9,766)	11,508	9,630	-	-	552,085	1,129,108
Profit / (loss) for the period	1,360,841	2,774,779	117,204	371,310	(171,817)	(121,410)	47,736	7,810	(151,688)	(371,674)	1,202,276	2,660,815

11.1 Inter segment sales and purchases have been eliminated.

## 11.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	31 March 2020	30 June 2019	31 March 2020	30 June 2019	31 March 2020	30 June 2019	31 March 2020	30 June 2019	31 March 2020	30 June 2019	31 March 2020	30 June 2019
Rupees in thousands												
<b>Segment operating assets</b>												
Non-Current assets	2,988,120	2,610,163	653,388	695,470	350,452	373,853	225,814	163,815	(410,125)	(405,779)	3,807,649	3,437,522
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current Assets	8,116,174	7,964,021	1,197,573	953,489	627,732	808,413	821,968	742,795	(241,317)	(398,158)	10,522,130	10,070,860
<b>Total Assets</b>	<b>11,104,294</b>	<b>10,574,184</b>	<b>1,850,961</b>	<b>1,648,959</b>	<b>978,184</b>	<b>1,182,266</b>	<b>1,047,782</b>	<b>906,610</b>	<b>(632,870)</b>	<b>(785,365)</b>	<b>14,348,351</b>	<b>13,526,854</b>
<b>Segment operating liabilities</b>												
Non-current liabilities	12,731	12,731	78,146	77,375	56,709	55,235	8,643	9,596	(78,790)	(79,743)	77,439	75,194
Current liabilities	7,673,459	5,728,286	828,741	484,713	713,097	745,230	287,948	160,040	(241,317)	(398,158)	9,261,928	6,720,111
<b>Total operating liabilities</b>	<b>7,686,190</b>	<b>5,741,017</b>	<b>906,887</b>	<b>562,088</b>	<b>769,806</b>	<b>800,465</b>	<b>296,591</b>	<b>169,636</b>	<b>(320,107)</b>	<b>(477,901)</b>	<b>9,339,367</b>	<b>6,795,305</b>

**SELECTED NOTES TO THE CONSOLIDATED  
CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**  
For the nine months ended 31 March 2020

**12 Events after balance sheet date**

The Board of Directors has declared nil cash dividend (June 30, 2019: Rs. 40 per share) and nil bonus shares (June 30, 2019: 12.5%) in their meeting held on April 27, 2020.

**13 Date of authorisation**

This condensed interim financial information was authorised for issue on April 27, 2020 by the Board of Directors of the Group.

**14 Corresponding figures**

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



Chief Financial Officer



Chief Executive Officer



Chairman














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