



Leading the Way

for the 1st Quarter ended September 30, 2022



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Corporate Information

BOARD OF DIRECTORS

Chairman

Mr. Sikandar Mustafa Khan

Chief Executive

Syed Muhammad Irfan Aqueel

Directors

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mr. Qaiser Saleem

Mr. Saad Iqbal

Mr. Nasar Us Samad Qureshi

Mr. Muhammad Javed Rashid

Mrs. Ambreen Waheed

Company Secretary

Mr. Muhammad Faisal Azeem

Chief Financial Officer

Mr. Sohail A. Nisar

Auditors

EY. Ford Rhodes

Chartered Accountants

Legal Advisors

Riaa Barker Gillete

Akhtar Ali & Associates

Ch. Law Associates Inn

Company Share Registrar

Karachi

CDC Share Registrar Services Limited.

CDC House, 99 – B, Block 'B',

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

Karachi-74400.

Tel: Customer Support Services (Toll Free)

0800-CDCPL (23275)

Fax: (92-21) 34326053

Email: info@cdcsrsl.com

Website: www.cdcsrsl.com

Lahore

Mezzanine Floor, South Tower, LSE Plaza,

Khayaban-E-Aiwan-E-Iqbal,

Lahore.

Tel: (92-42)- 36362061-66

Islamabad

Room # 410,

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

Blue Area,

Islamabad.

Tel. (92-51) 2895456-9

Bankers

Bank Alfalah Limited.

Habib Bank Limited.

MCB Bank Limited.

Standard Chartered Bank (Pakistan) Limited.

United Bank Limited.

Allied Bank Limited.

Meezan Bank Limited.

REGISTERED OFFICE AND PLANT

9 - km Sheikhpura Road, Distt. Sheikhpura,

Tel: 042-37911021-25

UAN: 111-200-786

Fax: 042-37924166, 37925835

Website: www.millat.com.pk

E-mail: info@millat.com.pk

REGIONAL OFFICES

Karachi

3-A, Faiyaz Centre, Sindhi Muslim

Co-operative Housing Society, Karachi.

Tel: 021-34553752

UAN: 111-200-786

Fax: 021-34556321

Islamabad

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

Tel: 051-2271470

UAN: 111-200-786

Fax: 051-2270693

Multan Cantt.

Garden Town, (Daulatabad), Shershah Road,

Multan Cantt.

Tel: 061-6537371

Fax: 061-6539271

Sukkur

House No B/106, Akuwat Nagar Society,

Near Gol Masjid, Airport Road, Sukkur.

Tel: 071-5815041

Fax: 071-5815042

Directors' Review

On behalf of the Board of Directors of MTL, I am pleased to present the Interim Financial Information of the Company for the quarter ended September 30, 2022 along with consolidated interim Financial information of the Millat Group of Companies.

While, Pakistan was struggling to recover from economic shocks for over 6 months due to Russian – Ukraine war; the already bleak situation was further exacerbated by the floods and rain which affected two thirds of the country. These major upheavals resulted in sharp drop in business operations throughout the country. However, now the rehabilitation is at its initial phase which appears to stretch for over 6 months from now.

With the aforesaid challenges, your company has managed to sell 3,194 as compared to 7,197 units sold in previous period. Revenues decreased from PKR 9,938 million to PKR 6,840. The continuous delay in releasing Sales tax refunds by the FBR has deeply impacted the liquidity position of the company as the pending sales tax refunds have accumulated up to Rs. 5.74 billion.

The recent energy demand from Europe due to Russia – Ukraine conflict has resulted in non- availability of LNG. The OPEC + decision to cut oil production will also impact the oil prices internationally. Accordingly, it is expected that energy prices will increase internationally.

SBP in recent MPL meeting has decided to keep the discount rate unchanged. However, continuous pressure of Foreign Exchange may likely impact the rupee dollar parity and inflation rates.

Despite several economic issues, Exports have shown a considerable 88% increase in the quarter ended September 2022. We hope the exports numbers shall show a rising trend in 2nd quarter as well.

With respect to agri-economy, it is expected to see good growth after the rehabilitation phase is over. Consequently, we expect a considerable increase demand and your company is setting itself to meet the increase in demand.

Last but not least, I would like to extend my gratitude toward the Board, employees, vendors/suppliers and customers for continuing to put their trust in the company and delivering at their best.

For and on behalf of the Board



Sikandar Mustafa Khan

Chairman

October 26, 2022

Lahore

Condensed Interim Statement of Financial Position

As at September 30, 2022 (Unaudited)

	Note	(Un-audited) September 30, 2022 (Rupees in thousand)	(Audited) June 30, 2022
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (2022: 200,000,000)			
ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up capital		968,679	968,679
General reserves		2,278,935	2,278,935
Unappropriated profit		2,656,799	2,206,746
Fair value reserve		1,593,788	1,612,902
		7,498,201	7,067,262
Non-current liabilities			
Long term deposits		14,033	13,833
Deferred tax liabilities - net		811,291	811,291
Long term finance- secured		35,941	36,162
Deferred grant		13,636	14,427
		874,901	875,713
Current liabilities			
Accumulating compensated absences		109,209	108,527
Trade and other payables		3,988,587	4,683,108
Contract liabilities		2,994,118	6,685,800
Current portion of lease liabilities against right-of-use assets		555	1,331
Current portion of long term finance- secured		45,947	88,134
Current portion of deferred grant		4,024	5,604
Taxation- net		262,698	225,825
Unclaimed dividend		297,386	297,326
Unpaid dividend		27,635	27,695
Short term borrowings		5,288,529	-
		13,018,688	12,123,350
CONTINGENCIES AND COMMITMENTS			
	5	21,391,790	20,066,325

The annexed notes 1 to 12 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) September 30, 2022 (Rupees in thousand)	(Audited) June 30, 2022
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	784,105	775,150
Capital work in progress	7	43,607	27,030
Right-of-use assets		969	1,123
Intangible assets		39,300	39,300
Investment property		255,708	255,708
Long term investments	8	4,379,482	4,218,235
Long term loans		2,563	2,412
Employees' defined benefit plan		146,205	143,051
		5,651,939	5,462,009
Current assets			
Stores, spare parts and loose tools		174,075	182,625
Stock-in-trade		9,243,118	6,758,898
Trade debts		279,081	235,269
Loans and advances		75,987	39,565
Trade deposits and short term prepayments		62,611	58,440
Balances with statutory authorities		5,749,983	5,707,842
Other receivables		113,168	115,989
Cash and bank balances		41,828	1,505,688
		15,739,851	14,604,316
		21,391,790	20,066,325



Chairman

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the quarter ended September 30, 2022 (unaudited)

	Quarter ended	
	September 30, 2022	2021
	(Rupees in thousand)	
Revenue from contracts with customers	6,839,953	9,938,047
Cost of sales	5,662,545	7,867,819
Gross profit	1,177,408	2,070,228
Distribution and marketing expenses	233,831	228,883
Administrative expenses	163,828	164,398
Other operating expenses	44,394	132,944
	442,053	526,225
Other operating income	19,444	248,334
Operating profit	754,799	1,792,337
Finance cost	155,800	239
Profit before tax	598,999	1,792,098
Taxation	148,946	474,700
Profit after tax for the period	450,053	1,317,398
Other comprehensive income:		
Items not to be reclassified to profit or loss in subsequent periods:		
Unrealized (loss) / gain on revaluation of investments at fair value through OCI	(19,114)	(2,861)
Total comprehensive income for the year	430,939	1,314,537
Earnings per share - basic and diluted (Rupees)	4.65	13.60

restated

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 12 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Condensed Interim Statement of Changes in Equity

For the quarter ended September 30, 2022 (unaudited)

	Share capital	Revenue reserves		Capital reserves	Total
		General reserves	Unappropriated profit	Fair value reserves	
(Rupees in thousand)					
Balance as on July 1, 2021	560,578	2,278,935	2,817,370	3,435,887	9,092,770
Net profit for the period	-	-	1,317,398	-	1,317,398
Other comprehensive loss for the period	-	-	-	(2,861)	(2,861)
Balance as on September 30, 2021	560,578	2,278,935	4,134,768	3,433,026	10,407,307
Balance as on July 1, 2022	968,679	2,278,935	2,206,746	1,612,902	7,067,262
Net profit for the period	-	-	450,053	-	450,053
Other comprehensive loss for the period	-	-	-	(19,114)	(19,114)
Balance as on September 30, 2022	968,679	2,278,935	2,656,799	1,593,788	7,498,201

The annexed notes 1 to 12 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Condensed Interim Statement of Cash Flows

For the quarter ended September 30, 2022 (unaudited)

	Quarter ended	
	2022	2021
	September 30, (Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	598,999	1,792,098
Adjustment for:		
Depreciation on property, plant & equipment	22,274	24,007
Amortization of intangible assets	-	162
Gain on sale of short term investments - at FVPL	-	(22,467)
Finance cost	155,800	239
(Gain) / loss on translation of foreign investment	(9,840)	(5,205)
Provision for employee benefits	(2,472)	7,627
Profit on bank deposits	(3,748)	(5,875)
	162,014	(1,512)
Cash flow from operating activities before working capital changes	761,013	1,790,586
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	8,550	5,040
Stock in trade	(2,484,220)	(1,181,183)
Trade debts	(43,812)	(8,140)
Loans and advances	(36,422)	8,997
Trade deposits and prepayments	(4,171)	(1,690)
Other receivables	2,821	35,784
	(2,557,254)	(1,141,192)
Increase / (decrease) in current liabilities:		
Trade and other payables	(694,521)	(683,901)
Contract liabilities	(3,691,682)	(679,622)
	(6,943,457)	(2,504,715)
Cash used in operations		
Taxes paid- net	(154,214)	(1,700,455)
Increase in long term loans to employees	(151)	(719)
Increase in long term security deposits	200	400
Mark-up paid	(155,800)	(239)
	(309,965)	(1,701,013)
Net cash (used in) / generated from operating activities	(6,492,409)	(2,415,142)
Cash flows from investing activities		
Purchase of property, plant and equipment	(58,801)	(28,868)
Short term investments redeemed / (made) - net	-	2,510,018
Proceeds from disposal of property, plant and equipment	10,995	3,307
Profit on bank deposits received	3,748	5,875
Net cash generated from / (used) in investing activities	(214,579)	2,490,332
Cash flows from financing activities		
Dividend paid	-	(48,029)
Principal payment against lease liabilities	(622)	(1,685)
Long term / Short term financing received / (repaid)- net	5,243,750	(44,905)
Net cash (used in) / generated from financing activities	5,243,128	(94,619)
Net (decrease) / increase in cash and cash equivalents	(1,463,860)	(19,429)
Cash and cash equivalents at the beginning of the period	1,505,688	849,602
Cash and cash equivalents at the end of the period	41,828	830,173

The annexed notes 1 to 12 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Selected Notes to the Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

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 Sheikhupura Road, District Sheikhupura. The Company is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products. The Company is also involved in the sale, implementation and support of IFS applications in Pakistan and abroad.

2. Statement of Compliance

2.1 This interim financial information of the Company for the quarter ended September 30, 2022 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, 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 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 June 30, 2022.

3.2 The significant accounting policies adopted for the preparation of this 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 June 30, 2022 except for as disclosed in note 3.3 below.

3.3 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial statements.

4. Accounting Estimates and Judgments

The preparation of 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 June 30, 2022.

Selected Notes to the Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

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. 1,044,870 thousand (June 30, 2022: Rs 1,359,511 thousand).

	Note	(Un-audited) September 30, 2022 (Rupees in thousand)	(Audited) June 30, 2022
6. Operating Fixed Assets			
Opening book value		775,150	777,638
Add: Additions during the period / year	6.1	42,224	118,647
		817,374	896,285
Less:			
Disposals / write offs during the period / year (at book value)		(10,995)	(30,409)
Depreciation charged during the period / year		(22,274)	(90,726)
		(33,269)	(121,135)
Closing book value		784,105	775,150
6.1 Additions during the period			
- Buildings		-	1,101
- Plant and machinery		-	26,741
- Tools and equipments		1,074	3,038
- Furniture, fixture and office equipment		931	7,580
- Vehicles		39,158	76,144
- Computers		1,061	4,043
		42,224	118,647
7. Capital Work in Progress			
Plant and machinery		19,542	10,377
Office equipment		-	42
Advance for tools and equipment		1,613	1,744
Advance for vehicles*	9	22,452	14,867
		43,607	27,030

* This includes Rs. 5,717 thousand (2022: 3,500 thousand) advance give to related parties of the Group

Selected Notes to the Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

10. Subsequent Events

The Board of Directors have declared Rs. NIL cash dividend (June 30, 2022: Rs. 20 per share) and NIL bonus shares (2022: 20%) in their meeting held on October 26, 2022.

11. Date of Authorisation For Issue

This condensed interim financial statements was authorised for issue on October 26, 2022 by the Board of Directors of the company.

12. 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 quarter ended September 30, 2022 (unaudited)

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2022 (Unaudited)

	Note	(Un-audited) September 30, 2022 (Rupees in thousand)	(Audited) June 30, 2022
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (2022: 200,000,000)			
ordinary shares of Rs. 10/- each		2,000,000	2,000,000
Issued, subscribed and paid up capital		968,679	968,679
General reserves		2,475,309	2,475,309
Unappropriated profit		3,296,254	2,789,773
Exchange translation reserve		16,651	76,325
Fair value reserve		1,637,491	1,658,587
		8,394,384	7,968,673
Non-controlling interests		1,124,482	1,084,666
Non-current liabilities			
Long term deposits		30,012	28,719
Deferred tax liabilities - net		795,741	796,379
Employees' defined benefit plan		25,389	26,004
Long term finance- secured		67,945	69,262
Deferred grant		16,880	18,106
		935,967	938,470
Current liabilities			
Accumulating compensated absences		139,363	145,916
Trade and other payables		4,548,997	4,895,782
Contract liabilities		3,022,822	6,739,316
Current portion of lease liabilities against right-of-use assets		555	1,331
Current portion of long term finance- secured		91,507	162,341
Current portion of deferred grant		5,767	8,239
Current portion of long term deposits		946	929
Short term borrowings		6,799,042	1,594,845
Taxation - net		262,698	226,573
Unclaimed dividend		381,645	353,895
Unpaid dividend		30,354	55,378
		15,283,696	14,184,545
CONTINGENCIES AND COMMITMENTS			
	5		
		25,738,529	24,176,354

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) September 30, 2022 (Rupees in thousand)	(Audited) June 30, 2022
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	1,800,839	1,790,846
Capital work in progress	7	50,535	41,920
Right-of-use assets		969	1,123
Intangible asset		50,873	52,510
Goodwill		18,572	18,572
Investment property		255,708	255,708
Long term investments	8	4,051,698	3,904,575
Long term loans		3,324	3,349
Long term deposits		12,227	12,227
Employees' defined benefit plan		165,120	161,421
		6,409,865	6,242,251
Current assets			
Stores and spares		650,428	601,629
Stock in trade		11,331,739	8,658,755
Trade debts		418,515	405,421
Loans and advances		415,078	205,866
Other receivables		113,373	96,502
Trade deposits and short term prepayments		78,976	72,952
Balances with statutory authorities		5,842,946	5,786,297
Tax refunds due from the Government		71,148	67,743
Short term investments		160,000	283,856
Cash and bank balances		246,461	1,755,082
		19,328,664	17,934,103
		25,738,529	24,176,354



Chairman

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

For the quarter ended September 30, 2022 (unaudited)

	Quarter ended	
	September 30,	
	2022	2021
	(Rupees in thousand)	
Revenue from contracts with customers	7,565,066	10,390,466
Cost of sales	6,087,890	7,846,239
Gross profit	1,477,176	2,544,227
Distribution and marketing expenses	265,697	261,048
Administrative expenses	272,415	263,766
Other operating expenses	55,411	157,059
	593,523	681,873
Other income	61,828	180,605
	945,481	2,042,959
Finance cost	198,265	20,593
Profit before taxation	747,216	2,022,366
Taxation	198,617	573,024
Profit after tax for the period	548,599	1,449,342
Other comprehensive income:		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(59,674)	12,377
Items not to be reclassified to profit or loss in subsequent periods:		
Unrealized (loss) / gain on revaluation of investments at fair value through OCI	(23,398)	(3,502)
Total comprehensive income for the period	465,527	1,458,217
Attributable to:		
- Equity holders of the holding Company		
Profit after tax	506,481	1,324,047
Total comprehensive income for the period	(80,770)	9,219
	425,711	1,333,266
- Non-controlling interests		
Profit after tax	42,118	125,295
Total comprehensive (loss) / income for the period	(2,302)	(344)
	39,816	124,951
	465,527	1,458,217
Earnings per share - basic and diluted (Rupees)	5.66	14.96
		restated

Appropriations have been reflected in the statement of changes in equity.

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

For the quarter ended September 30, 2022 (unaudited)

	Share capital	Revenue reserves		Capital reserves		Non-controlling interests	Total
		General reserves	Unappropriated profit	Exchange translation reserve	Fair value reserve		
(Rupees in thousand)							
Balance as on 30 June 2021	560,578	2,475,309	3,458,902	54,833	3,481,970	1,049,532	11,081,124
Net profit for the period	-	-	1,324,047	-	-	88,677	1,412,724
Other comprehensive income							
/ (loss) for the period	-	-	-	12,377	(3,158)	(344)	8,875
	-	-	1,324,047	12,377	(3,158)	88,333	1,421,599
Balance as on 30 September 2021	560,578	2,475,309	4,782,949	67,210	3,478,812	1,137,865	12,502,723
Balance as on 30 June 2022	968,679	2,475,309	2,789,773	76,325	1,658,587	1,084,666	9,053,339
Dividend payment to non controlling interest	-	-	-	-	-	-	-
Net profit for the period	-	-	506,481	-	-	42,118	548,599
Other comprehensive income							
/ (loss) for the period	-	-	-	(59,674)	(21,096)	(2,302)	(83,072)
	-	-	506,481	(59,674)	(21,096)	39,816	465,527
Balance as on 30 September 2022	968,679	2,475,309	3,296,254	16,651	1,637,491	1,124,482	9,518,866

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

For the quarter ended September 30, 2022 (unaudited)

	Note	Quarter ended	
		September 30, 2022	2021
(Rupees in thousand)			
Cash flows from operating activities			
Profit before taxation		747,216	2,022,366
Adjustment for:			
Depreciation on property, plant & equipment		44,562	54,141
Amortization of intangible assets		1,638	2,719
Provision for employee benefits		(10,867)	(1,884)
Finance cost		198,265	20,593
Profit on bank deposits		(466)	(9,157)
		233,132	66,412
Cash flow from operating activities before working capital changes		980,348	2,088,778
Effect on cash flow due to working capital changes			
(Increase) / Decrease in current assets:			
Stores and spares		(48,799)	17,192
Stock in trade		(2,672,984)	(1,383,475)
Trade debts		(13,094)	(66,166)
Loans and advances		(209,212)	(541,178)
Trade deposits and prepayments		(6,024)	(5,135)
Other receivables		(16,871)	2,988
		(2,966,984)	(1,975,774)
Increase / (Decrease) in current liabilities:			
Trade and other payables		(346,785)	(337,975)
Contract liabilities		(3,716,494)	(739,918)
		(6,049,915)	(964,889)
Cash used in operations			
Taxes paid- net		(223,184)	(1,902,783)
Increase in long term loans to employees		25	(1,515)
Increase in long term security deposits		1,310	(2,254)
Mark-up paid		(198,265)	(20,593)
		(420,114)	(1,927,145)
Net cash (used in) / generated from operating activities		(6,470,029)	(2,892,034)
Cash flows from investing activities			
Purchase of property, plant and equipment		(78,319)	(84,928)
Short term investments- net		123,856	2,601,406
Proceeds from sale of property, plant and equipment		15,149	3,457
Profit on bank deposits		466	9,157
Net cash generated from / (used in) investing activities		(109,370)	2,529,092
Cash flows from financing activities			
Dividend paid to equity holders of the holding Company		2,726	(41,552)
Dividend paid to non controlling interests		-	(36,618)
Principal payment against lease liabilities		(622)	(1,685)
Long term financing (repaid) / received		(75,849)	(74,451)
Net cash (used in) / generated from financing activities		(73,745)	(154,306)
Net (decrease) / increase in cash and cash equivalents		(6,653,144)	(517,248)
Cash and cash equivalents at the beginning of the period		160,237	602,164
Foreign exchange difference		(59,674)	12,377
Cash and cash equivalents at the end of the period	9	(6,552,581)	97,293

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

For the quarter ended September 30, 2022 (unaudited)

1. The Group and Its Activities

Holding company:

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 is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products. The Company is also involved in the sale, implementation and support of IFS applications in Pakistan and abroad.

Subsidiary companies:

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

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

Tipeg Intertrade DMCC, a limited liability company registered with Dubai Multi Commodities Centre (DMCC) Authority, is a subsidiary of Millat Tractors Limited which holds 75% of the company's equity. The principal place of business of the company is located at Jumeirah Lake Towers, Dubai-UAE. The company is formed for trading of machinery and heavy equipment and registered office of the company is situated at Unit No.705, Fortune Executive Tower, Jumeirah lake Towers, Dubai, United Arab Emirates.

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

Bolan Castings Limited (BCL), a public limited company incorporated in Pakistan under the repealed Companies Ordinance 1984 (now the Companies Act), and listed on the Pakistan Stock Exchange, is a subsidiary of Millat Tractors Limited which holds 46.26% of the company's equity. BCL is engaged in the business of manufacturing of castings for tractors and automotive parts thereof. The geographical location and address of the Company's business unit, including plant is RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan.

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

2. Statement of Compliance

- 2.1 This interim financial statements of the Group for the quarter ended September 30, 2022 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2 This interim financial statements is un-audited and is being submitted to shareholders, as required by section 228 of the Companies Act, 2017.

3. Basis of Preparation

- 3.1 This interim financial statements 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 June 30, 2022.
- 3.2 The significant accounting policies adopted for the preparation of this interim financial statements are same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended June 30, 2022 except for as disclosed in note 3.3 below.
- 3.3 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Group's financial statements.

4. Accounting Estimates and Judgments

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

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. 1,044,870 thousand (June 30, 2022: Rs 995,578 thousand).

	Note	(Un-audited) September 30, 2022 (Rupees in thousand)	(Audited) June 30, 2022
6. Operating Fixed Assets			
Opening book value		1,790,846	1,793,993
Add: Additions during the period / year	6.1	69,704	251,316
		1,860,550	2,045,309
Less:			
Disposals / write offs during the period / year (at book value)		(15,149)	(38,542)
Depreciation charged during the period / year		(44,562)	(215,921)
		(59,711)	(254,463)
Closing book value		1,800,839	1,790,846
6.1 Additions during the period / year			
- Buildings on freehold land		2,714	2,411
- Plant and machinery		138	93,717
- Tools and equipment		1,285	16,862
- Furniture, fixture and office equipment		25,241	8,462
- Vehicles		39,158	125,200
- Computers		1,168	4,664
		69,704	251,316
7. Capital Work in Progress			
Plant and machinery		26,470	25,267
Advance for factory building improvements		-	42
Office equipment		-	1,744
Advance for tools and equipment		1,613	-
Advance for vehicles*		22,452	14,867
		50,535	41,920

* This includes Rs. 5,717 thousand (2022: 3,500 thousand) advance give to related parties of the Group

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

	(Un-audited) September 30, 2022 (Rupees in thousand)	(Audited) June 30, 2022
8. Long Term Investments		
Other investment - at FVOCI		
Unquoted		
Hyundai Nishat Motors (Private) Limited	1,504,903	1,504,903
Surplus on revaluation of investment	2,279,928	2,279,927
Advance against shares subscription	170,520	-
	3,955,351	3,784,830
TCC Management Services (Private) Limited	400	400
Quoted		
Baluchistan Wheels Limited	24,364	24,364
Surplus on revaluation of investment	71,583	94,981
	95,947	119,345
	4,051,698	3,904,575

	Quarter ended September 30, 2022 2021 (Rupees in thousand)	
9. Cash and cash equivalents		
Cash and bank balances	246,461	1,042,554
Short term borrowings	(6,799,042)	(945,261)
	(6,552,581)	97,293
10. Transactions with Related Parties		
significant transactions with related parties are as follows:		
Contribution to retirement benefit plans	10,601	10,366

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	
	September 2022	September 2021	September 2022	September 2021	September 2022	September 2021	September 2022	September 2021	September 2022	September 2021	September 2022	September 2021
	Rupees in thousands											
Sales	6,839,953	9,938,047	1,153,869	1,302,382	474,463	621,190	1,150,316	858,381	(2,053,535)	(2,329,534)	7,565,066	10,390,466
Cost of sales	5,662,545	7,867,819	1,007,626	1,001,066	449,068	557,805	1,022,186	749,063	(2,053,535)	(2,329,534)	6,087,890	7,846,239
Gross profit	1,177,408	2,070,228	146,243	301,296	25,395	63,385	128,130	109,318	-	-	1,477,176	2,544,227
Distribution cost	233,831	228,883	1,378	1,131	12,653	14,125	17,835	16,909	-	-	265,697	261,048
Administrative expenses	163,828	164,398	51,402	47,908	15,060	17,862	42,125	33,598	-	-	272,415	263,766
Other operating expenses	44,394	132,944	6,832	19,607	-	1,801	4,185	2,707	-	-	55,411	157,059
	442,053	526,225	59,612	68,646	27,713	33,798	64,145	53,214	-	-	593,523	681,873
Other income	19,444	248,334	28,392	41,435	4,928	3,049	9,064	6,097	-	(118,310)	61,828	180,605
Operating profit	754,799	1,792,337	115,023	274,085	2,610	32,646	73,049	62,201	-	(118,310)	945,481	2,042,959
Finance costs	158,800	239	22,846	10,297	18,622	9,487	997	570	-	-	198,265	20,593
Profit / (loss) before taxation	598,999	1,792,098	92,177	263,788	(16,012)	23,159	72,052	61,631	-	(118,310)	747,216	2,022,366
Taxation	148,946	474,700	26,932	76,499	5,931	9,318	16,808	12,507	-	-	198,617	573,024
Profit / (loss) for the period	450,053	1,317,398	65,245	187,289	(21,943)	13,841	55,244	49,124	-	(118,310)	548,599	1,449,342

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	
	September 2022	June 2022	September 2022	June 2022	September 2022	June 2022	September 2022	June 2022	September 2022	June 2022	September 2022	June 2022
	Rupees in thousands											
Segment operating assets												
Non-Current assets	5,651,939	5,462,009	716,602	718,443	317,858	327,826	166,294	164,501	(461,400)	(430,528)	6,391,293	6,242,251
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current Assets	15,739,851	14,604,316	2,417,319	2,362,277	804,663	820,121	1,024,624	995,875	(657,793)	(634,905)	19,328,664	17,947,684
Total Assets	21,391,790	20,066,325	3,133,921	3,080,720	1,122,521	1,147,947	1,190,918	1,160,376	(1,100,621)	(1,246,861)	25,738,529	24,208,507
Segment operating liabilities												
Non-current liabilities	874,901	875,713	121,823	122,346	28,325	28,855	6,443	7,080	(95,525)	(95,524)	995,967	998,470
Current liabilities	13,018,688	12,123,350	1,674,665	1,686,185	891,736	890,405	365,593	332,343	(666,966)	(634,157)	15,283,686	14,198,126
Total operating liabilities	13,893,589	12,999,063	1,796,488	1,808,531	920,061	919,260	372,036	339,423	(762,511)	(929,681)	16,219,663	15,136,596

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2022 (unaudited)

12. Subsequent Events

The Board of Directors have declared Rs. NIL cash dividend (June 30, 2022: Rs. 20 per share) and NIL bonus shares (2022: 20%) in their meeting held on October 26, 2022.

13. Date of Authorisation For Issue

This condensed interim financial information was authorised for issue on October 26, 2022 by the Board of Directors of the Group.

14. 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



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