



MILLAT TRACTORS LIMITED



**“Leading Pakistan’s
Green Revolution
Through Mechanization”**

for the 1st Quarter ended September 30, 2023

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Corporate Information

BOARD OF DIRECTORS

Chairman

Mr. Sikandar Mustafa Khan

Chief Executive

Mr. Raheel Asghar

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

A.F. Ferguson & Co.

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@cdcsrcsl.com

Website: www.cdcsrcsl.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

The Bank of Punjab

REGISTERED OFFICE AND PLANT

9 - km Sheikhupura Road, Distt. Sheikhupura,

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

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Tel: 051-2271470

UAN: 111-200-786

Fax: 051-2270693

Multan Cantt.

Garden Town, (Daulatabad), Shershah Road,

Multan Cantt.

Tel: 061-6537371

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House No B/106, Akuwat Nagar Society,

Near Gol Masjid, Airport Road, Sukkur.

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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, 2023 along with consolidated Interim Financial information of the Millat Group of Companies

The global economic outlook remained weak due to already prevailing Ukraine - Russia conflict and Palestine-Israel war. Considering the escalations there is growing risk of recession in the global economy. Considering the Middle East conflict oil supplies may get further reduced and result in increase in oil prices. The central banks world over have interest rates owing to energy and food led inflations.

With respect to Pakistan's economic outlook, recent increase in energy tariffs and petrol prices have substantially increased the inflationary pressures in Pakistan economy. However, government is putting efforts to strengthen rupee through administrative actions. This has resulted in narrowing the gap between interbank and open market exchange rate with a continuous strengthening of PKR against USD. Central Bank - SBP in recent Monetary Policy Statement maintained the policy rate considering this appreciation in PKR. Moreover, a reduction in Petrol Prices coupled with appreciation in PKR in last one month will help in arresting the spiraling inflation.

With aforesaid challenges, Your Company has managed to sell 7,187 as compared to 3,194 units sold in previous period. Revenues increased from PKR 6.84 billion to PKR 20.76 billion. Currently the sales tax refunds have accumulated up to Rs. 5.98 billion. FBR has shown no signs to indicate any change in their stance to Process and pay due refunds.

With respect to agri-economy, farmers are already benefitted with the better cop prices and considering the recent decrease of Diesel oil, it is expected that the disposable income of farmer will increase to invest in capital intensive applications. Further to this the Kissan Package of the Government is bearing fruit as farmers are utilizing this scheme for investment in mechanization. Accordingly, we see better opportunities for increase in tractor sales and providing better implements to increase the crop yield.

On behalf of the Board, I would like to acknowledge efforts of our employees, vendors and all stakeholders who have contributed towards this growth of the company in these challenging times.

For and on behalf of the Board



Sikandar Mustafa Khan

Chairman
October 25, 2023
Lahore

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2023 (Unaudited)

	Note	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2023
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
400,000,000 (2023: 400,000,000)			
		4,000,000	4,000,000
ordinary shares of Rs. 10 each			
Issued, subscribed and paid up capital			
		1,917,983	1,917,983
Reserves			
		8,201,668	5,799,669
		10,119,651	7,717,652
Non-current liabilities			
Long term finances- secured	6	927,137	1,016,918
Deferred grant		11,075	11,362
Lease liabilities		7,658	6,967
Long-term deposits		15,233	14,633
Deferred tax liabilities - net		1,239,516	1,239,515
		2,200,619	2,289,395
Current liabilities			
Trade and other payables	7	7,403,196	4,328,370
Contract liabilities		9,190,908	2,836,809
Taxation- net		485,083	332,411
Short term borrowings	8	-	7,353,261
Current portion of non-current liabilities		276,811	367,854
Unclaimed dividend		304,599	329,143
Unpaid dividend		9,927	10,620
Accumulating compensated absences		127,419	127,419
		17,797,943	15,685,887
CONTINGENCIES AND COMMITMENTS			
	9	30,118,213	25,692,934

The annexed notes 1 to 21 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	10	885,947	849,939
Right-of-use assets		11,507	12,857
Investment property		255,708	255,708
Intangible assets		30,484	31,440
Long term investments	11	6,590,051	6,479,728
Employees' defined benefit plan		289,876	289,876
Long term loans and advances		7,875	7,349
		8,071,448	7,926,897
Current assets			
Stores, spare parts and loose tools		217,093	224,348
Stock-in-trade		9,313,047	9,803,885
Trade debts		333,672	245,821
Loans and advances		176,808	101,878
Trade deposits and short term prepayments		99,498	283,875
Other receivables		64,117	117,305
Balances with statutory authorities		5,942,914	5,982,200
Short term investment		2,522,920	-
Cash and bank balances	12	3,376,696	1,006,725
		22,046,765	17,766,037
		30,118,213	25,692,934

The annexed notes 1 to 21 form an integral part of the condensed interim financial statements.



Chairman

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

For the quarter ended September 30, 2023 (unaudited)

	Note	Quarter ended	
		September 30, 2023	2022 Restated
(Rupees in thousand)			
Revenue from contracts with customers	13	20,760,828	6,839,953
Cost of sales		15,961,628	5,662,545
Gross profit		4,799,200	1,177,408
Distribution and marketing expenses		499,421	233,831
Administrative expenses		231,751	163,828
Other operating expenses		310,726	44,394
		1,041,898	442,053
Other operating income	14	149,877	9,604
Operating profit		3,907,179	744,959
Finance cost		195,382	155,800
Profit before tax		3,711,797	589,159
Taxation		1,420,122	146,092
Profit after tax for the period		2,291,675	443,067
Other comprehensive income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Unrealized gain / (loss) on revaluation of investments at fair value through other comprehensive income ('OCI')		110,324	(19,114)
Total comprehensive income for the period		2,401,999	423,953
Earnings per share - basic and diluted (Rupees)		11.95	Restated 2.31

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

The annexed notes 1 to 21 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity

For the quarter ended September 30, 2023 (unaudited)

	Share capital	Capital Reserve	Revenue reserves		Total
		Fair value Reserves	General Reserves	Unappropriated profit	
(Rupees in thousand)					
Balance as on July 1, 2022 - Restated	968,679	1,612,902	2,278,935	2,162,241	7,022,757
Net profit for the period	-	-	-	443,067	443,067
Other comprehensive loss for the period	-	(19,114)	-	-	(19,114)
Balance as on September 30, 2022 - Restated	968,679	1,593,788	2,278,935	2,605,308	7,446,710
Balance as on July 1, 2023	1,917,983	1,902,905	2,278,935	1,617,829	7,717,652
Net profit for the period	-	-	-	2,291,675	2,291,675
Other comprehensive income for the period	-	110,324	-	-	110,324
Balance as on September 30, 2023	1,917,983	2,013,229	2,278,935	3,909,504	10,119,651

The annexed notes 1 to 21 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Unconsolidated Condensed Interim Statement of Cash Flows

For the quarter ended September 30, 2023 (unaudited)

Quarter ended
September 30,

Note	2023	2022 Restated
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	3,711,797	589,159
Adjustment for:		
Depreciation on property, plant and equipment	25,711	22,274
Depreciation on right-of-use assets	1,350	-
Amortization of intangible assets	956	-
Revaluation gain on short-term investments	(13,257)	-
Finance cost	195,382	155,800
Provision for employee benefits	-	(2,472)
Profit on bank deposits	(78,839)	(3,748)
	131,303	171,854
Cash flow from operating activities before working capital changes	3,843,100	761,013
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Stores, spare parts and loose tools	7,255	8,550
Stock-in-trade	490,838	(2,484,220)
Trade debts	(87,851)	(43,812)
Loans and advances	(74,930)	(36,422)
Trade deposits and short term prepayments	184,377	(4,171)
Balances with statutory authorities	39,286	(42,141)
Other receivables	53,188	2,821
	612,163	(2,599,395)
Increase / (decrease) in current liabilities:		
Trade and other payables	3,074,826	(694,521)
Contract liabilities	6,354,099	(3,691,682)
Cash generated from / (used in) operations	10,041,088	(6,985,598)
Income taxes paid - net	(1,267,450)	(112,073)
Increase in long term loans to employees	(526)	(151)
Increase in long term security deposits	600	200
Mark-up paid	(195,382)	(155,800)
	(1,462,758)	(267,824)
Net cash generated from / (used in) operating activities	12,421,430	(6,492,409)
Cash flows from investing activities		
Purchase of property, plant and equipment	(71,593)	(58,801)
Long term investments made	-	(170,521)
Short term investments made - net	(2,509,661)	-
Proceeds from disposal of property, plant and equipment	9,874	10,995
Profit on bank deposits received	78,839	3,748
Net cash used in investing activities	(2,492,541)	(214,579)
Cash flows from financing activities		
Dividend paid	(25,237)	-
Principal payment against lease liabilities	(571)	(622)
Short term financing (repaid) / received- net	(7,353,261)	5,288,529
Long term financing repaid	(179,849)	(44,779)
Net cash (used in) / generated from financing activities	(7,558,918)	5,243,128
Net increase / (decrease) in cash and cash equivalents	2,369,971	(1,463,860)
Cash and cash equivalents at the beginning of the period	1,006,725	1,505,688
Cash and cash equivalents at the end of the period	3,376,696	41,828

The annexed notes 1 to 21 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (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 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. The Company is also involved in the sale, implementation and support of Industrial and Financial Systems (IFS) applications in Pakistan and abroad.

2 Statement of Compliance

2.1 These unconsolidated condensed interim financial statements of the Company for the three months ended September 30, 2023 have 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 (the Act); and
- Provisions of and directives issued under the Act.

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 These unconsolidated condensed interim financial statements are un-audited and do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2023. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2.3 In order to comply with the requirements of the IAS 34, the unconsolidated condensed interim statement of financial position has been compared with the balances of annual financial statements of the immediately preceding financial year, whereas, the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cashflows have been compared with the balances of comparable period of the immediately preceding financial year.

2.4 The Company is required to issue consolidated condensed interim financial statements along with its condensed interim separate financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Consolidated condensed interim financial statements are prepared separately.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (unaudited)

2.5 This interim financial information is un-audited and is being submitted to shareholders, as required under section 237 of the Act.

3 Significant Accounting Policies

3.1 The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended June 30, 2023, except for the estimation of income tax (see note 5) and adoption of new and amended standards as set out in note 3.2.

3.2 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

4 Critical 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 2023, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

5 Taxation

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

	Note	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2023	
6	Long Term Finances - Secured			
	Long-term loan			
	Current portion shown under current liabilities	1,198,630	1,377,687	
		(271,493)	(360,769)	
		927,137	1,016,918	
6.1	The reconciliation of the carrying amount is as follows:			
	Opening balance	6.2, 6.3 and 6.4	1,377,687	124,296
	Loan received during the period / year		-	1,427,606
	Repayments during the period / year		(179,849)	(177,527)
	Unwinding of discount on liability		792	3,312
			1,198,630	1,377,687
	Less: Current portion shown under current liabilities		(271,493)	(360,769)
	Closing balance	6.3 and 6.4	927,137	1,016,918

- 6.2** Loan under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan (SBP) to mitigate the effect of COVID-19 on employment in Pakistan against facility Rs 400,000 thousand has been fully paid off. It carried markup from the rate of 0.15% to 0.4% per annum which was payable quarterly. The loan was initially recognized at amortized cost using prevailing market rate of mark-up for similar instruments. The average discount rate used ranged from 7.41% to 7.66% per annum. The difference between cash received and present value of cash outflows upon initial recognition was recognized as deferred grant. This facility was secured by first charge on plant and machinery and joint pari passu hypothecation charge over current assets and book debts of the Company.
- 6.3** This includes amount of loan against facility of Rs 100,000 thousand (30 June 2023: Rs 100,000) obtained under renewable energy finance scheme announced by State Bank of Pakistan (SBP) to promote renewable energy use in Pakistan. It carries standard markup of 2.5% per annum which is payable on quarterly basis. The loan was previously repayable in 40 equal quarterly installments starting from September 30, 2021, however during the last year, the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022. The discount rate used is 11.47% per annum (30 June 2023: 11.47% per annum). This facility is secured by specific and exclusive charge on the purchased machinery and ranking charge over current assets of the Company.
- 6.4** This includes amount of loan against facility of Rs. 1,500,000 thousand (30 June 2023: Rs 1,500,000 thousand) to maintain the Company's ownership stake of 15.86% in Hyundai Nishat Motors (Private) Limited. The loan is repayable in 16 equal quarterly installments commencing from April 1, 2023 and carries markup at the rate of base rate plus 0.4% per annum (30 June 2023: 0.4% per annum) which is payable quarterly. Base rate is defined as the 'average of 3-month offer rate of KIBOR'. The base rate

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (unaudited)

will be set for the first time at the date of initial disbursement and subsequently will be reset on the first working day of each calendar quarter, using the rate prevailing on last working day of preceding calendar quarter. This facility is secured by first exclusive mortgage charge over land of the factory situated at 8.8 KM, Sheikhpura Road, Lahore, amounting Rs. 2,000,000 thousand (30 June 2023: Rs. 2,000,000 thousand) (including 25% margin).

	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2023
7 Trade And Other Payables		
Trade creditors	5,776,481	2,602,123
Accrued liabilities	163,302	186,103
Bills payable	436,798	183,045
Security deposits	59,421	24,626
Trademark fee payable	358,940	538,791
Workers' Profit Participation Fund	164,194	-
Workers' Welfare Fund	160,777	84,349
Accrued markup on long-term finances	-	74,240
Accrued markup on running finance	121,000	452,000
Payable against sale tax withheld	-	56,294
Others	162,283	126,799
	7,403,196	4,328,370

8 Short Term Borrowings - Secured

These have been fully repaid during the period. The effective rate of mark-up on short-term running finance facility was from KIBOR plus 0.04% to KIBOR plus 0.25% (30 June 2023: KIBOR plus 0.04% to KIBOR plus 0.25%) per annum. The facilities for running finance available from various commercial banks were for the purpose of meeting working capital requirements. The total limit of short term running financing facilities available from banks aggregated to Rs. 11,700,000 thousand (30 June 2023: Rs. 11,700,000 thousand) out of which Rs. 11,700,000 thousand (30 June 2023: 4,346,739 thousand) remained unutilised as of reporting date. Facilities were secured by way of pari passu hypothecation charge over Company's present and future current assets.

9 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. 2,068,740 thousand (June 30, 2023: Rs 2,419,270 thousand).

	Note	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2023
10	Property Plant and Equipment		
	Operating fixed assets	864,475	827,326
	Capital work in progress	21,472	22,613
		885,947	849,939
10.1	Operating fixed assets		
	Opening book value	827,325	775,150
	Add: Additions during the period / year	72,734	181,513
		900,060	956,663
	Less:		
	Disposals / write offs during the period		
	/ year (at book value)	(9,874)	(32,371)
	Depreciation charged during		
	the period / year	(25,711)	(96,966)
		(35,585)	(129,337)
	Closing book value	864,475	827,326
10.1.1	Additions during the period		
	- Buildings	-	7,111
	- Plant and machinery	5,741	14,663
	- Tools and equipments	11,049	1,928
	- Furniture, fixture and office equipment	1,169	7,464
	- Vehicles	50,522	145,632
	- Computers	4,253	4,715
		72,734	181,513
10.2	Capital Work in Progress		
	Plant and machinery	21,472	22,613

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (unaudited)

	Note	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2023
11	Long Term Investments		
	- Investment in related parties		
	In subsidiary undertakings - at cost:		
	- Millat Industrial Products Limited - unquoted	57,375	57,375
	- Tipeg Intertrade DMCC - unquoted	40,020	40,020
	- Bolan Castings Limited - quoted	76,610	76,610
	- Millat Equipment Limited - unquoted	117,000	117,000
		291,005	291,005
	Other investments at fair value through OCI:		
	- Hyundai Nishat Motors (Private) Limited - unquoted	3,103,029	3,103,029
	Surplus on fair valuation of investment	3,000,628	3,000,628
		6,103,657	6,103,657
	- Arabian Sea Country Club Limited - unquoted	5,000	5,000
	Loss on fair valuation of investment	(5,000)	(5,000)
		-	-
	- Investments other than related parties		
	- at fair value through OCI:		
	- TCC Management Services (Private) Limited - unquoted	400	400
	- Baluchistan Wheels Limited- quoted	12,145	12,145
	Surplus on revaluation of investment	182,844	72,521
		194,989	84,666
		6,590,051	6,479,728
12	Cash and Bank Balances		
	In hand		
	- Cash	5,311	16,329
	- Cheques	835,272	30,231
		840,583	46,560
	Cash at bank		
	- Current accounts	1,312,064	459,043
	- Deposits accounts	1,224,049	501,122
		2,536,113	960,165
		3,376,696	1,006,725

12.1 These deposits are made under conventional arrangements and carry mark-up at the rates ranging from 18% to 19.50% (30 June 2023: 18% to 19.50%) per annum.

		(Un-audited) September 30, 2023 (Rupees in thousand)	(Un-audited) September 30, 2022	
13	Revenue From Contracts with Customers			
	Disaggregation of revenue	Timing of revenue recognition		
	Local:			
	Tractors	Point-in-time	19,647,752	6,002,650
	Implements	Point-in-time	78,587	14,138
	Multi-application products	Point-in-time	165,202	89,519
	Trading goods	Point-in-time	460,599	379,739
	IFS services	Point-in-time / Over time	5,294	6,991
			20,357,434	6,493,037
	Export:			
	Tractors	Point-in-time	621,703	402,916
	Trading goods	Point-in-time	43,802	39,122
			665,505	442,038
	Less: Commission		(262,111)	(95,122)
			20,760,828	6,839,953
		Note	(Un-audited) September 30, 2023 (Rupees in thousand)	(Un-audited) September 30, 2022
14	Other operating income			
	Revaluation gain on short-term investments		24,625	-
	Profit on bank deposits		78,839	3,748
	Gain on translation of foreign investment	14.1	-	-
	Miscellaneous		46,413	5,856
			149,877	9,604

- 14.1** The Company has recorded a rectification of exchange gain booked by the it on retranslation of its foreign subsidiary TIPEG Intertrade DMCC, a limited liability company registered with Dubai Multi Commodities Centre Authority, by reversing it, in accordance with of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. For details, please refer to note 21.1 of the annual financial statements for the year ended June 30, 2023.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (unaudited)

15 Transactions with Related Parties

Related parties include subsidiaries, associates, entities under common control, entities with common directors, group companies, major shareholders, post employment benefit plans and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. 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 receivables and payables. Significant related party transactions have been disclosed in respective notes to these financial statements other than the following:

Relation with undertaking	Nature of transaction	(Un-audited)	(Un-audited)
		September 30, 2023	September 30, 2022
		(Rupees in thousand)	
Subsidiaries	Purchase of components	2,916,238	1,785,447
	Sale of goods and services	198,187	267,757
Key Management Personnel	Remuneration paid	55,397	12,809
Retirement benefit plans	Contribution to staff		
	retirement benefit plans	10,630	7,179

15.1 The outstanding balances of such parties are as under:

Relation with undertaking	Nature of transaction	Note	(Un-audited)	(Audited)
			September 30, 2023	June 30, 2023
			(Rupees in thousand)	
Subsidiaries	Payable to related parties	7	1,104,836	779,994
	Receivable from related parties		120	20,301
	Advances from related parties		7,957	19,013
Associates	Receivable from related parties		525,000	11,899

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

15.3 Transactions with related parties are carried out on mutually agreed terms and conditions.

15.4 The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the period, are as follows:

Name of the related party	Basis of relationship	Percentage of shareholding %
Millat Equipment Limited	Subsidiary	45.00
Millat Industrial Products Limited	Subsidiary	64.09
Bolan Castings Limited	Subsidiary	46.26
TIPEG Intertrade DMCC	Subsidiary	75.00
Arabian Sea Country Club Limited	Common Directorship	6.45
Hyundai Nishat Motors (Private) Limited	Common Directorship	15.86

16 Operating Segments

16.1 These financial statements have been prepared on the basis of a single reportable segment.

16.2 Revenue from sale of tractors represents 95% (September 30, 2022: 88%) of the net sales of the Company.

16.3 98% (September 30, 2022: 95%) sales of the Company relate to customers in Pakistan.

16.4 All non-current assets of the Company as at September 30, 2023 and June 30, 2023 are located in Pakistan.

17 Fair Value of Financial Assets and Liabilities

17.1 Fair value of financial assets measured at fair value through other comprehensive income is derived from quoted market prices in active markets, if available.

17.2 The carrying values of other financial assets and financial liabilities reflected in these unconsolidated condensed interim financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at end of each reporting period.

17.3 Long term investment in the unquoted shares of Hyundai Nishat Motors (Private) Limited (HNMPL) are currently classified as a Level 3 financial asset and measured at fair value on the reporting dates. Due to change in underlying factors, there has been an unrealized gain of Nil recognised during the period.

18 Financial Risk Management

The Company's financial risk management objective and policies are consistent with those disclosed in the unconsolidated annual audited financial statements for the year ended June 30, 2023.

19 Events After the Reporting Date

The Board of Directors have declared Nil cash dividend (June 30, 2023: Rs. 15 per share) and Nil bonus shares (June 30, 2023: Nil) in their meeting held on October 25, 2023.

20 Date of Authorisation for Issue

These unconsolidated condensed interim financial statements were authorised for issue on October 25, 2023 by the Board of Directors of the company.

21 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, 2023 (unaudited)

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2023 (Unaudited)

	Note	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2023
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 400,000,000 (2023: 400,000,000) ordinary shares of Rs. 10/- each		4,000,000	4,000,000
Issued, subscribed and paid up capital		1,917,983	1,917,983
Reserves		9,223,571	6,684,246
Attributable to owners of the Holding Company		11,141,554	8,602,229
Non-controlling interest		1,300,698	1,126,518
Total equity		12,442,252	9,728,747
Non-current liabilities			
Long term finance- secured	5	1,063,247	1,044,655
Deferred grant		13,673	13,300
Lease liabilities		7,658	6,967
Employees' defined benefit plan		27,187	26,981
Long term deposits		36,028	34,406
Deferred tax liabilities - net		1,178,249	1,163,558
		2,326,042	2,289,867
Current liabilities			
Trade and other payables	6	8,181,381	4,917,119
Contract liabilities		9,196,041	2,850,865
Taxation - net		523,649	378,161
Short term borrowings	7	1,418,151	8,643,357
Current portion of non-current liabilities		340,387	377,544
Unclaimed dividend		373,574	354,971
Unpaid dividend		9,927	52,499
Accumulating compensated absences		181,734	171,903
		20,224,844	17,746,419
CONTINGENCIES AND COMMITMENTS			
	8	34,993,138	29,765,033

The annexed notes 1 to 20 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,927,210	1,917,490
Right-of-use assets		11,507	12,857
Intangible asset		34,255	36,145
Goodwill		18,572	18,572
Investment property		255,708	255,708
Long term investments	10	6,344,112	6,207,698
Long term loans		8,660	8,375
Long term deposits		12,532	12,527
Employees' defined benefit plan		311,267	310,475
		8,923,823	8,779,847
Current assets			
Stores, spare parts and loose tools		682,720	684,460
Stock-in-trade		10,859,710	11,593,666
Trade debts		1,040,680	651,205
Loans and advances		628,479	197,343
Other receivables		65,280	305,145
Trade deposits and short term prepayments		119,529	6,104,232
Balances with statutory authorities		5,942,914	92,910
Tax refunds due from the Government		173,397	69,942
Short term investments		2,666,776	3,856
Cash and bank balances	11	3,889,830	1,282,427
		26,069,315	20,985,186
		34,993,138	29,765,033

The annexed notes 1 to 20 form an integral part of the condensed interim financial statements.



Chairman

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

For the quarter ended September 30, 2023 (unaudited)

	Note	(Unaudited) Quarter ended	
		September 30,	
		2023	2022
		(Rupees in thousand)	
Revenue from contracts with customers	12	22,620,187	7,565,066
Cost of sales		17,320,329	6,087,890
Gross profit		5,299,858	1,477,176
Distribution and marketing expenses		535,760	265,697
Administrative expenses		389,886	272,415
Other operating expenses		339,038	55,411
		1,264,684	593,523
Other income	13	192,578	61,828
		4,227,752	945,481
Finance cost		281,225	198,265
Profit before taxation		3,946,527	747,216
Taxation		1,492,410	198,617
Profit after tax for the period		2,454,117	548,599
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		122,973	(59,674)
Items not to be reclassified to profit or loss in subsequent periods:			
Unrealized gain / (loss) on revaluation of investments at fair value through other comprehensive income		136,415	(23,398)
Total comprehensive income for the period		2,713,505	465,527
Attributable to:			
- Equity holders of the holding Company			
Profit after tax		2,324,701	506,481
Total other comprehensive income / (loss) for the period		214,624	(80,770)
		2,539,325	425,711
- Non-controlling interests			
Profit after tax		129,416	42,118
Total other comprehensive income / (loss) for the period		44,764	(2,302)
		174,180	39,816
		2,713,505	465,527
Earnings per share - basic and diluted (Rupees)		12.80	Restated 2.86

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

The annexed notes 1 to 20 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, 2023 (unaudited)

	Share capital	Capital reserves			Revenue reserves		Non-controlling interests	Total
		Fair value reserve	Other reserve	Exchange translation reserve	General reserves	Unappropriated profit		
(Rupees in thousand)								
Balance as on 01 July 2022 - audited	968,679	1,658,587	-	76,325	2,475,309	2,789,773	1,084,666	9,053,339
Net profit for the period	-	-	-	-	-	506,481	42,118	548,599
Other comprehensive loss for the period	-	(21,096)	-	(59,674)	-	-	(2,302)	(83,072)
	-	(21,096)	-	(59,674)	-	506,481	39,816	465,527
Balance as on 30 September 2022 - unaudited	968,679	1,637,491	-	16,651	2,475,309	3,296,254	1,124,482	9,518,866
Balance as on 01 July 2023 - audited	1,917,983	1,947,260	208,929	101,134	2,475,309	1,951,614	1,126,518	9,728,747
Net profit for the period	-	-	-	-	-	2,324,701	129,416	2,454,117
Other comprehensive income for the period	-	92,230	-	122,394	-	-	44,764	259,388
	-	92,230	-	122,394	-	2,324,701	174,180	2,713,505
Balance as on 30 September 2023 - unaudited	1,917,983	2,039,490	208,929	223,528	2,475,309	4,276,315	1,300,698	12,442,252

The annexed notes 1 to 20 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, 2023 (unaudited)

(Unaudited)
Quarter ended

September 30,
2023 2022
(Rupees in thousand)

Note	2023	2022	
Cash flows from operating activities			
Profit before taxation	3,946,527	747,216	
Adjustment for:			
Depreciation on property, plant and equipment	59,524	44,562	
Depreciation on right-of-use assets	1,350	-	
Amortization of intangible assets	1,638	1,638	
Revaluation gain on short-term investments	(24,625)	-	
Provision for employee benefits	9,245	(10,867)	
Finance cost	281,225	198,265	
Profit on bank deposits	(82,729)	(466)	
	245,628	233,132	
Cash flow from operating activities before working capital changes	4,192,155	980,348	
Effect on cash flow due to working capital changes			
Decrease / (Increase) in current assets:			
Stores, spare parts and loose tools	1,740	(48,799)	
Stock in trade	733,956	(2,672,984)	
Trade debts	(389,475)	(13,094)	
Loans and advances	(431,136)	(209,212)	
Trade deposits and short term prepayments	5,984,703	(6,024)	
Balances with statutory authorities	(5,850,004)	(56,649)	
Other receivables	239,865	(16,871)	
	289,649	(3,023,633)	
Increase / (Decrease) in current liabilities:			
Trade and other payables	3,264,262	(346,785)	
Contract liabilities	6,345,176	(3,716,494)	
Cash generated from / (used in) operations	14,091,242	(6,106,564)	
Income tax paid- net	(1,435,686)	(166,535)	
(Increase) / Decrease in long term loans to employees	(285)	25	
Increase in long term security deposits	1,644	1,310	
Mark-up paid	(281,225)	(198,265)	
	(1,715,552)	(363,465)	
Net cash generated from / (used in) operating activities	12,375,690	(6,470,029)	
Cash flows from investing activities			
Purchase of property, plant and equipment	(80,655)	(78,319)	
Short term investments (made) / redeemed- net	(2,638,295)	123,856	
Proceeds from sale of property, plant and equipment	11,411	15,149	
Profit on bank deposits	82,729	466	
Net cash used in investing activities	(2,624,557)	(109,370)	
Cash flows from financing activities			
Dividend paid to equity holders of the holding Company	(23,969)	2,726	
Principal payment against lease liabilities	(571)	(622)	
Long term financing obtained	165,000	-	
Long term financing repaid	(181,957)	(75,849)	
Net cash used in financing activities	(41,497)	(73,745)	
Net increase / (decrease) in cash and cash equivalents	9,709,636	(6,653,144)	
Cash and cash equivalents at the beginning of the period	(7,360,930)	160,237	
Foreign exchange difference	122,973	(59,674)	
Cash and cash equivalents at the end of the period	13	2,471,679	(6,552,581)

The annexed notes 1 to 20 form an integral part of the condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (unaudited)

1 THE GROUP AND ITS ACTIVITIES

Holding company:

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 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 Industrial and Financial Systems (IFS) applications in Pakistan and abroad.

Subsidiary companies:

a) Millat Industrial Products Limited (MIPL)

Millat Industrial Products Limited (MIPL), an unlisted public company registered under the Companies Ordinance 1984 (now the Companies Act, 2017), is a subsidiary of Millat Tractors Limited which holds 64.09% of the MIPL'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 MIPL's business units, including mills/plant is as under:

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

b) TIPEG Intertrade DMCC

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

c) Millat Equipment Limited (MEL)

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

d) Bolan Castings Limited (BCL)

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

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (unaudited)

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements of the Group for the three months ended September 30, 2023 have 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 (the Act); and
- Provisions of and directives issued under the Act.

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 These consolidated condensed interim financial statements are un-audited and do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2023. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the last annual financial statements.

2.3 In order to comply with the requirements of the IAS 34, the consolidated condensed interim statement of financial position has been compared with the balances of annual financial statements of the immediately preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cashflows have been compared with the balances of comparable period of the immediately preceding financial year.

2.4 This interim financial information is un-audited and is being submitted to shareholders, as required under section 237 of the Act.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of this consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Group for the year ended June 30, 2023, except for the adoption of new and amended standards as set out in note 3.2.

3.2 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2023, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements.

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 1, 2023, but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated 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 June 30, 2023.

	Note	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2023
5 Long Term Finances - Secured			
Long-term loan		1,395,962	1,411,910
Current portion shown under current liabilities		(332,715)	(367,255)
	5.1	<u>1,063,247</u>	<u>1,044,655</u>
5.1 The reconciliation of the carrying amount is as follows:			
Opening balance	5.2	1,411,910	231,603
Loan received during the period / year	5.3	165,000	1,427,606
Repayments during the period / year		(181,957)	(255,042)
Unwinding of discount on liability		1,009	7,743
		<u>1,395,962</u>	<u>1,411,910</u>
Less: Current portion shown under current liabilities		(332,715)	(367,255)
Closing balance	5.3, 5.4 and 5.5	<u>1,063,247</u>	<u>1,044,655</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (unaudited)

5.2 Loan under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan (SBP) to mitigate the effect of COVID-19 on employment in Pakistan amounting to Rs. 637,500 thousand has been fully paid off. It carried markup from the rate of 0.15% to 0.4% per annum which was payable quarterly. The loan was initially recognized at amortized cost using prevailing market rate of mark-up for similar instruments. The average discount rate used ranged from 7.41% to 8.28% per annum. The difference between cash received and present value of cash outflows upon initial recognition was recognized as deferred grant.

In case of Millat Tractors Limited, this facility was secured by first charge on plant and machinery and joint pari passu hypothecation charge over current assets and book debts of the Company, in the case of Bolan Castings Limited it was secured by way of hypothecation of plant and machinery and current assets of the Company, while in the case of Millat Equipment Limited it was secured by way of first charge on plant and machinery of the Company.

5.3 This represents a long term finance facility obtained from a commercial bank during the period. It carries mark-up at the of 1 month KIBOR plus 1.6% per annum. Principal is to be repaid in 33 equal monthly installments starting from November 2023. The loan is secured by way of hypothecation (First Pari Passu charge) on plant and machinery amounting to Rs. 200,000 thousand and current assets amounting to Rs. 66,670 thousand of BCL.

5.4 This represents amount of loan against facility of Rs 160,000 thousand (2023: Rs 160,000 thousand) obtained under renewable energy finance scheme announced by State Bank of Pakistan (SBP) to promote renewable energy use in Pakistan. The average discount rate used is 11.47% per annum (2023: 11.47%). The amount is repayable in 20 to 40 equal quarterly installments starting from September 30, 2021 and carries markup of 2.5% per annum which is payable quarterly. The difference between cash received and present value of cash outflows upon initial recognition and subsequent modification has been recognized as deferred grant. This facility is secured by specific and exclusive charge on the purchased machinery in case of Millat Tractors Limited, and first charge over the current assets of Millat Equipment Limited.

In case of Millat Tractors Limited the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022.

5.5 This includes amount of loan against facility of Rs. 1,500,000 thousand (June 30, 2023: Rs 1,500,000 thousand) to maintain the Group's ownership stake of 15.86% in Hyundai Nishat Motors (Private) Limited. The loan is repayable in 16 equal quarterly installments commencing from April 1, 2023 and carries markup at the rate of Base rate plus 0.4% per annum which is payable quarterly. Base Rate is defined as the 'average of 3-month offer rate of KIBOR'. The base rate will be set for the first time at the date of initial disbursement and subsequently will be reset on the first working day of each calendar quarter, using the rate prevailing on last working day of preceding calendar quarter. This facility is secured by 1st Exclusive Mortgage charge over land of the Millat Tractor Limited factory situated at 8.8 KM Sheikhpura Road Lahore amounting Rs. 2,000,000 thousand (30 June 2023: Rs. 2,000,000 thousand) (including 25% margin).

	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2023
6 Trade and Other Payables		
Trade creditors	6,156,408	2,989,367
Accrued liabilities	264,745	258,085
Bills payable	436,798	183,045
Security deposits	60,821	26,026
Trademark fee payable	358,940	538,791
Income tax deducted at source	241	563
Sales tax payable	121,660	10,913
Workers' Profit Participation Fund - net	186,154	-
Workers' Welfare Fund	193,911	109,641
Accrued markup on running finance	201,556	595,537
Payable against sale tax withheld	-	56,294
Others	200,147	148,857
	8,181,381	4,917,119

7 Short Term Borrowings - Secured

7.1 These include running finance facilities which have been obtained by the Group from various financial institutions for meeting working capital requirements of the Group, under mark-up arrangements with aggregate sanctioned limit of Rs. 13,344,870 thousand (June 30, 2023: Rs. 13,509,870 thousand). The aggregate short term running finance facilities are secured by way of pari passu hypothecation charge over current assets and plant and machinery of the Group.

7.2 The facilities for opening letters of credit and guarantees as at September 30, 2023 amounted to Rs. 350,000 thousand and Rs. 3,860 thousand (June 30, 2023: Rs. 350,000 thousand and Rs. 3,860 thousand) respectively out of which the amount unutilized as at September 30, 2023 was Rs. 291,480 thousand and Nil (June 30, 2023: Rs. 344,910 thousand and Rs. Nil) respectively.

7.3 This facility has been obtained by the Group from a commercial bank for the purpose of discounting invoices accepted by a major customer to facilitate in managing cash flows of the Group. Total sanctioned limit under the facility is Rs. 200,000 thousand out of which, Rs. 198,140 thousand was utilized as at the reporting date. The rates of mark-up on this facility range from 15.55% to 21.75% (2023: 15.55% to 21.75%) per annum on the discounted invoice amount.

7.4 BCL has obtained finance under Istisna cum Wakala arrangement from Dubai Islamic Bank Pakistan Limited amounting to Rs. 75,000 thousand (2023: Rs. 75,000 thousand) and Istisna / Musawammah arrangement from Meezan Bank Limited amounting to Rs. 100,000 thousand (2023: 100,000 thousand). The profit rates on these facilities are 6 months KIBOR plus 2% (2023: 6 months KIBOR plus 2%) and 6 month KIBOR plus 1% (2023: 6 month KIBOR plus 1%) per annum respectively. They are secured by way of hypothecation charge over fixed assets and current assets of the Group amounting to Rs. 333,000 thousand and hypothecation charge over all its present and future stocks and book debts with 25% margin respectively. Amount utilised as at September 30, 2023 is Rs. 75,000 thousand (2023: Rs. 75,000 thousand) and Rs. 73,640 thousand (2023: 73,640 thousand) respectively.

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (unaudited)

8 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. 2,068,740 thousand (June 30, 2023: Rs 2,660,366 thousand).

	Note	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2023
9 Property Plant Equipment			
Operating fixed assets	9.1	1,905,738	1,890,312
Capital work in progress	9.2	21,472	27,178
		1,927,210	1,917,490
9.1 Operating fixed assets			
Opening book value		1,890,312	1,790,846
Add: Additions during the period / year	9.1.1	86,361	355,434
		1,976,673	2,146,280
Less:			
Disposals / write offs during the period / year (at book value)		(11,411)	(31,031)
Depreciation charged during the period / year		(59,524)	(224,937)
		(70,935)	(255,968)
Closing book value		1,905,738	1,890,312
9.1.1 Additions during the period / year			
- Buildings on freehold land		622	13,063
- Plant and machinery		11,878	59,241
- Tools and equipment		12,168	38,672
- Furniture, fixture and office equipment		2,354	12,906
- Vehicles		54,940	226,607
- Computers		4,399	4,945
		86,361	355,434

	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) June 30, 2022
9.2 Capital work in progress		
Plant and machinery	21,472	22,613
Factory building	-	147
Others	-	4,418
	<u>21,472</u>	<u>27,178</u>
10 Long Term Investments		
At fair value through other comprehensive income		
Unquoted		
Hyundai Nishat Motors (Private) Limited	3,103,029	3,103,029
Surplus on fair valuation of investment	3,000,628	3,000,628
	<u>6,103,657</u>	<u>6,103,657</u>
Quoted		
Baluchistan Wheels Limited	24,364	24,364
Surplus on fair valuation of investment	215,691	79,277
	<u>240,055</u>	<u>103,641</u>
At cost		
TCC Management Services (Private) Limited	400	400
	<u>6,344,112</u>	<u>6,207,698</u>
11 Cash and Bank Balances		
In hand		
- Cash	6,240	16,947
- Cheques	835,272	30,231
Cash at bank		
- Current accounts	1,751,210	627,300
- Deposits accounts	1,297,108	607,949
	<u>3,889,830</u>	<u>1,282,427</u>

11.1 These deposits are made under conventional arrangements and carry mark-up at the rates ranging from 18% to 20.50% (30 June 2023: 9% to 20%) per annum.

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (unaudited)

(Unaudited)
Quarter ended

September 30, September 30,
2023 2022
(Rupees in thousand)

12 Revenue From Contracts with Customers - Net			
Disaggregation of revenue			
Local:			
Tractors	Point-in-time	17,567,070	4,216,873
Implements and tractor components	Point-in-time	1,968,472	1,168,339
Multi-application products	Point-in-time	165,202	89,519
Trading goods	Point-in-time	460,599	379,739
Batteries	Point-in-time	690,761	600,611
Castings	Point-in-time	652,464	474,463
IFS services	Point-in-time / Over time	5,294	6,991
		21,509,862	6,936,535
Export:			
Tractors	Point-in-time	1,192,513	626,646
Trading goods and tractor components	Point-in-time	43,905	39,760
Batteries	Point-in-time	155,150	58,218
		1,391,568	724,624
Less: Commission		(281,243)	(96,093)
		22,620,187	7,565,066

(Unaudited)
Quarter ended

September 30, September 30,
2023 2022
(Rupees in thousand)

13 Other Income			
Fair valuation gain on short-term investments		24,625	-
Profit on bank deposits		82,729	12,707
		107,354	12,707
Income from assets other than financial assets		85,224	49,121
		192,578	61,828

(Unaudited)
Quarter ended

September 30, September 30,
2023 2022
(Rupees in thousand)

13 Cash And Cash Equivalents

Cash and bank balances	3,889,830	246,461
Short term borrowings	(1,418,151)	(6,799,042)
	<u>2,471,679</u>	<u>(6,552,581)</u>

14 Transactions with Related Parties

Related parties include subsidiaries, associates, entities under common control, entities with common directors, group companies, major shareholders, post employment benefit plans and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of a company, directly or indirectly, including any director (whether executive or otherwise) of that company. 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. Significant related party transactions have been disclosed in respective notes to these financial statements other than the following:

(Unaudited)
Quarter ended

September 30, September 30,
2023 2022
(Rupees in thousand)

Key Management Personnel	Remuneration paid	108,558	45,598
Retirement benefit plans	Contribution to staff retirement benefit plans	11,959	10,366

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

14.2 Transactions with related parties are carried out on mutually agreed terms and conditions.

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (unaudited)

14.3 The names of related parties with whom the Group has entered into transactions or had agreements / arrangements in place during the period, are as follows:

Name of the related party	Basis of relationship	Percentage of shareholding %
- Arabian Sea Country Club Limited	Common Directorship	6.45
- Hyundai Nishat Motors (Private) Limited	Common Directorship	15.86

15 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 2023	September 2022	September 2023	September 2022	September 2023	September 2022	September 2023	September 2022	September 2023	September 2022	September 2023	September 2022
	Rupees in thousands											
Revenue from contracts with customers	20,760,828	6,839,953	1,870,856	1,153,869	652,464	474,463	1,416,721	1,150,316	(2,080,682)	(2,053,635)	22,620,187	7,565,066
Cost of sales	15,961,628	5,682,545	1,450,261	1,007,626	575,094	449,068	1,244,797	1,022,186	(1,911,451)	(2,053,635)	17,320,329	6,087,890
Gross profit	4,799,200	1,177,408	420,595	146,243	77,370	25,395	171,924	128,130	(169,231)	-	5,299,858	1,477,176
Distribution and marketing expenses	489,421	233,831	1,398	1,378	13,933	12,653	21,008	17,835	-	-	535,760	265,697
Administrative expenses	231,751	163,828	84,853	51,402	22,805	15,060	50,477	42,125	-	-	389,886	272,415
Other operating expenses	310,726	44,394	21,234	6,832	1,561	-	5,517	4,185	-	-	339,038	55,411
	1,041,888	442,053	107,485	59,612	38,299	27,713	77,002	64,145	-	-	1,264,684	583,523
Other income	149,877	19,444	35,596	28,392	3,246	4,928	3,859	9,064	-	-	192,578	61,828
Operating profit	3,907,179	754,799	348,706	115,023	42,317	2,610	98,781	73,049	(169,231)	-	4,227,752	945,481
Finance costs	186,382	155,800	62,208	22,846	21,800	18,622	1,835	997	-	-	281,225	198,265
Profit / (loss) before taxation	3,711,797	588,999	286,498	92,177	20,517	(16,012)	96,946	72,052	(169,231)	-	3,946,527	747,216
Taxation	1,420,122	148,946	106,005	26,932	8,307	5,931	23,976	16,808	(66,000)	-	1,492,410	198,617
Profit / (loss) for the period	2,291,675	460,053	180,493	65,245	12,210	(21,943)	72,970	55,244	(103,231)	-	2,454,117	548,599

15.1 Inter segment sales and purchases have been eliminated.

15.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	September 2023	June 2023	September 2023	June 2023	September 2023	June 2023	September 2023	June 2023	September 2023	June 2023	September 2023	June 2023
	Rupees in thousands											
Non-current assets	8,071,448	7,926,887	713,146	729,059	310,087	288,400	192,772	198,514	(382,202)	(381,595)	8,905,251	8,761,275
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current assets	22,046,785	17,766,037	2,954,509	2,213,927	666,279	641,122	1,743,945	1,435,634	(1,942,183)	(1,071,334)	26,069,315	20,985,186
Total assets	30,118,213	25,692,934	3,667,655	2,942,986	976,366	929,522	1,936,717	1,634,348	(1,705,813)	(1,434,357)	34,993,138	29,765,033
Segment operating liabilities												
Noncurrent liabilities	2,200,619	2,289,395	118,512	118,317	138,629	28,562	6,807	6,982	(138,525)	(153,389)	2,326,042	2,289,867
Current liabilities	17,797,943	15,085,867	21,804,17	1,638,035	599,487	701,012	819,949	587,459	(1,172,962)	(863,974)	20,224,844	17,746,419
Total operating liabilities	19,998,562	17,975,282	22,988,929	1,754,352	738,116	729,574	826,756	594,441	(1,311,477)	(1,017,363)	22,550,886	20,036,286

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended September 30, 2023 (unaudited)

16 Fair Value of Financial Assets and Liabilities

16.1 Fair value of financial assets measured at fair value through other comprehensive income is derived from quoted market prices in active markets, if available.

16.2 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 end of each financial year. Due to change in underlying factors, there has been an unrealized gain of Nil recognised during the period.

16.3 Long term investment in the unquoted shares of Hyundai Nishat Motors (Private) Limited (HNMPL) are currently classified as a Level 3 financial asset and measured at fair value on the reporting dates.

17 Financial Risk Management

The Group's financial risk management objective and policies are consistent with that disclosed in the consolidated annual audited financial statements for the year ended June 30, 2023.

18 Subsequent Events

The Board of Directors have declared Nil cash dividend (June 30, 2023: Rs. 15 per share) and Nil bonus shares (June 30, 2023: Nil) in their meeting held on October 25, 2023.

19 Date of Authorisation For Issue

This condensed interim financial information was authorised for issue on October 25, 2023 by the Board of Directors of the Holding Company.

20 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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