MILLAT TRACTORS LIMITED

"Leading Pakistan's Green Revolution Through Mechanization"

Annual Report 2023

Key Figures-2023

Dividend Per Share	Net Profit After Tax	Tractors Sold	Earning Per Share	Net Revenues
Rs.25/-*	Rs.3,378Million	18,622Units	Rs.17.61/-	Rs.44.191Million

*Partially diluted

Chronicles

1965
Assembly of tractors from SKD

1972
Nationalization

1973
Licensing and transfer of Technology Agreement with MF, UK

1982
Inauguration of Engine Assembly Plant (Perkins Engines)

1984
Inauguration of Machining Plant

1990
Perkins distributor Agreement

1992
Privatization through Employee Buyout

1992
Inauguration of New Tractor Assembly Plant (MF Design)

1993
Bolan Castings Ltd Buyout

1994
Mass Production of Generating Sets.

1994
Millat Equipment Ltd established.

1998
ISO 9002 Certification Achieved

2000
Licensing Agreement - Heli Forklift Trucks (China)

2002
Quality Management System Upgraded to ISO 9001:2000

2002
Millat Industrial Products Ltd established.

2011
Record tractor production of 42,188 and sale of 42,011 units

2012
TIPEG Inter-trade DMCC, UAE established

2015
Export Agreement with AGCO

2017
- Business Partnership Agreement with IFS
- Development of Emission Compliant Euro II Engines

2018
- Diversification by investment in Hyundai Nishat Motors (Pvt.) Limited
- Highest ever sales of 42,708 and production of 42,507 units achieved

2019
- Operations started by IFS segment
- 4WD Models of MF-360 and MF-375 launched for exports

2020
Export of over 1,000 tractor units

2021
Export of over 2,000 tractor units

2022
998 kw of solar plant with net-meetring completed for green energy and environment initiative

2023
Incorporation of MRO Multan

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Company Overview

Vision and Mission Statement

Vision

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

Mission

“To be the market leader in agricultural tractors and machinery, building company’s image through innovation and competitiveness, grow by expanding market and investing into group companies, ensuring satisfaction to customers, stakeholders and to fulfilling our corporate social responsibility.”

Company Overview

Millat Tractors Limited (MTL), an ISO 9001:2008 certified company, is Pakistan's leading engineering concern in the automobile sector engaged in the manufacturing and marketing of the world renowned Massey Ferguson (MF) tractors under licensing agreement with AGCO Ltd. UK; Forklift Trucks under license from Anhui Forklift Trucks, China; Diesel Engines; Diesel Generating Sets and a range of allied agricultural and industrial implements.

Millat Tractors has played a pivotal role in transfer of technology and transformation of fledgling local light engineering sector into a robust, vibrant, quality conscious Auto Vending Industry. The Company is regarded as a pioneer in setting up country's automotive vendor base. Today, a local content of more than 90% has been achieved in Massey Ferguson tractors. The company offers eight tractor models in the range of 50 HP -85 HP, diesel generator sets of capacities -12.5kVA to 500 kVA and a 3 ton to 3.5 ton forklift truck, agricultural implements and genuine spare parts.

The Company is a partner agent in Pakistan of IFS applications, accordingly, the company is engaged in the sale, implementation and support of IFS applications in Pakistan and abroad.

Group Structure

Millat Tractors Limited

- **Millat Equipment Limited**
- **TIPEG Intertrade DMCC**
- **Millat Industrial Products Limited**
- **Bolan Castings Limited**

Millat Equipment Limited

Millat Equipment Limited, was incorporated as a private limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), and was converted into an unlisted public limited company on April 20, 2004. It is a subsidiary of Millat Tractors Limited which holds 45% of the company's equity. The Ccmpany 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 Sheikhupura Road, Lahore and the manufacturing facility of is situated at 10 KM, Raiwind road, Lahore.

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 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 Industrial Products Limited

Millat Industrial Products Limited, an unlisted public company registered under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), is a subsidiary of Millat Tractors Limited, which holds 64.09% of the company's equity. The company is engaged in the business of manufacturing of industrial, domestic 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 - Sheikhupura Road, Shahdara, Lahore.

- The manufacturing facility of the company is located at 49 KM, off Multan Road, Bhai Pheru, District Kasur.

Bolan Castings Limited

Bolan Castings Limited, a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), and listed on the Pakistan Stock Exchange, is a subsidiary of Millat Tractors Limited, which holds 46.26% of the company's equity. The company 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.

Financial Highlights

Revenue from Contract with customers

2022	Rs. in Million
53,374	**44,191**

Profit After Tax

2022	Rs. in Million
5,407	**3,378**

No. of Outstanding Shares

2022	(000's)
968,679	**1,917,983**

Earning per Share
Basic and Diluted

2022	Rs.
28.19	**17.61**

Dividend

2022	Rs. / Share
65	**25.00**

Dividend Payout

2022	Percentage
91.82	**119.59**

Long Term Investments

2022	Rs. in Million
4,174	**6,480**

Total Current Assets

2022	Rs. in Million
14,604	**17,766**

Shareholder’s Equity

2022	Rs. in Million
7,023	**7,718**

Return on Capital Employed

2022	Rs. in Million
164.38	**115.35**

Current Ratio

2022	Times
1.20:1	**1.13:1**

Debt : Equity

2022	Times
0.02:100	**15 : 85**

Market Captalization (Year End)

2022	Rs. in Million
84,526	**748,608**

Market Captalization (Year End)

2022	US $ in Million
410	**2,612**

Price to Earning Ratio

2022	Times
15.63	**22.16**

Net Assets per Share

2022	Rs.
72.50	**40.24**

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

M/s. 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 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

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

Code of Conduct

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

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

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

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

Core Values

Our Customers are our first priority.

Profitability for the prosperity of our stakeholders that allows us to constantly invest, improve and succeed.

Corporate Social Responsibilities to Enrich the Lives of community where we operate.

Recognition and Reward for the talented and high performing employees.

Excellence in every thing we do.

Integrity in all our dealings.

Respect for our customers and each other.

Health, Safety and Environment Policy

Safety Policy

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

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

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

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

All the employees are insured under Group Life Insurance Scheme.

Regular safety inspections are carried out to improve the preparedness.

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

Health Policy

MTL is committed to managing its operations and ensuring the safety and health of its employees, visitors, contractors, customers, vendors and all those who are affected by its operations.

While striving to achieve health and safety excellence, MTL commits:

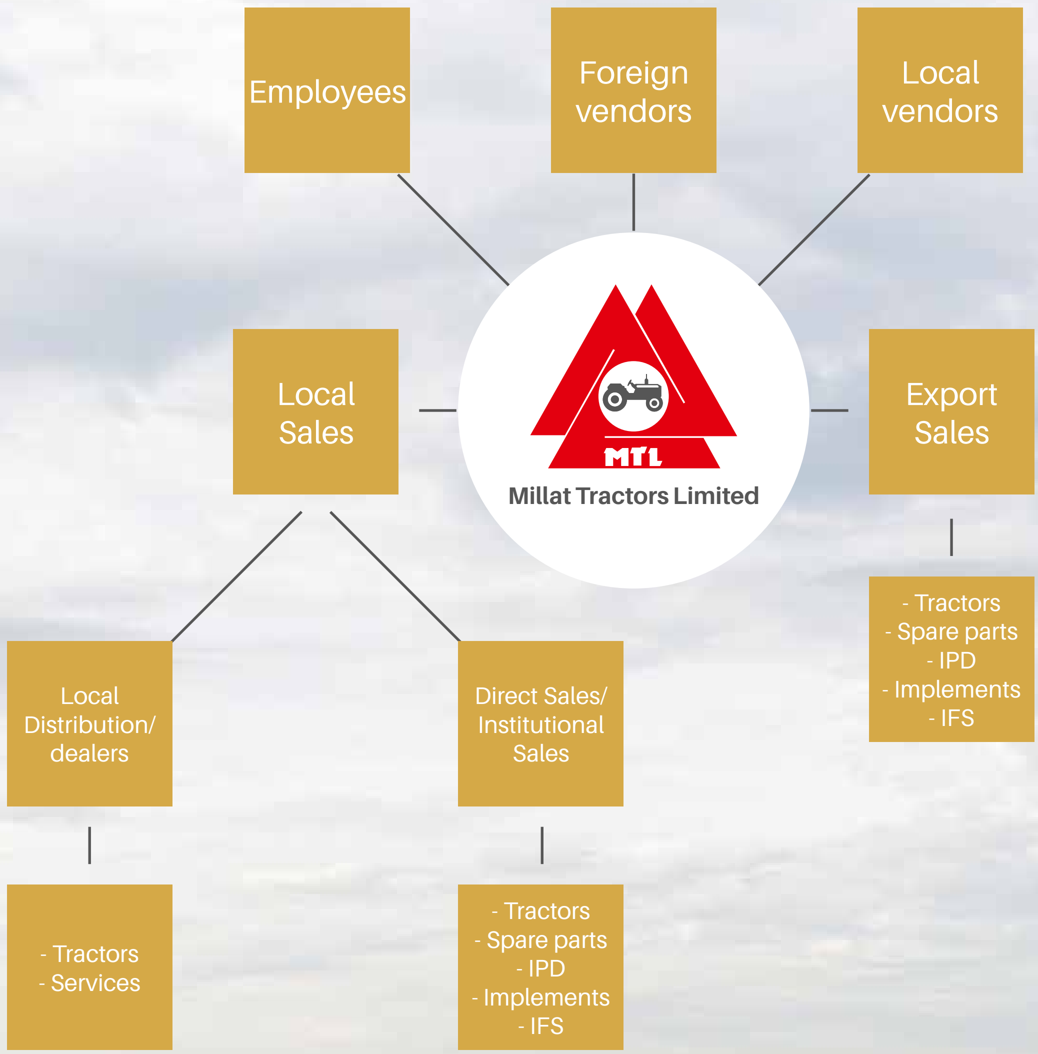
- To provide premises, plant, equipment and work instructions that are free from all kinds of health and safety risks
- To carry out comprehensive risk assessment and mitigate any potential threat to health and safety of employees
- To maintain high standards of health and safety wherever possible and keep measurable standards and improvement plans
- To comply with all applicable health and safety codes, National legislation and International regulatory requirements
- To evaluate risks before commencement of new activities or starting operations in new locations
- To communicate the health and safety policy to all stakeholders including employees, visitors, vendors and customers
- To train its employees on health and safety standards so that everyone takes the responsibility of safe operations and stands accountable for unsafe actions
- To investigate and report all incidents/ near misses and ensure corrective actions to avoid recurrence
- To drive safety culture emphasizing on collective participation and excellence

Environment Policy

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

Position of the Organization within the Value Chain

Millat Tractors Limited in an assembler of agricultural tractors, implements, forklifts, generators and multi-application products. The raw material is procured from local and international vendors and the company employs around 340 permanent personnel.



Once the raw material is procured, value addition and assembly is done in-house to deliver the best tractors to the customers. Therefore, pre-delivery inspection and continuous after-sales services are an integral part of our operations.

Value addition and assembly

Pre-delivery inspection

Handing over to dealers

After-sales services

PESTLE Analysis

P

Political

Description	Change during the year 2022-23	Response
Political situation and its stability affect other factors which in turn effect your company	The country has descended into a political chaos. Accordingly, uncertainty still persists for the Government, which results in lack of long term planning and strategic innovations.	Periodic review of the situation to assess the impact, if any, and adjusting the business policies to address these risks.

E

Economical

Description	Change during the year 2022-23	Response
Inflation, currency devaluation, economic growth and economic stability directly affect purchasing power of customers which can impact supply / demand factors	Inflation on average remained at 29.18 percent during the year as compared to 12.15 percent during the last year. Pak Rupee depreciated by an unprecedented 28 per cent in the year, amid a persistent political and economic crisis. Despite the above, the real gross domestic product of the country witnessed a growth of 0.29%.	Worked on increasing the share in global market, due to slow down of national economy, and managed to enhance the exports manifold.

S

Social

Description	Change during the year 2022-23	Response
A change in brand perception, loyalty or how a customer sees a certain product can greatly affect performance of a company	Emphasis on quality and greater value for money.	Free service campaigns and emphasis on "Right-First-Time" analogy to deliver quality products.

T

Technological

Description	Change during the year 2022-23	Response
Rapid change in technological landscape requires constant upkeep, otherwise product(s) may become obsolete or outdated	No significant change, as farmers are usually content with proven technology and value proposition by local tractor manufacturers. However, with an aim to obtain a share in global market, the company needs to innovate and move towards environment friendly and sustainable products.	Continuous research and development coupled with launch of new products, and constant improvements in assembly of products for the global market.

L

Legal

Description	Change during the year 2022-23	Response
Tax and regulatory measures can have a significant impact on how a company operates and presents its financial and legal information	Significant updates in tax and regulatory environment, such as: -Taxation laws; -Labour related laws; -SBP regulations; and -Environmental laws.	Continuous review of compliance with legal, regulatory and reporting requirements.

E

Ecological

Description	Change during the year 2022-23	Response
Global warming, availability of water and shift in seasons are impacting agriculture significantly, which can have a significant impact on the company's performance	During the year, agriculture sector performance hit hard by Flash Floods that negatively impacted Kharif crops. The sector grew by 1.55% against last year's growth of 4.27%.	Focus on sustainable and eco-friendly measures to protect the environment.

SWOT Analysis

Strengths

- Market leader
- Comprehensive 3S and 2S dealer network throughout the country
- Partnership with AGCO for technology and expertise sharing
- A vast vendor-ship network for procurement of supplies

Weaknesses

- Limited diversification
- Quality and reliability of the supply chain

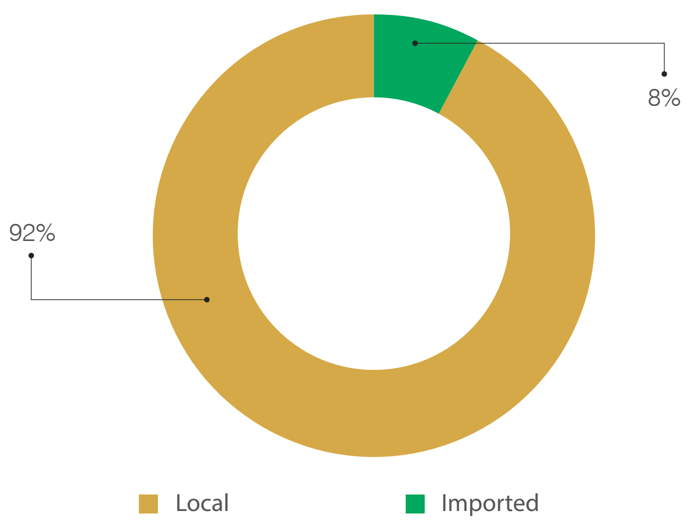
Opportunities

- Expanding export market by increasing presence in Africa and Middle East
- Increasing market share by expanding spare parts sales
- Farm mechanization

Threats

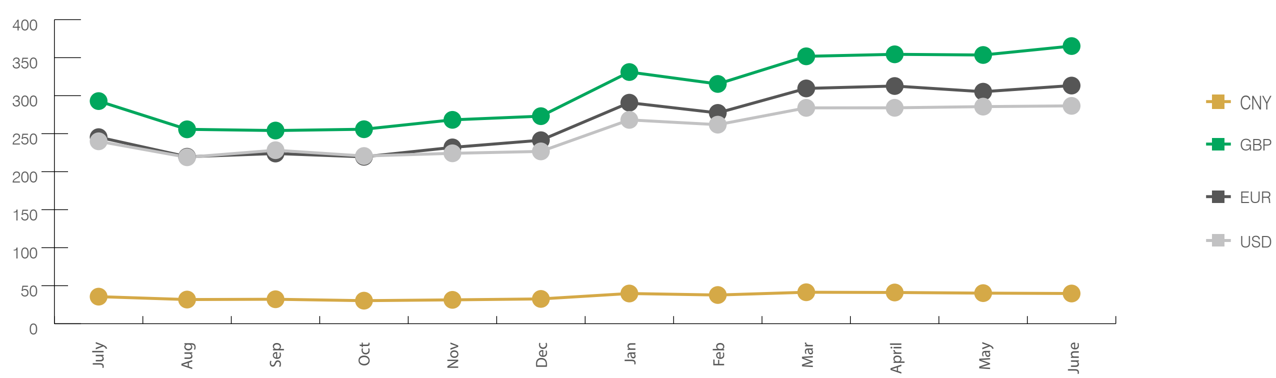
- Global warming
- Inflation and currency devaluation
- Inconsistent taxation policies

Composition of Local Versus Imported Material and Sensitivity Analysis



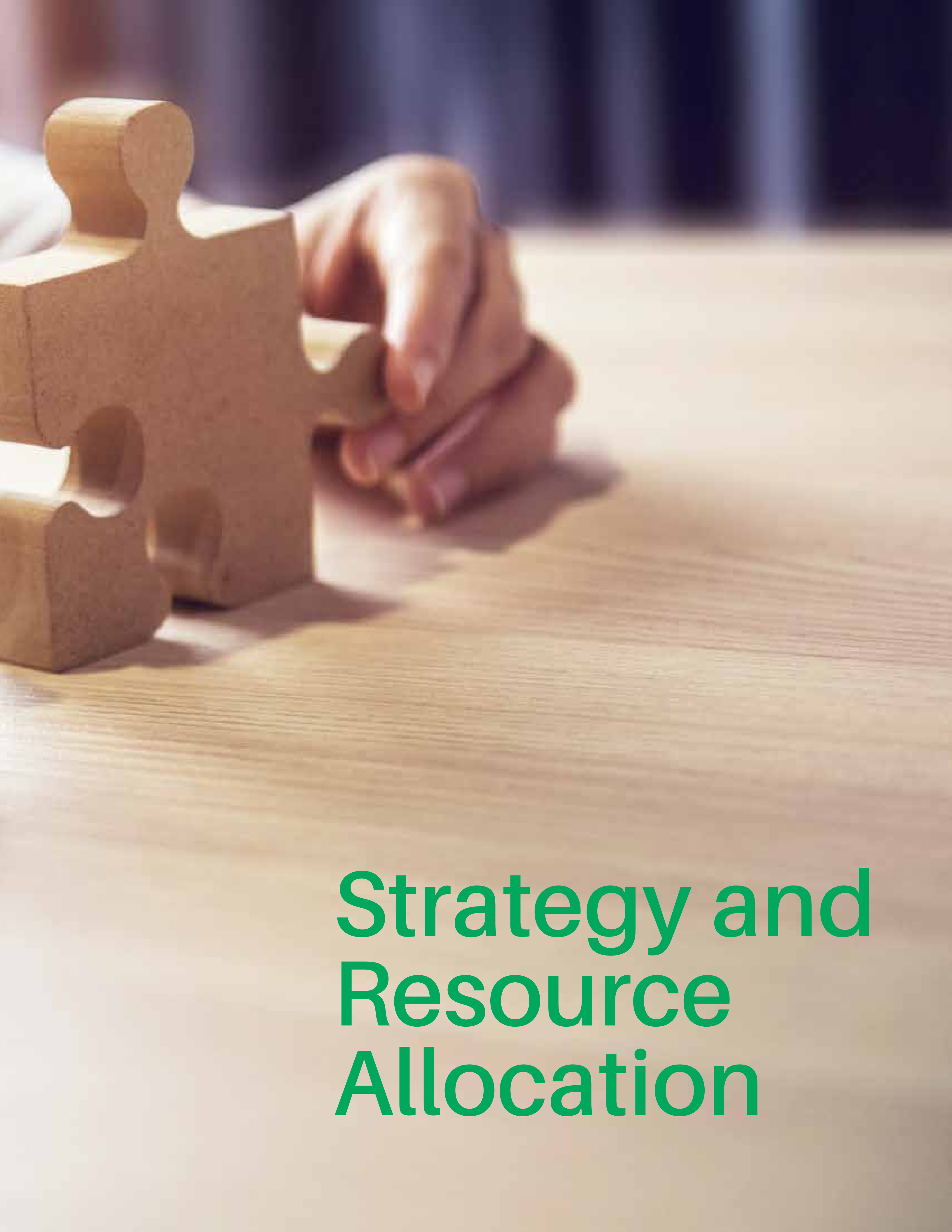
Average composition of raw material for products manufactured by the company is as above. However, most of the base raw materials for local components are indirectly imported by vendors resulting in exposure to foreign currency.

The fluctuation in major foreign currencies during the year is as presented in the below graph:



Source – SBP DOMESTIC MARKETS AND MONETARY MANAGEMENT DEPARTMENT WEIGHTED AVERAGE CUSTOMER EXCHANGE RATES

The Company is actively monitoring its exposure and since no hedging options are available, selling prices will be adjusted as and when needed to maintain profitability.



Strategy and Resource Allocation

Strategic Objectives

Long term objectives:

- Constantly endeavor to be a market leader in terms of market share.
- Technology pace-setters in areas of operations.
- Drive sustainable and environment-friendly growth.
- Continuously improve efficiency and competitive strength.
- Offer customers quality products and support services at competitive prices, and enhance customer satisfaction.
- Ensure sustainability of company returns to shareholders.
- Enhance creativity and job satisfaction.
- Provide employees' opportunities for personal development.
- Be an integral part of national economy, with a strong sense of responsibility to the society and environment.

Medium and short-term objectives:

- Increase local and export market share.
- Secure working capital requirements by effective cash flow management.
- Ensure employee retention.
- Safeguard shareholders' returns.

Strategic plan:

Millat Tractors Limited will ensure that its facilities and operations are state of the art and enabled with latest technology to deliver quality products at optimum price point. In order to achieve this, the company will continue to invest in its employees and technology.

The company will continue to enable its vendors through technological and financial support. The company also plans to work closely with those charged with governance of this country to ensure maximum wealth creation for all stakeholders.

Liquidity analysis

It is important to discuss and assure our stakeholders of the company's liquidity position during these times of devastating floods in the country, coupled with Russia-Ukraine war, which has severely disrupted the global demand-supply balance, resulting in slow down of the global economic growth. During the year, the overall sales of the Company have declined in line with global recession, however, the company has succeeded to capture a greater share of the global market, as compared to the previous years.

However, during the year, sales tax refunds of the company have ballooned up to PKR 6 billion, which is creating problems for the company. Management of the company is actively pursuing this matter at every possible forum, and managing the operations of the company through utilization of adequate borrowing facilities.

Significant plans

The company aims to expand its global outreach by expanding its export operations and focusing on diversification through providing Information Technology enabled solutions. The immediate goal is to drive growth, while ensuring safety and well-being of all stakeholders and employees.

Changes in objectives

There has been no significant change in strategy and objectives from the previous years.

Key Performance Indicators

Quantitative

Tractors Units Sold

Export Sales

Earnings per Share

Market Share

Qualitative

Warranty Claims

Employee Retention

Right-First-Time Build

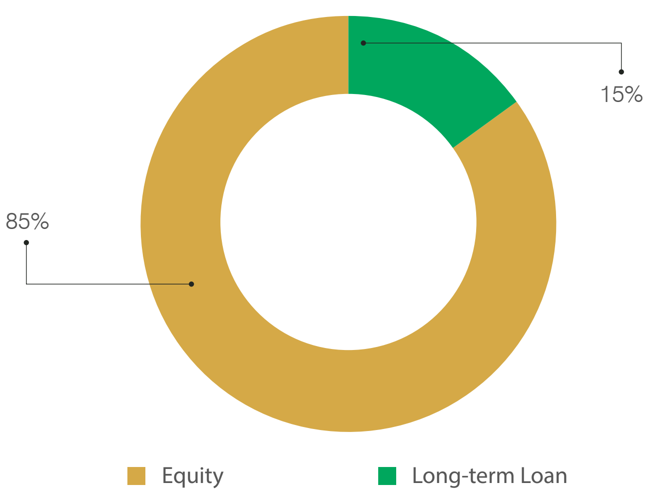
Compliance of Laws and Regulations

Resource Allocation Plans

Human Capital	Financial Capital	Manufactured Capital	Intangible Capital	Relationship Capital
• Annual performance appraisals • On-job training and development	• Continuous monitoring of working capital requirements • Investment of surplus funds to generate additional income • No long-term financing requirements	• Right-first-time manufacturing concept • Strong affiliation with AGCO and Massey Ferguson to develop quality and cost effective tractors • Diversification through other products such as forklifts, power generators, implements and multi-application products	• Development of in-house and independent information technology service provider • Partnership with International Financial Solutions (IFS) to develop Oracle based ERP	• Cordial relationship with all supply chain stakeholders • Liasion and co-operation with government • Compliance with laws and regulations • Sustainable growth of the community by providing job opportunities for local population

The company periodically reviews its plans to effectively and efficiently utilize its available resources as outlined above. The senior management is involved in monitoring and supervision of day to day activities to ensure accurate and appropriate actions.

Capital structure of the company



The company uses a mixture of long term debt and equity to maintain its capital structure. The company calculates its debt ratio as 'Long term debt / (Long term debt + Equity)'.
The company has obtained the following long term loans as at June 30, 2023:

- Loan from a commercial bank to maintain ownership stake of 15.86% in the Nishat Hyundai Motors (Private) Limited; and
- Loan under renewable energy finance scheme by the State Bank of Pakistan.

Risks and Opportunities

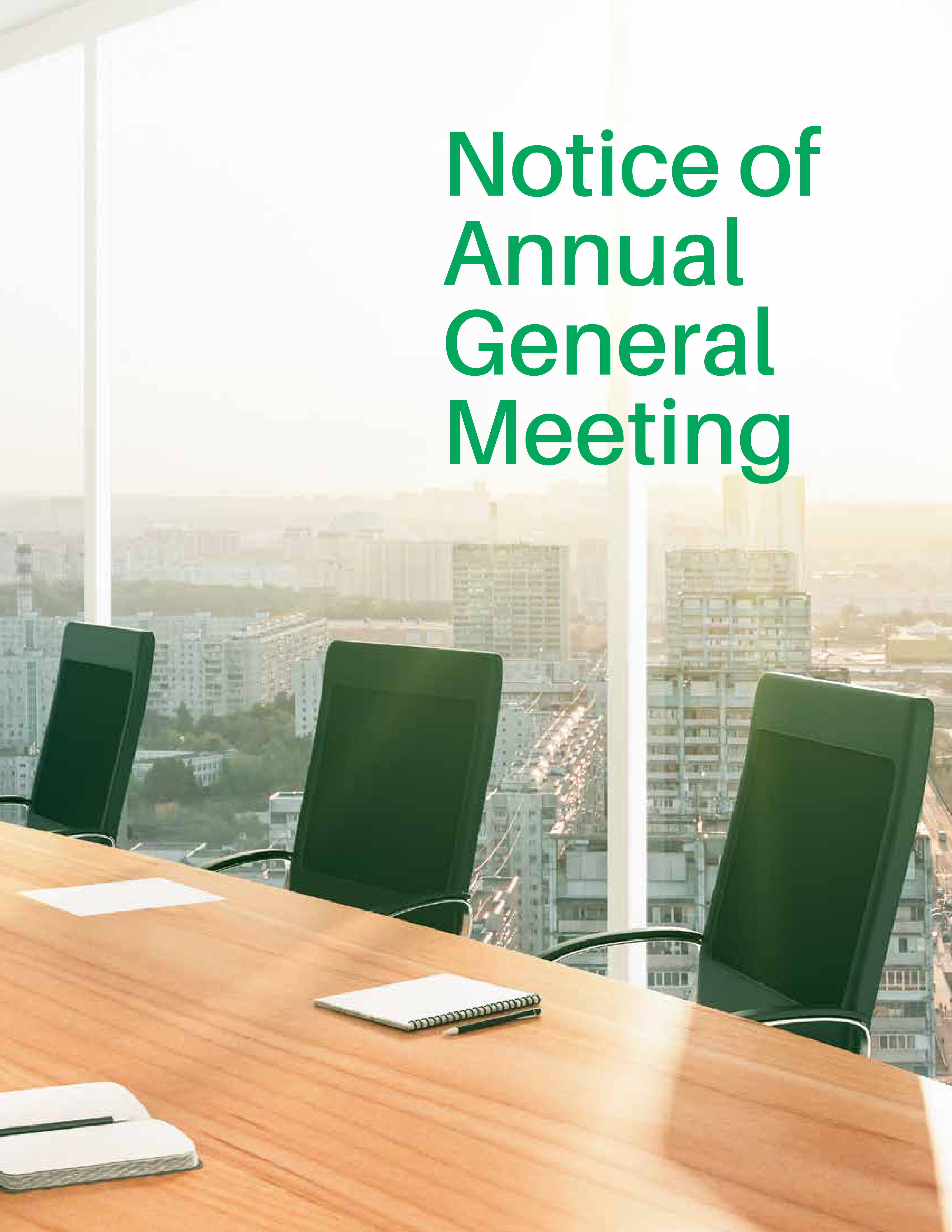
Risks and Opportunities

Risks	Source	Magnitude	Chance of occurrence	Plan to address
Liquidity risk: The company is currently has net sales tax refundable, due to lower output tax rate on sale of its products. Delay in the release of sales tax refunds may create liquidity issues for the company which will hamper its operations.	External	High	Medium	1. Timely compliance with the requirements of laws and regulations to avoid delay(s) in processing. 2. Actively engaging with relevant tax authorities for release of sales tax refunds.
Environment and sustainability: Recent global awareness with respect to climate change risk, environmental harm and other sustainability related issues, has increased disclosure and compliance requirements on part of the company, failure of which may result in legal action or penalties by relevant authorities or reputation loss.	External	Low	Low	1. Developing and implementing sustainability related policies and practices. 2. Periodic review of business performance to devise a mitigating plan, if necessary. 3. Engaging with stakeholders to include investors, consumers and regulators, to understand their expectations and concerns.
Deterioration in quality of products: Quality plays an important role in product image, market share and customer perception. Quality of the company's products may deteriorate due to following factors: • Supply of low quality products by a single-source vendor • Decrease in Right-First-Time assembly due to untrained staff • Failure to detect procurement of low quality components This may result in loss of sales and reputation among prospective customers as well as reduction in market share.	Internal	Medium	Low	1. Ensuring proper quality checks of supplies from vendors by qualified and trained staff. 2. Conducting periodic trainings of staff to ensure their competency. 3. Strict vendor screening and monitoring process.
Increase in costs due to currency devaluation and inflation: Inflation and devaluation of PKR against USD will the company directly as well as indirectly. Bill of imports is expected to increase for the company. On the other hand, local vendors are likely to push for price increase as majority of their raw material are also imported which may impact profitability of the company.	External	High	Medium	Continuous monitoring of costs and impact of currency devaluation to evaluate any change required in strategy and targets.

Risks	Source	Magnitude	Chance of occurrence	Plan to address
Information system / Enterprise Resource Planning (ERP) System failure: ERP system in place may malfunction or stop working, causing delays in operations and / or loss of sensitive information. Although there is a disaster recovery site in place, restoration of ERP database takes considerable time.	Internal	Medium	Low	1. Keeping disaster recovery plan up to date, and ensuring its implementation in case of any event. 2. Training relevant personnel with respect to disaster recovery plan. 3. Ensuring that an effective business continuity plan is put up in concurrence with disaster recovery plan.
High turnover of key employees resulting in loss of expertise: There is a risk that employees at key position may leave the company for better opportunity elsewhere. This may result in diminishing of competitive manpower.				1. Training people to develop specialized skills and add width to their job description through role transition / job rotation. 2. Developing and maintaining an effective succession plan to minimize sudden loss of key personnel, if any.

Risks	Source	Magnitude	Chance of occurrence	Plan to capture
Export markets: The company has increased its efforts in global markets, especially Africa, Middle East and Afghanistan to increase its global market share.	External	High	Medium	1. Enhancing quality of products to compete globally. 2. Engaging in research to develop tailored products for different markets. 3. Active engagement with principal (AGCO) to explore new avenues.
Diversification: The company has setup another retail outlet in Multan in addition to Badami Bagh Lahore to expand its spare parts sales. Based on its performance, there is a large potential in establishing more retail outlets all over Pakistan to capture this market as well. Moreover, there is also huge potential for agricultural related accessories as customer awareness for new technology is enhancing.	Internal	Medium	Low	1. Educating customers about importance of usage of genuine spare parts. 2. Expanding spare parts' dealer network. 3. Introducing new categories of implements.

Notice of Annual General Meeting



Notice of Annual General Meeting

Notice is hereby given that 60th Annual General Meeting of Millat Tractors Limited will be held at the Registered Office of the Company at 9 K.M. Sheikhupura Road, Shahdara, Lahore, on Thursday October 26, 2023 at 12:30 P.M to transact the following business:

A. Ordinary Business

1) To confirm minutes of the Extra Ordinary General Meeting held on June 23, 2023.
2) To receive, consider and adopt the Financial Statements of the Company and the Group for the year ended June 30, 2023 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
3) To approve final cash dividend of Rs. 15.00 per share i.e., 150% in addition to the interim dividend of Rs. 10.00 per share i.e., 100% already paid making a total cash dividend of Rs. 25.00 per share i.e., 250%.
4) To appoint auditors and fix their remuneration for the year ending June 30, 2024.

B. Special Business

5) To ratify and approve transactions conducted with subsidiary/associated companies for the year ended June 30, 2023 by passing the following special resolution with or without modification.

"Resolved that the following transactions conducted with subsidiary/associated companies for the year ended June 30, 2023 be and are hereby ratified, approved and confirmed."

2023 (AMOUNTS IN RUPEES)				
Particulars	Tipeg Intertrade DMCC	Millat Industrial Products Limited	Bolan Castings Limited	Millat Equipment Limited
Purchase of components	221,898,039	657,708,924	2,614,637,418	5,485,065,861
Sale of components	1,052,165,016	30,160	23,828,634	132,252

6) To authorize Chief Executive of the Company to approve transactions with subsidiary/associated companies for the year ending June 30, 2024 by passing the following special resolution with or without modification.

"Resolved that the Chief Executive of the Company be and is hereby authorized to approve all the transactions with subsidiary/associated companies on case to case basis in normal course of business during the period from 60th Annual General Meeting till the next Annual General Meeting of the Company."

Further resolved that these transactions shall be placed before the shareholders in the next Annual General Meeting for their ratification/ approval."

7) To ratify and approve issuance of 50.00% 2nd Interim Bonus Shares already issued and approved by the Board, by passing the following ordinary resolution.

"RESOLVED THAT:

A sum of Rs. 639,327,430 out of the profit available for appropriations as at March 31, 2023 be capitalized and be applied to the issue of 63,932,743 ordinary shares of Rs.10 each allotted as fully paid Bonus Shares to the members whose names appear in the register of members as at the close of business on June 23, 2023 in the proportion of one share for every two ordinary shares held i.e. 50%.

These Bonus Shares shall rank pari passu in all respects with existing shares.

The Directors be and are hereby authorized and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of Bonus Shares."

"FURTHER RESOLVED that the Directors be and are hereby authorized to consolidate all fractions of bonus shares and sell the same in the Stock Market and pay the proceeds of sales when realized to charitable institution(s)."

8) To consider, adopt with or without modification the following special resolution to substitute Article 77 of the Articles of Association of the Company.

"Resolved that Article 77 be and is hereby substituted as hereunder:-

'The remuneration of a director for attending each Board meeting or a committee of the Board shall be Rs.150,000/-'."

C. Any other Business

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

By order of the Board

-SD-

Muhammad Faisal Azeem

Company Secretary

Lahore:
October 04, 2023

Notes

1. The share transfer books of the Company will remain closed from October 20, 2023 to October 26, 2023 (both days inclusive) and no transfer will be accepted during this period. Transfers received, complete in all respect by the Shares Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 by the close of business on October 19, 2023 will be considered in time for the purpose of payment of final cash dividend, and for the purpose of attending and voting at the meeting.

2. A member entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

3. Members, who have deposited their shares into Central Depository Company of Pakistan will further have to follow the under mentioned guidelines.

A. Attending of Meeting in Person:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC)/ original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

B. Appointment of Proxies:

i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his/her original CNIC/ original passport at the time of the meeting.

iv) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the Company.

4. Participation in the Annual General Meeting

SECP, through its guidelines, has directed the listed companies to also arrange the provision of video link facility. Accordingly, in the best health interest of our valued shareholders and to ensure maximum participation, the Company has also arranged video link facility for attending this AGM. The shareholders interested in attending AGM through video link are requested to register their following particulars by sending an email at cdcsr@cdcsrsl.com or whatsapp no. 0321-8200864

Folio / CDC Account No.	Company Name	No. of shares held	Name	CNIC	Cell No.	Email Address
	Millat Tractors Limited					

The video link and login credentials will be shared with the shareholders whose emails, containing all the requested particulars, are received at the above email address by or before the close of business hours (5:00 P.M.) on Thursday, October 19, 2023.

5. Video Conference Facility

Without prejudice to the requirements and the arrangements as described in "Note 4" above, keeping in view the requirements of Section 132 of the Companies Act, 2017 read with SECP Circular 10 of 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the Annual General Meeting (AGM) through video conference at least seven days prior to the date of AGM, the Company will arrange a video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding the video conference facility venue at least 5 days before the date of the AGM along with the complete information needed to access the facility.

If you would like to avail video conferencing facility, as per above, please fill the following and submit to registered office of the Company at least 07 days before AGM.

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

6. Polling on Special Business Resolutions:

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 ("the Regulations") amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of Millat Tractors Limited (the "Company") will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on Thursday October 26, 2023 at 12:30 P.M, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

For the convenience of the Members, ballot paper is annexed to this notice and the same is also available on the Company's website at www.millat.com.pk for download.

Procedure for E-Voting:

I. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 19, 2023.

II. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).

III. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

IV. E-Voting lines will start from October 21, 2023, 09:00 a.m. and shall close on October 25, 2023 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently

Procedure for Voting Through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address at 9 K.M. Sheikhupura Road, Shahdara, Lahore or email at corporate.affairs@millat.com.pk one day before the Annual General Meeting on October 25, 2023, during working hours. The signature on the ballot paper shall match the signature on CNIC.

7. Non CDC Shareholders are requested to notify the change of address, if any, immediately and submit, if applicable, the CZ-50 Form (for non deduction of Zakat) to the Registrar of the Company M/s. 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. All the shareholders holding shares through CDC are requested to update their addresses and Zakat status with their participants. This will assist in prompt receipt of Dividend.

8. Mandatory submission of CNIC

As per clause 6 of the Companies (Distribution of Dividends) Regulations, 2017 read with Section 242 of the Companies Act, 2017, the company has withheld and in future will also withhold cash dividend payment to shareholders who have not yet provided their valid CNIC number. In case your cash dividend is withheld due to aforesaid reason, you are requested to kindly provide legible copy of your valid CNIC to Company's Share Registrar if you hold shares in physical form or to the respective Participant/Investor Account Services if shares are held in book entry form.

9. Payment of Cash Dividend Electronically

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. Notices of the foregoing seeking information from shareholders for payment of dividend through electronic mode were sent earlier. The shareholders who have not submitted their details are now once again requested to provide their folio number, name and details of bank account consisting of bank name, branch name, branch code, Account number, Title of Account and IBAN in which they desire their dividend to be credited, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same at the earliest possible.

In case shares are held in CDC then the form must be submitted directly to shareholder's Participant/CDC Investor Account Services.

10. Deduction of Tax from Dividend Income

The rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 out of payments of dividend shall be as follows:

(a) Members whose names are appearing in Active Taxpayers List (ATL) 15%

(b) Members whose names are not appearing in Active Taxpayers List (ATL) 30%

To enable the Company to make tax deduction from cash dividend @15.00% instead of 30.00% all the members whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of cash dividend, otherwise tax on their dividend will be deducted @ 30.00% instead of 15.00%.

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

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

The above required information must be provided to Share Registrar, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s). For any further query/problem/information, the investors may contact the Company Share Registrar: M/s. 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, The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or the Shares Registrar. The shareholders while sending NTN certificates must quote company name and their respective folio numbers.

Valid Tax Exemption Certificate for Exemption from Withholding Tax

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

11. E-Dividend Registration

Central Depository Company (CDC) has developed a Centralized Cash Dividend Register (CCDR), an eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by company. counter foil of cash dividend showing details of dividend, tax withheld and Zakat deducted etc shall be available electronically via CCDR Web Portal. Shareholders can get the counterfoil and complete information of all cash dividends paid by the company by registering and accessing CCDR Web Portal at following link: https://eservices.cdcaccess.com.pk/public/index.xhtml

12. Placement of Accounts on website

The financial statements of the Company for the year ended June 30, 2023 along with reports have been placed at the website of the Company www.millat.com.pk.

13. Transmission of Annual Financial Statements through email

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

14. Circulation of Company's Annual Audited Financial Statements through QR Enabled Code and Web link

SECP through SRO. 389 (1)/2023 dated March 21, 2023 has allowed listed companies to circulate the Annual Audited Financial Statements to their members through QR enabled code and web-link (instead of CD /DVD /USB). Accordingly the annual audited financial statements are being circulated through QR Enabled Code and weblink.

15. Conversion of Physical Shares in to Book Entry Form

Securities and Exchange Commission of Pakistan (SECP) through its circular no. CSD/ED/Misc/2016-639-640 dated March 26, 2021 has advised the Listed Companies to adhere with the provisions of section 72 of the Companies Act, 2017(the Act) by replacing shares issued by them in physical form with the shares to be issued in the Book entry Form. The shareholders having physical folios/share certificates are requested to convert their shares from physical form to book entry form at the earliest. The shareholders may contact any stock broker, CDC Participant (member of PSX) or CDC Investor Account services for assistance in opening of CDS Account and subsequent deposit of physical shares into the account in Book entry form.

The same would facilitate the shareholders in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for issuance of duplicate shares and readily available for sale and purchase in open market at prevailing better rates. The shareholders may contact our share registrar for details.

Statement U/S 134(3) of the Companies Act, 2017

AGENDA ITEM NO.5

Related Party Transactions (RPTs)

(As per Regulation 5(1) of The Companies (Related party Transactions and Maintenance of Related Records) regulations, 2018

During financial year ended on June 30, 2023, transactions with subsidiary/associated companies in the normal course of business were made by the Company. As per Regulation 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, transactions carried out in normal course of business with subsidiary/associated companies (Related Parties) were required to be approved by the Board on quarterly basis duly recommended by the Audit Committee. Majority of directors were interested in these transactions due to their common directorship and holding of shares in the subsidiary/associated companies, the quorum of directors could not be formed for approval of these transactions, therefore the shareholders in their last Annual General Meeting had authorized the Chief Executive of the Company to approve these transactions in the normal course of business subject to final approval/ratification by the shareholders. Therefore, these transactions have to be approved/ ratified by the shareholders in the Annual General Meeting.

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

The commercial reasons for entering into RPTs are the following.

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

The Company has the following equity in the Subsidiary Companies.

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

The common directors and their relatives have the following shareholding in the associated companies.

		TIPEG	MIPL	BCL	MEL
Sr. No.	Name of Director(s)	No. of Shares	No. of Shares	No. of Shares	No. of Shares
1	Mr. Sikandar Mustafa Khan & Relatives	100	625,312	166,369	1,868,751
2	Mr. Sohail Bashir Rana & Relatives	100	416,874	144,359	2,091,791
3	Mr. Laeeq Uddin Ansari & Relatives	100	416,875	3,120	2,501,021
4	Mr. Qaiser Saleem & Relatives		228,205	3,622	692,862
5	Mr. Raheel Asghar-CEO,MTL				100
	TOTAL	**300**	**1,687,266**	**317,470**	**7,154,525**
	Percentage of Shareholding	15.00 %	16.38 %	2.78%	23.93 %

The information of the Related party transactions as required under Regulation 5(1) of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 is as under:-

Name of related party	TIPEG	MIPL	BCL	MEL
Names of interested or concerned persons or directors	Mr. Sikandar Mustafa Khan Mr. Sohail Bashir Rana(Not a Director in MEL & MIPL) Mr. Laeeq Uddin Ansari Mr. Qaiser Saleem (Not a Director in TIPEG) Mr. Raheel Asghar			
Nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in related party	Common Directorship & shareholding: Mr. Sikandar Mustafa Khan Mr. Sohail Bashir Rana(Not a Director in MEL & MIPL) Mr. Laeeq Uddin Ansari Mr. Qaiser Saleem (Not a Director in TIPEG) Mr. Raheel Asghar (Director in MEL)			

Name of related party		TIPEG	MIPL	BCL	MEL
Detail, description, terms and conditions of transactions		1. Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders	1. Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders	1. Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders	1 .Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders
Amount of Transactions	Purchase of components/ assets	221,898,039	657,708,924	2,614,637,418	5,485,065,861
	Sale of components	1,052,165,016	30,160	23,828,634	132,252
Time frame or duration of the transactions or contracts or arrangements.		01-07-2022 to 30-06-2023	01-07-2022 to 30-06-2023	01-07-2022 to 30-06-2023	01-07-2022 to 30-06-2023
Pricing Policy	Purchase of components		At Mutually Agreed price		
	Sale of components		At Mutually Agreed price		
	Services		As per Agreement		

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

AGENDA ITEM NO.6

Authorization to CEO for Related Party Transactions (RPTs) [transactions with subsidiary/associated companies)

The Company shall be conducting Related Party Transactions (RPTs) with subsidiary/associated companies during the year ending June 30, 2024 in the normal course of business. Five out of nine directors are interested in these transactions due to their common directorship and shareholding in the subsidiary/associated companies. After exclusion of interested directors and in case of absence of any uninterested director from the meeting, the remaining directors cannot form a valid quorum for the purpose of required approvals. Therefore, in order to satisfy the aforesaid requirement of approval by the Board on quarterly basis and in the absence of formation of required quorum for the purpose, the transactions with subsidiary/ associated companies will be presented in next AGM for seeking approval/ratification.

Further, in order to avoid non-compliance of any regulatory provision and to ensure routine approval of these transactions throughout the year, the shareholders may authorize the Chief Executive to approve the transactions carried out and to be carried out in normal course of business with subsidiary/associated companies during the period from 60th AGM to next AGM.

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

AGENDA ITEM NO.7

Issuance of Bonus Shares

The Board of Directors is of the view that the Company's financial position and its reserves justify this capitalization for the issue of Bonus Shares. The Directors of the Company, directly or indirectly are not interested in the resolution except to the extent of their shareholding in the Company.

Disposal of Bonus Share Fractions

The Board in its 192nd meeting held on June 13, 2023 has recommended that the fractions of bonus shares will be immaterial and of no significant financial disadvantage to the shareholders. Therefore, the proceeds of the above may be donated to one or more charitable institutions (engaged in the welfare of human being) in line with the Company's policy of maximum participation in welfare.`

AGENDA ITEM NO.8

1) Substitution of Articles of Association

Comparative Analysis	
Existing Article	**Substituted Article**
The remuneration of a director for attending each Board meeting or a committee of the Board shall be Rs.100,000/-.	The remuneration of a director for attending each Board meeting or a committee of the Board shall be Rs.150,000/-.

Reasons for change

Article 77 of the Articles of Association of the Company is being substituted as the remuneration being paid to directors for attending meetings of the Board needs revision in view of overall inflation.

Statement by the Board

The aforesaid substitution has been approved by the Board of Directors in their meeting held on September 25, 2023 and is in line with the applicable provisions of the law and regulatory framework.

A copy of the amended Articles of Association is available with the Company Secretary for inspection by the members.

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

ایجنڈا آئٹم نمبر 6

منسلک پارٹیوں سے لین دین (آر پی ٹیز) کے لیے چیف ایگزیکٹو آفیسر کا اختیار

کمپنی 30 جون، 2024 کو ختم ہونے والے سال کے دوران عمومی کاروباری انداز میں ذیلی/شراکت دار کمپنیز کے ساتھ Related Party Transactions کا اہتمام کرے گی۔ کمپنی کے 9 ڈائریکٹرز میں سے پانچ ڈائریکٹرز مشترکہ ڈائریکٹرشپ اور ذیلی/شراکت دار کمپنیوں میں شیئرز رکھنے کی وجہ سے اس لین دین میں دلچسپی رکھتے ہیں۔ خواہشمند ڈائریکٹرز کو نکال کر اور اجلاس میں کسی بھی غیر دلچسپی رکھنے والے ڈائریکٹر کی عدم موجودگی کے بعد باقی ڈائریکٹرز اس مطلوبہ منظوری کیلئے مستند کورم تشکیل نہیں دے سکتے۔ اس لئے بورڈ سے سہ ماہی بنیاد پر منظوری کی مذکورہ ضرورت کیلئے اور مطلوبہ کورم کی تشکیل نہ ہونے کی وجہ سے ذیلی/شراکت دار کمپنیوں کے ساتھ ٹرانزیکشنز منظوری/توثیق کیلئے اگلے سالانہ اجلاس عام میں پیش کیے جائیں گے۔

سال بھر کسی ریگولیٹری پروویژن سے روگردانی سے بچنے اور ٹرانزیکشنز کی روزمرہ منظوری کیلئے شیئر ہولڈرز ان ٹرانزیکشنز پر کاروبار کے معمولات کے دوران عملدرآمد کیلئے چیف ایگزیکٹو کو 60 ویں سالانہ اجلاس عام سے اگلے سالانہ اجلاس عام تک ذیلی/شراکت دار کمپنیوں کے ساتھ ٹرانزیکشنز کی اجازت دینے کا اختیار دے سکتے ہیں۔

اس قرارداد میں ڈائریکٹرز کی دلچسپی عمومی ڈائریکٹرشپ اور منسلک کمپنیوں میں شیئر ہولڈنگ تک ہے۔

ایجنڈا آئٹم نمبر 7

بونس شیئرز کا اجراء

بورڈ آف ڈائریکٹر اس بات سے متفق ہیں کہ کمپنی کی مالی حالت اور اسکے ذخائر بونس شیئرز کے اجراء کیلئے اس کیپٹلائزیشن کا جواز پیش کرتے ہیں۔ کمپنی کے ڈائریکٹرز اس قرارداد میں بالواسطہ یا بلاواسطہ اس سے زیادہ دلچسپی نہیں رکھتے کہ وہ کمپنی میں شیئر ہولڈنگ رکھتے ہیں۔

بونس شیئر کا ڈسپوزل فریکشنز:

بورڈ نے 13 جون، 2023 کو منعقدہ اپنے 192 ویں اجلاس میں یہ تجویز دی ہے کہ بونس شیئرز کے فریکشنز غیر مادی اور شیئر ہولڈرز کیلئے کسی نمایاں مالی نقصان سے پاک ہوں گے۔ اس لئے ایک یا زائد خیراتی اداروں (فلاح عامہ سے منسلک) میں تقسیم کی جائے جو کہ کمپنی کی فلاح عامہ کے کاموں میں زیادہ سے زیادہ شمولیت کی پالیسی کے عین مطابق ہے۔

ایجنڈا آئٹم نمبر 8

آرٹیکلز آف ایسوسی ایشن میں تبدیلی

تقابلی جائزہ

موجودہ آرٹیکل	تبدیل شدہ آرٹیکل
بورڈ کی ہر میٹنگ یا بورڈ کی کمیٹی میں شرکت کے لیے ڈائریکٹر کا معاوضہ 100,000/- روپے ہوگا۔	بورڈ کی ہر میٹنگ یا بورڈ کی کمیٹی میں شرکت کے لیے ڈائریکٹر کا معاوضہ 150,000/- روپے ہوگا"

تبدیلی کی وجوہات

آرٹیکلز آف ایسوسی ایشن آف کمپنیز کے آرٹیکل 77 کو اس غرض سے تبدیل کیا جا رہا ہے تاکہ مجموعی افراطِ زر کے تناظر میں بورڈ کی میٹنگ یا کمیٹی میں شرکت کے لئے ڈائریکٹرز کو ادا کیے جانے والے معاوضے میں ترمیم کی جا سکے۔

بورڈ کا بیان

مذکورہ تبدیلی 25 ستمبر، 2023 کو ہونے والی میٹنگ میں بورڈ آف ڈائریکٹرز کی جانب سے منظور کر لی گئی ہے اور یہ قانون وضوابط کے ڈھانچے کی قابل اطلاق شقوں کے ساتھ مطابقت رکھتی ہے۔

ممبرز کی جانب سے چھان بین کے لیے تبدیل شدہ آرٹیکلز آف ایسوسی ایشن کی نقل کمپنی سیکرٹری کے پاس ہے۔

ڈائریکٹرز اس قرارداد میں اس حد تک دلچسپی رکھتے ہیں کہ وہ معاوضہ حاصل کر سکیں جس کے وہ حق دار ہیں۔

کمپنیز (متعلقہ پارٹی سے لین دین اور متعلقہ ریکارڈ کی دیکھ بھال) ریگولیشنز، 2018 کے ریگولیشن 5(1) کے تحت لازم متعلقہ پارٹی لین دین کی معلومات حسبِ ذیل ہیں:

رِلیٹڈ پارٹی کا نام		ٹائی پیگ	ایم آئی پی ایل	بی سی ایل	ایم ای ایل
دلچسپی رکھنے والوں کے نام یا متعلقہ افراد یا ڈائریکٹرز		مسٹر سکندر مصطفیٰ خان مسٹر سہیل بشیر رانا (ایم ای ایل اور ایم آئی پی ایل کے ڈائریکٹر نہیں) مسٹر لئیق الدین انصاری مسٹر قیصر سلیم (ٹائی پیگ میں ڈائریکٹر نہیں) مسٹر راحیل اصغر			
تعلق کی نوعیت، دلچسپی، یا واسطہ بشمول مکمل مالی آگاہی یا دیگر دلچسپی یا ڈائریکٹرز کا منیجر یا بنیادی انتظامی لوگوں کا ریلیٹڈ پارٹی کیساتھ واسطہ		کومن ڈائریکٹر شپ اور شیئر ہولڈنگ: مسٹر سکندر مصطفیٰ خان مسٹر سہیل بشیر رانا (ایم ای ایل اور ایم آئی پی ایل کے ڈائریکٹر نہیں) مسٹر لئیق الدین انصاری مسٹر قیصر سلیم (ٹائی پیگ کے ڈائریکٹر نہیں) مسٹر راحیل اصغر (ایم ای ایل کے ڈائریکٹر)			
مکمل کوائف، تفصیل اور ٹرانزیکشنز کے قواعد وضوابط		1- طے شدہ آرڈرز کے مطابق پُرزہ جات کی خرید 2- طے شدہ آرڈرز کے مطابق پُرزہ جات کی فروخت	1- طے شدہ آرڈرز کے مطابق پُرزہ جات کی خرید 2- طے شدہ آرڈرز کے مطابق پُرزہ جات کی فروخت	1- طے شدہ آرڈرز کے مطابق پُرزہ جات کی خرید 2- طے شدہ آرڈرز کے مطابق پُرزہ جات کی فروخت	1- طے شدہ آرڈرز کے مطابق پُرزہ جات کی خرید 2- طے شدہ آرڈرز کے مطابق پُرزہ جات کی فروخت
ٹرانزیکشنز کی رقم	پارٹس/اثاثہ جات کی خرید	221,898,039	657,708,924	2,614,637,418	5,485,065,861
	پارٹس کی فروخت	1,052,165,016	30,160	23,828,634	132,252
ٹرانزیکشنز یا معاہدات یا انتظامات کا دورانیہ		01-07-2022 تا 30-06-2023	01-07-2022 تا 30-06-2023	01-07-2022 تا 30-06-2023	01-07-2022 تا 30-06-2023
قیمت کی پالیسی	پارٹس کی خرید	At mutually agreed price			
	پارٹس کی فروخت	At mutually agreed price			
	سروسز	معاہدے کے مطابق			

اس قرارداد میں ڈائریکٹرز کی دلچسپی عمومی ڈائریکٹر شپ اور منسلک کمپنیوں میں شیئر ہولڈنگ تک ہے۔

کمپنیز ایکٹ 2017 کے سیکشن (3)134 کے مطابق اسٹیٹمنٹ

ایجنڈا آئٹم نمبر 5

ریلیٹڈ پارٹیز سے لین دین (آر پی ٹیز)

کمپنیز ریگولیشنز، 2018 کے ریگولیشن (1)05(متعلقہ پارٹی ٹرانز یکشنز اور متعلقہ ریکارڈز کی دیکھ بھال) کے مطابق کمپنی کی جانب سے سال مختتمہ 30 جون، 2023 کے دوران روزمرہ امور میں ذیلی/شراکت دار کمپنیوں کے ساتھ لین دین کیا گیا۔لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شق نمبر 15 کے مطابق یہ لین دین آڈٹ کمیٹی کی سفارش پر سہ ماہی بنیادوں پر بورڈ کی جانب سے منظور ہونا تھی۔ تاہم کمپنی کے ڈائریکٹروں کی زیادہ تعداد مشترکہ ڈائریکٹرشپ اور ذیلی/شراکت دار کمپنیوں میں شیئرز رکھنے کی وجہ سے ان ٹرانز یکشنز میں دلچسپی رکھتی ہے۔ان ٹرانز یکشنز کی منظوری کے لیے ڈائریکٹرز کی مطلوبہ تعداد پوری نہ ہوسکی، اس لئے شیئر ہولڈرز کی جانب سے گزشتہ اجلاس عام میں کمپنی کے چیف ایگزیکٹو آفیسر کو اختیار دیا گیا تھا کہ وہ روزمرہ کے امور کے دوران اس لین دین کی شیئر ہولڈرز سے حتمی منظوری/توثیق کے بعد منظوری دے سکیں اسی لیے ان ٹرانز یکشنز کی منظوری/توثیق اجلاسِ عام میں شیئر ہولڈرز سے لی جائے گی۔

اس بات کو مدنظر رکھا جائے کہ کمپنی کا بنیادی کام ایگری ٹریکٹرز تیار کرنا/یا پرزے جوڑ کر بنانا ہے۔جس کے مختلف حصے تقریباً 150 وینڈنگ انڈسٹریز بشمول گروپ کمپنیز سے عام کاروباری طریقے سے حاصل کیے جاتے ہیں۔ بولان کاسٹنگ لمیٹڈ (بی سی ایل) اور ملت ایکوپمنٹ لمیٹڈ (ایم ای ایل) ٹریکٹرز کے مختلف اہم حصے، بالترتیب کاسٹنگز، گیئرز اور شافٹس وغیرہ تیار کرتے ہیں جن کی پیداوار کے لیے ملک میں بہت کم وسائل ہیں۔ملت انڈسٹریل پراڈکٹس لمیٹڈ (ایم آئی پی ایل) ٹریکٹروں کی بیٹریاں بناتا ہے جب کہ ٹریکٹر اوران کے پرزہ جات کو ٹائی پیگ انٹرٹریڈرز ڈی ایم سی سی کے ذریعے برآمد کیا جاتا ہے۔مزید برآں ٹائی پیگ کے ذریعے ہی کمپنی کی اندرونی ضروریات پوری کرنے کے لیے پرزے درآمد بھی کئے جاتے ہیں۔اسی سال کے دوران سکریپ اور سوارف بھی بولان کاسٹنگ لمیٹڈ کو بیچا گیا۔

ریلیٹڈ پارٹیز ٹرانز یکشنز کا حصہ بننے کی تجارتی وجوہات مندرجہ ذیل ہیں۔

ا) سٹیٹ آف دی آرٹ پروڈکشن کی سہولیات کی دستیابی

ب) جدید تکنیکی سمجھ بوجھ

پ) بہترین، معیاری اور ہمہ وقت فعال پروڈکشن سہولیات

ت) ملت ٹریکٹرز کے لیے ٹیسٹنگ کی تفصیلی سہولیات

ٹ) بلاتعطل ہموار سپلائی چین

منسلک کمپنیوں کے ساتھ کمپنی کی ایکوئٹی مندرجہ ذیل ہے۔

ٹائی پیگ انٹرٹریڈڈی ایم سی سی	75.00فیصد
ملت انڈسٹریل پراڈکٹس لمیٹڈ	64.09فیصد
بولان کاسٹنگز لمیٹڈ	46.26فیصد
ملت ایکوپمنٹ لمیٹڈ	45.00فیصد

مشترکہ ڈائریکٹرز کی منسلک کمپنیوں میں شیئر ہولڈنگ درج ذیل ہے:

		ٹائی پیگ	ایم آئی پی ایل	بی سی ایل	ایم ای ایل
نمبر شمار	ڈائریکٹر(ز) کا نام	شیئرز کی تعداد	شیئرز کی تعداد	شیئرز کی تعداد	شیئرز کی تعداد
1	مسٹر سکندر مصطفیٰ خان واحباب	100	625,312	166,369	1,868,751
2	مسٹر سہیل بشیر رانا واحباب	100	416,874	144,359	2,091,791
3	مسٹر لئیق الدین انصاری واحباب	100	416,875	3,120	2,501,021
4	مسٹر قیصر سلیم واحباب		228,205	3,622	692,862
5	مسٹر راحیل اصغر (سی ای او، ایم ٹی ایل)	-	-	-	100
	کل	300	1,687,266	319,970	7,154,525
	شیئر ہولڈنگ کی شرح	15.00فیصد	16.38فیصد	2.78فیصد	23.93فیصد

مندرجہ بالا معلومات شیئر رجسٹرار کو ہر صورت مہیا کریں ورنہ فرض کرلیا جائے گا کہ پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈرز برابر کے حصہ دار ہیں۔ کسی مسئلہ، استفسار، یا معلومات کے لیے انویسٹرز کمپنی کے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس ، 99۔بی، بلاک بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس، مین شاہراہِ فیصل، کراچی- 74400، فون : کسٹمر سپورٹ سروسز (ٹال فری) (23275) 0800-CDCPL، فیکس: 34326053(21-92)، سے رابطہ کریں۔ سی ڈی اکاؤنٹ رکھنے والے کارپوریٹ شیئر ہولڈرز کو چاہیے کہ وہ اپنے متعلقہ بروکر کو اپنے نیشنل ٹیکس نمبر سے مطلع رکھیں جب کہ کارپوریٹ فزیکل شیئر ہولڈرز کو چاہیے کہ وہ این ٹی این سرٹیفیکیٹ کمپنی یا شیئر رجسٹرار کو بھیجیں۔ شیئر ہولڈرز کو چاہیے کہ وہ این ٹی این سرٹیفیکیٹ بھیجتے وقت کمپنی کا نام اور متعلقہ فولیو نمبرز ضرور تحریر کریں۔

ودہولڈنگ ٹیکس سے بچنے کے لیے مستند ٹیکس ایگزمپشن سرٹیفیکیٹ کی فراہمی

انکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 کے تحت منافع کی رقم سے آمدنی ٹیکس سے استثنیٰ کے لیے ٹیکس ایگزیمپشن سرٹیفیکیٹ لازمی ہے۔ انکم ٹیکس آرڈیننس، 2001 کے تحت ٹیکس سے مستثنیٰ ممبران اپنے انکم ٹیکس ایگزیمپشن سرٹیفیکیٹ کی کاپی کھاتے بند ہونے کی تاریخ سے پہلے شیئر رجسٹرار کے پاس جمع کروائیں۔ بصورتِ دیگر منافع کی رقم پر قانون کے مطابق ٹیکس لاگو ہوگا۔

11۔ ای ڈیویڈنڈ رجسٹریشن:

سنٹرل ڈیپوزیٹری کمپنی نے ایک سنٹرلائزڈ کیش ڈیویڈنڈ رجسٹر (CCDR) تیار کیا ہے جو ایک ای سروس ویب پورٹل ہے جس میں کیش ڈیویڈند کی بابت تفصیلات رکھی جائیں گی آیا کہ کیش ڈیویڈنڈ ادا کر دیا گیا ہے، ادا نہیں کیا گیا یا کمپنی کی طرف سے روک لیا گیا ہے۔ ڈیویڈنڈ، ٹیکس کٹوتی اور زکوۃ کی ادائیگی وغیرہ کی تفصیلات کا حامل کیش ڈیویڈنڈ کا ایک کاؤنٹر فوئل محض الیکٹرونکلی CCDR ویب پورٹل کے ذریعے میسر ہے۔ شیئر ہولڈرز مندرجہ ذیل لنک کے ذریعے CCDR ویب پورٹل پر رجسٹریشن اور رسائی حاصل کر کے کاؤنٹر فوئل اور کمپنی کی طرف سے ادا کیے گئے کل کیش ڈیویڈنڈ کی تمام معلومات حاصل کر سکتے ہیں۔

https://eservices.cdcaccess.com.pk/public/index.xhtml

12۔ ویب سائٹ پر اکاؤنٹس کی تفصیلات

کمپنی کی سالانہ فنانشل سٹیٹمنٹس (30 جون، 2023 کو ختم ہونے والے سال کے لئے) رپورٹس کے ہمراہ کمپنی کی ویب سائٹ www.millat.com.pk پر رکھ دی گئی ہیں۔

13۔ سالانہ مالیاتی تفصیلات بذریعہ ای میل

ایس ای سی پی نے اپنے SRO787(I)/2014 بتاریخ 08 ستمبر، 2014 کمپنیوں کو اجازت دی ہے کہ وہ سالانہ بیلنس شیٹ، پرافٹ اینڈ لوس اکاؤنٹ، آڈیٹر کی رپورٹ اور ڈائریکٹرز رپورٹ مع اطلاع سالانہ اجلاس عام ای میل کے ذریعے ممبران کو بھیج سکتی ہیں۔ جو ممبران اس سہولت سے فائدہ اٹھانا چاہیں وہ اپنی رضامندی کا اظہار کر سکتے ہیں۔

14۔ کمپنی کے سالانہ آڈیٹڈ فنانشل سٹیٹمنٹس کی بذریعہ کیو آر کوڈ اور ویب لنک کے ذریعے فراہمی

ایس ای سی پی نے بذریعہ SRO. 389 (1)/2023 dated March 21, 2023 کے ذریعے لسٹڈ کمپنیز کو اپنے ممبران کو سالانہ آڈیٹڈ فنانشل اسٹیٹمنٹس سی ڈی/ڈی وی ڈی/یو ایس بی کی بجائے کیو آر کوڈ اور ویب لنک کے ذریعے فراہمی کی اجازت دی ہے اس کے مطابق سالانہ آڈیٹڈ فنانشل اسٹیٹمنٹس QR ان ایبل کوڈ اور ویب لنک کے ذریعے مہیا کیے جا رہے ہیں۔

15۔ فزیکل حصص کی بُک انٹری فارم میں تبدیلی:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے اپنے سرکلر نمبر CSD/ED/Misc/2016-639-640 بتاریخ 26 مارچ، 2021 کے ذریعے لسٹڈ کمپنیز کو ہدایت کی ہے کہ وہ کمپنیز ایکٹ 2017 (دی ایکٹ) کے سیکشن 72 پر عملدرآمد کرتے ہوئے فزیکل فارم میں جاری کردہ شیئرز کو بُک انٹری فارم میں جاری کردہ شیئرز سے تبدیل کریں۔ فزیکل فولیوز/شیئر سرٹیفکیٹس رکھنے والے شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے فزیکل شیئرز کو بُک انٹری فارم سے جلد از جلد تبدیل کروائیں۔ شیئر ہولڈرز سی ڈی ایس اکاؤنٹ کھلوانے اور فزیکل شیئرز کو اکاؤنٹ میں بُک انٹری فارم میں جمع کروانے کیلئے کسی بھی سٹاک بروکر، سی ڈی سی پارٹیسپنٹ (پاکستان سٹاک ایکسچینج کا ممبر) یا سی ڈی سی انویسٹرا اکاؤنٹ سروسز سے رابطہ کر سکتے ہیں۔

یہ عمل شیئر ہولڈرز کو مختلف طریقوں مثلاً شیئرز کی حفاظت، شیئرز کے نقصان سے بچاؤ، ڈوپلیکیٹ شیئرز کے اجراء میں درپیش رسمی کارروائی سے بچنے اور اوپن مارکیٹ میں اچھے داموں خرید و فروخت کیلئے بھی مددگار ثابت ہوگا۔ شیئر ہولڈرز تفصیلات کیلئے ہمارے شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔

16۔ فزیکل شیئر ہولڈرز کی طرف سے معلومات کا لازمی جمع کروانا

کمپنیز ایکٹ 2017 کے سیکشن 119 اور کمپنیز (جنرل پرووژنز اینڈ فارمز) ریگولیشنز، 2018 کے ریگولیشن 19 کے مطابق، تمام فزیکل شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنی لازمی معلومات جیسے CNIC نمبر، ایڈریس، ای میل ایڈریس (اگر دستیاب ہو) فراہم کریں۔ موبائل ٹیلی فون نمبر، انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) وغیرہ کے لیے کمپنی کے شیئر رجسٹرار سے فوری طور پر رابطہ کریں تاکہ قانون کی عدم تعمیل یا مستقبل میں کسی بھی قسم کی تکلیف سے بچا جا سکے۔

III- ای ووٹنگ کے ذریعے ووٹ ڈالنے کا ارادہ رکھنے والے ارکین کی شناخت کی تصدیق لیکٹرانک دستخط یا لاگ ان کے ذریعے کی جائے گی۔

Iv- ای ووٹنگ لائنیز 21 اکتوبر، 2023، صبح 09:00 بجے سے شروع ہوں گی اور 25 اکتوبر، 2023 کو شام 05:00 بجے بند ہوں گی۔ ممبران اس مدت کے دوران کسی بھی وقت اپنا ووٹ ڈال سکتے ہیں۔ ایک بار جب کسی رکن کی طرف سے قرارداد پر ووٹ ڈال دیا جاتا ہے، تو اسے بعد میں تبدیل کرنے کی اجازت نہیں ہوگی۔

پوسٹل بیلٹ کے ذریعے ووٹ ڈالنے کا طریقہ کار۔

ارکین اس بات کو یقینی بنائیں گے کہ کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی کے ساتھ صحیح طریقے سے بھرے اور دستخط شدہ بیلٹ پیپر، کمپنی کے رجسٹرڈ پتے پر 9 کلومیٹر، شیخوپورہ روڈ، شاہدرہ، لاہور پر ڈاک کے ذریعے میٹنگ کے چیئر مین تک بھیج دیں یا 25 اکتوبر، 2023 کو ہونے والے سالانہ معمولی اجلاس سے ایک دن پہلے کاروباری اوقات کار کے دوران corporate.affairs@millat.com.pk پر ای میل کریں۔ بیلٹ پیپر پر دستخط CNIC پر دستخط کے مطابق ہوں گے۔

7۔
نان سی ڈی سی شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے پتہ میں تبدیلی کی صورت میں فوری طور پر مطلع کریں۔ اور قابل اطلاق ہو تو cz-50 فارم (زکوۃ کٹوتی کی ممانعت) بھر کر کمپنی کے رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس ، 99۔بی، بلاک بی، ایس۔ایم۔سی۔ایچ۔ایس، مین شاہراہِ فیصل، کراچی- 74400، فون : کسٹمر سپورٹ سروسز (ٹال فری) 0800-CDCPL (23275)، فیکس 34326053 (21-92)، ای میل: info@cdcsrsl.com، ویب سائٹ: www.cdcsrsl.com کے دفتر میں جمع کروائیں۔ سی ڈی سی کے ذریعہ شیئر ہولڈرز حضرات سے درخواست کی جاتی ہے کہ وہ اپنے پتہ اور زکوٰۃ کی موجودہ حیثیت سے شرکاء کو مطلع رکھیں۔ اس عمل سے منافع کی بسرعت ادائیگی میں مدد ملے گی۔

8 شناختی کارڈ کا لازمی جمع کروانا:

کمپنیز ریگولیشنز 2017 (برائے منافع منقسمہ)، جسے کمپنیز ایکٹ 2017 کے سیکشن 242 کے ساتھ پڑھا جائے، کی شق نمبر 6 کے تحت کمپنی نے ان حصص داران کی ادائیگیاں روک دی ہیں، اور آئندہ بھی روکے رکھے گی، جنہوں نے ابھی تک اپنا مصدقہ شناختی کارڈ نمبر جمع نہیں کروایا ہے۔ اگر مذکورہ وجہ سے آپ کا منافع منقسمہ روک لیا گیا ہے تو آپ سے درخواست ہے کہ از راہ کرم کمپنی کے شیئر رجسٹرار کو اپنے شناختی کارڈ کی مصدقہ نقل فراہم کر دیں اگر آپ کے حصص فزیکل ہیں یا اگر بک انٹری فارم میں متعلقہ شراکت دار/ انویسٹر اکاؤنٹ سروسز کے پاس ہیں۔

9۔ کیش ڈیویڈنڈ کی الیکٹرونک ادائیگی:

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت، کیش کی صورت میں ادا کیا جانے والا منافع، صرف الیکٹرونک طریقہ کار سے ہی اہل شیئر ہولڈرز کے بتائے گئے اکاؤنٹ میں براہِ راست ٹرانسفر کیا جائے گا۔ شیئر ہولڈرز کو اس سے قبل بھی الیکٹرونک طریقہ کار کے ذریعے منافع کی ادائیگی سے متعلق معلومات کے لیے نوٹسز جاری کیے جا چکے ہیں۔ اب ایک مرتبہ پھر شیئر ہولڈرز سے ان کے فولیو نمبرز، نام اور بنک کی تفصیلات (جس میں بنک کے نام کے ساتھ، برانچ کا نام، برانچ کوڈ، اکاؤنٹ نمبر، اکاؤنٹ ٹائٹل اور IBAN فراہم کرنے کی درخواست کی جاتی ہے۔ یہ معلومات نہ فراہم کرنے کی صورت میں کمپنی کسی اور طریقے سے منافع ادا نہیں کر پائے گی۔ کمپنی کی ویب سائٹ پر بھی سٹینڈرڈ درخواست فارم فراہم کر دیا گیا ہے۔ ممبران سے درخواست ہے کہ یہ تمام معلومات کمپنی تک جلد از جلد بہم پہنچا دیں۔

شیئرز CDC کی صورت میں موجود ہونے پر درخواست فارم شیئر ہولڈر کے شراکت دار / یا CDC انویسٹر اکاؤنٹ سروسز کو جمع کروائے جائیں گے۔

10۔ ڈیویڈنڈ کی آمدن سے ٹیکس کی کٹوتی:

انکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 کے تحت کمپنیوں کی طرف سے ادا کی گئی منافع کی رقم پر وِد ہولڈنگ ٹیکس کی کٹوتی کو مختلف شرح سے لاگو کیا جا سکتا ہے۔ یہ شرح مندرجہ ذیل ہیں۔

الف) ممبران جن کے نام ایکٹیو ٹیکس پیئر زلسٹ (ATL) میں شامل ہیں 15.00 فیصد

ب) ممبران جن کے نام ایکٹیو ٹیکس پیئر زلسٹ (ATL) میں شامل نہیں ہیں 30.00 فیصد

ایسے تمام شیئر ہولڈرز جو انکم ٹیکس ریٹرن فائل کرتے ہیں مگر ان کا نام ایف بی آر کی ویب سائٹ پر ایکٹیو ٹیکس پیئر زلسٹ (اے ٹی ایل) میں درج نہیں ہیں، اُنہیں مطلع کیا جاتا ہے کہ وہ اپنے منافع کی ادائیگی کی تاریخ سے پہلے پہلے اے ٹی ایل میں نام درج کروالیں ورنہ منافع پر وِد ہولڈنگ ٹیکس کی کٹوتی 15.00 فیصد کی بجائے 30.00 فیصد ہوگی۔

مشترکہ شیئرز رکھنے والے شیئرز ہولڈرز کے لیے، ایف بی آر کی جانب سے جاری کی گئی وضاحت کے تحت (ATL/Non-ATL) کے سٹیٹس کے مطابق، پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈر کے حصص کی مقدار کے تناسب سے وِد ہولڈنگ ٹیکس لاگو کیا جائے گا۔ اس لیے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ پرنسپل شیئر ہولڈرز اور جوائنٹ شیئر ہولڈر (ز) کے حصص میں تناسب کے بارے میں شیئر رجسٹرار کو درج ذیل طریقہ سے آگاہ کریں۔

			بنیادی شیئر ہولڈر		مشترکہ شیئر ہولڈر	
کمپنی کا نام	فولیو/سی ڈی ایس اکاؤنٹ نمبر	کل شیئرز	نام اور شناختی کارڈ نمبر	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)	نام اور شناختی کارڈ نمبر	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)

3۔ ممبران جوسنٹرل ڈیپازیٹری کمپنی آف پاکستان میں شئیر جمع کروا چکے ہیں،مندرجہ ذیل ہدایات پر عمل کریں۔

الف) انفرادی طور پر اجلاس میں شمولیت

i) انفرادی شمولیت کی صورت میں اکاؤنٹ ہولڈر،سب اکاؤنٹ ہولڈر یا وہ افراد جن کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات کا ہدایات کے مطابق اندراج ہے، اجلاس میں حاضری کے وقت اپنا اصلی پاسپورٹ یا اصلی کمپیوٹرائزڈ شناختی کارڈ دکھا کر اپنی شناخت کی تصدیق کروائیں۔

ii) کارپوریٹ اداروں کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی نامزد الیہ کے دستخط کے نمونوں کے ہمراہ اجلاس میں پیش کیئے جائیں۔

ب) پراکسیوں کا تقرر

i) انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ افراد جن کے گروپ اکاؤنٹ میں سیکیورٹی موجود ہو اور قواعد کے تحت اپنی رجسٹریشن کی تفصیلات درج کرائی ہوں وہ درج بالا ضرورت کے تحت پراکسی فارم جمع کرائیں گے۔

ii) بینفیشل مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپیاں اور پراکسی، پراکسی فارم کے ساتھ فراہم کی جائے گی۔

iii) پراکسی افراد اجلاس کے وقت اصلی شناختی کارڈ/پاسپورٹ پیش کریں گے۔

iv) کارپوریٹ اداروں کی صورت میں بورڈ آف ڈائریکٹر کی قرارداد یا پاور آف اٹارنی دستخط شدہ نمونے پراکسی فارم کے ہمراہ جمع کرائے جائیں گے۔

4۔ سالانہ اجلاس عام میں شمولیت:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے ہدایات نامہ میں ویڈیو لنک کی سہولت فراہم کرنے کی بھی ہدایت کی ہے۔اس لئے ہمارے معزز شیئر ہولڈرز کے صحت مندانہ مفاد اور زیادہ سے زیادہ شمولیت یقینی بنانے کیلئے کمپنی نے سالانہ اجلاس عام میں شرکت کیلئے ویڈیو لنک کی سہولت کا انتظام کیا ہے۔سالانہ اجلاس عام میں بذریعہ ویڈیو لنک شرکت کے خواہشمند شیئر ہولڈرز سے درخواست ہے کہ وہ درج ذیل معلومات ای میل ایڈریس cdcsr@cdcsrsl.com یا وٹس ایپ نمبر 0321-8200864 پر ارسال کریں۔

فولیو/سی ڈی سی اکاؤنٹ نمبر	کمپنی نام	موجود شیئرز کی تعداد	نام	شناختی کارڈ نمبر	موبائل نمبر	ای میل ایڈریس
	ملت ٹریکٹرز لمیٹڈ					

ایسے ممبران جن کی تمام مطلوبہ کوائف کی تفصیلات 19 اکتوبر، 2023 بروز جمعرات کاروباری دورانیہ کے اختتام تک (05:00 بجے شام) مذکورہ بالا ای میل ایڈریس پر موصول ہوں گی اُنکو ویڈیو لنک اور لاگ اِن کی معلومات شیئر کر دی جائیں گی۔

5۔ ویڈیو کانفرنس کال کی سہولت:

مذکورہ "نوٹ 4 "میں بیان کردہ ضروریات اورانتظامات کے مطابق بغیر تعصب کے کمپنیز ایکٹ 2017 کے سیکشن 132 جسے ایس ای سی پی سرکلر 10 آف 2014 کے ساتھ پڑھا گیا ہے، اگر کمپنی کے ممبران جن کے پاس مجموعی طور پر 10 فیصد یا اس سے زیادہ شیئرز ہوں، اگر کسی خاص جغرافیائی حدود (کسی خاص جگہ/شہر) میں موجود ہوں اور وہ سالانہ اجلاس سے 7 روز قبل میٹنگ میں ویڈیو کانفرنس کے ذریعے شرکت کی اطلاع دیں تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولیات مہیا کرنے کا انتظام کرے گی بشرطیکہ اس شہر میں اس طرز کی سہولیات میسر ہوں۔کمپنی اس بات کو یقینی بنائے گی کہ ویڈیو کانفرنس کی جگہ اور دیگر تمام تفصیلات سالانہ عمومی اجلاس سے 5 روز قبل تک ان ممبران تک پہنچ جائیں۔

اگر مندرجہ بالا تفصیلات کے تحت آپ بھی سالانہ میٹنگ میں ویڈیو کانفرنس کے ذریعے شرکت کرنا چاہتے ہیں تو براہِ مہربانی اجلاس سے کم از کم 7 روز قبل ذیل میں دیا گیا فارم پُر کر کے کمپنی کے رجسٹرڈ دفتر میں جمع کروائیں۔

میں /ہم ــــــــــ آف ــــــــــ ملت ٹریکٹرز لمیٹڈ کے ممبران ، جن کے عمومی شیئرز ــــــــــ رجسٹرڈ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر ــــــــــ ویڈیو کانفرنس کی سہولت ــــــــــ میں چاہتا ہوں/چاہتے ہیں۔

6۔ خصوصی کاروباری قراردادوں پر پولنگ۔

ممبران کو مطلع کیا جاتا ہے کہ کمپنیز (پوسٹل بیلٹ) ریگولیشنز، 2018 ("ریگولیشنز ") میں نوٹیفکیشن مورخہ 05 دسمبر، 2022 کے ذریعے ترمیم کی گی ہے جو کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("SECP") نے جاری کیا ہے۔ایس ای سی پی نے تمام لسٹڈ کمپنیز کو ہدایت کی ہے کہ وہ اپنے ممبران کو سپیشل بزنس پر ووٹنگ کے لیے الیکٹرونک ووٹنگ اور پوسٹل بیلٹ کی سہولت فراہم کریں۔

ان ریگولیشنز کے مطابق ملت ٹریکٹرز لمیٹڈ (" کمپنی ") اپنے شیئر ہولڈرز کو بروز جمعرات 26 اکتوبر، 2023 12:30 P.M کو منعقد ہونے والے سالانہ عام اجلاس میں اسپیشل بزنس کے لیے الیکٹرانک ووٹنگ کی سہولت کے ساتھ ڈاک کے ذریعے ووٹ دینے کا حق استعمال کرنے کا انتظام کیا ہے۔

اراکین کی سہولت کے لیے بیلٹ پیپر اس نوٹس کے ساتھ منسلک ہے اور یہ کمپنی کی ویب سائٹ www.millat.com.pk سے بھی ڈاؤن لوڈ کے لیے دستیاب ہے۔

ای ووٹنگ کا طریقہ کار۔

I- ای ووٹنگ کی سہولت کی تفصیلات کمپنی کے ان اراکین کے ساتھ ایک ای میل کے ذریعے شیئر کی جائیں گی جن کے درست سی این آئی سی نمبر، موبائیل نمبر، اور ای میل ایڈریس 19 اکتوبر، 2023 کو کاروبار بند ہونے تک کمپنی کے ممبران کے رجسٹر میں دستیاب ہوں گے۔

II- ویب ایڈریس، لاگ ان کی تفصیلات، اور پاس ورڈ، کا ای میل کے ذریعے اراکین کو مطلع کیا جائے گا۔ سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (ای ووٹنگ سروس فراہم کنندہ ہونے کے ناطے) کے ویب پورٹل سے ایس ایم ایس کے ذریعے اراکین کو سیکیورٹی کوڈز کی اطلاع دی جائے گی۔

نوٹس برائے سالانہ اجلاسِ عام

اطلاع دی جاتی ہے کہ ملت ٹریکٹرز لمیٹڈ کا 60واں سالانہ اجلاس عام کمپنی کے رجسٹرڈ دفتر بمقام 9۔کلومیٹر شیخوپورہ روڈ،شاہدرہ، لاہور بروز جمعرات 26اکتوبر، 2023 بوقت 12:30 بجے شام مندرجہ ذیل امور کی انجام دہی کے لیے منعقد ہوگا۔

الف) امورِعام

1۔ غیرمعمولی اجلاسِ عام منعقدہ 23 جون، 2023 کے منٹس کی تصدیق۔

2۔ 30 جون، 2023 کوختم ہونے والے سال کیلئے کمپنی اور گروپ کے مالی حسابات بشمول چیئرمین جائزہ رپورٹ، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، ان پرغوروخوض اور منظوری۔

3۔ حتمی منافع منقسمہ 15.00 روپے فی شیئر یعنی 150 فیصد اورعبوری نقد منافع منقسمہ 10.00 روپے فی شیئر یعنی 100 فیصد (جوکہ پہلے سے اداشدہ ہے)، جوکہ مجموعی نقد منافع منقسمہ 25.00 روپے فی شیئر جوکہ 250 فیصد بنتا ہے کی منظوری۔

4۔ 30 جون، 2024 کوختم ہونے والے سال کے لیے آڈیٹرز کا تقرر اوران کے مشاہروں کا تعین۔

ب) امورِخاص:

5۔ 30 جون، 2023 کوختم ہونے سال کیلئے درج ذیل قرارداد کی مع/بغیر ترامیم منظوری کے ساتھ ذیلی/شراکت دار کمپنیوں کے ساتھ لین دین کی توثیق اور منظوری۔

"قرار پایا کہ سال مختتمہ 30 جون، 2023 کیلئے ذیلی/شراکت دار کمپنیوں کے ساتھ کیے گئے درج ذیل لین دین کی ثیق، منظوری اور تصدیق کی جاتی ہے۔"

2023 (رقم روپوں میں)				
ٹریکٹرز	ٹائی پیک انٹرٹریڈ (ڈی ایم سی سی)	ملّت انڈسٹریل پراڈکٹس لمیٹڈ	بولان کاسٹنگز لمیٹڈ	ملّت ایکوپمنٹ لمیٹڈ
پارٹس کی خرید	221,898,039	657,708,924	2,614,637,418	5,485,065,861
پارٹس کی فروخت	1,052,165,016	30,160	23,828,634	132,252

6۔ کمپنی کے چیف ایگزیکٹو کو مندرجہ ذیل قرارداد (تبدیلی کے ساتھ یا تبدیلی کے بغیر) کی منظوری کے ذریعے اختیار دینا کہ وہ 30 جون، 2024 کوختم ہونے والے سال کے لیے ذیلی/شراکت دار کمپنیوں کے ساتھ لین دین کی منظوری دے سکیں گے۔

"طے پایا کہ کمپنی کے چیف ایگزیکٹو بااختیار ہیں اور رہیں گے کہ 60ویں سالانہ اجلاس عام سے کمپنی کے اگلے سالانہ عمومی اجلاس تک ذیلی/شراکت دار کمپنیوں کے ساتھ لین دین کی کیس ٹو کیس بنیادوں پر کاروبار کے دوران منظوری دیں سکیں گے"۔

"مزید طے پایا کہ لین دین کی یہ تفصیلات آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی توثیق ومنظوری کے لیے پیش کی جائیں گی۔"

7۔ درج ذیل عام قرارداد کو منظور کرکے بورڈ کے ذریعہ پہلے سے جاری اور منظور شدہ 50.00% دوسرے عبوری بونس شیئرز کے اجراء کی توثیق اور منظوری دینا۔

"قرار پایا کہ

31 مارچ، 2023 تک اختصاصی لحاظ سے موجود مجموعی منافع میں سے 639,327,430 روپے 10 روپے مالیت کے 63,932,743 عمومی شیئرز کے اجراء کیلئے استعمال میں لائے جائیں گے جوکہ 30 جون، 2023 تک کاروباری اختتام تک کمپنی کے رجسٹر میں موجود ممبران کو بطور مکمل ادائیگی بونس شیئرز ادا کیے جائیں گے (ہر 2 عمومی شیئرز کیلئے ایک شیئر کے تناسب سے، جوکہ 50 فیصد ہے)۔

یہ بونس شیئرز موجودہ شیئرز کے ساتھ ہر لحاظ سے Pari Passu متصور ہوں گے۔

ڈائریکٹران اس قرارداد کو موء ثر بنانے، بونس شیئرز کے اجراء، الاٹمنٹ اور تقسیم کیلئے متعلقہ تمام اُمور، کاموں اور اشیاء کیلئے مکمل مجاز اور بااختیار ہیں۔"

" مزید قرار پایا کہ ڈائریکٹران بونس شیئرز کی تمام فریکشنز کو یکجا کرنے اور انہیں سٹاک مارکیٹ میں فروخت کرنے اور ان محاصل کو فلاحی اداروں میں تقسیم کرنے کے مجاز ہیں"۔

8۔ کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل 77 کی تبدیلی کے لیے مندرجہ ذیل خاص قرارداد کو تبدیلی یا تبدیلی کے بغیر زیرغور لانا اور اپنانا۔

" طے پایا کہ آرٹیکل 77 تبدیل کیا جاتا ہے۔ جوکہ درجہ ذیل ہے۔

"ڈائریکٹر کے لیے ہر بورڈ یا بورڈ کی کمیٹی کی میٹنگ اٹنڈ کرنے کا معاوضہ -/150,000 روپے ہوگا"۔

سی) امورِدیگر

صاحبِ صدر کی اجازت سے کوئی اور دوسری ٹرانزیکشن کرنا۔

بحکم بورڈ

محمد فیصل عظیم
کمپنی سیکریٹری

لاہور:
04 اکتوبر، 2023

نوٹس:

1۔ کمپنی کی منتقلی حصص کی کتابیں 20 اکتوبر، 2023 سے 26 اکتوبر، 2023 تک (بشمول ہر دو ایام) بندرہیں گی۔ اور اس مدت کے دوران کوئی منتقلی قبول نہیں کی جائے گی۔ شیئرز رجسٹرار، میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99۔ بی، بلاک بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس، مین شاہراہِ فیصل، کراچی، کے دفتر میں 19 اکتوبر، 2023 کو بزنس کلوز ہونے تک وصول ہونے والی ہر لحاظ سے مکمل منتقلیاں حتمی منافع ادا کرنے، اجلاس میں شریک ہونے اور ووٹ ڈالنے کے لیے بروقت تصور کی جائیں گی۔

2۔ اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اپنے بجائے کسی دوسرے ممبر کو اجلاس میں شرکت اور ووٹ دینے کے لیے پراکسی (اپنا نمائندہ) مقرر کرسکتا/ سکتی ہے۔ مہر اور دستخط شدہ پراکسیاں تا آنکہ مئوثر ہوسکیں کمپنی کے رجسٹرڈ دفتر میں اجلاس سے کم از کم 48 گھنٹے قبل لازماً وصول ہونی چاہئیں۔

Governance

Board of Directors

Mr. Sikandar M. Khan
Chairman

Mr. Raheel Asghar
CEO

Mr. Sohail Bashir Rana
Executive Director

Mr. Laeeq Uddin Ansari
Non-Executive Director

Qaiser Saleem
Non-Executive Director

Mr. Saad Iqbal
Non-Executive Director

Mr. Nasar Us Samad Qureshi
Independent Director

Mr. Muhammad Javed Rashid
Independent Director

Mrs. Ambreen Waheed
Independent Director

Board Committees

AUDIT COMMITTEE

1.	Mr. Nasar Us Samad Qureshi	Chairman
2.	Mr. Laeeq Uddin Ansari	Member
3.	Mr. Qaiser Saleem	Member
4.	Mr. Saad Iqbal	Member
5.	Mr. Muhammad Javed Rashid	Member

The terms of reference are as per Listed Companies (Code of Corporate Governance) Regulations, 2019.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

1.	Mr. Muhammad Javed Rashid	Chairman
2.	Mr. Laeeq Uddin Ansari	Member
3.	Mrs. Ambreen Waheed	Member
4.	Mr. Raheel Asghar	Member

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

a. Recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors).

b. Recommending human resource management policies to the Board.

c. Recommending to the Board regarding the appointment of chief financial officer, company secretary and head of internal audit.

d. Keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

FINANCE COMMITTEE

1.	Mr. Sohail Bashir Rana	Chairman
2.	Mr. Laeeq Uddin Ansari	Member
3.	Mr. Raheel Asghar	Member

The terms of reference are as follows:-

i) Product(s) pricing including tractors.

ii) Approval of mutual funds for investment/disinvestment of Company funds.

iii) Capital expenditure as per authority table.

iv) Review budget proposals prior to finalization.

v) Approval of traveling abroad up to Executive grade.

vi) Retainer-ship (approval and fixation of compensation).

vii) Any matter(s) brought to the notice of committee for consideration.

MARKETING COMMITTEE

1.	Mr. Sohail Bashir Rana	Chairman
2.	Mr. Laeeq Uddin Ansari	Member
3.	Mr. Raheel Asghar	Member

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

i) Formulation of sales/marketing strategy.
ii) Appointment/termination of dealers including agreements.
iii) Allowing commission /discounts.
iv) Approval of priority for early delivery.
v) Introducing of incentive schemes.
vi) Other matters relating to sales and marketing.

BOARD'S COMMITTEE FOR GROUP SUPERVISION (BCGS)

1.	Mr. Sikandar Mustafa Khan	Chairman
2.	Mr. Sohail Bashir Rana	Member
3.	Mr. Laeeq Uddin Ansari	Member
4.	Mr. Qaiser Saleem	Member

The terms of reference of the BCGS are as follows:

a. Approve plan for future growth, expansion and new project of the Company.

b. Review over all business performance of the group companies.

c. Approve major projects including new investments of group companies.

ESG COMMITTEE

1.	Mrs. Ambreen Waheed	Chairman
2.	Mr. Sohail Bashir Rana	Member
3.	Mr. Saad Iqbal	Member
4.	Mr. Raheel Asghar	Member

The terms of reference of the ESG committee are as follows:

i) Represent the board in defining the Company's strategy relating to ESG matters.

ii) Review policies, practices and performance of the Company in line with ESG.

iii) Ensuring effectiveness and relevance with changing regulatory and industrial compliances.

iv) Assign responsibilities to MTL management for innovative compliance processes and reporting mechanisms.

Chairman's Review

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

During the financial year-2023, your Company managed to deliver 18,622 tractors compared to 35,005 tractors last year despite economic challenges.

Governance Role of the Board

Composition and dynamics of the Board

Board's role is to provide entrepreneurial leadership of the company within a framework of prudent effective controls, which enables risk to be assessed and managed. The Board performs three major roles in a company – it provides direction (i.e. sets the strategic direction of the company), monitors and provides support and advice to management (advisory role). These roles are in accordance with the vision and mission of the company for achieving the company's business objectives in accordance with Companies Act, 2017.

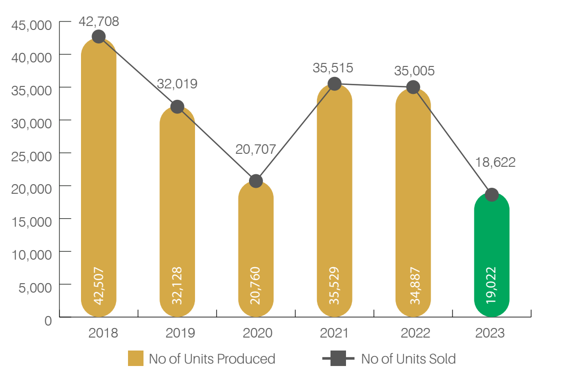
The composition of the Board is given below:

- Independent Directors:03
- Executive Directors:02
- Non-Executive Directors:04

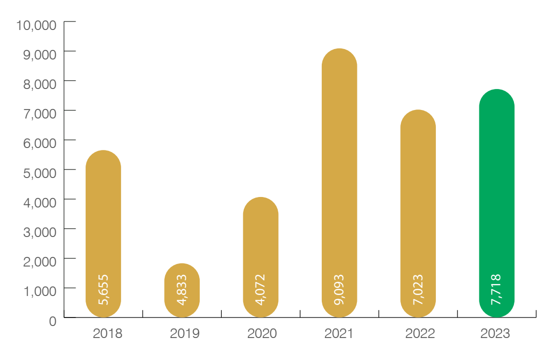
In order to ensure stewardship and monitor direction of the company the Board has made sub-committees which in my opinion have significantly contributed in steering and managing the company. These committees ensure due compliance of Code of Corporate Governance and include:

- Audit Committee
- Human Resource and Remuneration Committee
- Finance Committee
- Marketing Committee
- Board Committee for Group Supervision
- Environmental Social Governance Committee (ESG)

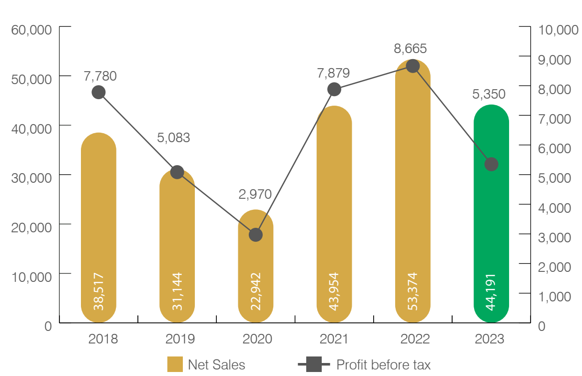
Sale / Production Volume Units



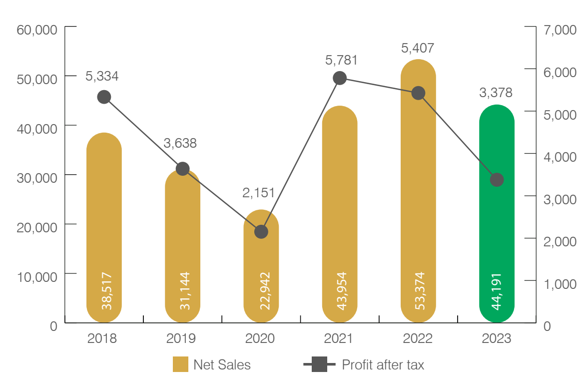
Shareholders Equity (Rs. In Million)



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



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



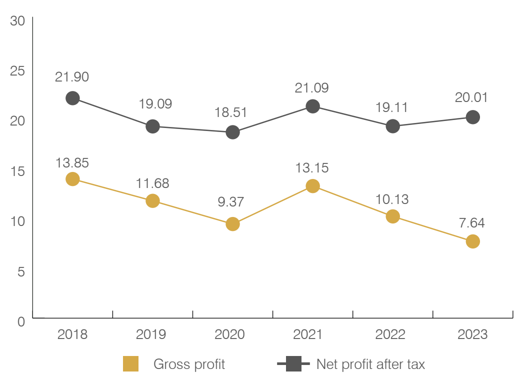
Board Evaluation

As required under the Code of Corporate Governance, a mechanism consisting of a comprehensive questionnaire was circulated to all directors of the Board for evaluation of performance of Board's own performance, members of the Board and of its committees. The key areas covered included:

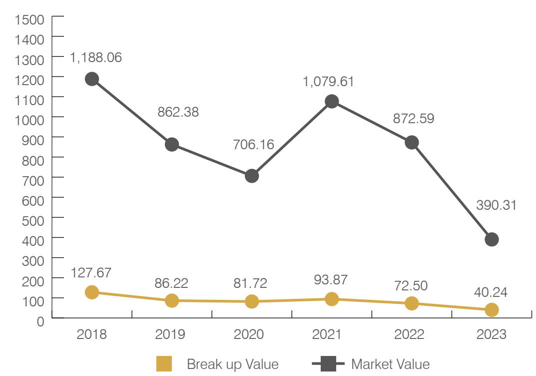
- Strategy and planning
- Board operations and effectiveness
- Measuring and monitoring of performance
- Professional development

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

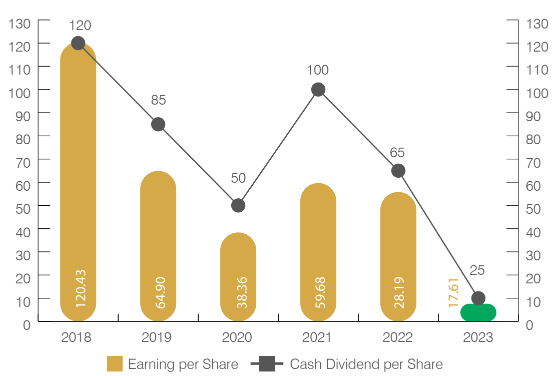
Gross Profit / Net Profit After Tax (Percentage)



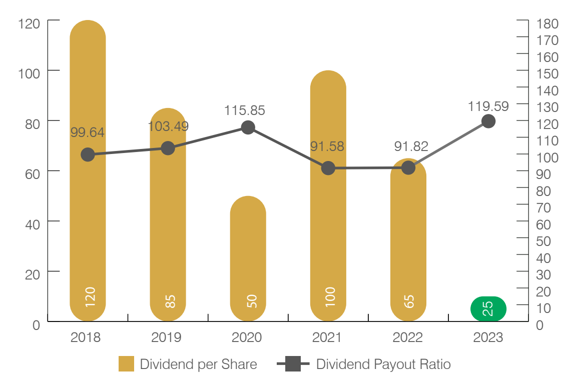
Break up / Market Value Per Share (Rupees)



Earning / Dividend Per Share (Rupees)



Dividend Payout Ratio (Percentage)



Overall Economic and Industry Review

Global battle against inflation has intensified in past few months resulting in contractionary measures taken by Federal Reserves which made dollar stronger. In such tough times, your Company managed to achieve sales of 18,622 tractors during the fiscal year 2022-23 compared to 35,005 tractors last year showing decrease in sales volume by 46.8 % as compared to previous period. Sales in value terms decreased from Rs. 53.37 billion to Rs. 44.19 billion, representing a decrease of 17.20 %. The diluted EPS for the year remained at Rs. 17.61 in contrast with diluted EPS of Rs. 28.19 for the corresponding period last year. The demand for tractors decreased as compared to previous period due to heavy floods in first 6 months of 2022-23 plus increase in tractor prices due to substantial change in cost of inputs. Large Scale Manufacturing (LSM) growth during Jul-Mar FY2023 declined by 8.11% as compared to growth of 10.6% in the same period last year.

Consequent to Russian Ukraine conflict, increase of cost of living and tightening financial conditions in most parts of the world is being observed. Due to exchange reserves imbalance the GDP growth rate for Pakistan was 0.29% percent. Pressure on exchange rate intensified due to depleting foreign exchange reserves. However, after recent IMF deal facility of 3 billion USD, will further improve the currency and forex reserves. International oil prices shall remain capped by OPEC plus action.

In addition to inflation, our country faced a number of internal challenges which brought the economy down to its knees. Devastating floods and their delayed rehabilitation work in Pakistan added profound risk to the country's economic outlook. In addition, country's foreign exchange reserves took a nose dive and resulted in recording their lowest level in a decade, due to which the country faced challenges in retirement of contracts and LCs. This has resulted in a disruption in the supply chain as well as sharp price increases. The economic outlook will be shaped largely by the restoration of political stability and the continued implementation of reforms. There seems to be no short term solution. Our vending associates are also dependent on their supply chain and facing import restrictions.

Withheld Sales Tax refunds of the tractor industry is another area which has resulted in severe liquidity issues. For your Company, Sales Tax refunds of around 6 billion still remain outstanding which has resulted in additional financial costs to fund the borrowing needed to continue operations. After recent high court decision in favor of Company, we hope that the government proceeds with the payments soon to provide much needed relief to the Company.

As a consequence of all these issues and the economic climate, your Company has struggled in past year with low numbers as compared to the previous year. However, till now your Company has managed to keep its supply chain intact. We are however optimistic as economic situation of Pakistan which has started to show some signs of recovery in the month of July, 2023 due to which we anticipate improvement of economy.

Last, but not least, I would like to take this opportunity to extend my gratitude towards Board of Directors, shareholders, vendors, dealers and employees of MTL and would like to acknowledge their hard-work in such testing times. Being an agricultural country, the farmers will continue to be dependent of tractor for mechanize farming.

I would like to end with a prayer that may we all stay safe during these testing times and may Allah pull us out of these testing times successfully.

Sikandar Mustafa Khan
Chairman

Millat Tractors Limited
Lahore: September 25, 2023

مبادلہ پر دباؤ بڑھ گیا۔ تاہم آئی ایم ایف سے 3 بلین امریکی ڈالر کی حالیہ ڈیل کی سہولت کے بعد کرنسی اور زرمبادلہ کے ذخائر میں مزید بہتری آئے گی۔ تیل کی بین الاقوامی قیمتیں او پیک پلس ایکشن کے ذریعے محدود رہیں گی۔

مہنگائی کے علاوہ ہمارے ملک کو کئی داخلی چیلنجز کا سامنا تھا جنہوں نے معیشت کو گھٹنوں کے بل گرا دیا۔ پاکستان میں تباہ کن سیلاب اور ان کی بحالی کے کام میں تاخیر نے ملک کے معاشی منظر نامے کو گہرے خطرے میں ڈال دیا۔ مزید برآں، ملک کے زرمبادلہ کے ذخائر میں کمی آئی اور اس کے نتیجے میں ایک دہائی میں ان کی کم ترین سطح ریکارڈ کی گئی جس کی وجہ سے ملک کو کنٹریکٹس اور ایل سیز کی ریٹائرمنٹ میں چیلنجز کا سامنا کرنا پڑا۔ اس کے نتیجے میں سپلائی چین میں رکاوٹ کے ساتھ ساتھ قیمتوں میں تیزی سے اضافہ ہوا ہے۔ معاشی منظر نامہ بڑی حد تک سیاسی استحکام کی بحالی اور اصلاحات کے مسلسل نفاذ سے تشکیل پائے گا۔ ایسا لگتا ہے کہ کوئی قلیل مدتی حل نہیں ہے۔ ہمارے وینڈنگ ساتھی بھی اپنی سپلائی چین پر منحصر ہیں اور درآمدی پابندیوں کا سامنا کر رہے ہیں۔

ٹریکٹر انڈسٹری کے ودہیلڈ سیلز ٹیکس کی واپسی ایک اور شعبہ ہے جس کے نتیجے میں لیکویڈیٹی کے شدید مسائل پیدا ہوئے ہیں۔ آپ کی کمپنی کے، تقریباً 6 بلین کے سیلز ٹیکس ریفنڈز ابھی بقایا ہیں جس کے نتیجے میں آپریشن جاری رکھنے کے لیے درکار قرضے کے لیے اضافی مالی اخراجات ہوئے ہیں۔ کمپنی کے حق میں ہائی کورٹ کے حالیہ فیصلے کے بعد ہم امید کرتے ہیں کہ حکومت کمپنی کو بہت ضروری ریلیف فراہم کرنے کے لیے ادائیگیوں کی طرف جلد ہی بڑھے گی۔

ان تمام مسائل اور معاشی ماحول کے نتیجے میں آپ کی کمپنی نے پچھلے سال کے مقابلے میں کم نمبروں کے ساتھ جدوجہد کی ہے۔ تاہم اب تک آپ کی کمپنی اپنی سپلائی چین کو برقرار رکھنے میں کامیاب رہی ہے۔ تاہم ہم پاکستان کی معاشی صورتحال کے بارے میں پراُمید ہیں جس میں جولائی 2023 کے مہینے میں بحالی کے کچھ آثار نظر آنا شروع ہو گئے ہیں جس کی وجہ سے ہمیں معیشت میں بہتری کی امید ہے۔

آخر میں، میں ملت ٹریکٹرز لمیٹڈ کے بورڈ آف ڈائریکٹرز، شیئر ہولڈرز، وینڈرز، ڈیلرز اور ایمپلائیز کو خراج تحسین پیش کرتا ہوں اور ان مشکل حالات میں اُن کی سخت محنت کو سراہتا ہوں۔ ایک زرعی ملک ہونے کی وجہ سے کاشتکار مشینی کھیتی کے لیے ٹریکٹر پر انحصار کرتے رہیں گے۔

میری دُعا ہے کہ آپ سب خیر و عافیت سے رہیں اور اس مشکل وقت سے بحفاظت نجات کیلئے خدائے بزرگ و برتر کی رحمتیں ہر لمحہ ہمارے ساتھ رہیں۔

سکندر مصطفیٰ خان

چیئرمین

ملت ٹریکٹرز لمیٹڈ

لاہور: 25 ستمبر، 2023

چیئرمین کا جائزہ

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

مالی سال 2023 کے دوران آپکی کمپنی اقتصادی چیلنجیز کے باوجود مجموعی طور پر 18,622 ٹریکٹرز فروخت کر پائی جبکہ گزشتہ اسی مدت کے دوران سیلز 35,005 ٹریکٹرز تھی۔

بورڈ کا انتظامی کردار

بورڈ کی تشکیل اور ساخت

کمپنی کو ایک محتاط موئثر کنٹرول کے فریم ورک میں رکھتے ہوئے منظم قیادت فراہم کرنا بورڈ کی ذمہ داریوں میں شامل ہے تاکہ کسی بھی قسم کے خطرے کے خطرے کا جائزہ لے کر باآسانی نبرد آزما ہوا جا سکے۔ بورڈ کمپنی میں تین اہم کردار ادا کرتا ہے۔

سمت کا تعین (کمپنی کی سٹریٹجک ڈائریکشن کا تعین)، انتظامیہ کی نگرانی ،انتظامیہ کو مشورے اور معاونت فراہم کرنا (مشاورتی کردار)۔ یہ کردار کمپنی کے نظریے اور مقصد سے مطابقت رکھتے ہیں تاکہ کمپنیز ایکٹ، 2017 کے مطابق کمپنی کے کاروباری اہداف کو پورا کیا جا سکے۔

بورڈ کی ساخت درج ذیل ہے۔

- خودمختار ڈائریکٹرز 03
- ایگزیکٹو ڈائریکٹرز 02
- دیگر نان ایگزیکٹو ڈائریکٹرز 04

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

کوڈ آف کارپوریٹ گورننس کی تعمیل یقینی بنانے والی یہ کمیٹیاں درج ذیل ہیں:

- آڈٹ کمیٹی
- ہیومن ریسورس اور ریمنریشن کمیٹی
- فنانس کمیٹی
- مارکیٹنگ کمیٹی
- گروپ سپرویژن کے لئے بورڈ کمیٹی
- انوائرمینٹل سوشل گورننس کمیٹی (ای ایس جی)

بورڈ کی کارکردگی کا جائزہ

جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت لازم ہے ایک وضع کردہ طریقہ کار کے مطابق بورڈ آف ڈائریکٹرز کی کارکردگی کو جانچنے کے لئے تمام ڈائریکٹرز کو ایک جامع سوالنامہ تقسیم کیا گیا ہے جو مندرجہ ذیل اہم شعبہ جات پر مشتمل ہے۔

- حکمت عملی اور منصوبہ بندی
- بورڈ کے آپریشنز اور اثر اندازی
- کارکردگی کا جائزہ اور نگرانی
- پروفیشنل ڈویلپمنٹ

انفرادی طور پر رائے لی گئی اور اس رائے کی بنیاد پر بورڈ کی اوسط کارکردگی اور بورڈ آف ڈائریکٹرز کی گورننگ کے حوالے سے چیئرمین کی کارکردگی کو بہتر پایا گیا کیونکہ کمپنی کی مجموعی کارکردگی اور ساکھ میں بہتری نظر آئی ہے۔

مجموعی اقتصادی اور صنعتی جائزہ

مہنگائی کے خلاف عالمی جنگ گزشتہ چند مہینوں میں تیز ہوگئی ہے جس کے نتیجے میں فیڈرل ریزرو کی جانب سے اس کے تدارک کے لیے اقدامات کیے گئے ہیں جس سے ڈالر مضبوط ہوا ہے۔ ایسے مشکل حالات میں، آپ کی کمپنی نے مالی سال 23-2022 کے دوران 18,622 ٹریکٹرز فروخت کرنے میں کامیاب رہی جو پچھلے سال کے 35,005 ٹریکٹروں کے مقابلے میں فروخت کے حجم میں 46.8 فیصد کمی کو ظاہر کرتی ہے۔ قیمت کے لحاظ سے سیلز 53.37 ارب روپے سے کم ہو کر 44.19 بلین روپے ہوگئی جو کہ 17.20 فیصد کمی کو ظاہر کرتا ہے۔ سال کے لیے گھٹا ہوا ای پی ایس 17.61 روپے پر رہا۔ جبکہ اس کے برعکس گزشتہ سال اسی مدت کے لیے ای پی ایس 28.19 روپے تھا۔ 23-2022 کے پہلے 6 مہینوں میں شدید سیلاب کی وجہ سے پچھلے سال کے مقابلے ٹریکٹرز کی مانگ میں کمی آئی اور ان پٹ کی لاگت میں خاطر خواہ تبدیلی کی وجہ سے ٹریکٹر کی قیمتوں میں اضافہ ہوا۔ جولائی تا مارچ مالی سال 2023 کے دوران بڑے پیمانے پر مینوفیکچرنگ (LSM) کی گروتھ 8.11 فیصد کم ہوئی جو گزشتہ سال کی اسی مدت میں 10.6 فیصد کی تھی۔

مشاہدہ کیا جا رہا ہے کہ روسی یوکرین تنازعہ کے نتیجے میں دنیا کے بیشتر حصوں میں زندگی گزارنے کی لاگت میں اضافہ اور مالی حالات سخت ہوئے ہیں۔ زرمبادلہ کے ذخائر میں عدم توازن کی وجہ سے پاکستان کی جی ڈی پی کی شرح نمو 0.29 فیصد رہی۔ زرمبادلہ کے ذخائر میں کمی کی وجہ سے شرح

Directors' Report

To The Shareholders

The Directors feel pleasure in presenting their 60th annual report together with audited financial statements of the Company for the year ended June 30, 2023.

Appropriations

Your Directors recommended a payment of final cash dividend @ Rs.15.00 per share (150%).

The aforesaid payout shall be in addition to the interim cash dividend of Rs. 10.00 per share (100%) and 10% Bonus shares(1st interim) and 50% Bonus shares (2nd interim) already issued, making a total of Rs. 25.00 per share (250%) as cash dividend and 60% Bonus shares.

The following appropriations were made during the year:

	General Reserve	Un-appropriated Profit
	(Rupees in thousands)	
Opening balance - Restated	2,278,935	2,162,241
Less: Final dividend @ Rs 20 of 2022	-	(1,937,355)
Less: Final Bonus Shares @20% of 2022	-	(193,736)
Profit for the year ended June 30, 2023	-	3,504,661
Less: Interim dividend @ Rs 10 of 2023	-	(1,162,414)
Less: 1st Interim Bonus shares @ 10% of 2023	-	(116,241)
Less: 2nd Interim Bonus shares @ 50% of 2023	-	(639,327)
Un-appropriated profit carried forward	2,278,935	1,617,829

Earnings Per Share

Earning per share for the year ended June 30, 2023 was Rs.17.61 as against Rs. 28.19 (restated) of the preceding year.

Board of Directors

The Board comprises of nine directors as on June 30, 2023.

(a) Male:	08
(b) Female:	01
Composition:	
(i) Independent Directors:	03
(ii) Other Non-Executive Directors:	04
(iii) Executive Directors:	02

Name(s) of Directors

1. Mr. Sikandar M. Khan-Chairman (Non-Executive Director)	6. Mr. Saad Iqbal (Non-Executive Director)
2. Mr. Raheel Asghar-CEO (Executive Director)	7. Mr. Nasar Us Samad Qureshi (Independent Director)
3. Mr. Sohail Bashir Rana (Executive Director)	8. Mr. Muhammad Javed Rashid (Independent Director)
4. Mr. Laeeq Uddin Ansari (Non-Executive Director)	9. Mrs. Ambreen Waheed (Independent Director)
5. Mr. Qaiser Saleem (Non-Executive Director)	

The present Board was constituted after election of directors in Annual General Meeting, held on October 30, 2021. During the year Mr. Raheel Asghar was appointed Chief Executive of the Company with effect from November 15, 2022. The three years term of the present Board shall expire on October 30, 2024.

Board Meetings

The Board ensures that the Company achieves its strategic objectives. The Board discharges its responsibilities through a schedule of meetings. During the current fiscal year, six meetings were held, which were also attended by the Chief Financial Officer and the Company Secretary.

Board Committees

The names of members of Board Committees as on June 30, 2023 are as follows:-

1. Audit Committee

Mr. Nasar Us Samad Qureshi	Chairman
Mr. Laeeq Uddin Ansari	Member
Mr. Qaiser Saleem	Member
Mr. Saad Iqbal	Member
Mr. Muhammad Javed Rashid	Member

2. Human Resource & Remuneration Committee

Mr. Muhammad Javed Rashid	Chairman
Mr. Laeeq Uddin Ansari	Member
Mr. Raheel Asghar	Member
Mrs. Ambreen Waheed	Member

3. Finance Committee

Mr. Sohail Bashir Rana	Chairman
Mr. Laeeq Uddin Ansari	Member
Mr. Raheel Asghar	Member

4. Marketing Committee

Mr. Sohail Bashir Rana	Chairman
Mr. Laeeq Uddin Ansari	Member
Mr. Raheel Asghar	Member

5. Board's Committee for Group Supervision

Mr. Sikandar Mustafa Khan	Chairman
Mr. Sohail Bashir Rana	Member
Mr. Laeeq Uddin Ansari	Member
Mr. Qaiser Saleem	Member

6. Environmental Social Governance Committee (ESG)

Mrs. Ambreen Waheed	Chairman
Mr. Sohail Bashir Rana	Member
Mr. Saad Iqbal	Member
Mr. Raheel Asghar	Member

Directors' Remuneration Policy

The Directors Remuneration policy of non-executive directors including independent directors as approved by the Board is as follows:-

i) Non-Executive Directors (Including Independent Directors)

Any fee / remuneration payable to the Independent and / or Non-Executive Directors of the Company shall be in following manner.

Meeting Fee

Independent and / or Non- Executive Director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee(s) thereof as per Articles of Association of the Company.

Performing Extra Service

The remuneration for performing extra service may be paid to Non- Executive Director(s) as may be decided by the Board of Directors of the Company from time to time, depending on the extra time and effort as may be devoted and contribution as may be made by the Non-Executive Director(s).

Reimbursement of actual expenses incurred

Independent and / or Non- Executive Director(s) may also be paid / reimbursed such sums either as fixed allowance and /or actual as fair compensation for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such Directors for attending Board / Committee Meetings.

Aggregate Directors' Remuneration

Details of the Directors' remunerations for the year ended June 30, 2023 are as under:

	Chief Executive Officer	Executive Directors	Non Executive Directors	Independent Directors
Number of Persons	2*	2	3	3
	Rupees "000"			
Managerial remuneration	27,998	392	420	-
Cost of living allowance	-	392	420	-
Bonus	3,899	4,402	5,675	-
House rent	13,586	177	189	-
Contribution to Provident Fund	2,803			-
Medical Expenses	586	1,189	2,418	-
Utilities	948	647	1,886	-
Other allowances	2,528	40	41	-
Fees	-	-	1,400	2,600
Expenses reimbursed	2,056	1,190	1,515	-

*Remuneration represents amount paid to current and former Chief Executive Officer.

Principal Activities, Development and Performance of Company's

Business During Financial Year-2023

The Company is principally engaged in assembly and manufacture of agricultural tractors, farm equipment and multi-application products including forklift trucks and generators.

The financial statements of the Company truly reflect the state of Company's affairs and fair review of its business. The demand for tractors decreased drastically compared to last year in view of heavy floods in first half of financial year 2023 coupled with increase in tractor prices due to substantial increase in cost of inputs. The Company faced liquidity constraints due to nonpayment of Sales Tax refunds. Tractor sales of the Company reduced to 18,622 units compared to 35,005 units sold last year. Despite foregoing constraints, the Company performed well due to efforts of employees, dealers, vendors and all stakeholders.

Gross profit margin remained at 20.01 % due to decrease in sales volume.

Net profit for the period stood at 7.64% of sales versus 10.13% in previous year. The decrease is due to decrease in sales revenue.

Principal Risks and Uncertainties Facing the Company

Effective risk management is the key to sustainable business.

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

Operational Risks

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

Taxation Regime of Pakistan

Extreme measures are required to rationalize tax laws and increase investors' confidence.

Environmental Risk

During the current fiscal year, effects of climate change became more visible in the form of heavy down pour in all over Pakistan specially in Sindh and Baluchistan causing massive floods. The unforeseen changes in environment have started to hamper the growth trajectory of the agricultural products, which is worrisome for our country that relies on it financially and economically. Our company is also directly linked with agriculture and any adverse impact severely affects company's performance as well.

Financial Risks

Financial risks may cause financial loss to the entity. Financial risk has been described in detail in note 46.1 to the attached financial statements that includes market risks, credit risks and liquidity risk.

Compliance Risk

Non-compliance with applicable laws and regulations may result in imposition of punitive action. Therefore a comprehensive and effective compliance function is in place and Company's Code of Conduct clearly defines expectations from its employees. Further, there is zero tolerance policy for non-compliance activities and behaviours. The employees and business partners are encouraged to report compliance violations that they may encounter.

Changes During Financial Year Concerning the Nature of the Business of the Company

There has been no change in the principal activity of the Company during the year. The Company continued to increase its efforts in retail and exports sector.

Future Prospects of Profit

Tractor sales are expected to retain the same trajectory in upcoming fiscal year.

Adequacy of Internal Financial Controls

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

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

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

Main Trends and Factors Likely to Affect the Future Development, Performance and Position of the Company's Business

The major factors that are likely to affect the company's business are:

- Rupee parity
- Kharif and Rabi season crop output
- Supply chain performance
- Pace of CPEC and other development projects

Shift in any of these parameters will impact company's performance. It is anticipated that upcoming fiscal year will be on the same trajectory as current year.

Duty and Taxes

Information about taxes and levies is given in the respective notes to the annexed financial statements.

Auditors

The present auditors M/s. EY Ford Rhodes Co., Lahore retired and M/s. A.F Ferguson and Co., Chartered Accountants has offered for appointment. The Board Audit Committee and Board of Directors of the Company have endorsed their appointment at remuneration of Rs. 4,700,000/- for shareholders' consideration at the forthcoming Annual General Meeting. The firm has certified that they have been given satisfactory rating under the Quality Control Review of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan and being eligible, offer themselves for appointment.

Directors' Orientation Program

An orientation course was arranged for the Directors to acquaint them with the code, applicable laws, their duties and responsibilities to enable them to effectively manage affairs of the Company for and on behalf of the shareholders. Written material was also provided to them.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report except as disclosed in this report.

Auditor's Observations

No adverse remark, observation was given by the auditors' in their report for the year ended June 30, 2023.

Statement on Corporate Financial Reporting Frame Work

The Company has complied with all the requirements of the Code of Corporate Governance.

Accordingly, the Directors are pleased to confirm the following:

a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in the preparation of financial statements, except for the changes as disclosed in Note no. 4 of the financial statements, which conform to the International Accounting and Reporting Standards as applicable in Pakistan. The accounting estimates, wherever required are based on reasonable and prudent judgement.

d) The International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of Corporate Governance.

h) The key operating and financial data for the last six years is annexed.

i) The value of investments of provident, gratuity and pension funds based on their audited accounts as on June 30, 2023 were as follows:

- Provident Fund Rs.24,743,817
- Gratuity Fund Rs. 7,521,612
- Pension Fund Rs. 8,257,843

The value of investment includes accrued interest.

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

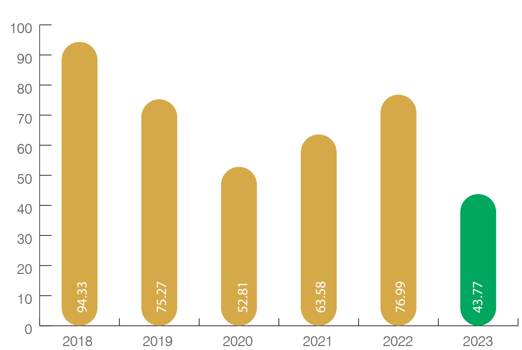
Purchase of Shares

	No. of shares Purchased
Mr. Sikandar Mustafa Khan, Director	367,123
Mr. Sohail Bashir Rana, Director	73,534
Mrs. Ayesha Sohail, Spouse of Mr. Sohail Bashir Rana, Director	10,406
Mr. Laeeq Uddin Ansari, Director	120,042
Mr. Qaiser Saleem, Director	139,787
Mr. Saad Iqbal, Director	17,000
Mrs. Ambreen Waheed, Director	347

Sale of Shares

	No. of shares Sold
Mrs. Ambreen Waheed, Director	05

Return on Equity (Percentage)



Code of Conduct

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

Statement of Compliance With the Code of Corporate Governance

The requirements of the Code of Corporate Governance, relevant for the year ended June 30, 2023 have been duly complied with. A statement to this effect is annexed separately with the report.

Chairman's Review

The Directors of your Company endorse the contents of the Chairman's Review.

Related Party Transactions

The related party transactions conducted with group companies had to be approved by the board duly recommended by the audit committee periodically pursuant to regulation 15 of the Code of Corporate Governance. However, in the last Annual General Meeting, the shareholders had authorized the Chief Executive of the Company to approve these transactions in the normal course of business subject to final approval/ratification by the shareholders as majority of directors were interested in these transactions at the time of authorization. Therefore these transactions will be placed before the shareholders in next Annual General Meeting for final approval/ratification.

Pattern of Shareholding

The pattern of shareholding is annexed.

Number of Employees

The numbers of permanent employees as on June 30, 2023 were 336 compared to 334 of last year.

Consolidated Financial Statements

Consolidated financial statements of the Company as on June 30, 2023 are annexed.

Corporate Social Responsibility

Disclosure of Corporate Social Responsibility is annexed and forms part of this report.

Web Presence

Company's periodic financial statements for the current financial year including previous annual reports are available on the Company's website www.millat.com.pk for information of the investors.

For and on behalf of the Board

Chief Executive

Chairman

Lahore:
September 25, 2023

فروخت کردہ شیئرز	فروخت کردہ شیئرز کی تعداد
محترمہ عنبرین وحید (ڈائریکٹر)	05

ضابطہ اخلاق:

پروفیشنل اسٹینڈرڈز اور کارپوریٹ اقدار کے فروغ، سینئر مینجمنٹ، دیگر ملازمین اور بورڈ کی سالمیت برقرار رکھنے کے لئے بورڈ نے ایک ضابطہ اخلاق کی منظوری دی ہے جس میں قابلِ قبول اور نا قابل قبول عمل کی وضاحت کی گئی ہے۔ یہ ضابطہ اخلاق کمپنی کی ویب سائٹ پر بھی موجود ہے۔

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کا بیان

30 جون، 2023 کو ختم ہونے والے سال کیلئے متعلقہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کی گئی ہے۔ اِس سے متعلق ایک بیان رپورٹ کے ساتھ علیحدہ سے منسلک ہے۔

چیئرمین کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز چیئرمین کے جائزہ کی تائید کرتے ہیں۔

متعلقہ پارٹی کی ٹرانزیکشنز

گروپ کمپنیوں کے ساتھ کیے گے متعلقہ فریق کے لین دین کو کوڈ آف کارپوریٹ گورننس کے ضابطہ 15 کے مطابق وقتاً فوقتاً آڈٹ کمیٹی کے تجویز کردہ بورڈ کے ذریعے منظور کیا جانا تھا تاہم پچھلی سالانہ جنرل میٹنگ میں شیئر ہولڈرز نے کمپنی کے چیف ایگزیکٹو کو اختیار دیا تھا کہ وہ ان لین دین کو معمول کے کاروبار میں منظور کریں تا کہ شیئر ہولڈرز کی طرف سے حتمی منظوری/توثیق ہو کیونکہ اس وقت ڈائریکٹرز کی اکثریت ان لین دین میں دلچسپی رکھتی تھی۔ اس لیے ان ٹرانزیکشنز کی حتمی منظوری/توثیق کے لیے اگلی سالانہ جنرل میٹنگ میں شیئر ہولڈرز کے سامنے رکھا جائیگا۔

شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈنگ کا پیٹرن منسلک کیا گیا ہے۔

ملازمین کی تعداد:

30 جون، 2023 کو ختم ہونے والے سال میں کمپنی کے مستقل ملازمین کی تعداد 336 تھی جبکہ گزشتہ سال یہ تعداد 334 تھی۔

مجموعی مالیاتی اسٹیٹمنٹ

30 جون، 2023 تک کی مجموعی مالیاتی اسٹیٹمنٹ منسلک کی گئی ہے۔

کارپوریٹ سماجی ذمہ داری

کارپوریٹ سماجی ذمہ داریوں کے متعلق بیان منسلک ہے اور اِس رپورٹ کا لازمی حصہ بنایا گیا ہے۔

ویب سائٹ پر موجودگی

موجودہ مالی سال کے لئے کمپنی کی فنانشل اسٹیٹمنٹس بشمول گزشتہ سالانہ رپورٹس سرمایہ کاروں کی معلومات کیلئے کمپنی کی ویب سائٹ www.millat.com.pk پر موجود ہے۔

بحکم بورڈ

چیف ایگزیکٹو

لاہور: 25 ستمبر، 2023

چیئرمین

آڈیٹرز

موجودہ آڈیٹرز میسرز ای وائے فورڈ روڈز کمپنی لاہور ریٹائر ہو گے ہیں اور میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے اپنے انتخاب کی پیشکش کی ہے۔

بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے -/4,700,000 روپے معاوضے پر انکی تقرری کی توثیق کی ہے اور آئندہ ہونے والے سالانہ اجلاس عام میں اسے شیئر ہولڈرز کی منظوری کیلئے پیش کیا جائے گا۔ فرم نے تصدیق کی ہے کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول جائزہ کے تحت اطمینان بخش درجہ بندی کی گئی ہے اور وہ آڈٹ اوورسائٹ بورڈ آف پاکستان کے ساتھ رجسٹرڈ ہیں اور اہل ہونے کے ناطے اپنی تعیناتی کے خواہش مند ہیں۔

ڈائریکٹرز کا تربیتی پروگرام

ڈائریکٹرز کے لئے ایک اورینٹیشن کورس تشکیل دیا گیا جس میں اُنہیں ضابطہ، قابل اطلاق قوانین اور اُن کی ذمہ داریوں وفرائض سے آگاہ کیا گیا تا کہ وہ موثر طریقے سے کمپنی اور شیئر ہولڈرز کی طرف سے معاملات سنبھال سکیں۔ اُنہیں تحریری مواد بھی فراہم کیا گیا۔

دیگر متعلقہ ایونٹس

کمپنی کے مالی سال کے اختتام سے موجودہ رپورٹ کی اشاعت کی تاریخ تک کمپنی کی مالی پوزیشن پر اثر انداز ہونے والی کوئی بھی تبدیلی رونما نہیں ہوئی۔ جبکہ ایسی کوئی بھی تبدیلی اس رپورٹ میں واضح کی گئی ہے۔

آڈیٹرز کا مشاہدہ

سال مختتمہ 30 جون، 2023 کی سالانہ رپورٹ میں آڈیٹرز نے اپنی رپورٹ میں کسی قسم کی منفی رائے نہیں دی۔

کارپوریٹ فنانشل رپورٹنگ فریم ورک کی اسٹیٹمنٹ

کمپنی نے کارپوریٹ گورننس کے ضابطہ اخلاق کی ضروریات کو مدِنظر رکھتے ہوئے درج ذیل قواعد مرتب کئے ہیں۔

ڈائریکٹرز انتہائی مسرت کے ساتھ تصدیق کرتے ہیں کہ:

ا۔ کمپنی کی طرف سے تیار کردہ مالی اسٹیٹمنٹس کمپنیز ایکٹ، 2017 کے مطابق ترتیب دی گئی ہیں اور اِس میں درج مالیاتی گوشوارے، کمپنی کے معاملات، کاروباری سرگرمیوں کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

ب۔ کمپنی نے باضابطہ طور پر اکاؤنٹس کے کھاتوں کو تیار کر رکھا ہے۔

پ۔ اِن مالیاتی گوشواروں کی تیاری میں ضروری اور مخصوص اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے ماسوائے مالیاتی گوشواروں کی شق نمبر 4 میں واضح کردہ تبدیلیوں کے جو بین الاقوامی اکاؤنٹنگ اور رپورٹنگ سٹینڈرڈز کے عین مطابق ہیں اور پاکستان میں قابل اِطلاق ہیں۔ کبھی بھی مطلوب ہونے والے اکاؤنٹنگ کے تخمینے انتہائی منطقی اور محتاط اندازے پر مبنی ہیں۔

ت۔ اِن مالیاتی گوشواروں کی تیاری میں بین الاقوامی فنانشل رپورٹنگ اسٹینڈرڈ (جہاں تک وہ پاکستان میں قابل اطلاق ہیں) کی پیروی کی گئی ہے۔

ٹ۔ اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اِس کا مئوثر اطلاق اور نگرانی کی جاتی ہے۔

ث۔ کمپنی کے مستقبل میں کام جاری رکھنے کی اہلیت پر کوئی شکوک وشبہات نہیں ہیں۔

ج۔ متعین شدہ اصول وضوابط میں درج کارپوریٹ گورننس کے رہنما اصولوں سے اِنحراف نہیں کیا گیا۔

چ۔ گزشتہ 6 سالوں کے اہم کاروباری اور مالیاتی حسابات درج ہیں۔

ح۔ 30 جون، 2023 کو آڈیٹ شدہ اکاؤنٹس کی بنیاد پر پراویڈنٹ، گریجویٹی اور پنشن فنڈز کی سرمایہ کاری کی مالیت درج ذیل ہے۔

پراویڈنٹ فنڈ	24,743,817 روپے
گریجویٹی فنڈ	7,521,612 روپے
پنشن فنڈ	8,257,843 روپے

سرمایہ کاری کی رقم میں وصول شدہ انٹرسٹ شامل ہے۔

خ۔ سال کے دوران ڈائریکٹرز کی جانب سے خرید وفروخت کیے گے شیئرز درجہ ذیل ہے۔

خریدے گئے شیئرز	خریدے گئے شیئرز کی تعداد
مسٹر سکندر مصطفیٰ خان (ڈائریکٹر)	367,123
مسٹر سہیل بشیر رانا (ڈائریکٹر)	73,534
محترمہ عائشہ سہیل، (مسٹر سہیل بشیر رانا ڈائریکٹر کی شریک حیات)	10,406
مسٹر لئیق الدین انصاری (ڈائریکٹر)	120,042
مسٹر قیصر سلیم (ڈائریکٹر)	139,787
مسٹر سعد اقبال (ڈائریکٹر)	17,000
محترمہ عنبرین وحید (ڈائریکٹر)	347

کمپنی کو درپیش خطرات اور غیر یقینی صورتحال

موثر رسک مینجمنٹ کسی بھی مستحکم کاروبار کا ایک لازمی جزو ہے۔ ہمارے خطرات سے نمٹنے کے نظام اور داخلی کنٹرول پالیسیز نے ہماری توجہ کمپنی کو درپیش بنیادی خطرات کے خلاف مرکوز رکھنے میں ہماری کافی مدد کی ہے۔ کمپنی کی جانب سے بنایا گیا داخلی کنٹرول کا یہ فریم ورک مقرر شدہ احتساب اور پالیسی فریم ورک کسی بھی مادی مسئلے یا واقعے کی نشاندہی کرتے ہوئے کسی بھی قسم کے نقصان کو کم کرنے میں معاون ثابت ہوتا ہے۔ کمپنی کو مندرجہ ذیل بنیادی خطرات کا سامنا ہے جنہیں کمپنی اپنی مخصوص پالیسیز اور تدابیر کے ذریعے کم کرتی ہے۔

اموری خطرات

اموری خطرات کا تعلق ایسے عوامل سے ہے جو آپریشنز کو با آسانی چلانے سے روکتے ہیں۔ ہمارے نمایاں اموری خطرات مندرجہ ذیل ہیں۔

پاکستان میں ٹیکس کا نظام

ٹیکس قوانین کو سودمند بنانے اور سرمایہ کاروں کا اعتماد حاصل کرنے کیلئے انتہائی اقدامات کرنا ہوں گے۔

ماحولیاتی خطرات

رواں مالی سال کے دوران موسمیاتی تبدیلی کے اثرات پورے پاکستان میں خاص طور پر سندھ اور بلوچستان میں شدید بارشوں کی صورت میں زیادہ نمایاں ہوئے جس سے بڑے پیمانے پر سیلاب آئے۔

ماحول میں پہلی دفعہ رونما ہونے والی تبدیلیاں زرعی مصنوعات کی ترقی کے راہ میں رکاوٹ بننا شروع ہوچکی ہیں، جوکہ مالی اور اقتصادی طور پر زراعت پر انحصار کرنے والے ملک کیلئے تشویشناک ہے۔ چونکہ ہماری کمپنی بھی براہ راست زراعت سے منسلک ہے اور کسی بھی قسم کے منفی اثرات کمپنی کی کارکردگی کو بھی متاثر کرتے ہیں۔

مالیاتی خطرات

مالیاتی خطرات کمپنی کو مالی طور پر نقصان پہنچا سکتے ہیں۔ منسلکہ فنانشیل اسٹیٹمنٹس کے نوٹ نمبر (46.1) میں مالیاتی خطرات کے بارے میں تفصیل سے بیان کیا گیا ہے جس میں مارکیٹ، کریڈٹ اور لیکویڈیٹی خطرات شامل ہیں۔

کمپلائنس خطرات

قواعد وضوابط کی تعمیل نہ کرنے کی صورت میں انضباطی کارروائی کا احتمال ہوسکتا ہے۔ مزید براں کمپنی میں ایسے خطرات کو کم کرنے کیلئے ایک انتہائی جامع اور موثر کمپلائنس فنکشن ترتیب دیا گیا ہے اور کمپنی کا ضابطہ اخلاق کمپنی کے ملازمین سے توقعات کو بھی واضح کرتا ہے۔ کمپنی اس بات کو سراہتی ہے کہ اس کے ملازمین اور بزنس پارٹنرز کسی بھی قسم کی قانونی خلاف ورزی کے بارے میں کمپنی کو آگاہ کریں۔

مالی سال کے دوران کمپنی بزنس کی نوعیت میں تبدیلی

رواں سال کے دوران کمپنی کی بنیادی سرگرمی میں کوئی تبدیلی رونما نہیں ہوئی۔ کمپنی نے ریٹیل اور ایکسپورٹس سیکٹر کیلئے اپنی کوششوں میں اضافہ جاری رکھا۔

منافع کے مستقبل کے امکانات

توقع ہے کہ ٹریکٹر کی فروخت کا رجحان اگلے مالی سال میں بھی اسی طرح رہنے کا امکان ہے۔

موزوں داخلی مالیاتی کنٹرولز

ملت ٹریکٹرز لمیٹڈ کا بورڈ کمپنی کے اندرونی کنٹرول کے نظام کے قیام اور دیکھ بھال کا ذمہ دار ہے تاکہ کمپنی کو درپیش خطرات کی نشاندہی اور ان کا انتظام کیا جاسکے۔

اگرچہ حتمی نہیں لیکن سسٹم مناسب ضمانت دیتا ہے کہ:

- اثاثے غیر متعلقہ استعمال کے خلاف محفوظ ہیں۔
- مکمل اور قابل اعتبار اکاوئنٹنگ ریکارڈز بزنس کے اندر رہتے ہوئے استعمال کیلئے دستیاب ہیں۔
- آپریشنل بزنس کے اندر ایک مناسب کنٹرول میکانزم تشکیل دیا گیا ہے۔
- کمپنی کے اندر ترتیب دیئے جانے والے داخلی مالیاتی کنٹرولز سال بھر اطمینان بخش رہے۔

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

کمپنی کے کاروبار کو متاثر کرنے والے بڑے عوامل مندرجہ ذیل ہیں۔

- روپے کی قدر
- ربیع وخریف کی فصل کی پیداوار
- سپلائی چین کی کارکردگی
- سی پیک اور دوسرے ترقیاتی منصوبے کی رفتار

مندرجہ بالا عوامل میں سے کسی ایک میں نمایاں تبدیلی کمپنی کی کارکردگی کو متاثر کرے گی۔ توقع کی جاتی ہے کہ آئندہ مالی سال بھی رواں مالی سال جیسا ہی ہوگا۔

ڈیوٹی اور ٹیکسز

ٹیکسز اور لیویز کے بارے میں معلومات منسلک مالیاتی سٹیٹمنٹس کے متعلقہ نوٹس میں دی گئی ہیں۔

i) نان ایگزیکٹوڈائریکٹرز (بشمول آزادڈائریکٹرز)

کمپنی کے نان ایگزیکٹو یا آزاد ڈائریکٹرز کو کسی بھی معاوضہ یا فیس کی ادائیگی مندرجہ ذیل اصول کے مطابق کی جائیگی۔

میٹنگ فیس

کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق نان ایگزیکٹو یا آزادڈائریکٹرز بورڈ یا کمیٹی کی میٹنگ میں شمولیت کے لئے فیس کی صورت میں معاوضہ وصول کریں گے۔

اضافی خدمات کی انجام دہی

اضافی خدمات کی انجام دہی کے لئے نان ایگزیکٹوڈائریکٹرز کو پیش کیے جانے والا معاوضہ وقتاً فوقتاً کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے طے کیا جائے گا جسکا انحصار نان ایگزیکٹوڈائریکٹرز کی اضافی کوشش اور اضافی وقت پر ہوگا۔

حقیقی اخراجات کی ادائیگی

نان ایگزیکٹیو اور/ آزاد ڈائریکٹرز کو فکسڈ الاؤنس کی مد میں یا پھر بورڈ/ کمیٹی میٹنگز میں شرکت کے لئے سفری، رہائشی یا دیگر حقیقی اخراجات کے عوض معاوضہ دیا/تفویض کیا جائے گا۔

ڈائریکٹرز کا مجموعی معاوضہ

30 جون، 2023 کو ختم ہونے والے سال کیلئے ڈائریکٹرز کے معاوضہ کی تفصیل حسب ذیل ہے:

	چیف ایگزیکٹو آفیسر	ایگزیکٹو ڈائریکٹر	نان ایگزیکٹو ڈائریکٹرز	آزاد ڈائریکٹرز
ممبران کی تعداد	2*	2	3	3
رقم ہزاروں میں				
انتظامی معاوضہ	27,998	392	420	-
کوسٹ آف لیونگ الاؤنس	-	392	420	-
بونس	3,899	4,402	5,675	-
گھر کا کرایہ	13,586	177	189	-
پرووِیڈنٹ فنڈ میں حصہ	2,803	-	-	-
طبی اخراجات	586	1,189	2,418	-
یوٹیلیٹیز	948	647	1,886	-
دیگر الاؤنسز	2,528	40	41	-
فیس	-	-	1,400	2,600
قابل واپسی اخراجات	2,056	1,190	1,515	-

*معاوضہ موجودہ اور سابق چیف ایگزیکٹو آفیسر کو ادا کی گئی رقم کو ظاہر کرتا ہے

مالیاتی سال 2023 کے دوران کمپنی کی کارکردگی اور کاروبار میں ترقی سے متعلق نمایاں سرگرمیاں

کمپنی بنیادی طور پر زرعی ٹریکٹرز اور فارم کے سامان کی مینوفیکچرنگ اور اسمبلنگ کے ساتھ ساتھ ملٹی ایپلیکیشن پراڈکٹس بشمول کہ فورک لفٹ ٹرک اور جنریٹرز بھی تیار کرتی ہے۔

کمپنی کی مالیاتی تفصیلات اِس بات کی عکاسی کرتی ہیں کہ کمپنی کے کاروباری معاملات شفاف نوعیت کے ہیں۔ مالی سال 2023 کی پہلی ششماہی میں بھاری سیلاب کے پیش نظر ٹریکٹروں کی مانگ میں گزشتہ سال کے مقابلے میں زبردست کمی آئی اور ساتھ ہی ان پٹ کی لاگت میں خاطر خواہ اضافے کی وجہ سے ٹریکٹر کی قیمتوں میں بھی اضافہ ہوا۔

کمپنی کو سیلز ٹیکس ری فنڈز کی عدم ادائیگی کی وجہ سے لیکویڈیٹی مسائل کا سامنا رہا۔ نتیجتاً کمپنی کے ٹریکٹر کی مجموعی فروخت گزشتہ سال کے 35,005 فروخت شدہ یونٹس کے مقابلے میں 18,622 یونٹس تک محدود رہی۔ مالی رکاوٹوں اور دیگر معاشی مسائل کے باوجود کمپنی نے ایمپلائیز، ڈیلرز، وینڈرز اور تمام سٹیک ہولڈر کی وجہ سے اچھی کارکردگی کا مظاہرہ کیا۔

سیلز حجم میں کمی کی وجہ سے گراس مارجن 20.01 فیصد رہا۔

اِس عرصے کے دوران سیلز کا خالص منافع 7.64 فیصد رہا جو گزشتہ سال 10.13 فیصد تھا۔ خالص منافع میں یہ کمی سیلز حجم میں کمی سے ہوئی۔

ڈائریکٹرز کے نام

1۔	مسٹر سکندر ایم خان۔ چیئرمین (نان ایگزیکٹو ڈائریکٹر)
2۔	مسٹر راحیل اصغر۔ سی ای او (ایگزیکٹو ڈائریکٹر)
3۔	مسٹر سہیل بشیر رانا (ایگزیکٹو ڈائریکٹر)
4۔	مسٹر لئیق الدین انصاری (نان ایگزیکٹو ڈائریکٹر)
5۔	مسٹر قیصر سلیم (نان ایگزیکٹو ڈائریکٹر)
6۔	مسٹر سعد اقبال (نان ایگزیکٹو ڈائریکٹر)
7۔	مسٹر نصر الصمد قریشی (خود مختار ڈائریکٹر)
8۔	مسٹر محمد جاوید رشید (خود مختار ڈائریکٹر)
9۔	محترمہ عنبرین وحید (خود مختار ڈائریکٹر)

موجودہ بورڈ 30 اکتوبر 2021 کو منعقدہ سالانہ اجلاس عام میں ڈائریکٹرز کے انتخاب کے بعد تشکیل دیا گیا تھا۔ ڈائریکٹرز کے انتخاب کے بعد بورڈ کی ساخت میں تبدیلی واقع ہوئی۔ سال کے دوران مسٹر راحیل اصغر کو 15 نومبر، 2022 سے کمپنی کا چیف ایگزیکٹیو مقرر کیا گیا۔ موجودہ بورڈ کی تین سالہ مدت 30 اکتوبر، 2024 کو مکمل ہوگی۔

بورڈ میٹنگز:

بورڈ اس بات کی یقین دہانی کرتا ہے کہ کمپنی اپنے سٹریٹجک مقاصد کا حصول یقینی بنائے۔ بورڈ اپنی ذمہ داریاں شیڈول کردہ اجلاسوں میں سرانجام دیتا ہے۔ موجودہ مالی سال کے دوران چھ اجلاس منعقد ہوئے جس میں چیف فنانشل آفیسر اور کمپنی سیکرٹری نے بھی شرکت کی۔

بورڈ کمیٹیز

30 جون، 2023 تک بورڈ کمیٹیز کے ممبران کے نام مندرجہ ذیل ہیں۔

1۔ آڈٹ کمیٹی

مسٹر نصر الصمد قریشی،	چیئرمین
مسٹر لئیق الدین انصاری،	ممبر
مسٹر قیصر سلیم،	ممبر
مسٹر سعد اقبال،	ممبر
مسٹر محمد جاوید رشید،	ممبر

2۔ ہیومن ریسورس اینڈ ریمنریشن کمیٹی

مسٹر محمد جاوید رشید،	چیئرمین
مسٹر لئیق الدین انصاری،	ممبر
مسٹر راحیل اصغر،	ممبر
محترمہ عنبرین وحید،	ممبر

3۔ فنانس کمیٹی

مسٹر سہیل بشیر رانا،	چیئرمین
مسٹر لئیق الدین انصاری،	ممبر
مسٹر راحیل اصغر،	ممبر

4۔ مارکیٹنگ کمیٹی

مسٹر سہیل بشیر رانا،	چیئرمین
مسٹر لئیق الدین انصاری،	ممبر
مسٹر راحیل اصغر،	ممبر

5۔ گروپ سپرویژن کے لئے بورڈ کمیٹی

مسٹر سکندر مصطفیٰ خان،	چیئرمین
مسٹر سہیل بشیر رانا،	ممبر
مسٹر لئیق الدین انصاری،	ممبر
مسٹر قیصر سلیم،	ممبر

6۔ انوائرمینٹل سوشل گورننس کمیٹی (ای ایس جی)

محترمہ عنبرین وحید	چیئرمین
مسٹر سہیل بشیر رانا	ممبر
مسٹر سعد اقبال	ممبر
مسٹر راحیل اصغر،	ممبر

ڈائریکٹرز کی معاوضہ پالیسی:

بورڈ کی منظوری کے مطابق نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کی معاوضہ پالیسی مندرجہ ذیل ہے۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹران سال مختتمہ 30 جون، 2023 کیلئے کمپنی کی 60 ویں سالانہ رپورٹ مع مالیاتی گوشوارے پیش کرتے ہوئے انتہائی فخر محسوس کر رہے ہیں

تخصیص

آپ کے ڈائریکٹرز نے حتمی کیش ڈیویڈنڈ 15.00 روپے فی حصص (150 فیصد) کے حساب سے تجویز کیا ہے۔ یہ رقم پہلے سے جاری کردہ عبوری کیش ڈیویڈنڈ 10.00 روپے فی شیئر (100 فیصد) اور 10 فیصد بونس شیئر (پہلہ انٹیرم) اور 50 فیصد بونس شیئرز (دوسرا انٹیرم) کے علاوہ ہے۔اس طرح بطور کیش ڈیویڈنڈ کل رقم 25.00 روپے فی شیئر (250 فیصد) ہوگی اور بونس شیئرز 60 فیصد کے حساب سے ہونگے۔

سال کے دوران رقم کی تخصیص درج ذیل ہے۔

	(رقم ہزاروں میں)	
	جنرل ریزرو	غیر مختص منافع
اوپننگ بیلنس -ریسٹیٹڈ	2,278,935	2,162,241
منفی: سال 2022 کا حتمی ڈیویڈنڈ 20 فیصد		(1,937,355)
منفی: سال 2022 کے حتمی بونس شیئرز 20 فیصد		(193,736)
ختم ہونے والے مالی سال 30 جون، 2023 کا منافع	-	3,504,661
منفی: سال 2023 کا عبوری ڈیویڈنڈ 10 فیصد	-	(1,162,414)
منفی: سال 2023 کے پہلا انٹیرم بونس شیئرز 20 فیصد		(116,241)
منفی: سال 2023 کے دوسرا انٹیرم بونس شیئرز 50 فیصد		(639,327)
غیر مختص منافع کیری فارورڈ	2,278,935	1,617,829

فی حصص آمدن

30 جون، 2023 کو ختم ہونے والے سال میں فی حصص آمدنی 17.61 روپے رہی جو کہ گزشتہ سال 28.19 روپے تھی۔

بورڈ آف ڈائریکٹرز

30 جون، 2023 تک بورڈ 9 ڈائریکٹرز پر مشتمل ہے۔

(ا) مرد	8
(ب) خاتون	1

ساخت:

i۔ خودمختار ڈائریکٹرز	3
ii۔ دیگر نان ایگزیکٹو ڈائریکٹرز	4
iii۔ ایگزیکٹو ڈائریکٹرز	2

Corporate Social Sustainability Report

MTL strongly believes in discharging its responsibilities as a corporate citizen of Pakistan and acts as a contributory member of the society. MTL recognizes the importance of its employees, their work life balances, safety & security, reducing carbon footprints for better atmosphere, community uplift programs for the underprivileged, customers & products, ethical behavior, contribution to the national exchequer and community welfare programs.

MTL fulfills its Corporate Social Responsibilities (CSR) in a manner that positively impacts its customers, employees, shareholders, community, and the environment. The company demonstrates active corporate citizenship by promoting and patronizing various activities under its philanthropic and non-philanthropic CSR programs.

Educational Patronage

MTL promotes and patronizes multiple activities in the field of education under its CSR program. Children Education Award Scheme is one of such activities where the Company recognizes better educational performance of Employees' Children and awards scholarships.

The Company also recognises the significance of continuous learning and its importance in career development of its employees which eventually lead to benefit the society. Therefore, the Company provides assistance in improvement of educational qualification that outlines the relaxation in working hours to support educational initiatives of its employees.

The Company donated Rs. 200,000/- to Ghulam Ishaq Khan Institute of Engineering and Technology for the purpose of encouragement of talented students. MTL also approved four scholarships last year amounting Rs 947,840/- through Tehzibul Akhlaq Trust. Additionally, MTL also donated Rs. 200,000/- to Shamsa Riaz as financial Assistance to complete PHD In Psychological Medicine from Malaysia. MTL also paid Rs.1,000,000/- to Progressive Education Network for its annual pension fund raising dinner.

Environmental Protection Measures

To combat the looming threat of global warming and its effects on the environment, a tree plantation drive was organized during the year whereby employees of the Company were facilitated to plant a tree within factory premises and nurture it to sustainable growth. The Company also maintains in-house nurseries and vegetable farms to cultivate organic agricultural products and has also participated in various flower exhibitions throughout the year. MTL's CSR program patronizes several measures to protect the environment. One of these measures is active participation in flower shows.

Community Welfare Schemes

Various sports activities were encouraged by the Company to bring the people together from various communities. A sum of Rs. 1,735,210/- was spent to sponsor Governor Cup Golf Tournament, Chitral Golf Community Development and Conservation Association and Chief of The Naval Staff Amateur Golf Championship.

The Company also contributed towards 'All Pakistan Junior National Tennis Championship' organized by Punjab Lawn Tennis Association by spending an amount of Rs. 540,540 /-.

MTL has spent Rs 3,000,000/- in support for study on the State of Philanthropy in Pakistan.

Pakistan center for philanthropy, through its research undertakings, provides updated information on magnitude of giving in different forms and examines the patterns and motivations of Philanthropic behavior.

Consumer Protection

The company has modern production facility with a manufacturing capacity to meet the local as well as export requirements. The company continuously strives to provide a wide range of products built on global standards and powerful after sales support to its customers.

MTL also conducts multiple awareness programs and carries out surveys to obtain feedback from the market to improve its products. There are defined rules for customers' convenience, to directly contact the company in case of dissatisfaction.

Additionally, the Company has partnered with its principal M/s AGCO for product improvement plans to exceed customers' expectations.

Industrial Relations

The Company is an equal opportunity employer and maintains a cordial relationship between the management and workforce. The management holds regular meetings with the labor union leaders to ensure all their needs are fulfilled and to provide a safe and friendly work environment. The Company also facilitates education of employees' children and also provides financial assistance to employees to fulfill their religious obligations like; Hajj under Company's Hajj Scheme.

In order to improve employee satisfaction and boost their morale, the company organizes various activities such as 'Annual Dinner' and 'Annual Gift Scheme'.

Employment of people with special needs

Since the company is an equal opportunity employer, it guarantees that its staffing process stays fair to physical disabilities subject to work requirements. Personnel with special physical needs are working in various capacities at Millat Tractors Limited.

Occupational Safety and Health

MTL urges its workers to be vigilant and careful to ensure the wellbeing and safety of themselves and fellow workers. All employees are urged to follow strict health and safety protocols.

All of the personnel employed at factory premises are provided with appropriate PPEs and necessary safety apparatuses to ensure safe and secure working conditions.

Ethics and Anti-corruption

MTL strongly believes in ethical business operation and condemns all sorts of unethical practices while doing business. The company actively discourages all forms of corruption and any form of conduct that violates principles of business ethics. The company is fully committed to be compliant with all principles of fairness, transparency and integrity.

To ensure compliance with professional, ethical and moral code as well as legal measures, the company has a formal Code of Conduct. It is an integral part of the formal governance regime in the company and is the key element in the Millat's way of doing business. The way company wants to achieve its ambitious goals, is elaborated in the Code which forms its ethical foundation, values for guiding the right behavior and leadership attitudes for driving corporate culture in the desired direction. The code defines the core principles and ethical standards that form the basis to create value in the company. The defined principles and standards are further incorporated in other governing documents as appropriate. The purpose of the code is to highlight the standards of behavior and conduct of employees while dealing with customers, suppliers, clients, co-workers, management and the general public. The code highlights expected behavior as well as punitive measures against violations.

Corporate Philanthropy

Beyond commercial activities, company has also contributed to spread awareness and knowledge in agriculture sector by sponsoring and participating exhibitions including; Pakistan Auto Show, Kissan Mela, Pakistan Agri Expo, First Engineering and Health Care Show arranged by Trade Development Corporation of Pakistan, Green Pakistan Islamabad, NARC, Islamabad

مزید براں کمپنی نے صارفین کی توقعات پر پورا اُترنے اور سال بھر کے دوران پراڈکٹ میں بہتری کی تدابیر کرنے کے لئے اپنے پرنسپلز M/s AGCO سے شراکت داری قائم کر رکھی ہے۔

صنعتی تعلقات

کمپنی اپنے ملازمین کو برابری کی بنیاد پر ملازمت کے مواقع فراہم کرتی ہے اور انتظامیہ اور کام کرنے والے افراد کے درمیان ایک مضبوط تعلق یقینی بناتی ہے۔ کمپنی انتظامیہ لیبر یونین کے سربراہوں سے مستقل بنیادوں پر رابطے میں رہتی ہے اور ان کیلئے کام سے متعلق محفوظ اور بہترین ماحول فراہم کرنے کیلئے ہر یقین دہانی کرواتی ہے۔ کمپنی ملازمین کے بچوں کی تعلیمی سہولیات کیلئے ہر ممکن اقدام عمل میں لاتی ہے اور اس کے علاوہ مذہبی فرائض مثلاً حج وغیرہ کی انجام دہی کیلئے کمپنی کی حج سکیم کے تحت ملازمین کو مالی تعاون بھی فراہم کیا جاتا ہے۔ ملازمین کے اعتماد کو برقرار رکھنے اور اُنکی مزید حوصلہ افزائی کے لئے کمپنی سالانہ فیملی ڈِنر اور سالانہ گفٹ اسکیم جیسے اقدامات کا اہتمام کرتی رہتی ہے۔

معذور افراد کیلئے روزگار

چونکہ ایم ٹی ایل تمام افراد کو روزگار کے یکساں مواقع فراہم کرتی ہے۔ اس لئے یہ یقینی بنایا جاتا ہے کہ جسمانی معذور افراد کو بھی کام کرنے کے سازگار مواقع فراہم کئے جائیں۔ اس وقت ایم ٹی ایل میں مختلف شعبوں میں معذور افراد کام کر رہے ہیں۔

پیشہ ورانہ تحفظ اور صحت

ایم ٹی ایل کی یہ کوشش ہوتی ہے کہ اس کے ملازمین اپنی اور اپنے ساتھ موجود دیگر ورکرز کا خیال رکھیں۔ تمام ملازمین کو صحت اور حفاظت کے اصولوں پر عملدرآمد کی تلقین کی جاتی ہے۔ کام فیکٹری کے احاطہ میں کام کے ماحول کو محفوظ ترین بنانے کے لئے ملازمین کو مناسب پی پی ایز اور ضروری حفاظتی آلات مہیا کئے گئے ہیں۔

کرپشن فری ماحول اور بنیادی اخلاقیات

ایم ٹی ایل کاروبار سے متعلقہ تمام تر اخلاقی اقدار پر مکمل یقین رکھتے ہوئے کسی بھی قسم کی لاقانونیت اور بدعنوانی کی مذمت کرتی ہے۔ اِس لئے کمپنی ہر طرح کی کرپشن اور کاروباری اقدار کی خلاف ورزی کرنے والے اُمور کی حوصلہ شکنی کرتی ہے۔ کمپنی اِس بات کے لئے پرعزم ہے کہ شفافیت، عدل اور دیانت داری کے تمام اصولوں کی پاسداری کی جائے۔

کاروباری اور اخلاقی اصولوں کی پاسداری اور تمام تر قانونی اقدامات کو یقینی بنانے کے لئے کمپنی نے ایک باقاعدہ اور قانونی ضابطہ اخلاق ترتیب دیا ہے۔ یہ ضابطہ اخلاق کمپنی کی فارمل گورننس اور ملت کے طرزِ کاروبار کا بنیادی جزو ہے۔ اِس ضابطہ اخلاق میں یہ بھی واضح کیا گیا ہے کمپنی اپنے تمام تر عزائم اور مقاصد کو پورا کرنا چاہتی ہے کیونکہ کارپوریٹ کلچر کو مطلوبہ سمت میں لے جانے کے لئے درست طرزِ کار اور بہترین لیڈرشپ رویہ بنیادی کردار ادا کرتا ہے۔ یہ ضابطہ اخلاق اُس معیار اور اُن بنیادی اصولوں کی وضاحت بھی کرتا ہے جن کی بنیاد پر ہم اپنی کمپنی میں اہم اقدار کو اجاگر کرتے ہیں۔ اِن اصولوں اور معیارات کو دیگر انتظامی دستاویزات میں بھی شامل کیا گیا ہے۔ اِس ضابطہ اخلاق کی ترتیب کا مقصد ملازمین کو یہ سکھانا ہے کہ وہ کس طرح اپنے کسٹمرز، سپلائرز، کلائینٹس، کو ورکرز، مینجمنٹ اور عام لوگوں کے ساتھ تعلقات استوار کریں۔ ضابطہ اخلاق میں بہترین رویہ رکھنے اور خلاف ورزی پر جرمانے کے بارے میں بھی ملازمین کو آگاہ کیا گیا ہے۔

کارپوریٹ فلنتھروپی

کمرشل سرگرمیوں کے ساتھ ساتھ کمپنی نے زرعی شعبے میں آگہی اور معلومات کے فروغ کیلئے بھی اپنا بھرپور کردار ادا کیا ہے۔ اِس سلسلے میں کمپنی نے پاکستان آٹو شو، کسان میلہ، پاکستان ایگری ایکسپو اور ٹریڈ ڈویلپمنٹ کارپوریشن آف پاکستان، گرین پاکستان اسلام آباد، این اے آر سی، اسلام آباد کی جانب سے منعقدہ پہلے انجینئرنگ اینڈ ہیلتھ کیئر شو میں شمولیت اور سپانسرشپ یقینی بنائی۔

سی ایس آر رپورٹ

کارپوریٹ منصوبوں کو برقرار رکھنا

ایم ٹی ایل پاکستان کا ایک کارپوریٹ شہری اور معاشرے کا ایک مستحکم ممبر ہونے کی حیثیت سے اپنی ذمہ داریاں نبھانے پر یقین رکھتا ہے۔ ایم ٹی ایل اپنے ملازمین کی اہمیت کو تسلیم کرتا ہے، اسی لئے وہ ان کے کام سے متعلق زندگی میں توازن، سیفٹی اور سیکیورٹی، بہترین ماحول کے لئے کاربن کے اثرات میں کمی، سوسائٹی میں موجود محروم طبقات کی ترقی کے لئے ہر دم کوشاں رہتا ہے۔ اس کے علاوہ ایم ٹی ایل معاشرے میں کسٹمرز اور پراڈکٹس سے متعلق اخلاقی اقدار کو فروغ دے کر قومی سرمایہ میں حصہ داری اور فلاح و بہبود کے پروگراموں کی تشکیل پر بھی یقین رکھتا ہے۔

ایم ٹی ایل اپنی کارپوریٹ سماجی ذمہ داریوں کو ایسے مثبت انداز میں نبھاتا ہے تاکہ اس کے کسٹمرز، ملازمین، شیئر ہولڈرز، کمیونٹی اور ماحول پر اس کا مثبت اثر ہو۔ کمپنی اپنے سی ایس آر پروگرامز جس میں رفاعی و غیر رفاعی سرگرمیاں شامل ہیں، میں کارپوریٹ سٹیزن شپ کے حوالے سے ایک فعال کردار ادا کر رہی ہے۔

تعلیمی خدمات

ایم ٹی ایل اپنے سی ایس آر پروگرام کے تحت تعلیمی شعبے میں گراں قدر خدمات کی انجام دہی اور ترویج یقینی بنا رہی ہے۔ چلڈرن ایجوکیشن ایوارڈز اسکیم بھی ان اقدام میں سے ایک ہے جس کے ذریعے کمپنی ملازمین کے بچوں کی بہتر کارکردگی کو سراہتی ہے اور اُنکی تعلیم کے لئے ایوارڈ سکالرشپ مہیا کرتی ہے۔

کمپنی اِس بات پر بھی یقین رکھتی ہے کہ سیکھنے کا مسلسل عمل ملازمین کی تعمیر و ترقی میں اہم کردار ادا کر کے معاشرے کے لئے فائدے مند ثابت ہو سکتا ہے۔ اس لئے کمپنی اپنے ملازمین کے اوقات کار میں نرمی پیدا کر کے تعلیمی قابلیت میں بہتری کیلئے اُنکی معاونت کرتی ہے۔

کمپنی نے غلام اسحاق خان انسٹی ٹیوٹ آف انجینیئرنگ اینڈ ٹیکنالوجی کے ہونہار طالبہ علموں کو ان کی حوصلہ افزائی کے لیے -/200,000 روپے کا عطیہ دیا۔ ایم ٹی ایل نے گزشتہ سال تہذیب اخلاق ٹرسٹ کے ذریعے -/947,840 روپے کے چار سکالرشپس کی منظوری دی۔ ایم ٹی ایل نے شمسہ ریاض کو مالی اعانت کے طور پر ملائیشیا سے نفسیاتی طب میں پی ایچ ڈی مکمل کرنے کے لیے -/200,000 روپے کا عطیہ دیا۔ ایم ٹی ایل نے پروگریسو ایجوکیشن نیٹ ورک کو اپنے سالانہ پنشن فنڈ ریزنگ ڈنر کے لیے -/1,000,000 روپے بھی ادا کیے ہیں۔

ماحولیاتی تحفظ سے متعلق اقدامات

گلوبل وارمنگ کے بڑھتے ہوئے خطرے اور ماحول پر اِسکے اثرات کے پیش نظر سال بھر کے دوران کمپنی کی جانب سے درخت لگانے کی مہم کا اہتمام کیا گیا۔ جس کے تحت کمپنی ملازمین کو یہ موقع فراہم کیا گیا کہ وہ نہ صرف فیکٹری کے احاطہ میں پودے لگائیں بلکہ اُنکی افزائش کے لئے مکمل دیکھ بھال بھی کر سکیں۔

اِسکے ساتھ ساتھ کمپنی نے نامیاتی کاشتکاری کے لئے اِن ہاؤس نرسریز اور ویجیٹبل فارمز بھی بنائے ہیں جبکہ کمپنی نے سال بھر پھولوں کی مختلف نمائشوں میں بڑھ چڑھ کر حصہ لیا۔ ایم ٹی ایل اپنے سی ایس آر پروگرام کے تحت ماحولیاتی تحفظ کے لئے کئی مفید اقدامات کو فروغ دیتی ہے۔ اس کا ایک عملی ثبوت پھولوں کی نمائشوں میں فعال شمولیت ہے۔

کمیونٹی ویلفیئر سکیمیں

مختلف کمیونیٹیز کے لوگوں کو ایک پلیٹ فارم پر اکٹھا کرنے کیلئے کھیلوں کی مختلف سرگرمیوں کی حوصلہ افزائی کی جاتی ہے۔ اِسکے علاوہ کمپنی نے گورنر کپ گلف، پولو ٹورنامنٹ، چترال گلف کمیونٹی ڈویلپمنٹ اور کنزرویشن ایسوسی ایشن اور چیف آف دی نیول اسٹاف امیچور گالف چیمپئن شپ کو سپانسر کرنے کے لئے -/1,735,210 روپے خرچ کیے۔

ایم ٹی ایل نے پاکستان میں سٹیٹ آف فلانتھراپی کے مطالعہ کے لیے -/3,000,000 روپے خرچ کیے۔

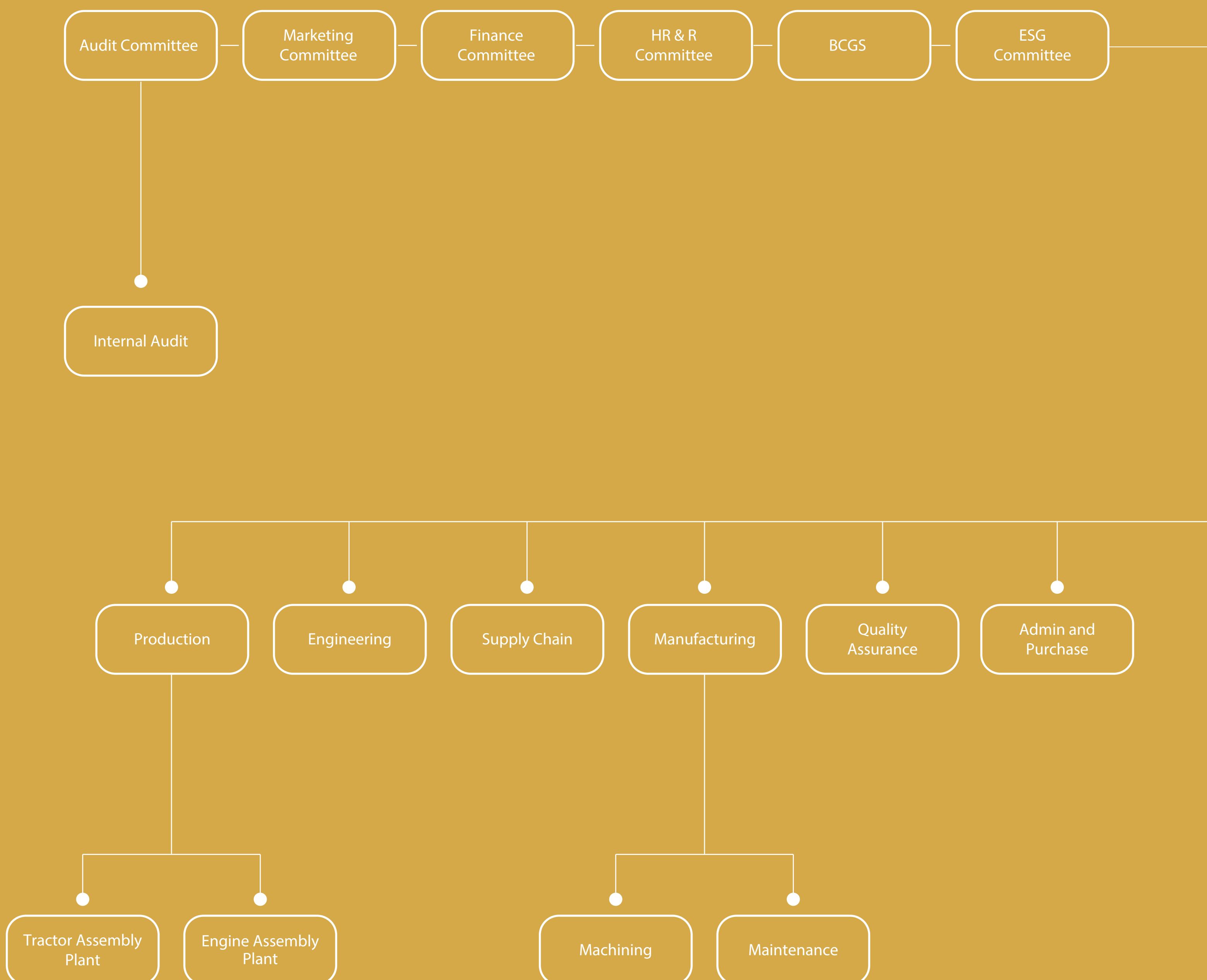
پاکستان سینٹر فار فلانتھراپی، اپنے تحقیقی کاموں کے ذریعے مختلف شکلوں میں وسعت کے بارے میں تازہ ترین معلومات فراہم کرتا ہے اور انسان دوستی کے رویے کے نمونوں اور محرکات کا جائزہ لیتا ہے

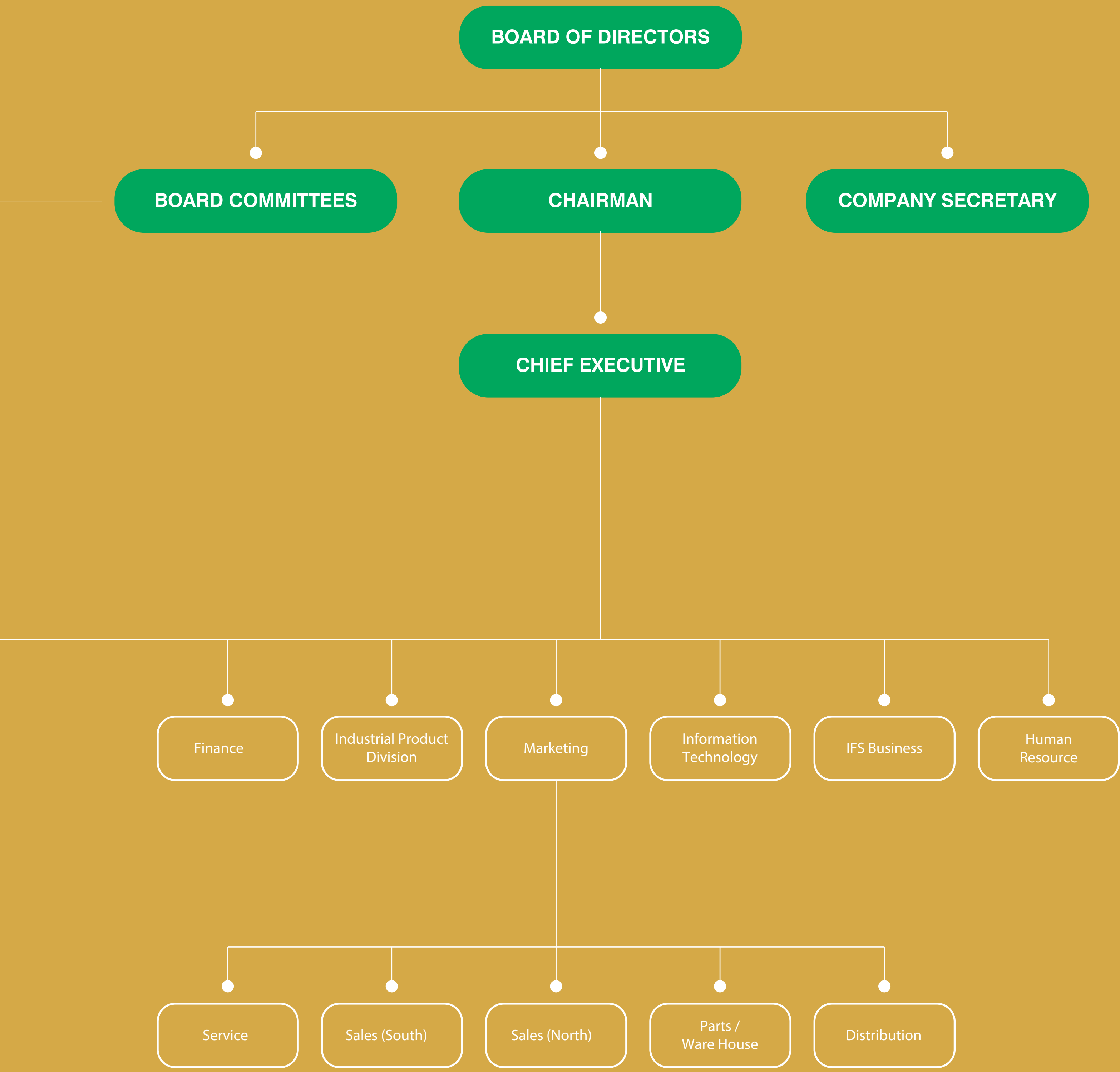
صارف کا تحفظ

کمپنی مقامی اور برآمدی ضروریات پوری کرنے کیلئے پیداواری صلاحیت کی حامل جدید پروڈکشن کی سہولیات رکھتی ہے۔ کمپنی مسلسل بنیادوں پر اپنے صارفین کو عالمی معیار کے مطابق پراڈکٹس پہنچا رہی ہے جس میں سیلز کے بعد بھی سروسز کی فراہمی کا موثر نظام شامل ہے۔

ایم ٹی ایل مختلف آگہی پروگرامز اور سروے منعقد کرواتی رہتی ہے تاکہ مارکیٹ سے ملنے والی آراء کی بنیاد پر پراڈکٹس میں مزید بہتری لائی جا سکے۔ اس کے ساتھ ساتھ کسٹمرز کی سہولت کیلئے قوانین واضح کیے گئے ہیں اور انہیں کسی بھی غیر تسلی بخش صورت میں کمپنی سے رابطے کرنے کے بارے میں بھی آگاہ کیا جاتا ہے۔

Organization Structure



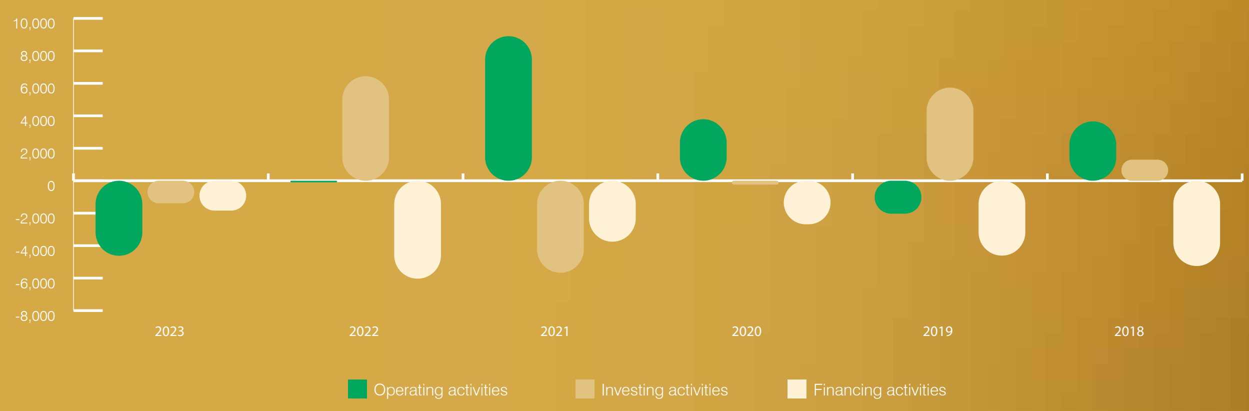

BOARD OF DIRECTORS
BOARD COMMITTEES
CHAIRMAN
COMPANY SECRETARY
CHIEF EXECUTIVE
Finance
Industrial Product Division
Marketing
Information Technology
IFS Business
Human Resource
Service
Sales (South)
Sales (North)
Parts / Ware House
Distribution

Performance and Position

Summary of Cash Flows

	2023	2022	2021	2020	2019	2018
						(Rupees in thousand)
Net Cash from / (Used in)						
Operating activities	(4,622,364)	(98,985)	8,903,236	3,788,057	(2,030,323)	3,655,560
Investing activities	(1,390,334)	6,438,272	(5,667,833)	(238,376)	5,734,138	1,296,563
Financing activities	(1,839,526)	(6,033,201)	(3,755,263)	(2,682,207)	(4,611,967)	(5,252,986)
Net (decrease) / increase in cash and cash equivalents	(7,852,224)	306,086	(519,860)	867,474	(908,152)	(300,863)
Cash and cash equivalents at the beginning of the year	1,505,688	1,199,602	1,719,462	851,988	1,760,140	2,061,003
Cash and cash equivalents at the end of the year	(6,346,536)	1,505,688	1,199,602	1,719,462	851,988	1,760,140

Cash Flow Analysis (Rs. in Million)



Conflict of Interest Policy

The Board of Directors has an approved conflict of interest policy. The policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between Millat Tractors Limited and any of its related parties in compliance with applicable laws and regulations as may be amended from time to time.

This policy applies to transactions between the company and one or more of its related parties. It provides a framework for governance and reporting of related party transactions, including material transactions.

Six Years at a Glance

		2023	2022 Restated	2021	2020	2019	2018
Statement of Profit or Loss Summary							
Revenue from contracts with customers	Rs thousand	44,190,843	53,374,415	43,953,778	22,942,275	31,144,057	38,517,147
Gross profit	Rs thousand	8,842,390	10,197,475	9,271,094	4,245,596	5,946,367	8,434,775
Operating profit	Rs thousand	6,707,223	8,892,530	7,888,338	3,187,471	5,124,905	7,782,358
Profit before tax	Rs thousand	5,350,223	8,665,111	7,879,074	2,969,635	5,082,861	7,779,868
Profit after tax	Rs thousand	3,377,636	5,407,006	5,780,927	2,150,548	3,638,045	5,334,362
Earning before interest, tax, depreciation and amortization (EBITDA)	Rs thousand	6,812,049	8,983,418	7,965,475	3,267,847	5,205,787	7,864,556
Statement of Financial Position Summary							
Share capital	Rs thousand	1,917,983	968,679	560,578	498,292	442,926	442,926
General reserves	Rs thousand	2,278,935	2,278,935	2,278,935	2,278,935	2,278,935	2,278,935
Operating fixed assets	Rs thousand	827,326	775,150	777,638	667,980	718,559	700,763
Other non-current assets	Rs thousand	7,099,571	4,642,354	6,547,172	2,354,967	1,891,604	994,243
Current assets	Rs thousand	17,766,037	14,604,316	17,481,439	7,781,665	7,964,021	14,876,359
Current liabilities	Rs thousand	15,685,887	12,123,350	14,543,064	6,400,770	5,728,286	10,822,231
Net working capital	Rs thousand	2,080,150	2,480,966	2,938,375	1,380,895	2,235,735	4,054,128
Non-current liabilities	Rs thousand	2,289,395	875,713	1,170,415	331,766	12,731	94,310
Profitibility Ratios							
Gross profit %		20.01	19.11	21.09	18.51	19.09	21.90
Operating profit	%	15.18	16.66	17.95	13.89	16.46	20.20
Profit before tax	%	12.11	16.23	17.93	12.94	16.32	20.20
Net profit after tax	%	7.64	10.13	13.15	9.37	11.68	13.85
EBITDA margin	%	15.42	16.83	18.12	14.24	16.72	20.42
Operating leverage	%	1.43	0.59	1.61	1.44	1.79	0.87
Return on equity	%	43.77	76.99	63.58	52.81	75.27	94.33
Return on capital employed	%	115.35	164.38	139.45	84.44	107.52	165.35
Return on assets	%	20.82	43.28	31.76	27.48	48.07	46.95
Liquidity Ratios							
Current ratio	Times	1.13:1	1.20:1	1.20:1	1.22:1	1.39:1	1.37:1
Quick ratio	Times	0.49:1	0.63:1	0.82:1	1.06:1	0.81:1	0.98:1
Cash to current liabilities	Times	0.06:1	0.12:1	0.05:1	0.27:1	0.15:1	0.05:1
Cash flow from operations to sales	Times	-0.10:1	-0.001:1	0.20:1	0.17:1	0.07:1	0.09:1
Activity / Turnover Ratios							
Inventory turnover ratio	Times	3.74	6.41	6.62	4.32	6.10	7.36
No. of days in inventory	Days	98	57	55	85	60	50
Debtor turnover ratio	Times	183.71	283.53	361.35	308.61	555.08	310.12
No. of days in receivables	Days	1.99	1.29	1.01	1.18	0.66	1.18
Creditor turnover ratio	Times	12.16	14.50	14.74	9.61	18.13	32.17
No.of days in creditors	Days	30	25	25	38	20	11
Total assets turnover ratio	Times	1.93	2.38	1.77	2.12	2.95	2.32
Fixed assets turnover ratio	Times	55.15	68.75	60.81	33.09	43.89	54.96
Operating cycle	Days	70	33	31	48	40	39
Investment / Market Ratios							
Earning per share (after tax)	Rs	17.61	55.82	59.68	38.36	64.90	120.43
Price earning	Times	22.16	15.63	18.09	18.41	13.29	9.86
Price to book value	Times	97.00	12.04	11.50	8.64	10.00	9.31
Dividend yield	%	1.57	6.87	9.89	7.21	8.96	9.58
Dividend payout ratio (after tax)	%	119.59	91.25	91.58	115.85	103.49	99.64
Dividend cover	Times	2.91	1.09	1.09	0.86	0.97	1.00
Cash dividend per share (includes final dividend)	Rs	25	65.00	100.00	50.00	85.00	120.00
Bonus per share (includes final bonus shares)	%	60.00	60.00	32.50	-	12.50	-
Market value per share:							
Year end	Rs	390.31	872.59	1,079.61	706.16	862.38	1,188.06
During the year:							
Highest	Rs	904.79	1,120.94	1,298.75	863.58	1,254.39	1,430.00
Average	Rs	634.96	945.58	1,011.30	693.59	948.36	1,253.16
Lowest	Rs	382.83	746.46	698.74	468.49	751.75	1,050.00
Break-up value per share (With surplus on revaluation of investments)	Rs	40.24	72.50	93.87	81.72	86.22	127.67
Capital Structure Ratios							
Debt to equity ratio (Long term debt / Long term debt + Equity)	Times	15 : 85	0.02 : 100	0.03 : 100	0.03 : 100	0 : 100	0 : 100
Financial charges coverage	Times	3.94	38.10	1943.05	13.82	131.58	149613.85

Statement of Value Addition & its Distribution

Employees
2023: **19.95%**
2022: 16.66%

Financial Charges
2023: **15.68%**
2022: 2.07%

Government
2023: **24.12%**
2022: 31.24%

Society
2023: **0.02%**
2022: 0.05%

Shareholders
2023: **22.16%**
2022: 49.59%

Retained in Business
2023: **18.07%**
2022: 0.4%

VALUE ADDITION	2023 Rs. in ('000)	Restated 2022 Rs. in ('000)
Revenue from contract with customers	44,190,843	53,374,415
Material and services	(36,005,733)	(43,297,331)
Other income	471,274	920,956
	8,656,384	**10,998,040**

Value Distribution

	2023 Rs. ('000)	%	2022 Rs. ('000)	%
Employees				
Salaries wages and amenities	1,438,938	16.62	1,365,339	12.41
Worker's profit participation fund	288,069	3.33	466,419	4.24
	1,727,007	19.95	1,831,758	16.66
Government				
Tax	1,972,587	22.79	3,258,105	29.62
Workers welfare fund	115,228	1.33	177,239	1.61
	2,087,815	24.12	3,435,344	31.24
Shareholders				
Cash dvidend (includes final dividend)	1,162,414	13.43	4,964,477	45.14
Bonus shares (includes final bonus shares)	755,568	8.73	489,721	4.45
	1,917,982	22.16	5,454,198	49.59
Financial charges				
Finance cost	1,357,000	15.68	227,419	2.07
	1,357,000	15.68	227,419	2.07
Society				
Donation	2,100	0.02	5,625	0.05
	2,100	0.02	5,625	0.05
Retained in business				
Depreciation and amortisation	104,826	1.21	90,888	0.83
Retained profit / (Over-drawn)	1,459,654	16.86	(47,192)	(0.43)
	1,564,480	18.07	43,696	0.40
	8,656,384	**100.00**	**10,998,040**	**100.00**

Horizontal Analysis

	2023		2022 Restated	
	Increase/(Decrease) from last year		Increase/(Decrease) from last year	
	Rs. ('000)	%	Rs. ('000)	%
Statement of Financial Position				
Operating fixed assets	827,326	6.73	775,150	(0.32)
Capital work in progress	22,613	117.04	10,419	(76.93)
Right-of-use assets	12,857	1,044.88	1,123	(77.06)
Intangible assets	31,440	(20.00)	39,300	(0.41)
Investment property	255,708	-	255,708	-
Long term investments	6,479,728	55.25	4,173,730	(32.68)
Long term loans	7,349	(61.37)	19,023	666.44
Deferred tax asset - net	-	-	-	-
Employee benefits	289,876	102.64	143,051	100.00
Stores, spares parts and loose tools	224,348	22.85	182,625	13.20
Stock in trade	9,803,885	45.05	6,758,898	25.80
Trade debts	245,821	4.49	235,269	66.58
Loans and advances	101,878	157.50	39,565	(29.80)
Trade deposits and prepayments	283,875	385.75	58,440	(10.47)
Balance with statutory authorities	5,982,200	4.81	5,707,842	24.30
Other receivables	117,305	1.13	115,989	7.15
Tax refunds due from Government	-	-	-	-
Short term investments	-	-	-	(100.00)
Cash and bank balances	1,006,725	(33.14)	1,505,688	77.22
Total Assets	25,692,934	28.32	20,021,820	(19.29)
Shareholder's equity	7,717,652	9.89	7,022,757	(22.77)
Non-current liabilities	2,289,395	161.43	875,713	(25.18)
Current liabilities	15,685,887	29.39	12,123,350	(16.64)
Total Liabilities and Equity	25,692,934	28.32	20,021,820	(19.29)
Statement of Profit or Loss				
Revenue from contracts with customers	44,190,843	(17.21)	53,374,415	21.43
Cost of sales	35,348,453	(18.13)	43,176,940	24.49
Gross profit	8,842,390	(13.29)	10,197,475	9.99
Distribution and marketing expenses	1,070,694	15.36	928,162	8.60
Administrative expenses	745,465	14.96	648,456	11.92
Other operating income	471,274	(48.83)	920,956	38.01
Other operating expenses	790,282	21.72	649,283	5.39
Operating profit	6,707,223	(24.57)	8,892,530	12.73
Finance costs	1,357,000	496.70	227,419	2,354.87
Profit before tax	5,350,223	(38.26)	8,665,111	9.98
Taxation	1,972,587	(39.46)	3,258,105	55.28
Profit after tax	3,377,636	(37.53)	5,407,006	(6.47)

2021		2020		2019		2018	
Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year	
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
777,638	16.42	667,980	(7.04)	718,559	2.54	700,763	(2.38)
45,166	1,433.65	2,945	(77.04)	12,827	(51.87)	26,648	282.10
4,896	(62.14)	12,931	100.00	–	–	–	–
39,462	(4.69)	41,405	922.85	4,048	100.00	–	(100.00)
255,708	–	255,708	–	255,708	–	255,708	–
6,199,458	203.94	2,039,726	47.39	1,383,879	95.10	709,300	46.47
2,482	10.21	2,252	(20.31)	2,826	9.24	2,587	0.47
–	–	–	(100.00)	12,797	100.00	–	–
–	–	–	(100.00)	219,519	100.00	–	(100.00)
161,329	2.50	157,399	4.38	150,799	14.88	131,266	10.84
5,372,584	39.29	3,857,166	22.50	3,148,589	(24.26)	4,157,062	14.00
141,234	38.41	102,044	118.80	46,637	(28.88)	65,578	(66.25)
56,359	8.66	51,869	(54.45)	113,876	191.76	39,031	(28.37)
65,273	50.46	43,382	(6.63)	46,461	185.35	16,282	(16.98)
4,592,169	344.69	1,032,656	(54.11)	2,250,219	17.83	1,909,792	(24.41)
108,253	179.65	38,710	(55.52)	87,023	97.25	44,118	(54.63)
–	(100.00)	778,977	(38.59)	1,268,429	74.85	725,454	290.27
6,134,636	100.00	–	–	–	(100.00)	7,267,636	8.18
849,602	(50.59)	1,719,462	101.82	851,988	63.80	520,140	(74.76)
24,806,249	129.59	10,804,612	2.18	10,574,184	(36.19)	16,571,365	(3.26)
9,092,770	123.30	4,072,076	(15.75)	4,833,167	(14.53)	5,654,824	(1.65)
1,170,415	252.78	331,766	2,505.97	12,731	(86.50)	94,310	207.85
14,543,064	127.21	6,400,770	11.74	5,728,286	(47.07)	10,822,231	(4.65)
24,806,249	129.59	10,804,612	2.18	10,574,184	(36.19)	16,571,365	(3.26)
43,953,778	91.58	22,942,275	(26.33)	31,144,057	(19.14)	38,517,147	28.33
34,682,684	85.50	18,696,679	(25.80)	25,197,690	(16.24)	30,082,372	31.27
9,271,094	118.37	4,245,596	(28.60)	5,946,367	(29.50)	8,434,775	18.84
854,630	50.51	567,838	(1.93)	579,004	(8.06)	629,779	17.38
579,369	29.27	448,178	0.41	446,327	(9.33)	492,280	4.40
667,309	163.04	253,694	(68.31)	800,474	(23.51)	1,046,461	71.53
616,066	108.27	295,803	(50.42)	596,605	3.43	576,819	26.79
7,888,338	147.48	3,187,471	(37.80)	5,124,905	(34.15)	7,782,358	24.63
9,264	(95.75)	217,836	418.11	42,044	1,588.51	2,490	14.17
7,879,074	165.32	2,969,635	(41.58)	5,082,861	(34.67)	7,779,868	24.63
2,098,147	156.16	819,087	(43.31)	1,444,816	(40.92)	2,445,506	23.22
5,780,927	168.81	2,150,548	(40.89)	3,638,045	(31.80)	5,334,362	25.29

Vertical Analysis

	2023		2022 Restated	
	Rs. ('000)	%	Rs. ('000)	%
Statement of Financial Position				
Operating fixed assets	827,326	3.2	775,150	3.9
Capital work in progress	22,613	0.1	10,419	0.1
Right-of-use assets	12,857	0.1	1,123	0.0
Intangible assets	31,440	0.1	39,300	0.2
Investment property	255,708	1.0	255,708	1.3
Long term investments	6,479,728	25.2	4,173,730	20.8
Long term loans and advances	7,349	0.0	19,023	0.1
Deferred tax asset - net	-	-	-	-
Employee benefits	289,876	1.1	143,051	0.7
Stores, spares parts and loose tools	224,348	0.9	182,625	0.9
Stock in trade	9,803,885	38.2	6,758,898	33.8
Trade debts	245,821	1.0	235,269	1.2
Loans and advances	101,878	0.4	39,565	0.2
Trade deposits and prepayments	283,875	1.1	58,440	0.3
Balance with statutory authorities	5,982,200	23.3	5,707,842	28.5
Other receivables	117,305	0.5	115,989	0.6
Tax refunds due from Government	-	-	-	-
Short term investments	-	-	-	-
Cash and bank balances	1,006,725	3.9	1,505,688	7.5
Total Assets	25,692,934	100.0	20,021,820	100.0
Shareholder's equity	7,717,652	30.0	7,022,757	35.1
Non-current liabilities	2,289,395	8.9	875,713	4.4
Current liabilities	15,685,887	61.1	12,123,350	60.6
Total Liabilities and Equity	25,692,934	100.0	20,021,820	100.0
Statement of Profit or Loss				
Revenue from contracts with customers	44,190,843	100.0	53,374,415	100.0
Cost of sales	35,348,453	80.0	43,176,940	80.9
Gross profit	8,842,390	20.0	10,197,475	19.1
Distribution and marketing expenses	1,070,694	2.4	928,162	1.7
Administrative expenses	745,465	1.7	648,456	1.2
Other operating expenses	790,282	1.8	649,283	1.2
Other operating income	471,274	1.1	920,956	1.7
Operating profit	6,707,223	15.2	8,892,530	16.7
Finance costs	1,357,000	3.1	227,419	0.4
Profit before tax	5,350,223	12.1	8,665,111	16.2
Taxation	1,972,587	4.5	3,258,105	6.1
Profit after tax	3,377,636	7.6	5,407,006	10.1

	2021		2020		2019		2018	
	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
	777,638	3.1	667,980	6.2	718,559	6.8	700,763	4.2
	45,166	0.2	2,945	0.0	12,827	0.1	26,648	0.2
	4,896	0.0	12,931	0.1	–	–	–	–
	39,462	0.2	41,405	0.4	4,048	0.0	–	–
	255,708	1.0	255,708	2.4	255,708	2.4	255,708	1.5
	6,199,458	25.0	2,039,726	18.9	1,383,879	13.1	709,300	4.3
	2,482	0.0	2,252	0.0	2,826	0.0	2,587	0.0
	–	–	–	–	12,797	0.1	–	–
	–	–	–	–	219,519	2.1	–	–
	161,329	0.7	157,399	1.5	150,799	1.4	131,266	0.8
	5,372,584	21.7	3,857,166	35.7	3,148,589	29.8	4,157,062	25.1
	141,234	0.6	102,044	0.9	46,637	0.4	65,578	0.4
	56,359	0.2	51,869	0.5	113,876	1.1	39,031	0.2
	65,273	0.3	43,382	0.4	46,461	0.4	16,282	0.1
	4,592,169	18.5	1,032,656	9.6	2,250,219	21.3	1,909,792	11.5
	108,253	0.4	38,710	0.4	87,023	0.8	44,118	0.3
	–	–	778,977	7.2	1,268,429	12.0	725,454	4.4
	6,134,636	24.7	–	–	–	–	7,267,636	43.9
	849,602	3.4	1,719,462	15.9	851,988	8.1	520,140	3.1
	24,806,249	100.0	10,804,612	100.0	10,574,184	100.0	16,571,365	100.0
	9,092,770	36.7	4,072,076	37.7	4,833,167	45.7	5,654,824	34.1
	1,170,415	4.7	331,766	3.1	12,731	0.1	94,310	0.6
	14,543,064	58.6	6,400,770	59.2	5,728,286	54.2	10,822,231	65.3
	24,806,249	100.0	10,804,612	100.0	10,574,184	100.0	16,571,365	100.0
	43,953,778	100.0	22,942,275	100.0	31,144,057	100.0	38,517,147	100.0
	34,682,684	78.9	18,696,679	81.5	25,197,690	80.9	30,082,372	78.1
	9,271,094	21.1	4,245,596	18.5	5,946,367	19.1	8,434,775	21.9
	854,630	1.9	567,838	2.5	579,004	1.9	629,779	1.6
	579,369	1.3	448,178	2.0	446,327	1.4	492,280	1.3
	616,066	1.4	295,803	1.3	596,605	1.9	576,819	1.5
	667,309	1.5	253,694	1.1	800,474	2.6	1,046,461	2.7
	7,888,338	17.9	3,187,471	13.9	5,124,905	16.5	7,782,358	20.2
	9,264	0.0	217,836	0.9	42,044	0.1	2,490	0.0
	7,879,074	17.9	2,969,635	12.9	5,082,861	16.3	7,779,868	20.2
	2,098,147	4.8	819,087	3.6	1,444,816	4.6	2,445,506	6.3
	5,780,927	13.2	2,150,548	9.4	3,638,045	11.7	5,334,362	13.8

Commentary on Financial Results

Profitability

Gross profit margin has increased by 90 basis points owing to timely increase in price of tractors.

Decrease in operating profit margin by 148 basis points is due to decrease in sales volume, and increased costs.

Resultantly, profit before tax margin was lower as compared to the last year by 249 basis points. Finance cost has increased drastically, due to decrease in liquidity, as well as an additional long term debt acquired for maintaining ownership stake in one of its investments.

Liquidity

The company's short-term liquidity remained healthy as current ratio remained above 1:1 which is a healthy sign.

Net operating cycle of 70 days is mainly on account of strategic inventory build-up by the company to avoid any adverse implications on account of import restrictions by the Government. The creditors' days have also increased to mitigate the effect to some extent.

However, sales tax refunds due from Government have increased during the year and stand at Rs. 6 billion at year end, due to delay in processing by the sales tax authorities.

Overall, the financial position remains healthy and no short or long term issues are envisaged.

Solvency

Due to delays in recovery of sales tax refunds, the company has used a mixture of long term debt and equity in the ratio of 15:85 in its capital structure.

Nevertheless, the interest coverage ratio is 3.94, which shows that the company will be able to discharge its obligations in respect thereof, with ease.

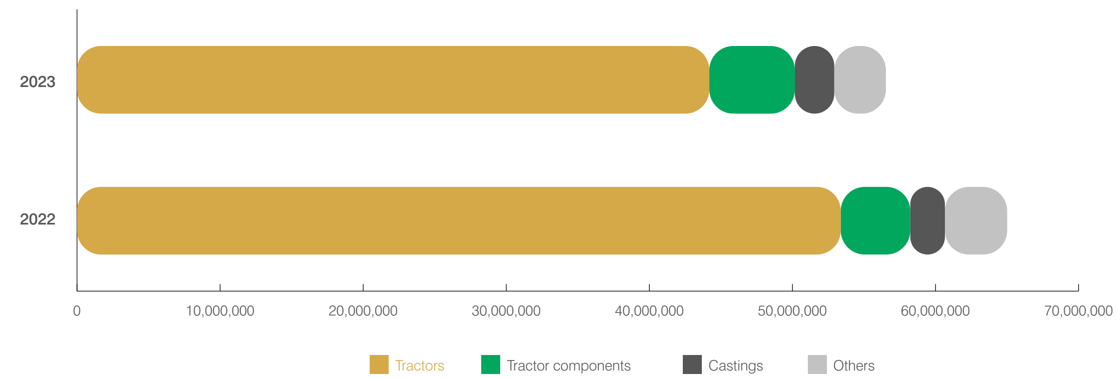
Investor

Earnings per share have decreased because of decrease in net profits, as well as increase in number of shares, due to issue of 60% interim bonus shares during the year. The company has also disbursed interim cash dividend of Rs. 10 per share. The market price of the shares shows strong confidence of investors in the company's fundamentals.

Segmental Review of Business Performance

Millat group of companies is closely integrated with one another, where the subsidiary companies supply input materials to the parent entity. The operating segment information is given in Note 50 to the consolidated financial statements. A brief analysis of the same is presented below:

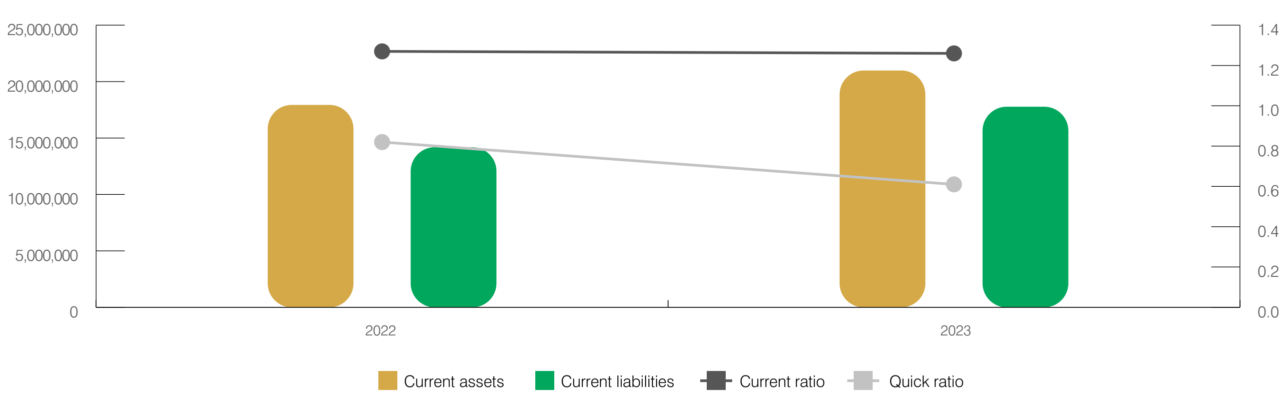
Revenue* Net - Group (Rs in thousand)
*before intra-group eliminations



Due to a decline in tractor sales, other miscellaneous sales also exhibited a decrease in revenue earned during the year. However, the sales of castings and tractor components have improved, on account of external sales.

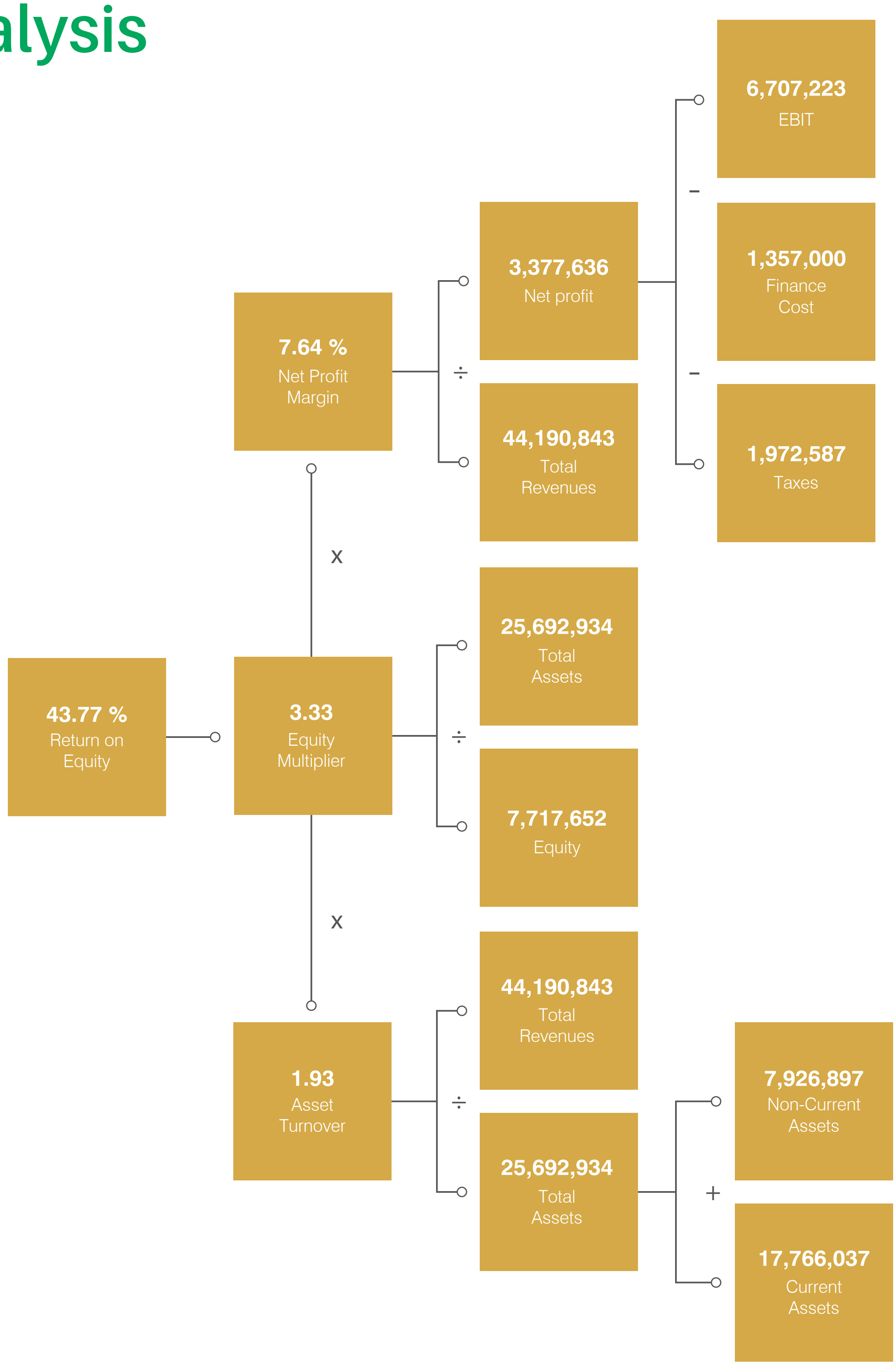
Since the Group is vertically integrated, performance of tractor segment directly impacts other operating segments, as evident above. Resultantly, profitability moved in the same direction as revenue.

Liquidity - Group (Rs in thousand)



Overall current ratio of the group has remained stable despite significant increase in operations of the Group. This was achieved by effective management of resources. Quick ratio has, however, deteriorated due to strategic inventory build-ups by the Group to counter any adverse impact of import restrictions by the Government. Overall, liquidity position of the Group is stable.

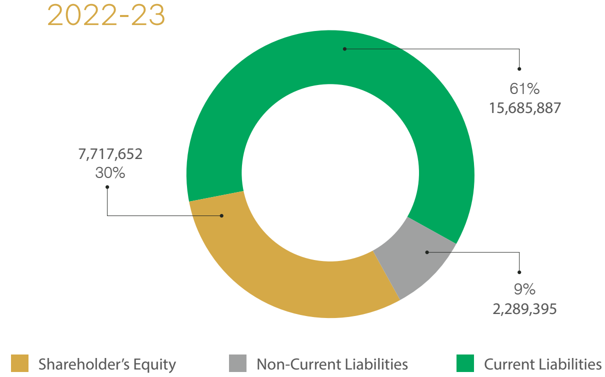
DUPONT Analysis



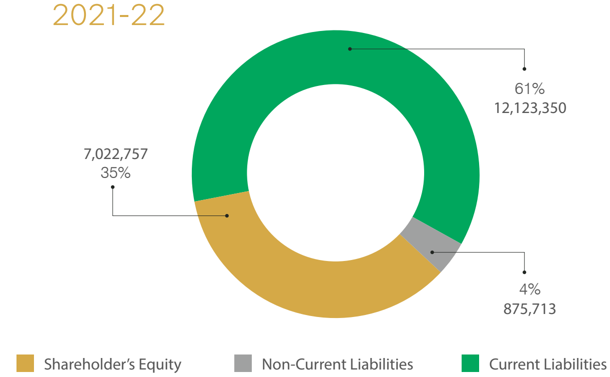
Graphical Analysis of Statement of Financial Position

Equity and Liabilities

2022-23

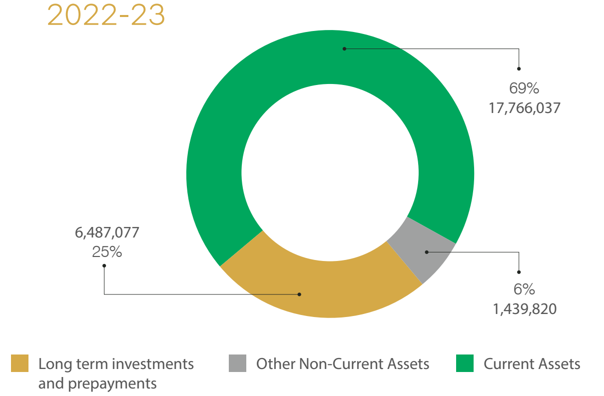


2021-22

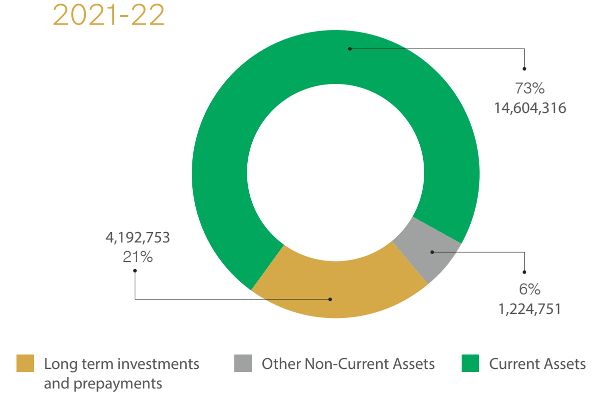


Assets

2022-23



2021-22



CORPORATE COMPLIANCE AND FINANCIAL STATEMENTS

EY Ford Rhodes
Chartered Accountants
96-B/1, 4th Floor, Pace Mall Building
M.M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

UAN: +9242 111 11 39 37 (EYFR)
Tel: +9242 3577 8402
Fax: +9242 3577 8412
ey.lhr@pk.ey.com
ey.com/pk

Independent Auditor's Review Report

TO THE MEMBERS OF MILLAT TRACTORS LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Millat Tractors Limited (the Company) for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.

EY Ford Rhodes
Chartered Accountants
Lahore: October 04, 2023

UDIN: CR202310079RLWxSOfZK

A member firm of Ernst & Young Global Limited

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are nine as per the following:

a. Male: eight

b. Female: one

2. The composition of board is as follows:

Category	Names
i) Independent Directors	Mr. Nasar Us Samad Qureshi
	Mr. Muhammad Javed Rashid
	Mrs. Ambreen Waheed (Female Director)
ii) Non-executive Directors	Mr. Sikandar Mustafa Khan
	Mr. Laeeq Uddin Ansari
	Mr. Qaiser Saleem
	Mr. Saad Iqbal
iii) Executive Directors	Mr. Sohail Bashir Rana
	Mr. Raheel Asghar, CEO*

*the member replaced Syed Muhammad Irfan Aqueel in November, 2022.

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

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with the date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. During the year one head of department and a female executive completed the Directors' Training Program arranged by the Company. All directors have either acquired the prescribed certification or meet exemption criteria as contained in these regulations;

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Nasar Us Samad Qureshi, (Independent Director)	Chairman
Mr. Laeeq Uddin Ansari,	Member
Mr. Qaiser Saleem,	Member
Mr. Saad Iqbal,	Member
Mr. Muhammad Javed Rashid,	Member

b) HR and Remuneration Committee

Mr. Muhammad Javed Rashid, (Independent Director)	Chairman
Mr. Laeeq Uddin Ansari,	Member
Mrs. Ambreen Waheed,	Member
Mr. Raheel Asghar,	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following;-

a)	Audit Committee	04 meetings
b)	HR and Remuneration Committee	01 meeting

15. The Board has set up and effective internal audit function, the staff is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative(spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below;

Sr. No.	Requirement	Explanation for Non-Compliance	Reg. No.
1.	**Representation of Minority shareholders** The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation	No one intended to contest election as director representing minority shareholders.	5
2.	**Responsibilities of the Board and its members** Adoption of the corporate governance practices	Non-mandatory provisions of the CCG Regulations are partially complied.	10(1)
3.	**Nomination Committee** The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The Board and the HR and Remuneration Committee, collectively perform all the functions of the Nomination Committee.	29(1)
4.	**Risk Management Committee** The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board reviews the overall business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders. Consequently, the Board itself performs all the functions of the Risk Management Committee.	30(1)

SIKANDAR MUSTAFA KHAN
Chairman
Lahore:

September 25, 2023

EY
Building a better
working world

EY Ford Rhodes
Chartered Accountants
96-B/1, 4th Floor, Pace Mall Building
M.M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

UAN: +9242 111 11 39 37 (EYFR)
Tel: +9242 3577 8402
Fax: +9242 3577 8412
ey.lhr@pk.ey.com
ey.com/pk

Independent Auditor's Report

To the members of Millat Tractors Limited

Report on the Audit of the Unconsolidated Financial Statements as at 30 June 2023

Opinion

We have audited the annexed unconsolidated financial statements of Millat Tractors Limited ("the Company"), which comprise the unconsolidated statement of financial position as at 30 June 2023, and the unconsolidated statement of profit or loss and comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss and comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A member firm of Ernst & Young Global Limited

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Revenue recognition

Refer notes 4.24 and 32 to the unconsolidated financial statements relating to revenue recognition policy and revenue from contracts with customers respectively.

The Company earned revenue from the sale of tractors, implements, multi-application products, IFS services and trading goods amounting to Rs. 44.19 billion (2022: Rs. 53.37 billion).

We have identified revenue recognition as a key audit matter considering the significance of amounts involved and the fact that as it is one of the key performance indicators of the Company and hence revenue may not be appropriately recorded.</td><td>Our audit procedures in respect of this matter included the following:
• Obtained understanding, evaluated the design and tested the controls over the process of revenue recognition;
• Assessed the appropriateness of the Company's accounting policy for recording of revenue in line with the requirements of applicable laws, accounting and reporting standards;
• Performed analytical procedures including developing an expectation of the current year revenue based on trend analysis information considering historical sales and market patterns;
• Tested sales transactions near the reporting period and evaluated that these were recorded in the appropriate accounting period;
• Performed verification of sales, on sample basis, with underlying supporting evidence; and
• Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.</td></tr>
<tr><td>Investment measured at Fair Value

Refer notes 3.2.4 and 21 to the unconsolidated financial statements relating to fair valuation policy and long-term investments in unquoted securities respectively.

The Company holds investment in the equity instrument of Hyundai Nishat Motor (Private) Limited ('HNMPL') valued at Rs. 6.10 billion (2022: Rs. 3.78 billion). Due to HNMPL being a non-listed company, their shares do not have a quoted price in an active market.

Therefore, fair value of their shares has been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flow of the business and related discount rate.

Due to the significant level of judgment and estimation required to determine the fair value of investment, we have considered it as a Key Audit Matter.</td><td>Our audit procedures in respect of this matter included the following:
• Understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations;
• Evaluated the cash flow forecast by obtaining an understanding of respective businesses of HNMPL;
• Obtained an understanding of the work performed by the independent valuation expert on the models for the purpose of valuations;
• Examined the professional qualification of independent valuation expert and assessed the independence, competence and experience of the independent valuation expert in the field;
• Obtained corroborating evidence relating to the values as determined by the management by challenging key assumptions for the growth rates in the cash flow forecast by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data, leveraging input from internal specialist;
• Performed sensitivity analysis to assess potential impacts arising from reasonable variations in these key assumptions; and
• Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.</td></tr>
</table>

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the unconsolidated financial statements and our auditor’s report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The unconsolidated financial statements for the year ended 30 June 2023 were audited by another firm of chartered accountants, whose audit report dated 28 September 2022 expressed an unmodified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Ahsan Shahzad.

EY Ford Rhodes
Chartered Accountants
Lahore: October 04, 2023

UDIN: AR202310079NpJ9CDeiQ

Statement of Financial Position
As at June 30, 2023

	Note	2023	2022 Restated
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (2022: 200,000,000) ordinary		4,000,000	2,000,000
shares of Rs. 10/- each			
Issued, subscribed and paid up capital	5	1,917,983	968,679
Reserves	6	5,799,669	6,054,078
		7,717,652	7,022,757
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term finances - secured	7	1,016,918	36,162
Deferred grant	8	11,362	14,427
Lease liabilities	9	6,967	–
Long-term deposits	10	14,633	13,833
Deferred tax liabilities - net	11	1,239,515	811,291
		2,289,395	875,713
CURRENT LIABILITIES			
Trade and other payables	12	4,328,370	4,683,108
Contract liabilities	13	2,836,809	6,685,800
Taxation - net		332,411	225,825
Short-term borrowings	14	7,353,261	-
Current portion of non-current liabilities	15	367,854	95,069
Unclaimed dividend		329,143	297,326
Unpaid dividend		10,620	27,695
Accumulating compensated absences		127,419	108,527
		15,685,887	12,123,350
CONTINGENCIES AND COMMITMENTS	16		
		25,692,934	20,021,820

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

	Note	2023	2022 Restated
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	849,939	785,569
Right-of-use assets	18	12,857	1,123
Investment property	19	255,708	255,708
Intangible assets	20	31,440	39,300
Long-term investments	21	6,479,728	4,173,730
Employees' defined benefit plan	22	289,876	143,051
Long-term loans and advances	23	7,349	19,023
		7,926,897	5,417,504
CURRENT ASSETS			
Stores, spare parts and loose tools	24	224,348	182,625
Stock-in-trade	25	9,803,885	6,758,898
Trade debts	26	245,821	235,269
Loans and advances	27	101,878	39,565
Trade deposits and short-term prepayments	28	283,875	58,440
Other receivables	30	117,305	115,989
Balances with statutory authorities	29	5,982,200	5,707,842
Cash and bank balances	31	1,006,725	1,505,688
		17,766,037	14,604,316
		25,692,934	20,021,820

Chairman

Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2023

	Note	2023	2022 Restated
		(Rupees in thousand)	
Revenue from contracts with customers	32	44,190,843	53,374,415
Cost of sales	33	(35,348,453)	(43,176,940)
Gross profit		8,842,390	10,197,475
Distribution and marketing expenses	34	(1,070,694)	(928,162)
Administrative expenses	35	(745,465)	(648,456)
Other operating expenses	36	(790,282)	(649,283)
		(2,606,441)	(2,225,901)
Other income	37	471,274	920,956
Operating profit		6,707,223	8,892,530
Finance cost	38	(1,357,000)	(227,419)
Profit before tax		5,350,223	8,665,111
Taxation	39	(1,972,587)	(3,258,105)
Profit after tax for the year		3,377,636	5,407,006
Other comprehensive income:			
Items not to be reclassified to profit or loss in subsequent periods - (Net of tax):			
Unrealized gain / (loss) on revaluation of investments at fair value through			
other comprehensive income	21	707,872	(2,000,843)
Less: Deferred tax		(417,869)	177,858
		290,003	(1,822,985)
Remeasurement gain on employees' defined benefit plan		127,025	200,858
Total other comprehensive income / (loss)		417,028	(1,622,127)
Total comprehensive income for the year		3,794,664	3,784,879
			Restated
Earnings per share - basic and diluted (Rupees)	42	17.61	28.19

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman

Statement of Changes in Equity

For the year ended June 30, 2023

	Issued, subscribed and paid up capital	Capital reserves	Revenue reserves		Total
		Fair value reserves	General reserves	Unappropriated Profit	
	(Rupees in thousand)				
Balance as on July 01, 2021 - as previously reported	560,578	3,435,887	2,278,935	2,817,370	9,092,770
Adjustment of rectification of accounting error - Note 21.1	-	-	-	(24,885)	(24,885)
Balance as on July 01, 2021 - Restated	560,578	3,435,887	2,278,935	2,792,485	9,067,885
Final dividend for the year ended					
June 30, 2021 @ Rs. 50 per share	-	-	-	(2,802,888)	(2,802,888)
Final bonus shares issued for the year ended					
June 30, 2021 @ 20% per share	112,116	-	-	(112,116)	-
Interim dividend for the year ended					
June 30, 2022 @ Rs. 45 per share	-	-	-	(3,027,119)	(3,027,119)
Interim bonus shares issued for the year ended					
June 30, 2022 @ 20% per share	134,539	-	-	(134,539)	-
Interim bonus shares issued for the year ended					
June 30, 2022 @ 20% per share	161,446	-	-	(161,446)	-
Total comprehensive (loss) / income for the					
year ended June 30, 2022	-	(1,822,985)	-	5,607,864	3,784,879
Balance as on June 30, 2022 - Restated	968,679	1,612,902	2,278,935	2,162,241	7,022,757
Final dividend for the year ended					
June 30, 2022 @ Rs. 20 per share	-	-	-	(1,937,355)	(1,937,355)
Bonus shares issued for the year ended					
June 30, 2022 @ 20% per share	193,736	-	-	(193,736)	-
Interim dividend for the year ended					
June 30, 2023 @ Rs. 10/- per share	-	-	-	(1,162,414)	(1,162,414)
Interim bonus shares issued for the year ended					
June 30, 2023 @ 10% per share	116,241	-	-	(116,241)	-
Interim bonus shares issued for the year ended					
June 30, 2023 @ 50% per share	639,327	-	-	(639,327)	-
Total comprehensive income for the					
year ended June 30, 2023	-	290,003	-	3,504,661	3,794,664
Balance as on June 30, 2023	**1,917,983**	**1,902,905**	**2,278,935**	**1,617,829**	**7,717,652**

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman

Statement of Cash Flows
For the year ended June 30, 2023

	Note	2023	2022 Restated
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	43	(1,301,192)	3,980,516
Interest paid		(963,487)	(93,071)
Payment of / (receipt against) long-term loans to employees - net		11,674	70
Workers' Profit Participation Fund paid	30	(325,001)	(485,151)
Workers' Welfare Fund paid		(173,739)	(157,581)
Income tax paid		(1,855,645)	(3,328,885)
Employee benefits paid - net		(15,774)	(15,283)
Long-term security deposits received		800	400
		(3,321,172)	(4,079,501)
Net cash flows used in operating activities		(4,622,364)	(98,985)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(193,707)	(100,511)
Proceeds from disposal of property, plant and equipment	17.1.4	29,903	29,310
Short-term investments redeemed		-	5,805,411
Long-term investments made		(1,598,126)	-
Interest received		71,593	38,107
Dividend received		300,003	665,955
Net cash flows (used in) / generated from investing activities		(1,390,334)	6,438,272
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(3,085,027)	(5,850,984)
Principal payment against lease liabilities		(7,890)	(4,914)
Long-term financing paid		(174,215)	(182,303)
Long-term financing received		1,427,606	5,000
Net cash flows used in financing activities		(1,839,526)	(6,033,201)
Net (decrease) / increase in cash and cash equivalents		(7,852,224)	306,086
Cash and cash equivalents at the beginning of the year		1,505,688	1,199,602
Cash and cash equivalents at the end of the year	44	(6,346,536)	1,505,688

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman

Notes to The Financial Statements
For the year ended June 30, 2023

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 repealed 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 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 IFS applications in Pakistan and abroad.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the lFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These financial statements represent the separate financial statements of Millat Tractors Limited, in which investments in the subsidiary companies, namely Millat Equipment Limited (MEL), Bolan Castings Limited (BCL), Millat Industrial Products Limited (MIPL) and TIPEG Intertrade DMCC have been accounted for at cost less accumulated impairment losses, if any. The consolidated financial statements of the Group are being issued separately.

2.3 Initial application of standards, amendments or an interpretation to existing standards

2.3.1 Standards, amendments to published standards and interpretations that are effective in the current year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after July 01, 2022 (unless otherwise stated).

IFRS 3 Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the separate financial statements of the Company.

IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments to specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the financial statements of the Company, as prior to the application of the amendments, the Company had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of incremental costs directly related to the contracts and an allocation of costs directly related to contract activities.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statements.

In addition to the above amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements were generally effective for accounting periods beginning on or after July 01, 2022:

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39. This had no impact on the financial statements of the Company.

IFRS 16 Leases - In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). This had had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16 and had no impact on the financial statements of the Company.

2.3.2 Standards, amendments to published standards and interpretations that are not yet effective

Certain amendments to published stanadrds and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these, if applicable, when they become effective.

IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current:

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement;
• That a right to defer must exist at the end of the reporting period;
• That classification is unaffected by the likelihood that an entity will exercise its deferral right;
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification; and
• Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 01, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company's financial statements.

IAS 1 and IFRS Prac--tice State--ment 2 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:

– Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and

– Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 01, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently revisiting its accounting policy information disclosures to ensure consistency with the amended requirements.

IAS 8 Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 01, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are not expected to have a material impact on the Company's financial statements.

IFRS 10 & IAS 28 — Consolidated Financial Statements and Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded.) Earlier application of the September 2014 amendments continues to be permitted. The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan:

Standard		(Annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

The above are not expected to have any significant impact on financial statements of the Company.

3 Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention except for the following:

- certain financial instruments, government grant, and plan assets of defined benefit plan, at fair value; and
- certain employee benefit obligations at present value.

3.2 Critical accounting estimates and judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. Following are the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. The Company bases its assumptions and estimates on the parameters under which these financial statements were prepared. Existing circumstances and assumptions about the future development may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3.2.1 Employees' retirement benefits and other obligations

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations i.e. employees' defined benefit plan and other obligations. The valuation is based on assumptions as mentioned in note 4.12 to these financial statements.

3.2.2 Estimated useful lives, residual values and method of depreciation of property, plant and equipment

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

3.2.3 Impairment of trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3.2.4 Fair value of unquoted investments

Fair value of unquoted investments is determined by using valuation techniques. The Company uses the valuation performed by an independent valuation expert to determine the fair value of its unquoted investments. The Company has used discounted cash flow analysis for this purpose as fully explained in note 21.4 to these financial statements.

Contingencies:

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

Sales tax refundable:

Management has classified the whole of the amount of Sales tax refundable as current asset based on the assessment that either the amount will be refunded in the next year or related settlement of amounts due to Government, within next twelve months will include refund of Sales tax. Only significant impact of time value of money is recognized in the financial statements.

4 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.2 Reserves

Reserve are classified into two categories as follows:

4.2.1 Revenue reserve

Revenue reserve is the reserve which is regarded as available for distribution through the profit or loss including general reserves and other specific reserves created out of profit and un-appropriated or accumulated profits of previous years.

4.2.2 Capital reserve

Capital reserve includes all the reserves other than the ones classified as revenue reserves.

4.3 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

4.4 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.5 Leases

The Company is the lessee:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate and amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the statement of profit and loss account if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

4.6 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. The Company's financial liabilities include long-term finances, lease liabilities, short-term finances utilized under mark-up arrangements, trade and other payables and are measured at amortized cost.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

4.7 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.8 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current

The charge for current tax is calculated using prevailing tax rates at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

4.9 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.10 Contract asset and contract liability

A contract asset is recognised for the Company's right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.11 Dividend and appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the these are approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

4.12 Employee benefits

4.12.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

4.12.2 Post employment benefits

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

4.12.2.1 Defined benefit plan - Pension

The Company operates a funded defined benefit pension scheme for all its eligible employees. Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Contributions under the scheme are made to this fund on the basis of actuarial recommendation and are charged to profit or loss. The latest actuarial valuation for the scheme was carried out as at June 30, 2023.

The amount recognized in the statement of financial position represents the present value of the plan assets reduced by value of defined benefit obligation. Any charge or credit arising as a result of remeasurements are recognized in the other comprehensive income of the Company in the period in which they occur. Past service costs are recognized immediately in the statement of profit or loss.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, based on the following significant assumptions, is used for valuation of this scheme:

	2023	2022
Expected rate of increase per annum in salary level	15.25%	12.25%
Discount rate per annum used for interest cost in profit or loss	13.25%	10.00%
Discount rate per annum used for year end obligation	16.25%	13.25%
Retirement Assumption	Age 60	Age 60
Expected mortality rates	SLIC 2001 -	SLIC 2001 -
	2005	2005
	Set back	Set back
	one year	one year

The Board Members of the Millat Tractors Limited Employees' Pension Fund Trust are managing the Pension Fund as per the applicable Pension Fund Deed, Rules and Regulations of the fund.

The amount recognized in the statement of financial position represents the fair value of the plan assets reduced by the present value of defined benefit obligation.

4.12.2.2 Defined contribution plans

a) Gratuity

The Company operates an approved defined contribution funded gratuity scheme for permanent employees who joined the Company before July 01, 2004. Under the scheme, based on the graduated scale, the contributions are calculated with reference to last drawn salary of the employees and are paid over to the Employees' Gratuity Fund Trust.

b) Provident fund

The Company operates an approved defined contribution provident fund for all permanent employees. Equal contributions are made by employees and the Company at the rate of 10 percent of basic salary per month. The Company has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognised as an expense in the statement of profit or loss as and when incurred.

The Board Members of the Millat Tractors Limited Employees' Provident Fund Trust ('the Trust') are managing the Provident Fund as per the applicable Provident Fund Deed, Rules and Regulations of the fund.

4.12.2.3 Accumulating compensated absences

The Company provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 150 days in case of executives and management and 180 days in case of workers. Workers, executives and management are entitled to encash the unutilised earned leave accrued on or before retirement date, or due to medical grounds could utilize / encash their outstanding days of leaves before leaving. Any further unutilised leaves lapse. The earned leave encashment is based on basic salaries for executives and management, and incase of workers, basic salaries plus house rent allowance.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to statement of profit or loss. The most recent valuation was carried out as at June 30, 2023 using the "Projected Unit Credit Method.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss immediately in the period when these occur.

Projected unit credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

	2023	2022
Expected rate of increase per annum in salary level	15.25%	12.25%
Discount rate per annum used for interest cost in profit or loss	13.25%	10.00%
Discount rate per annum used for year end obligation	16.25%	13.25%
Expected mortality rates	SLIC 2001 -	SLIC 2001 -
	2005	2005
	Set back	Set back
	one year	one year
Duration of the plan (years)	8	8

4.13 Contingent liabilities and assets

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or
- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

4.14 Property, plant and equipment

4.14.1 Operating fixed assets

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

Depreciation on all items of property, plant and equipment is charged to profit or loss applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation is being charged at the rates given in note 17. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.
The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value and useful life of its operating fixed assets during the year has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.16 to these financial statements).

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

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

4.14.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.15 Intangible assets

Expenditure incurred to acquire and develop computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite life are amortised using the straight line method over a period of three to five years and Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.16 to these financial statements).

4.16 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.17 Investment property

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

The Company assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss on disposal or retirement of an investment property represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in profit or loss.

4.18 Investments and other financial assets

4.18.1 Investments in equity instruments of subsidiaries

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

Investment in equity instruments of subsidiaries are measured at cost as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense in the statement of profit or loss.

The Company assesses at the end of each reporting period whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. It assesses whether there have been favourable events or changes in circumstances, since impairment loss was recognised. If any such indication exists, the Company estimates the recoverable amount of that investment and reverses the impairment loss. The amount of any reversal recognised is restricted to increasing the carrying value of investment to the carrying value that would have been recognised if the original impairment had not occurred.

All purchases and sales of investments are recognised on the trade date, which is the date on which the Company commits to purchase or sell the investment.

The Company is required to issue consolidated financial statements along with its separate financial statements in accordance with the requirements of IFRS 10, 'Consolidated financial statements' and IAS 27, 'Separate financial statements'.

4.18.2 Financial assets other than investments in equity instruments of subsidiaries

4.18.2.1 Classification

The Company classifies its financial assets other than investments in subsidiaries in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.
  The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

4.18.2.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.18.2.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments except for investments in subsidiaries at fair value through other comprehensive income. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.18.2.4 Impairment of financial assets other than investment in equity instruments

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables, while general 3-stage approach for deposits, loans, bank balances and other receivables i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Long-term deposits;
- Loans to employees;
- Deposits and other receivables; and
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an impairment gain or loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.19 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.20 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.21 Stock-in-trade

Stock of raw materials (except for those in transit), work-in-process and finished goods are valued principally at the lower of weighted average cost and net realisable value ('NRV'). Cost of work-in-process and finished goods comprises cost of direct materials, labour and related production overheads (based on normal operating capacity).

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management estimate.

4.22 Trade debts and other receivables

Trade debts are amounts due from customer for goods sold or services performed in ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Company. Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method less loss allowance.

4.23 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

4.24 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies.

a) Sale of goods

Revenue from contracts for sale of tractors, implements, multi-application products and trading goods is recognized upon delivery and acknowledgement of the good by the customer i.e. at a point-in-time when the performance obligation of the Company is satisfied. Since there is only one performance obligation the revenue is recognized at full amount. Payments for sale of tractors are received in advance from customers, while in the case of implements and multi-application products credit periods are provided as per Company policy on a case to case basis. The credit term does not include any financing component. Any rebate / markup on account of delayed delivery of tractor is deducted from the transaction price upon satisfaction of the performance obligation.

b) Sale of service

- Warranties

The Company provides various types of warranties. When determining the nature of warranty-related promises, the Company considers:

- whether the customer has the option to separately purchase the warranty; and
- whether all or part of the warranty provides the customer with an additional service beyond the basic assurance that it will perform in accordance with published specifications.

Standard-type warranties of free repair, parts replacement, assurance and major rectification to the customer along with free service after specific intervals are not offered separately for any consideration by the Company and rather are embedded in the sale price of the good. Accordingly, the same are not considered to be separate performance obligations and are accounted for under IAS 37.

For extended-type warranties or separate after sale services offered by the Company the same are treated as separate performance obligations. Revenue from such warranties or after sale services contracts is recognized over time i.e. duration of the contract.

- IFS services

Revenue from IFS services includes contracts for software implementation / customization services along with post implementation consultancy / maintenance services. Revenue from implementation / customization services is recognized at a point-in-time i.e. when the performance obligation of the Company for implementation/ customization is satisfied whereas revenue from post implementation consultancy / maintenance services is recognized on straight-line method over-time i.e. duration of the Service Level Agreement.

Others

- Dividend is recognized as income when the right to receive dividend is established.
- Profit on bank deposits is recognized on effective rate of interest method.
- Investment income is recognized when right to receive the income is established.

4.25 Research cost

These costs are charged to profit or loss when incurred.

4.26 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial time to get ready for their intended use or sale.
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

4.27 Earnings per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.28 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

4.29 Transactions with related parties

Transactions with related parties are conducted in normal course of business in accordance with the agreed terms and conditions. All the related party transactions are presented for approval of shareholders in General Meeting in accordance with the requirements of Section 208 of Companies Act, 2017.

5 Issued, subscribed and paid up capital

2023	2022		2023	2022
(Number of shares in thousand)			(Rupees in thousand)	
2,543	2,543	Ordinary shares of Rs.10 each		
		fully paid in cash	25,429	25,429
		Ordinary shares of Rs.10 each issued		
		as fully paid bonus shares		
94,324	53,514	Opening balance	943,250	535,149
		Issued during the year		
–	11,211	Final bonus shares issued -		
		2021 @20% per share	–	112,116
19,374	–	Final bonus shares issued -		
		2022 @20% per share	193,736	–
–	13,454	Interim bonus shares issued -		
		2022 @20% per share	–	134,539
–	16,145	Interim bonus shares issued -		
		2022 @20% per share	–	161,446
11,624	–	Interim bonus shares issued -		
		2023 - @10% per share	116,241	–
63,933	–	Interim bonus shares issued -		
		2023 - @50% per share	639,327	–
94,931	40,810		949,304	408,101
191,798	96,867		1,917,983	968,679

		Note	2023	2022
			(Rupees in thousand)	
6	**Reserves**			
	Capital reserve			
	Fair value reserve - Investments measured at FVOCI		1,902,905	1,612,902
			1,902,905	1,612,902
	Revenue reserve			
	General reserve		2,278,935	2,278,935
	Unappropriated profits - restated		1,617,829	2,162,241
			3,896,764	4,441,176
			5,799,669	6,054,078
7	**Long-term finances - secured**			
	Long-term loan	7.1	1,377,687	124,296
	Less: Current portion shown under current liabilities	7.1	(360,769)	(88,134)
			1,016,918	36,162

		Note	2023	2022
			(Rupees in thousand)	
7.1	The reconciliation of carrying amount is as follows:			
	Opening balance	7.2 and 7.3	124,296	291,612
	Loan received during the year	7.4	1,427,606	5,000
	Modification during the year	7.3	–	(3,646)
	Repayments during the year		(177,527)	(182,303)
	Transferred to deferred grant	8	–	(1,491)
	Unwinding of interest cost		3,312	15,124
			1,377,687	124,296
	Less: Current portion shown under current liabilities		(360,769)	(88,134)
			1,016,918	36,162

7.2 This included amount of loan against facility of Rs. 400,000 thousand (2022: Rs. 400,000 thousand) 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. The loan was initially recognized at amortized cost using prevailing market rate of mark-up for similar instruments. The average discount rate used ranges 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. The loan was repayable in 8 equal quarterly installments commencing from January 31, 2021 and carried markup at the rates ranging from 0.15% to 0.4% per annum, which was payable quarterly. The carrying amount of loan as of year end is Nil (2022: Rs. 83,789 thousand). 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.

7.3 This includes amount of loan against facility of Rs.100,000 thousand (2022: Rs.100,000 thousand) obtained under renewable energy finance scheme announced by the 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 in the last year, the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022. The modification was considered to be non-substantial, with the resulting impact recognized in these financial statements accordingly. The discount rate used is 11.47% per annum (2022: 11.47% per annum). The difference between cash received and present value of cash outflows upon initial recognition and subsequent modification has been recognized as deferred grant. The carrying amount of loan as of year end is Rs. 39,306 thousand (2022: Rs. 40,507 thousand). This facility is secured by specific and exclusive charge on the purchased machinery and ranking charge over current assets of the Company.

7.4 This represents amount of loan against facility of Rs. 1,500,000 thousand (30 June 2022: Nil) 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, 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 reset on the first working day of each calendar quarter, using the rate prevailing on last working day of preceding calendar quarter. The carrying amount of loan as of year end is Rs. 1,338,381 thousand (2022: Nil). This facility is secured by first exclusive mortgage charge over land of the factory situated at 9 KM, Sheikhupura Road, Lahore, amounting to Rs. 2,000,000 thousand (including 25% margin).

		Note	2023	2022
			(Rupees in thousand)	
8	**Deferred grant**			
	At start of year		20,031	29,087
	Received during the year		–	1,491
	Transferred to profit or loss during the year	38	(5,603)	(14,193)
	Modification during the year	7.3	–	3,646
	At end of year	8.1	14,428	20,031
	Represented by:			
	Non-current portion		11,362	14,427
	Current portion		3,066	5,604
			14,428	20,031

8.1 Government grants have been recognized against loans obtained under the SBP refinance scheme of salaries and wages and SBP refinance scheme for renewable energy in lieu of below market-interest rate payable on these loans. There are no unfulfilled conditions or contingencies attached to these grants effecting its recognition at the reporting date.

		Note	2023	2022
			(Rupees in thousand)	
9	**Lease liabilities**			
	Lease liabilities at year end	9.1	10,986	1,331
	Less: current portion of lease liabilities		(4,019)	(1,331)
	Non current lease liabilities		6,967	–
9.1	Commitments in relations to leases recognised under IFRS 16, are payable as follows:			
	Payable not later than one year		6,597	1,634
	Payable later than one year but not later than five years		6,188	–
			12,785	1,634
	Future finance charges		(1,799)	(303)
	Total lease liabilities	9	10,986	1,331

10 Long-term deposits

These represent security deposits received from dealers which, by virtue of agreement, are interest free. These are repayable on cancellation of dealership contract with dealers and cannot be utilized for the purpose of the business. These have been kept in separate bank account in accordance with the requirements of the section 217 of the Companies Act, 2017. These deposits have not been discounted as the impact is considered to be immaterial.

		Note	2023	2022
			(Rupees in thousand)	
11	**Deferred tax liabilities - net**			
	The liability for deferred tax comprises temporary differences relating to:			
	Taxable temporary differences:			
	Accelerated tax depreciation		85,095	71,442
	Changes in fair value of investments	21	1,170,245	752,376
			1,255,340	823,818
	Deductible temporary differences:			
	Lease liability against right of use asset		(2,529)	(438)
	Provision for impaired / doubtful receivables		(13,296)	(12,089)
			(15,825)	(12,527)
	Net deferred tax liability at the year end		1,239,515	811,291

11.1 Deferred tax asset on unused tax losses represents the minimum tax available for carry forward under the Income Tax Ordinance, 2001 and is recognised to the extent that the realization of related tax benefits through future taxable profits of the Company is probable. The projections are based on management's best estimates of key production, sales and economic assumptions.

11.2 Reconciliation of deferred tax liabilities - net

	Deferred tax liability		Deferred tax asset			
	Accelerated tax depreciation	Change in fair value of investments	Unused tax losses	Lease liability against right -of-use asset	Provision for impaired / doubtful receivables	Net liability / (asset)
	(Rupees in thousand)					
Balance as at June 30, 2021	63,247	930,976	(20,615)	-	(10,624)	962,984
Tax (income) / expense during the year recognised in						
- profit or loss	8,195	(742)	20,615	(438)	(1,465)	26,165
- Other comprehensive income	-	(177,858)	-	-	-	(177,858)
Balance as at June 30, 2022	71,442	752,376	-	(438)	(12,089)	811,291
Tax (income) / expense during the year recognised in						
- profit or loss	13,653	-	-	(2,091)	(1,207)	10,355
- Other comprehensive income	-	417,869	-	-	-	417,869
Balance as at June 30, 2023	85,095	1,170,245	-	(2,529)	(13,296)	1,239,515

11.3 Under the Finance Act, 2023, a corporate tax rate of 29% has been fixed with an additional super tax of 10% (2022: 4%) for the persons having income more than Rs. 500 million (2022: Rs. 300 million). Therefore, deferred tax assets and liabilities have been recognized and remeasured accordingly using the enacted applicable rate i.e. 39% (2022: 33%).

		Note	2023	2022
			(Rupees in thousand)	
12	**Trade and other payables**			
	Trade creditors	12.1	2,602,123	3,210,150
	Accrued liabilities		186,103	280,412
	Bills payable		183,045	341,626
	Security deposits	12.2	24,626	14,713
	Trademark fee payable		538,791	290,522
	Workers' Welfare Fund		84,349	142,860
	Accrued markup on long-term finances		74,240	-
	Accrued markup on running finance		452,000	133,000
	Payable against sale tax withheld		56,294	140,785
	Others	12.3	126,799	129,040
			4,328,370	4,683,108

12.1 These include balances due to related parties amounting Rs. 779,994 thousand (2022: Rs. 692,189 thousand).

12.2 These represent security deposits from dealers and contractors against short-term agreements for goods to be delivered or sold to the dealers which, by virtue of the agreements, are interest free, repayable on demand and are used in the Company's business. As at year end the Company has utilized these security deposits for business operations of the Company in accordance with the terms of the contract in writing.

12.3 These include deposits by employees under car and motorcycle scheme amounting to Rs. 40,407 thousand (2022: Rs. 37,977 thousand) and carry no markup.

13 Contract liabilities

13.1 These represent the amounts received in advance from customers against performance obligations / sales made in subsequent periods i.e. sale of tractors, and are unsecured. This includes advances received from related parties of Rs.19,013 thousand (2022: Rs. 55,717 thousand). Further, as referred in note 31 to these financial statements, these also include a Nil amount (2022: Rs. 123,312 thousand) representing cheques in hand at the reporting date.

Customers who have given these advances, are entitled to discount at the rate of Karachi Inter Bank Offered Rate ('KIBOR') plus 3% per annum, from the date of advance payment to the date of delivery exceeding 60 days of initial booking, subject to certain other conditions.

Also included in this balance is an amount of Rs. 1,194,026 thousand, which is disputed by the customer on account of price increase after initial booking. The Company, in consultation with its legal counsel is confident that this amount does not attract the discount as referred above, since the transaction could not be completed due to non-payment of price differential by the customer. Accordingly, no provision for such discount has been made in these financial statements.

13.2 Revenue recognised during the year that was included in the contract liability balance at the beginning of the year amounted to Rs. 5,239,963 thousand (2022: Rs.9,876,925 thousand).

13.3 The decrease in contract liabilities is primarily due to decrease in demand in the last quarter of the current year as compared to the last year. The transaction price allocated to unsatisfied performance obligations as at June 30, 2023 is expected to be recognised as revenue during the next reporting period.

14 Short-term borrowing facilities

14.1 The Company has obtained short-term borrowing facilities from various banks to meet its working capital requirements against aggregate sanctioned limit of Rs. 11,200,000 thousand (2022: Rs. 6,839,426 thousand). The rates of mark up range from KIBOR + 0.04% to KIBOR + 0.25% (2022: KIBOR - 0.05% to KIBOR + 0.25%) per annum.

14.2 Out of the above mentioned authorized limit, an amount of Rs. 2,500,000 thousand (2022:Rs. 1,015,000 thousand) has been obtained under Islamic mode of financing.

14.3 The Company has facilities for opening of letters of credit and guarantees aggregating to Rs. 5,090,241 thousand (2022: Rs. 4,919,449 thousand) out of which Rs. 500,000 thousand (2022: Rs. 585,000 thousand) has been obtained under Islamic mode of financing.

14.4 Out of the authorized limited of letter of credit and guarantees Rs. 2,037,248 thousand (2022: Rs. 2,596,462 thousand) remained unutilized at the end of the year.

14.5 These facilities are secured by pari passu hypothecation charge over current and future assets and book debts of the Company, lien over import documents and counter guarantees of the Company.

		Note	2023	2022
			(Rupees in thousand)	
15	**Current portion of non-current liabilities**			
	Current portion of term finances - secured	7	360,769	88,134
	Current portion of deferred grant	8	3,066	5,604
	Current portion of lease liabilities against right-of-use assets	9	4,019	1,331
			367,854	95,069

16 Contingencies and commitments

16.1 Contingencies

16.1.1 The Income tax department has disputed the Company's treatment on certain tax matters relating to certain tax years from 2013 till 2021, entailing a possible additional tax liability of Rs. 311,800 thousand (2022: 1,776,707 thousand). These primarily include disallowances made by tax authorities in respect of apportionment of expenses to export sales, super tax liability effect, tax refunds / adjustments claimed by the Company, consumption of stock and consequently value of closing stock claimed by the Company, etc. Both the Company and the Income tax department are currently in appeal at the Commissioner Inland Revenue Appeals and Appellate Tribunal level regarding the tax matters, while certain tax matters have been remanded back to the Commissioner Inland Revenue level for reassessment. Decisions regarding these tax matters are still pending. The management in consultation with their tax advisor is confident that all the tax matters will eventually be decided in the favor of the Company; therefore no provision has been deemed necessary and / or made in these financial statements.

16.1.2 The Income tax department has disputed the Company's payment against Workers' Welfare Fund for years 2014 to 2020 and thereby created a demand of Rs. 657,509 thousand (2022: Rs. 657,509 thousand) under section 4(9) of Workers Welfare Fund Ordinance, 1971. The Company has submitted its response on the aforementioned order to the Income tax department which is currently pending a response. No further proceedings has been initiated to date by the department. The management in consultation with their tax advisor is confident that the matter will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

16.1.3 A civil suit for the recovery of damages including compensation for delayed delivery amounting to Rs. 1,114,130 thousand was filed by a customer in the Sindh High Court. The Company is confident to win the case; therefore no provision has been deemed necessary in these financial statements.

16.1.4 The Federal Board of Revenue (FBR) has conducted sales tax audits for the years 2019-20 and 2020-21. In both the years, the liability adjudged by the appellate forum amounts to Rs. 56,846 thousand, which has been contested by the Company at the Appellate Tribunal Inland Revenue (ATIR) and stays have been obtained. The management, in consultation with their tax advisor, is confident that the tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

16.1.5 The Company has filed an appeal to the ATIR, against the Commissioner Appeal's order, regarding the short payment of sales tax for difference in purchases in income tax and sales tax returns for the year 2017-18 amounting to Rs. 373,523 thousand. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

16.1.6 FBR has conducted post-refund audits of the Company's monthly sales tax refunds for nine tax periods selected from April, 2020 to June, 2021. The Company is defending a demand of Rs. 116,173 thousand at different appellate forums, and based on the advice of the Company's legal advisor, the management is confident of a positive outcome in this regard, hence the same has not been provided for in these financial statements.

16.1.7 The company has filed an appeal to the Commissioner, Customs Appeal, against the order of the Additional Collector of Customs, Adjudication, regarding the short payment of custom duties amounting to Rs. 2,330 thousand. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

16.1.8 The company has filed a reference in Lahore High Court against an order of the ATIR for non-payment of sales tax amounting to Rs. 29,413 thousand on after-sales services (warranty parts) for the period July, 2012 to June, 2014. The management and the legal advisor are confident of a favorable outcome in the case; therefore no provision has been made in these financial statements.

16.1.9 The Company is defending a suit for Rs.19,579 thousand, filed in previous years by an ex-vendor on account of damages and inconvenience. Previously, the case was pending before the Civil Court, Lahore. However it was held by the Civil Court that the damages of Rs. 15,000 thousand have been awarded in favor of vendor for the aforementioned inconvenience. In addition to that the Company is also required to pay the amount of parts already supplied by the vendor which amounts to Rs 4,579 thousand along with mark up @ 7% per annum till its realization. However, the Company has filed an appeal in the Honorable High Court, Lahore against the aforesaid order of Civil Court. The management and the legal advisor are confident that outcome of the case would be in the Company's favor and no payment in this regard would be required, hence no provision there against has been made in these financial statements.

16.1.10 Under section 8(2) of the Sales Tax Act, 1990, the company received an order regarding short payment of sales tax for non-apportionment of sales tax against exempt supplies of parts for the year 2018-19 amounting to Rs. 7,840 thousand. The Company has filed an appeal to the ATIR, against the Commissioner Appeal's order. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Company. Therefore, no provision in this regard has been made in these financial statements.

16.1.11 The show cause proceedings were initiated against the Company by the Competition Commission of Pakistan ('CCP') in 2021 under the Competition Act, 2010. The Company has filed a writ petition before the Islamabad High Court against the CCP. The matter is pending for decision. The management and the legal advisor are confident of favorable outcome of the case, hence no provision in this regard has been made in these financial statements.

16.1.12 The Company is defending a demand of Rs. 31,869 thousand from the Customs Authorities (Authorities), alleging the Company for non payment of custom and other additional duties. The demand is on account of purchase of certain starter motors and alternators to be used for the assembly of the tractors. The Company filed an appeal against the said demand and the order passed by Additional Collector, Lahore and Collector Appeals, Lahore before the Customs Appellate Tribunal, Lahore and the said tribunal passed order in favour of the Company. The Custom department has filed reference against the decision in Honourable Lahore High Court, judgment of which is pending. The Company made payment of Rs. 8,000 thousand under protest in response to demand notice served and obtained stay order from Honourable High Court, Lahore against further recovery action of Authorities. The management and legal advisor are confident that the outcome of the case would be decided in their favour, hence no provision relating to aforesaid demand has been made in these financial statements.

16.1.13 FBR has issued a show cause notice in respect to a decision of Federal Tax Ombudsman (FTO) regarding short payment of Sales Tax amount to Rs. 6,723 thousand. The matter is still pending for decision by assessing officer. The management and Legal counsel are of the view that this is not a liability of the company and hence no provision has been made in these financial statements.

16.2 Commitments

16.2.1 The Company has provided guarantee amounting to Rs. 5,000 thousand (2022: Rs.5,000 thousand) to banks for repayment of loan by employees. An amount of Rs. 641 thousand (2022: Rs. 899 thousand) was utilized by employees as at June 30, 2023.

16.2.2 Guarantees issued by the banks on behalf of the Company in the normal course of business amount to Rs. 633,723 thousand (2022: Rs. 963,476 thousand).

16.2.3 Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs. 2,419,270 thousand (2022: Rs. 1,359,511 thousand) at the reporting date.

		Note	2023	2022
			(Rupees in thousand)	
17	**Property, plant and equipment**			
	Operating fixed assets	17.1	827,326	775,150
	Capital work in progress	17.2	22,613	10,419
			849,939	785,569

17.1 Operating fixed assets

	Note	Land		Buildings		Owned					
		Freehold	Lease-hold	On freehold land	On leasehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	Total
		(Rupees in thousand)									
Net book value basis											
Year ended June 30, 2023											
Opening net book value	17.1.2 and 17.1.3	58,308	8	211,255	-	241,835	36,519	190,090	26,493	10,642	775,150
Additions (at cost)		-	-	7,111	-	14,663	7,464	145,632	1,928	4,715	181,513
Disposals (at NBV)	17.1.4	-	-	-	-	-	-	(29,189)	-	(714)	(29,903)
Adjustments	43	-	-	-	-	-	-	(2,390)	-	(73)	(2,463)
Write offs		-	-	-	-	(4)	-	-	-	(1)	(5)
Depreciation charge	17.1.1	-	-	(11,537)	-	(24,770)	(4,886)	(47,665)	(4,155)	(3,953)	(96,966)
Closing net book value		58,308	8	206,829	-	231,724	39,097	256,478	24,266	10,616	827,326
Gross book value basis											
As at June 30, 2023											
Cost		58,308	8	452,592	2,900	659,207	99,485	441,183	107,392	62,046	1,883,121
Accumulated depreciation		-	-	(245,763)	(2,900)	(427,483)	(60,387)	(184,705)	(83,127)	(51,430)	(1,055,795)
Net book value		58,308	8	206,829	-	231,724	39,098	256,478	24,265	10,616	827,326
Depreciation rate % per annum		-	-	5-10	-	5	10	10-20	20	10-15	33
Net book value basis											
Year ended June 30, 2022											
Opening net book value	17.1.2 and 17.1.3	58,308	8	221,894	-	239,557	33,601	184,633	27,787	11,851	777,639
Additions (at cost)		-	-	1,101	-	26,741	7,579	76,144	3,038	4,043	118,646
Disposals (at NBV)	17.1.4	-	-	-	-	-	-	(28,870)	-	(440)	(29,310)
Adjustments		-	-	-	-	-	-	(674)	-	(22)	(696)
Write offs		-	-	-	-	(183)	(14)	-	-	(206)	(403)
Depreciation charge	17.1.1	-	-	(11,740)	-	(24,280)	(4,647)	(41,143)	(4,332)	(4,584)	(90,726)
Closing net book value		58,308	8	211,255	-	241,835	36,519	190,090	26,493	10,642	775,150
Gross book value basis											
As at June 30, 2022											
Cost		58,308	8	442,581	2,900	644,583	91,285	359,635	106,200	58,851	1,764,350
Accumulated depreciation		-	-	(231,326)	(2,900)	(402,748)	(54,765)	(169,545)	(79,707)	(48,209)	(989,200)
Net book value		58,308	8	211,255	-	241,835	36,520	190,090	26,493	10,642	775,150
Depreciation rate % per annum		-	-	5-10	5	10	10-20	20	10-15	33	

		Note	2023	2022
			(Rupees in thousand)	
17.1.1	The depreciation charge for the year has been allocated as follows:			
	Cost of sales			
	Distribution and marketing expenses	33	44,276	44,107
	Administrative expenses	34	13,136	9,302
		35	39,554	37,317
			96,966	90,726

17.1.2 Freehold land and building on owned land represents 202,343 square meters of factory land situated at Sheikhupura Road; Sheikhupura, 759 square meters at Khera Gali District Abbottabad; 697 square meters in sector F-6/1 Islamabad; and Corporate office floors in Tricon Corporate Centre Lahore.

17.1.3 Leasehold property represents Igloo hanger / godown measuring total area of 6,662 square meters situated near Brooke Bond factory SITE area, Karachi.

17.1.4 Disposal of operating fixed assets

Particulars of asset	Sold to	Mode of disposal	Cost	Book value	Sale proceeds	Gain/(Loss) on disposal
			(Rupees in thousand)			
Fixed assets sold having book value greater than Rs. 500,000						
	Directors:					
Vehicle	Mr. Sohail Bashir Rana - a related party	As approved by the Board	8,556	2,259	2,259	-
Vehicle	Mr. Irfan Aqeel - former director	Company car scheme	17,027	10,956	10,956	-
	Employees :					
Vehicle	Mr. Ehsan Ul Haq	Company car scheme	7,088	4,921	4,921	-
Vehicle	Mr. Khurram Anwar	Company car scheme	4,063	1,446	1,446	-
Vehicle	Muhammad Naeem	Company car scheme	1,433	1,071	1,071	-
Vehicle	Mr. Amjad Mahmood	Company car scheme	1,780	1,190	1,190	-
Fixed assets sold having book value less than Rs. 500,000			25,694	8,060	8,060	-
Year ended: June 30, 2023			65,641	29,903	29,903	-
Year ended: June 30, 2022			69,336	29,310	29,310	-

		Note	2023	2022
			(Rupees in thousand)	
17.2	**Capital work in progress**			
	Plant and machinery		22,613	10,377
	Office equipment		–	42
	Advance for tools and equipment		–	–
	Advance for vehicles		–	–
			22,613	10,419
17.2.1	Movement in capital work in progress is as follows:			
	Opening balance		10,419	21,300
	Additions during the year		52,036	92,486
	Capitalized during the year		(39,842)	(103,367)
			22,613	10,419
17.2.2	This includes balance with the following related party:			
	Hyundai Nishat Motors (Private) Limited		–	3,500
18	**Right-of-use assets**			
	This represents the right-of-use asset in respect of warehouses, leased by the Company.			
	Opening net book value		1,123	4,896
	Additon during the year		16,196	–
	Derecognition during the year		–	–
	Depreciation charged during the year	34	(4,462)	(3,773)
			12,857	1,123
19	**Investment property**			
	Land		258,444	258,444
	Provision for impairment	19.5	(2,736)	(2,736)
			255,708	255,708

19.1 This represents residential plots stated at cost. As at June 30, 2023 and June 30, 2022, the fair values of these properties were Rs. 599,400 thousand and Rs. 400,000 thousand, respectively. The valuations were performed by an independent valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that considers sales of similar properties that have been transacted in open market.

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

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

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

19.5 This represents provision for impairment against land measuring 12 kanals and 14.5 marlas located at Raiwind Road having gross value of Rs. 2,736 thousand (2022: 2,736 thousand) at the reporting date.

19.6 The forced sale value of these properties is estimated to be 80% of current market value which is Rs. 479,520 thousand (2022: Rs. 320,000 thousand) as at year end.

20 Intangible assets

	Note	Software with definite life	Licenses with indefinite life - Note 20.1	Total
		(Rupees in thousand)		
Net carrying value basis:				
Opening net book value as at July 1, 2022		–	39,300	39,300
Amortization charge	35	–	(7,860)	(7,860)
As at June 30, 2023		–	31,440	31,440
Gross carrying value basis:				
As at June 30, 2023				
Cost		5,992	39,300	45,292
Accumulated amortization		(5,992)	(7,860)	(13,852)
		–	31,440	31,440
Opening net book value as at July 1, 2021		162	39,300	39,462
Amortization charge	35	(162)	–	(162)
As at June 30, 2022		–	39,300	39,300
Gross carrying value basis:				
As at June 30, 2022				
Cost		5,992	39,300	45,292
Accumulated amortization		(5,992)	–	(5,992)
		–	39,300	39,300
Rate of amortization		33%	20%	

20.1 Licenses

During the year the Company has reassessed the indefinite useful life of Oracle based user licenses recognized as acquired intangible asset and concluded that the remaining useful life is estimated to be five years. This has resulted in amortization charge during the year amounting to Rs. 7,860 thousand recognized on straight-line basis and the same amount is expected to be recognized over the remaining useful life.

	Note	2023 Equity % held	2023 Amount	Restated 2022 Equity % held	Restated 2022 Amount
			(Rupees in thousand)		
21 Long-term investments					
- Investment in related parties					
In subsidiary undertakings - at cost:					
Unquoted:					
Millat Industrial Products Limited					
6,598,125 (2022: 5,737,500) fully paid ordinary shares of Rs.10/- each		64.09	57,375	64.09	57,375
TIPEG Intertrade DMCC					
1,500 (2022: 1,500) fully paid ordinary shares of AED 1,000/- each	21.1 and 21.2	75.00	40,020	75.00	40,020
Millat Equipment Limited					
13,455,000 (2022: 11,700,000) fully paid ordinary shares of Rs. 10/- each		45.00	117,000	45.00	117,000
Quoted:					
Bolan Castings Limited					
5,306,979 (2022: 5,306,979) fully		46.26	76,610	46.26	76,610
paid ordinary shares of Rs. 10/- each			291,005		291,005
Other investments - at FVOCI:					
Unquoted:					
Arabian Sea Country Club Limited					
500,000 (2022: 500,000) fully paid ordinary shares of Rs. 10/- each		6.45	5,000	6.45	5,000
Loss on fair valuation of investment			(5,000)		(5,000)
			-		-
Hyundai Nishat Motors (Private) Limited					
310,302,936 (2022: 150,490,300) fully paid ordinary shares of Rs. 10/- each	21.3 and 21.4	15.86	3,103,029	15.86	1,504,903
Surplus on fair valuation of investment - notes 21.4 and 48.1 (Level -3)			3,000,628		2,279,927
			6,103,657		3,784,830
- Investments other than related parties - at FVOCI					
Quoted:					
Baluchistan Wheels Limited					
1,282,825 (2022: 1,282,825) fully paid ordinary shares of Rs. 10/- each			12,145		12,145
Surplus on fair valuation of investment - note 48.1 (Level -1)			72,521		85,350
			84,666		97,495
Unquoted:					
TCC Management Services (Private) Limited					
40,000 (2022: 40,000) fully paid ordinary shares of Rs. 10/- each - note 48.1 (Level -3)	21.5		400		400
			6,479,728		4,173,730

21.1 Investment held at cost - restatement:

The Company in financial year ended 30 June 2013, acquired 75% investment in TIPEG Intertrade DMCC, a limited liability company registered with Dubai Multi Commodities Centre Authority, at an amount of AED 1,500 thousand equivalent to Rs. 40,020 thousand and recorded this in separate financial statements as investment in subsidiary at cost in accordance with IAS 27. Subsequently, the Company has erroneously treated this investment as a monetary asset and at each reporting period 'retranslated and recognized exchange gain / loss in respective periods accumulating to Rs. 44,505 thousand as at 30 June 2022 (30 June 2021: Rs. 24,885 thousand). Under the measurement principle of IAS 21 The Effects of Changes in Foreign Exchange Rates, investment in subsidiary is a non-monetary asset and should be translated at the exchange rate of the transaction date.

The Company, considering requirement of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, corrected this error by retrospective restatement whereby the previously recognized exchange gains on the above-mentioned investment have been reversed.

Similarly, exchange gain recorded on the investment during the year ended 30 June 2022, amounting to Rs. 19,620 thousand (30 June 2021: Rs. 4,020 thousand) has also been reversed in statement of total comprehensive income and which resulted in decrease in profit for the year ended 30 June 2022 by Rs. 19,620 thousand.

The restatement has impacted the statement of financial position and statement of changes in equity as at and for the year ended 30 June 2021, however, since this error is not considered by management to be material to overall financial statements, therefore a third statement of financial position at the beginning of preceding year has not being presented.

21.2 Subsidiaries incorporated outside Pakistan

Information about the related party incorporated outside the Pakistan in which the Company has a long-term investment and/ or with whom the Company had entered into transactions during the year is as follows:

Name of Company:	TIPEG Intertrade DMCC
Registered office of the Company (location):	Unit No. 705, Fortune Executive Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates
Company of incorporation:	United Arab Emirates
Basis of association:	Subsidiary
Aggregate percentage of shareholding:	75%
Managing Director / Principal Officer:	Mr. Sohail Bashir Rana
Operational status:	Operational
Details of litigation status (as on June 30, 2023):	None
Auditors opinion on latest financial statements (December 31, 2022):	Qualified opinion
Default / breach relating to foreign investment:	None

The unconditional amount of equity investment in the foreign subsidiary is AED 1,500 thousand which is equivalent to Rs. 40,020 thousand as on June 30, 2022 (2021: Rs. 40,020 thousand), as disclosed in note 21 to these financial statements.

The foreign subsidiary has remitted back dividend / return of Rs. 53,017 thousand (2022: Rs. 186,169 thousand) during the year.

21.3 During the year, Hyundai Nishat Motors (Private) Limited issued 159,813 thousand fully paid ordinary shares of Rs. 10 each to the Company against right issue at amount of Rs. 1,598,126 thousand. The Company owns a total of 310,303 thousand fully paid ordinary shares of Rs. 10 each as of the reporting date (2022: 150,490 thousand fully paid ordinary shares of Rs. 10 each).

21.4 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Since HNMPL's ordinary shares are not listed, an independent valuer has estimated a fair value of Rs 19.67 per ordinary share as at June 30, 2023 (2022: Rs. 25.15 per ordinary share) through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 48.1 to these financial statements. The fair value gain of Rs 720,701 thousand (2022: fair value loss of Rs. 1,997,008 thousand) is included in the fair value gain / loss recognised during the year in other comprehensive income.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rate is determined using a Capital Asset Pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.
- Long-term growth rate is estimated based on historical performance of HNMPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 23.8% per annum.
- Long-term growth rate of 2% per annum for computation of terminal value; and
- Annual growth in costs are linked to inflation and currency devaluation at 15% per annum and revenues are linked to currency devaluation at 15% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique is as follows, with all other variables held constant as at June 30, 2023:

	Impact on fair value gain	
	+1%	- 1%
	(Rupees in thousand)	
Significant assumptions		
- Discount rate	(307,198)	332,024
- Long-term growth rate	133,430	(124,121)
- Inflation rate per annum	(539,927)	502,691
- Interest rate per annum	6,206	(9,309)

21.5 The fair value of this investment approximates its cost.

		Note	2023	2022
			(Rupees in thousand)	
22	**Employees' defined benefit plan**			
22.1	Present value of defined benefit obligation	22.4	880,488	960,430
	Fair value of plan assets	22.5	(1,170,364)	(1,103,481)
	Asset recognized in the statement of financial position		(289,876)	(143,051)
22.2	**Charge for the year**			
	Salaries, wages and amenities include the following in respect of employees' pension scheme:			
	Current service cost		7,967	11,124
	Interest cost		119,932	110,912
	Expected return on plan assets		(139,446)	(106,308)
			(11,547)	15,728
22.3	**Remeasurements chargeable in other comprehensive income**			
	Remeasurement of plan obligation:			
	Actuarial (gains) / losses from changes in financial assumptions		(143,808)	(205,965)
	Experience adjustments		46,530	(12,883)
			(97,278)	(218,848)
	Interest income on plan assets		(29,747)	17,990
			(127,025)	(200,858)
22.4	**The movement in present value of defined benefit obligation is as follows:**			
	Present value of defined benefit obligation at beginning of year		960,430	1,160,998
	Current service cost		7,967	11,124
	Interest cost		119,932	110,912
	Benefits paid		(110,364)	(103,502)
	Benefits due but not paid		(199)	(254)
	Actuarial gain due to financial assumptions, including experience adjustments		(143,808)	(205,965)
	Experience adjustments		46,530	(12,883)
	Present value of defined benefit obligation at end of year		880,488	960,430
22.5	**The movement in fair value of plan assets is as follows:**			
	Fair value of plan assets at beginning of year		1,103,481	1,110,743
	Expected return on assets		139,446	106,308
	Contributions		8,253	8,176
	Benefits paid		(110,364)	(103,502)
	Benefits due but not paid		(199)	(254)
	Return on plan assets, excluding interest income		29,747	(17,990)
	Fair value of plan assets at end of year		1,170,364	1,103,481
	Actual return on plan assets		169,193	88,318

		2023	2022
		(Rupees in thousand)	
22.6	**Plan assets comprise of :**		
	Term Deposit Receipts:		
	Bank Alfalah Limited	–	400,000
	Zarai Taraqiati Bank Limited	723,000	280,000
	Mutual funds:		
	NAFA Capital Protected Fund	302,886	373,167
	Accrued interest and bank balance:		
	Bank balances	135,537	45,155
	Accrued interest	7,363	3,636
	Advance income tax	1,777	1,777
	Less: Payables	(199)	(254)
		1,170,364	1,103,481

Investments out of fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

22.7 Comparison of present value of defined benefit obligation, the fair value of plan assets and the resulting surplus or deficit of pension fund is as follows:

As at June 30	2023	2022	2021	2020	2019
	(Rupees in thousand)				
Present value of defined benefit obligation	880,488	960,430	1,160,998	1,232,563	848,495
Less: Fair value of plan assets	1,170,364	1,103,481	1,110,743	1,109,534	1,068,014
Surplus/ (deficit)	289,876	143,051	(50,255)	(123,029)	219,519
Experience adjustment on obligation	(143,808)	(218,848)	(89,128)	345,900	(292,128)
Return on plan assets, excluding interest income	29,747	(17,990)	(1,530)	(28,095)	(41,191)

The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2023 and 2022 consists of term deposits and mutual funds.

Sensitivity analysis

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase as disclosed in note 4.12.

The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation / asset to significant actuarial assumptions the same method (present value of the defined benefit obligation / asset calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation / asset recognised in the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

	2023	2022
	(Rupees in thousand)	
Discount rate + 100 bps	835	904
Discount rate - 100 bps	930	1,024
Salary increase + 100 bps	887	968
Salary increase - 100 bps	875	953
Indexation rate + 100 bps	936	1,028

22.8 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

Final salary risk (linked to inflation risk) - the risk that the final salary at the time of cessation of service is greater than what is currently assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks:

- **Mortality risk** - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.
- **Withdrawal risk** - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.
- **Investment risk** - The risk of the investment underperforming and not being sufficient to meet the liabilities.

22.9 The Company's net-refund from the pension fund for the year ending June 30, 2024 is expected to be Rs. 29,308 thousand.

		Note	2023	2022
			(Rupees in thousand)	
23	**Long-term loans and advances**			
	Loan to employees - considered good:			
	Company loan	23.1	5,895	5,068
	Motor cycle loan	23.2	1,454	1,517
			7,349	6,585
	Advances for purchase of vehicles		–	1,744
	Advances for purchase of tools and equipment		–	14,867
	Less: Current portion on loan to employees			
	included in current assets	27	–	(4,173)
			7,349	19,023

23.1 These represent interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly installments over a period of twenty four months for executives and thirty six months for workers.

23.2 These represent interest free loans to employees for purchase of motor cycles secured by joint registration of motor cycles in the name of the Company and employees. These loans are repayable in monthly installments over a period of sixty months.

23.3 None of the above loans are shariah compliant or based on Islamic mode of financing.

		2023	2022
		(Rupees in thousand)	
24	**Stores, spare parts and loose tools**		
	Stores, spare parts and loose tools	224,348	182,625
	Less: Provision for obsolescence	-	-
		224,348	182,625

24.1 Most of the items of stores, spare parts and loose tools are of inter-changeable nature and can be consumed as stores or used as machine spares against capital expenditure. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

		Note	2023	2022
			(Rupees in thousand)	
25	**Stock-in-trade**			
	Raw material	25.1 and 25.2	8,217,666	6,316,773
	Work-in-process		44,826	22,975
	Finished goods:			
	Manufacturing		1,174,015	224,455
	Trading		367,378	194,695
			1,541,393	419,150
			9,803,885	6,758,898

25.1 This includes stock in transit amounting to Rs. 326,602 thousand (2022: Rs. 873,620 thousand).

25.2 This includes raw materials and components held with third parties amounting to Rs. 31,903 thousand (2022: Rs. 31,698 thousand).

		Note	2023	2022
			(Rupees in thousand)	
26	**Trade debts**			
26.1	Trade debts from contracts with customers			
	- considered good	26.3	245,821	235,269

26.2 The maximum aggregate amount of trade debts / receivable from related parties at the end of any month during the year was Rs. 22,176 thousand (2022: Rs.7,833 thousand).

		Note	2023	2022
			(Rupees in thousand)	
26.3	This includes amount due from following related parties:			
	- Bolan Casting Limited		20,198	-
	- Millat Equipment Limited		67	4,044
	- Millat Industrial Products Limited		36	-
	- Hyundai Nishat Motors (Private) Limited		11,899	3,789
			32,200	7,833
27	**Loans and advances**			
	Current portion of long-term loans to employees	23	-	4,173
	Advances to employees - considered good	27.1	3,876	2,276
	Advances to suppliers - considered good	27.2	97,971	32,951
			101,847	39,400
	Advances to suppliers - considered doubtful		2,485	2,485
	Less: provision for doubtful advances		(2,485)	(2,485)
			-	-
	Letter of credit opening charges		31	165
			101,878	39,565

27.1 These represent interest free advances to employees for the purpose of the expenses, tour and salary as per Company's approved Human Resource policy. These advances have not been discounted at present value as the resultant impact is immaterial.

27.2 These represent interest free advances given to suppliers as per mutually agreed terms.

		Note	2023	2022
			(Rupees in thousand)	
28	**Trade deposits and short-term prepayments**			
	Security deposits	28.1	243,070	20,172
	Prepayments		40,805	38,268
			283,875	58,440

28.1 These represents interest free security deposits made for tender placement.

		Note	2023	2022
			(Rupees in thousand)	
29	**Balances with statutory authorities**			
	Excise duties receivable / (payable)		1,509	(1,051)
	Sales tax recoverable	29.1	6,014,838	5,743,040
	Less: Allowance for doubtful claims		(34,147)	(34,147)
			5,980,691	5,708,893
			5,982,200	5,707,842

29.1 Included in this is a sales tax refund of Rs. 289,430 thousand, withheld by the Deputy Commissioner Inland Revenue, Lahore, regarding the reduced payment of sales tax on the sale of tractors by the Company to its customers in the period June to November, 2016. The case is pending in the Lahore High Court against the decision of the ATIR for re-examination. The management and the legal advisor are confident that the outcome of the case will be in the Company's favor.

		Note	2023	2022
			(Rupees in thousand)	
30	**Other receivables**			
	Claims receivable from suppliers	30.1	66,173	102,088
	Interest accrued		619	320
	Workers' Profit Participation Fund	30.2	50,513	13,581
			117,305	115,989
30.1	This includes amount due from following related parties:			
	- Millat Equipment Limited		–	1,659
	- Millat Industrial Products Limited		–	79
	- Bolan Casting Limited		–	15,602
			–	17,340
30.2	Balance at start of the year		13,581	(5,151)
	Payments made during the year		325,001	485,151
			338,582	480,000
	Charge for the year	36	(288,069)	(466,419)
	Balance at end of the year	30	50,513	13,581
31	**Cash and bank balances**			
	Cash in hand		16,329	1,915
	Cheques in hand	13.1	30,231	123,312
			46,560	125,227
	At banks:			
	Current accounts		459,043	132,058
	Deposit accounts	31.1	501,122	1,248,403
			960,165	1,380,461
			1,006,725	1,505,688

31.1 These deposits are made under conventional arrangements and carry mark-up at the rates ranging from 18% to 19.50% (2022: 6 % to 6.8%) per annum.

			Note	2023	2022
				(Rupees in thousand)	
32	**Revenue from contracts with customers**				
	Disaggregation of revenue	**Timing of revenue recognition**			
	Local:				
	Tractors	Point-in-time		39,707,798	53,838,874
	Implements	Point-in-time		145,629	205,892
	Multi-application products	Point-in-time		533,612	445,554
	Trading goods	Point-in-time		1,775,126	1,355,005
	IFS services	Point-in-time / Over time		18,085	6,380
				42,180,250	55,851,705
	Less:				
	- Trade discount			(178,611)	(131,063)
	- Delayed delivery charges		13.1	(2,176)	(108,961)
	- Sales tax and special excise duty			(360,633)	(2,389,223)
	- Provincial sales tax on services			(3,576)	(1,223)
				(544,996)	(2,630,470)
				41,635,254	53,221,235
	Export:				
	Tractors	Point-in-time		2,975,177	778,485
	Implements	Point-in-time		3,789	2,301
	Trading goods	Point-in-time		108,237	102,519
	IFS services	Point-in-time / Over time		26,410	10,303
				3,113,613	893,608
				44,748,867	54,114,843
	Less: Commission			(558,024)	(740,428)
			32.1	44,190,843	53,374,415

32.1 Revenues earned are from shariah compliant business segments.

32.2 Payments for sale of tractors are received in advance, whereas credit terms for other products extend between 45 to 60 days.

		Note	2023	2022
			(Rupees in thousand)	
33	**Cost of sales**			
	Components consumed	33.1	33,732,137	40,863,560
	Salaries, wages and amenities	33.2	384,439	412,154
	Contract services		425,511	394,896
	Fuel and power		107,996	170,591
	Communication		42	769
	Travelling and vehicle running		29,659	15,597
	Printing and stationery		4,521	5,890
	Insurance		41,345	27,908
	Repairs and maintenance		76,384	79,416
	Stores and spares consumed		115,889	120,443
	Depreciation	17.1.1	44,276	44,107
	Other expenses		155,015	58,442
			35,117,214	42,193,773
	Add: Opening work-in-process		22,975	15,661
	Less: Closing work-in-process		(44,826)	(22,975)
			(21,851)	(7,314)
	Cost of goods manufactured		35,095,363	42,186,459
	Add: Opening finished goods		224,455	333,558
	Less: Closing finished goods		(1,174,015)	(224,455)
			(949,560)	109,103
	Cost of sales - manufactured		34,145,803	42,295,562
	Cost of sales - trading	33.3	1,202,650	881,378
			35,348,453	43,176,940
33.1	Components consumed			
	Opening stock		6,316,773	4,844,926
	Add: Purchased during the year		35,633,030	42,335,407
			41,949,803	47,180,333
	Less: Closing stock		(8,217,666)	(6,316,773)
			33,732,137	40,863,560
33.2	This includes the following staff retirement benefit (income) / expense:			
	Defined benefit plan - pension		(4,393)	5,976
	Defined contribution plan - gratuity		2,832	2,863
	Defined contribution plan - provident fund		8,435	8,021
	Provision for compensated absences		6,433	(836)
			13,307	16,024

Notes to The Financial Statements

For the year ended June 30, 2023

		Note	2023	2022
			(Rupees in thousand)	
33.3	**Cost of sales - trading**			
	Opening stock		194,695	178,439
	Purchases		1,375,333	897,634
			1,570,028	1,076,073
	Closing stock		(367,378)	(194,695)
			1,202,650	881,378
34	**Distribution and marketing expenses**			
	Salaries and amenities	34.1	170,718	151,985
	Contract services		92,264	53,433
	Fuel and power		10,059	10,103
	Communication		1,547	898
	Travelling and vehicle running		45,480	21,705
	Printing and stationery		3,435	2,762
	Insurance		30,296	19,521
	Trademark fee	34.2	485,580	466,708
	Advertisement and sales promotion		26,084	28,034
	Depreciation	17.1.1	13,136	9,302
	Depreciation charge for the right-of-use assets	18	4,462	3,773
	Meeting/convention fee		39,146	-
	After sales support		31,753	66,071
	Carriage, sea freight and wharfage		78,752	54,549
	Other expenses		37,982	39,318
			1,070,694	928,162
34.1	This includes the following staff retirement benefit (income) / expense:			
	Defined benefit plan - pension		(4,305)	3,774
	Defined contribution plan - gratuity		2,823	2,679
	Defined contribution plan - provident fund		5,066	4,006
	Provision for compensated absences		3,594	(300)
			7,178	10,159

34.2 Trademark fee is incurred under a trademark agreement between the Company and M/s Massey Ferguson Corp., having its registered office situated at 4205 River Green Parkway, Duluth, Georgia 30096, United States of America.

Under the trademark agreement M/s Massey Ferguson grants exclusive rights to the Company for use of its brand name with certain terms and conditions.

		Note	2023	2022
			(Rupees in thousand)	
35	**Administrative expenses**			
	Salaries and amenities	35.1	287,286	282,002
	Contract services		78,720	70,869
	Fuel and power		20,285	17,361
	Communication		4,162	4,376
	Travelling and vehicle running		62,361	28,978
	Insurance		16,552	14,329
	Repairs and maintenance		41,365	35,939
	Security		23,372	20,436
	Legal and professional	35.2	43,290	35,999
	Depreciation	17.1.1	39,554	37,317
	Amortization of intangible asset	20	7,860	162
	Rent, rates and taxes		1,927	6,979
	Fee and subscription		11,039	6,291
	Entertainment		9,214	6,124
	Other expenses		98,478	81,294
			745,465	648,456
35.1	This includes the following staff retirement benefit (income) / expense:			
	Defined benefit plan - pension		(2,849)	5,976
	Defined contribution plan - gratuity		1,866	1,564
	Defined contribution plan - provident fund		11,038	8,451
	Provision for compensated absences		8,865	(1,007)
			18,920	14,984
35.2	Legal and professional expenses include following in respect of auditors' services:			
	Statutory audit		2,200	2,079
	Half year review		600	221
	Special reports and sundry certifications		500	405
	Out of pocket expenses		561	105
	Sales tax		193	-
			4,054	2,810
36	**Other operating expenses**			
	Workers' Profit Participation Fund	30.2	288,069	466,419
	Workers' Welfare Fund		115,228	177,239
	Donations	36.1 and 36.2	2,100	5,625
	Exchange loss - net		384,885	-
			790,282	649,283

		Note	2023	2022
			(Rupees in thousand)	
36.1	The particulars of the donation exceeding Rs 1,000 thousand are as follows:			
	Name of donee			
	SOS Children's Villages Pakistan	36.2	–	2,500
	Pakistan Centre for Philanthropy	36.2	–	3,000

36.2 The Company's Directors and / or their spouse(s) have no interest in the donees at the reporting dates.

		Note	2023	2022
			(Rupees in thousand)	
37	**Other income**			
	Income from financial assets			
	Dividend income from Baluchistan Wheels Limited	37.1	14,111	7,697
	Return on bank deposits and TDRs		71,892	37,822
	Interest on Term Deposit Receipts		–	–
	Gain on sale of short-term investments net - at FVPL	37.2	–	20,775
	Dividend income from short-term investments - at FVPL	37.3	–	101,458
	Interest received on early payments and advances		42,578	78,464
			128,581	246,216
	Income from investment in subsidiary			
	Dividend income from Millat Equipment Limited		175,500	327,600
	Dividend income from Millat Industrial Products Limited		57,375	43,031
	Dividend income from TIPEG Intertrade DMCC		53,017	186,169
		37.1	285,892	556,800
	Income from assets other than financial assets			
	Rental income		27,650	30,696
	Scrap sales		14,302	20,214
	Exchange gain		–	35,793
	Insurance claims recovered		–	21,956
	Sundry income	37.4	1,450	4,808
	Multiapp products service income		13,150	4,216
	Lab income		249	257
			56,801	117,940
			471,274	920,956

37.1 Dividend income is earned from investments in non-shariah compliant companies.

		2023	2022
		(Rupees in thousand)	
37.2	Gain on sale of short-term investments - at FVPL:		
	ABL Cash Fund	–	3,833
	Atlas Money Market Fund	–	4,438
	Faysal Money Market Fund	–	536
	HBL Money Market Fund	–	2,341
	JS Cash Fund	–	2,386
	Lakson Money Market Fund	–	2,970
	MCB Cash Management Optimizer Fund	–	3,250
	UBL Liquidity Income Plus Fund	–	1,021
		–	20,775
37.3	Dividend income from short-term investments - at FVPL:		
	ABL Cash Fund	–	1,058
	Atlas Money Market Fund	–	22,907
	Faysal Money Market Fund	–	3,504
	HBL Money Market Fund	–	–
	JS Cash Fund	–	–
	Lakson Money Market Fund	–	26,365
	MCB Cash Management Optimizer Fund	–	26,295
	UBL Liquidity Plus Fund	–	21,329
		–	101,458

37.4 This includes income received as tender money in case of auctions and late delivery charges from suppliers.

		Note	2023	2022
			(Rupees in thousand)	
38	**Finance cost**			
	Mark-up on short-term borrowings	38.1 and 38.2	1,196,780	217,534
	Interest expense on long-term finances - secured	38.3	154,344	4,979
	Interest expense against lease liabilities		1,349	417
	Mark-up on Workers Profit Participation Fund		–	821
	Bank charges		4,527	3,668
			1,357,000	227,419

38.1 This represents markup and profit paid under conventional and Islamic mode of financing arrangements respectively having mark up and profit rates ranging from KIBOR plus 0.04% to KIBOR plus 0.25% (2022: KIBOR minus 0.05% to KIBOR plus 0.25%) per annum.

38.2 This includes an amount of Rs. 258,806 thousand (2022: Rs. 34,143 thousand) paid as markup under Islamic mode of financing.

38.3 This represents interest expense against long-term financing net of unwinding of Government grant income for the year recognised as per IAS-20, amounting to Rs. 5,604 thousand (2022: 14,193 thousand).

		Note	2023	2022
			(Rupees in thousand)	
39	**Taxation**			
	For the year charge			
	- Current		1,942,611	3,204,012
	- Deferred		10,356	26,164
			1,952,967	3,230,176
	Prior years:			
	- Current		19,620	27,929
		39.1	1,972,587	3,258,105

		2023	Restated 2022
		%	%
39.1	**Numerical reconciliation between average effective tax rate and the applicable tax rate:**		
	Applicable tax rate	29.00	29.00
	- Effect of change in prior year	0.37	0.32
	- Income chargeable to tax at different rates	(1.24)	(1.66)
	- Tax effect of super tax	9.16	9.74
	- Effect on opening deferred taxes on Increase of rate	0.20	0.05
	- Others	(0.62)	0.15
		7.87	8.60
	Average effective tax rate	36.87	37.60

39.2 The current tax expense has been computed using the tax rate enacted for the tax year 2023, which includes an additional 10% Super Tax levied under the Finance Act, 2023.

40 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	2023	2022
		(Rupees in thousand)	
Subsidiaries	Sale of goods	1,076,156	633,487
	Purchase of components	8,979,310	10,037,231
	Payment of compensation to staff	39,430	25,087
	Dividend income	285,892	556,800
	Cheques in hand	-	131
Associates	Sale of services	17,213	6,076
	Purchase of fixed assets	55,521	19,192
	Advance for purchase of vehicle	-	3,500
	Investment made - note 21	1,598,126	-
Key Management Personnel	Remuneration paid - note 41	203,047	202,740
	Dividend paid - net	390,998	718,072
Employees' defined benefit plan	Contribution to employees' defined benefit plan	8,468	8,176
Defined contribution plans	Contribution to defined contribution plan	7,317	7,106
Provident Fund	Amount contributed	24,744	20,478

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

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

40.3 The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the year, 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

41 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate remuneration recognized in these financial statements including certain benefits to the Chief Executive Officer, Directors and Executives of the Company is as follows:

	Chief Executive Officer		Directors				Executives	
	2023	2022	2023		2022		2023	2022
			Non Executive Director	Executive Director	Non Executive Director	Executive Director		
Number of persons	2	1	6	2	6	2	57	39
	(Rupees in thousand)							
Managerial remuneration	27,998	16,516	420	392	661	559	128,339	86,025
Cost of living allowance	–	–	420	392	661	559	33,648	25,053
Bonus	3,899	11,922	5,675	4,402	16,052	12,449	57,642	90,376
House rent	13,586	7,432	189	177	298	251	53,617	36,020
Contribution to provident fund and gratuity funds	2,803	1,653	–	–	–	–	18,446	12,833
Pension contribution	–	–	–	–	–	–	5,720	4,259
Medical expenses	586	554	2,418	1,189	955	1,549	11,536	6,205
Utilities	948	453	1,886	647	1,061	746	14,150	9,905
Meeting fee	–	–	4,000	–	3,000	–	–	–
Other allowances and reimbursable expenses*	4,584	3,039	1,556	1,230	1,413	1,106	16,241	14,532
	54,404	41,569	16,564	8,429	24,101	17,219	339,339	285,208

41.1 *The Company has also provided the Chief Executive Officer, Directors and certain employees with free use of Company maintained cars and residential utilities.

41.2 Aggregate amount charged to profit or loss for the year in respect of meeting fee of five directors (2022: five directors) was Rs. 4,000 thousand (2022: Rs. 3,000 thousand), and Rs. 1,095 thousand (2022: Rs. 1,095 thousand) have been charged in respect of travelling expenses.

41.3 During the current year, remuneration represents amounts paid to current and former Chief Executive Officer.

42 Earnings per share - Basic and diluted

42.1 Basic earnings per share

Earnings per share are calculated by dividing the profit after tax for the year by weighted average number of shares outstanding during the year as follows:

	2023	2022 Restated
	(Rupees in thousand)	
Profit after tax for the year	3,377,636	5,407,006

	Note	2023	2022 Restated
		(Number of shares in thousand)	
Weighted average number of ordinary shares outstanding during the year	5	191,796	191,796

	Note	2023	2022 Restated
		(Rupees)	
Earnings per share	42.2	17.61	28.19

42.2 As disclosed in note 5 to these financial statements, the Company has approved and issued 949,304 thousand (2022: 40,810 thousand) bonus shares during the year. The effect of these has been accounted for in these financial statements and the prior year EPS has been restated as per requirements of the applicable financial reporting framework.

42.3 Diluted earnings per share

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

Notes to The Financial Statements
For the year ended June 30, 2023

		Note	2023	Restated 2022
			(Rupees in thousand)	
43	**Cash generated from operations**			
	Profit before taxation		5,350,223	8,665,111
	Adjustments to reconcile profit before tax to net cash flows:			
	Depreciation of property, plant and equipment	17.1.1	96,966	90,726
	Depreciation charged to related parties	17.1	2,463	696
	Depreciation of right-of-use assets	18	4,462	3,773
	Amortization of intangible assets	20	7,860	162
	Provision for / (reversal of) accumulating compensated absences		18,892	(2,143)
	Profit on bank deposits	37	(71,892)	(37,822)
	Dividend income from long-term investments	37	(300,003)	(564,497)
	Dividend income from short-term investments	37.3	–	(101,458)
	(Credited) / charged to employees' defined benefit plan		(11,547)	15,728
	Provision for gratuity		7,521	7,106
	Property, plant and equipment written-off	17.1	5	403
	Gain on sale of short-term investments - at FVPL	37.2	–	(20,775)
	Interest expense	38	1,352,473	227,419
	Exchange loss / (gain)	37	52,220	(35,793)
	Provision for Workers' Profit Participation Fund	36	288,069	466,419
	Provision for Workers' Welfare Fund	36	115,228	177,239
			6,912,940	8,892,294
	Working capital changes			
	(Increase) / decrease in current assets			
	Stores and spares		(41,723)	(21,296)
	Stock-in-trade		(3,044,987)	(1,386,314)
	Trade debts		(10,552)	(94,035)
	Loans and advances		(62,313)	16,794
	Trade deposits and short-term prepayments		(225,435)	6,833
	Balances with statutory authorities		(274,358)	(1,115,673)
	Other receivables		35,915	(8,021)
			(3,623,453)	(2,601,712)
	Increase / (decrease) in current liabilities:			
	Trade and other payables		(741,688)	923,476
	Contract liabilities		(3,848,991)	(3,233,542)
			(4,590,679)	(2,310,066)
	Net cash flows from operating activities		(1,301,192)	3,980,516
44	**Cash and cash equivalents**			
	Cash and bank balances	31	1,006,725	1,505,688
	Short-term borrowings - secured	14	(7,353,261)	–
			(6,346,536)	1,505,688

45 Operating segments

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

45.2 Revenue from contracts with customers relating to sale of tractors represents 94% (June 30, 2022: 96%) of the gross revenue from contracts with customers of the Company.

45.3 93% (June 30, 2022: 98.4%) of the revenue from contracts with customers of the Company relates to customers in Pakistan.

45.4 All non-current assets of the Company at the respective reporting dates are located in Pakistan.

46 Financial risk management

46.1 Financial risk factors

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

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board of Directors ('the Board'). The Company's finance department evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

(i) Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit or loss. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities. The Company's exposure to currency risk is as follows:

	Currency	2023	2022
		(FCY in thousand)	
Receivables	GBP	–	–
	USD	393	184
	EUR	14	10
	CNY	27	45
Trade and other payables	GBP	2,559	882
	USD	5,251	339
	EUR	43	185
	CNY	13,279	–

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax:

	Changes in rate	Effects on profit before tax 2023	Effects on profit before tax 2022
		(Rupees in thousand)	
Receivables/ (Trade and other payables) - GBP	+15	(38,385)	(13,230)
	-15	38,385	13,230
Receivables/ (Trade and other payables) - USD	+15	(72,870)	(2,325)
	-15	72,870	2,325
Receivables/ (Trade and other payables) - EUR	+15	(435)	(2,625)
	-15	435	2,625
Trade and other payables - CNY	+15	(198,780)	675
	-15	198,780	(675)

	2023	2022
	(Rupees)	
Reporting date rate per:		
GBP to PKR	364.77	249.92
USD to PKR	286.60	206.00
EUR to PKR	313.72	215.75
CNY to PKR	39.91	30.93

(b) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

The Company is exposed to equity securities price risk because of investments held by the Company and classified as fair value through other comprehensive income. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Company's investment strategy is to maximise investment returns.

The Company's certain investments in equity instruments are publicly traded on the Pakistan Stock Exchange Limited.

The table below summarises the impact of increases/decreases of the KSE-100 index on the Company's equity. The analysis is based on the assumption that the KSE-100 index had increased/decreased by 10% with all other variables held constant and all the Company's equity investments moved according to the historical correlation with the index:

	Impact on other components of equity	
	2023	**2022**
	(Rupees in thousand)	
Pakistan Stock Exchange Limited	8,467	9,750

As at June 30, 2023, the Company had no investments classified as at fair value through profit or loss, hence there is no impact on the profit for the year.

(c) Cash flow and fair value interest rate risk

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

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

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

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

	Note	2023	2022
		(Rupees in thousand)	
Fixed rate instruments			
Financial liabilities			
Long-term finances - secured		–	124,296
Floating rate instruments			
Financial liabilities			
Long-term finances - secured	7	1,377,687	–
Short-term borrowings	14	7,353,261	–
Financial assets			
Bank balances - deposit accounts	31	501,122	1,248,403

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

		Changes in interest rate	Effects on profit before tax
		(Rupees in thousand)	
Bank balances - deposit accounts	2023	+5%	25,056
		-5%	(25,056)
	2022	+5%	62,420
		-5%	(62,420)

(ii) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Company arises from deposits with banks and other financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023	2022
	(Rupees in thousand)	
Trade debts	245,821	235,269
Security deposits	243,070	20,172
Other receivables	66,792	102,408
Bank balances and cheques in hand	990,396	1,503,773
	1,546,079	1,861,622

(b) Impairment of financial assets

The Company's financial assets, other than investments in equity instruments, are subject to the expected creditlosses model.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts. For trade receivables, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management.

	2023	2022
	(Rupees in thousand)	
The aging of trade receivables at the reporting date is:		
Past due 1 - 3 months	186,825	178,805
Past due 4 - 6 months	46,706	44,701
Past due one year	12,291	11,763
	245,821	235,269

Based on management's assessment of the expected credit loss, no material impairment is necessary in respect of trade receivables past due, as some receivables have been recovered subsequent to the year end and for other receivables and security deposits, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

While bank balances, loans to employees, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and are therefore not exposed to any material credit risk.

(c) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate.

The table below shows the bank balances held with some major counterparties at the reporting date:

Balances with banks	Rating: Short term	Rating: Long term	Rating: Agency	2023 (Rupees in thousand)	2022 (Rupees in thousand)
Allied Bank Limited	A-1+	AAA	PACRA	34,857	21,650
Bank Alfalah Limited	A-1+	AA+	PACRA	12,750	23,497
Habib Bank Limited	A-1+	AAA	VIS	157,006	47,815
MCB Bank Limited	A-1+	AAA	PACRA	360,455	1,198,900
MCB Islamic Bank Limited	A-1	A	PACRA	2,092	1,992
Meezan Bank Limited	A-1+	AAA	VIS	–	1,833
National Bank of Pakistan	A-1+	AAA	PACRA	9,912	8,276
Sindh Bank Limited	A-1	A+	VIS	2,492	2,194
Standard Chartered Bank Limited	A-1+	AAA	PACRA	3,208	5,184
The Bank of Punjab Limited	A-1+	AA+	PACRA	8,317	–
United Bank Limited	A-1+	AAA	VIS	365,889	49,211
Zarai Taraqiati Bank Limited	A-1+	AAA	VIS	3,108	19,909
Industrial and Commercial Bank of China Limited	P-1	A-2	Moody's	79	–
				960,165	1,380,461

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability offunding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2023, the Company had Rs. 11,200,000 thousand (2022: Rs.6,839,426 thousand) available borrowing limits from financial institutions and Rs. 1,006,725 thousand (2022: Rs. 1,505,688 thousand) cash and bank balances.

Management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Total	On demand	Less than one year	More than one year
	(Rupees in thousand)			
July 01, 2023				
Trade and other payables	4,188,062	–	4,188,062	–
Unclaimed dividend	329,143	–	329,143	–
Unpaid dividend	10,620	–	10,620	–
Long-term finances - secured	1,392,115	–	94,551	1,297,564
Short-term borrowings	7,353,261	7,353,261	–	–
Lease liabilities against right-of-use assets	12,785	–	6,597	6,188
Long-term deposits	14,633	–	–	14,633
	13,300,619	7,353,261	4,628,973	1,318,385

	Total	On demand	Less than one year	More than one year
	(Rupees in thousand)			
July 01, 2022				
Trade and other payables	4,521,153	–	4,521,153	–
Unclaimed dividend	297,326	–	297,326	–
Unpaid dividend	27,695	–	27,695	–
Long-term finances - secured	153,658	–	94,551	59,107
Lease liabilities against right-of-use assets	1,331	–	1,331	–
Long-term deposits	13,833	–	–	13,833
	5,014,996	–	4,942,056	72,940

46.2 Reconciliation of movements in liabilities to cash flows arising from financing activities

	Long-term finances - secured	Dividends	Lease liabilities against right-of-use assets	Total
	(Rupees in thousand)			
Balance at July 01, 2022	124,296	325,021	1,331	450,648
Changes in liabilities				
Dividend announced during the year	–	3,099,769	–	3,099,769
Addition in lease	–	–	16,196	16,196
Finance cost	3,312	–	1,349	4,661
Finance cost paid	(3,312)	–	–	(3,312)
Total liability related changes	–	3,099,769	17,545	3,117,314
Changes from financing cash flows				
Principal payment against lease liabilities	–	–	(7,890)	(7,890)
Long-term financing received	1,427,606	–	–	1,427,606
Long-term financing repaid	(174,215)	–	–	(174,215)
Dividend paid during the year including unclaimed / unpaid balances	–	(3,085,027)	–	(3,085,027)
Total changes from financing cash flows	1,253,391	(3,085,027)	(7,890)	(1,839,526)
Balance at June 30, 2023	1,377,687	339,763	10,986	1,728,436

	Long-term finances - secured	Dividends	Lease liabilities against right-of-use assets	Total
	(Rupees in thousand)			
Balance at July 01, 2021	291,612	345,998	5,828	643,438
Changes in liabilities				
Dividend announced during the year	–	5,830,007	–	5,830,007
Modifications	(3,646)	–	–	(3,646)
Deferred grant recognised	(1,491)	–	–	(1,491)
Finance cost	15,124	–	417	15,541
Total liability related changes	9,987	5,830,007	417	5,840,411
Changes from financing cash flows				
Principal payment against lease liabilities	–	–	(4,914)	(4,914)
Long-term financing received	5,000	–	–	5,000
Long-term financing repaid	(182,303)	–	–	(182,303)
Dividend paid during the year including unclaimed / unpaid balances	–	(5,850,984)	–	(5,850,984)
Total changes from financing cash flows	(177,303)	(5,850,984)	(4,914)	(6,033,201)
Balance at June 30, 2022	124,296	325,021	1,331	450,648

46.3 Financial instruments by categories

	FVOCI		At amortised cost		TOTAL	
	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)					
Financial assets						
Long-term investments	6,188,723	3,882,725	–	–	6,188,723	3,882,725
Loans and advances	–	–	11,225	8,861	11,225	8,861
Trade debts	–	–	245,821	235,269	245,821	235,269
Trade deposits	–	–	243,070	20,172	243,070	20,172
Other receivables	–	–	66,792	102,408	66,792	102,408
Cash and bank balances	–	–	1,006,725	1,505,688	1,006,725	1,505,688
	6,188,723	3,882,725	1,573,633	1,872,398	7,762,356	5,755,123

	2023	2022
	(Rupees in thousand)	
Comprised of:		
Total current	1,566,284	1,869,986
Total non-current	6,196,072	3,885,137
	7,762,356	5,755,123

	At amortised cost	
	2023	2022
	(Rupees in thousand)	
Financial liabilities		
Trade and other payables	4,188,062	4,521,153
Short-term borrowings	7,353,261	-
Unclaimed dividend	329,143	297,326
Unpaid dividend	10,620	27,695
Long-term finances - secured	1,377,687	124,296
Lease liabilities	10,986	1,331
Long-term deposits	14,633	13,833
	13,284,392	4,985,634
Comprised of:		
Total current	11,965,228	4,912,694
Total non-current	1,319,164	72,940
	13,284,392	4,985,634

The Company has no financial asset or liabilities valued at fair value through profit and loss.

47 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

48 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit \price) regardless of whether that price is directly observable or estimated using another valuation technique.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

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

48.1 Fair value hierarchy

IFRS 13 "Fair Value Measurement requires the Company to classify fair value measurement and fair value hierarchy that reflects the significance of the inputs used in making the measurement of fair value hierarchy, which has the following levels:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable.

Level 3: If one or more of the significant inputs is not based on observable market data. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest Rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying values of all financial and liabilities reflected in the financial statements approximate their fair values.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred, if any. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes between various levels of fair value hierarchy are analyzed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the management of investee company. As part of this discussion, the investee company presents a report that explains the reason for the fair value movement, if any. There have been no transfers between various levels of the fair value hierarchy during the respective reporting periods.

As at June 30, 2023, the Company held the following financial instruments carried at fair value:

	Note	Total 2023	Level 1	Level 2	Level 3
		(Rupees in thousand)			
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long-term investments - Equity shares	21	6,188,723	84,666	–	6,104,057
		6,188,723	84,666	–	6,104,057

Date of valuation : June 30, 2023

There were no financial liabilities measured at fair value as at June 30, 2023.

As at June 30, 2022, the Company held the following financial instruments carried at fair value:

	Note	Total 2022	Level 1	Level 2	Level 3
		(Rupees in thousand)			
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long-term investments - Equity shares	21	3,882,725	97,495	–	3,785,230
		3,882,725	97,495	–	3,785,230

Date of valuation : June 30, 2022

There were no financial liabilities measured at fair value as at June 30, 2022.

Movement / reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

	Note	2023	2022
		(Rupees in thousand)	
Opening balance		3,784,830	5,782,238
Investment made during the year		1,598,126	–
(Deficit) / surplus on fair valuation of investment		720,701	(1,997,408)
	21	6,103,657	3,784,830

49 Provident fund trust

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made inaccordance with the provisions of section 218 of the Act and the conditions specified thereunder.

	2023	2022
	Units per annum	
50 Capacity and production		
Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	19,022	34,887

The Company has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the excess production over normal capacity in 2022 was due to working on overtime schedules to meet the higher demand.

Notes to The Financial Statements
For the year ended June 30, 2023

		2023	2022
51	**Number of employees**		
	Total number of employees at the end of the year	336	334
	Total number of factory employees at the end of the year	138	136
	Average number of employees during the year	335	340
	Average number of factory employees during the year	137	128

The number of employees mentioned above does not include third party contractual employees.

52 Subsequent events

The Board of Directors of the Company in its meeting held on September 25, 2023 has proposed a final cash dividend of Rs.15 per share (2022: Rs. 20 per share) and Nil bonus shares (2022: 20%) in respect of the year ended June 30, 2023. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

53 Corresponding figures

Other than as disclosed in note 21.1, there has been following re-classifications or rearrangement of corresponding figures in these financial statements.

From	To	2022 (Rupees in thousand)
Property, plant and equipment	Long-term loans and advances	16,611

54 Date of authorization for issue

These financial statements were authorized for issue by Board of Directors of the Company in the meeting held on September 25, 2023.

Chief Financial Officer

Chief Executive Officer

Chairman

CONSOLIDATED FINANCIAL STATEMENTS

Group Directors' Report

The Directors are pleased to present their report together with the audited Group Consolidated Financial Statements for the year ended June 30, 2023.

THE GROUP

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

MILLAT INDUSTRIAL PRODUCTS LIMITED

a. BOARD OF DIRECTORS

The present Board consists of seven directors. The present directors of the company are: M/s. Sikandar Mustafa Khan, Laeeq Uddin Ansari, Muhammad Mustafa Khan, Muhammad Mustafa Sohail, Shehryar Ansari and Qaiser Saleem. During the year Mr. Ghulam Mustafa was appointed as CEO of the company.

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

The Company is engaged in the business of manufacture and sale of vehicular, industrial and domestic batteries. Sales during the year were Rs. 3.166 billion and net profit after tax was Rs.273.270 million. Earning per share for the year was Rs.26.54.

Solar batteries with enhanced backup time are being made to meet the requirement of solar customers. Sale of deep cycle batteries also increased during the year. Keeping in view the market requirement, maintenance free battery has been successfully marketed. Motorcycle batteries will be launched very soon.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The major risks and uncertainties being faced by the Company are fluctuation in prices of raw material, increased cost of imported raw material due to unprecedented devaluation of Rupee and entry of new competitors in the market. During the year, increase in prices of both local and imported raw materials has adversely affected the profit margin. No changes have occurred during the financial year concerning the nature of the business of the company.

d. FUTURE PROSPECTS OF PROFIT

The Company aims to increase profit by setting a challenging sales target in the next financial year. New entrant and changing market dynamics will be countered by quality and cost control.

e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

TIPEG INTERTRADE DMCC

a. BOARD OF DIRECTORS

The Directors of the Company are: M/s. Sikandar Mustafa Khan, Sohail Bashir Rana and Laeeq Uddin Ansari.

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

TIPEG Intertrade DMCC, Dubai, U.A.E is a Limited Liability Company registered with Dubai Multi Commodities Centre Authority. Millat Tractors Limited holds 75% equity of the Company. The principal activity of the Company is trading in machinery and heavy equipment and parts thereof. The Company office is located at Jumeirah Lake Towers, Dubai, UAE. TIPEG earned a net profit of AED 0.501 million and registered sale of AED 20.686 million for the period. Earnings per share were AED 250.29. Company has performed well and business will likely expand after increase in exports of tractors from Pakistan.

c. PRINCIPAL RISKS AND UNCERTAINTIES

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

d. FUTURE PROSPECTS OF PROFIT

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

e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

BOLAN CASTINGS LIMITED

a. BOARD OF DIRECTORS

The present Board consists of seven elected directors and a Chief Executive Officer. The Directors of the company are: M/s. Sikandar Mustafa Khan, Sohail Bashir Rana, Laeeq Uddin Ansari, Qaiser Saleem, Aamir Amin, Tabassum Rana, Abdul Hamid Ahmed Dagia and Chief Executive Officer Mr. Mujtaba Ahmad.

The existing elected directors of the Company are retiring in October 2023. Election of Directors for fresh term of three years is to take place at the ensuing AGM 2023.

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

BCL is a public limited company listed on Pakistan Stock Exchange. BCL manufactures intricate tractor components i.e., major tractor castings for MTL. MTL holds 46.26% shares of the total paid up capital of the Company. 4,824 M.T of casting has been produced during the fiscal year against 9,437 M.T of last year resulting in a decrease of 48.88%, while 5,386 M.T of casting has been sold against 9,269 M.T sold last year i.e., a decrease of 41.89%.

The sales revenues of the Company for the year under review amounted to Rs. 2,164.908 million against Rs. 2,750.181 million of last year. In the financial year under review, the profit before tax was Rs. 27.486 million against profit before tax Rs. 54.725 million of last year. The Loss after tax was Rs. 24.725 million against profit after tax Rs. 15.321 million of last year. Loss per share was Rs. (2.16) against profit per share of Rs. 1.34.

c. PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management is the key to sustainable business. Risk management framework, coupled with internal control policies have helped the company to maintain focus and mitigate principle risks affecting the company. However, overall risks arising from the Company's financial instruments are limited as there is no significant exposure to market risk in respect of such instruments. Internal Audit department provides independent report to Board of Directors on the effectiveness of risk management and control processes.

d. FUTURE PROSPECTS OF PROFIT

The continuous IMF support and political stability after forthcoming general elections may bring ease to the overall economy, as well as the tractor and its allied industries. However, it depends on the commitment of new elected government for ensuring the stability and confidence in the economy to decrease the foreign exchange rates, fuel and energy prices, inflation and smooth supply of raw materials during the next financial year. We are also looking forward to perform better by achieving higher production and sales targets, reduction in cost of production by improving yield and import substitution, controlling rejections, increasing value addition and better utilization of available manpower resources.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

MILLAT EQUIPMENT LIMITED

a. BOARD OF DIRECTORS

The Directors of the Company are: M/s. Sikandar Mustafa Khan, Laeeq Uddin Ansari, Muhammad Mustafa Khan, Muhammad Mustafa Sohail, Murad Naseer uddin Ansari, Qaiser Saleem and Mr. Raheel Asghar. Mr. Ahsan Imran is CEO of the company who was appointed on July 01, 2021.

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

MEL is a non-listed public limited company and is engaged in manufacturing of gears, shafts and other related parts for MTL. The shareholding of MTL in the paid up capital of MEL is 45%. The Company's principal activities are producing a range of transmission shafts and gears for the various models of Massey Ferguson tractors in Pakistan. Financial performance of the company during the year was exceptional. MEL earned an after tax profit of Rs. 306.046 million and registered sale of Rs. 4,778.869 million for the year. Earnings per share were Rs. 10.24.

c. PRINCIPAL RISKS AND UNCERTAINTIES

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

d. FUTURE PROSPECTS OF PROFIT

Despite the current economic hardships, the tractor demand will increase significantly as economic activity in the country has geared up during current year. Therefore, profitability of company is expected to improve in the upcoming financial year.

e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

SUBSEQUENT EVENTS

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

CHANGE IN NATURE OF BUSINESS

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

AUDITOR'S OBSERVATIONS

No adverse remark or observation was given by the auditors' of any group company in their reports for the year ended June 30, 2023.

FUTURE PROSPECTS

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

PATTERN OF SHAREHOLDING

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

EARNINGS PER SHARE

Earnings per share of the group for the year ended June 30, 2023 was Rs. 18.53 as against Rs. 30.59 (restated) of the preceding year.

Chief Executive Officer

Chairman

Lahore:
September 25, 2023

ج۔ مستقبل میں منافع کے امکانات

موجودہ معاشی مشکلات کے باوجود، ٹریکٹر کی طلب میں نمایاں اضافہ ہوگا کیونکہ رواں سال کے دوران ملک میں معاشی سرگرمیاں تیز ہوئی ہیں۔ اس لیے آئندہ مالی سال میں کمپنی کے منافع میں بہتری کی توقع ہے۔

د۔ موزوں داخلی مالیاتی کنٹرولز

موزوں داخلی مالیاتی کنٹرولز پہلے سے اپنی جگہ پر ہیں جبکہ بورڈ کی آڈٹ کمیٹی اِنکے مکمل اور تسلی بخش عملدرآمد کا یقین دلاتی ہے۔

بعد میں پیش آنے والے واقعات

گروپ کمپنیز کے مالیاتی سال مختتمہ اور اِس رپورٹ کی تاریخ کے درمیان نہ ہی کوئی عزائم کیے گئے اور نہ ہی کوئی واضح تبدیلی ہوئی جس سے گروپ کمپنیز کی مالیاتی پوزیشن اثر انداز ہو ماسوائے جن کو متعلقہ سالانہ رپورٹس میں بیان کیا گیا ہے۔

کاروبار کی نوعیت میں تبدیلی

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

آڈیٹرز کا مشاہدہ

سال مختتمہ 30 جون، 2023 کی سالانہ آڈٹ رپورٹ میں کسی بھی گروپ کمپنی کے بارے میں آڈیٹرز نے اپنی رپورٹ میں کسی قسم کی منفی رائے نہیں دی۔

مستقبل کے امکانات

گروپ کمپنیز کی صلاحیتوں پر کسی کو کوئی بھی شک نہیں اِس لئے مستقبل میں ترقی کے امکانات روشن ہیں۔

شیئر ہولڈنگ (پیٹرن)

ایم ٹی ایل کی شیئر ہولڈنگ (پیٹرن) کو ڈائریکٹرز رپورٹ کے ساتھ منسلک کیا گیا ہے جبکہ ایم آئی پی ایل، ٹائی پیگ، بی سی ایل اور ایم ای ایل کی شیئر ہولڈنگ (پیٹرن) بھی منسلک ہے۔

فی حصص آمدنی

سال مختتمہ 30 جون، 2023 کیلئے گروپ کی فی حصص آمدنی 18.53 روپے رہی جو گزشتہ برس 30.59 روپے (ری سٹیٹڈ) تھی۔

چیف ایگزیکٹو آفیسر

لاہور: 25 ستمبر، 2023

چیئرمین

بولان کاسٹنگز لمیٹڈ

ا۔ بورڈ آف ڈائریکٹرز

موجودہ بورڈ 7 ڈائریکٹرز اور ایک چیف ایگزیکٹیو آفیسر پر مشتمل ہے۔ کمپنی کے ڈائریکٹرز ہیں: میسرز سکندر مصطفیٰ خان، سہیل بشیر رانا، لئیق الدین انصاری، قیصر سلیم، عامر امین، تبسم رانا اور عبدالحمید احمد ڈاگیہ اور مسٹر مجتبیٰ چیف ایگزیکٹیو آفیسر ہیں۔

کمپنی کے موجودہ منتخب ڈائریکٹرز اکتوبر، 2023 میں ریٹائر ہو رہے ہیں۔ تین سال کی نئی مدت کے لیے ڈائریکٹرز کا انتخاب آئندہ سالانہ جنرل میٹنگ 2023 میں ہونا ہے۔

ب۔ کمپنی کاروبار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

بی سی ایل پاکستان اسٹاک ایکسچینج میں لسٹڈ ایک پبلک لمیٹڈ کمپنی ہے۔ بی سی ایل ٹریکٹرز کے پیچیدہ پرزہ جات بناتی ہے جیسا کہ ایم ٹی ایل کیلئے میجر ٹریکٹر کاسٹنگ وغیرہ۔ ایم ٹی ایل کمپنی کے کل ادا شدہ سرمائے میں 46.26 فیصد کے شیئرز رکھتی ہے۔ اِس مالیاتی سال کے دوران کمپنی نے 4,824 ایم ٹی کاسٹنگز بنائی ہیں جو گزشتہ سال 9,437 ایم ٹی تھیں۔ یوں اس میں 48.88 فیصد کمی ہوئی۔ جبکہ اس سال 5,386 ایم ٹی کاسٹنگ سیلز کی گئیں جبکہ گزشتہ سال یہ مقدار 9,269 ایم ٹی تھیں یوں اس میں 41.89 فیصد کمی ہوئی۔

سال کیلئے کمپنی کا سیلز ریونیو 2,164.908 ملین روپے رہا جبکہ گزشتہ سال یہ سیلز 2,750.181 ملین روپے رہیں۔ زیرنظر مالی سال میں ٹیکس سے پہلے کا منافع 27.486 ملین روپے جبکہ گزشتہ سال ٹیکس سے پہلے کا منافع 54.725 ملین روپے تھا۔۔ مالی لاگت گزشتہ سال کی 52.822 ملین روپے کے مقابلہ میں اس سال 51.712 ملین روپے تھی۔

ٹیکس کے بعد نقصان 24.725 ملین روپے تھا جبکہ پچھلے سال بعد از ٹیکس منافع 15.321 ملین روپے رہا۔ فی حصص خسارہ (2.16) روپے جبکہ اس کے برعکس فی حصص منافع 1.34 روپے تھا۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

موءثر رسک مینجمنٹ کاروباری استحکام کیلئے انتہائی لازم وملزوم ہے۔ رِسک مینجمنٹ فریم ورک (جو داخلی کنٹرول پالیسیز سے منسلک ہے) سے بنیادی خطرات کم کرنے اور توجہ مرکوز رکھنے میں کافی مدد ملتی ہے۔ تاہم مجموعی طور پر کمپنی کو مالیاتی اعتبار سے محدود خطرات کا سامنا کرنا پڑ سکتا ہے کیونکہ مارکیٹ میں اِس طرح کی صورتحال میں خطرے کا اندیشہ کم رہتا ہے۔ انٹرنل آڈٹ ڈیپارٹمنٹ بورڈ آف ڈائریکٹرز کو رسک مینجمنٹ اور کنٹرول کے طریقہ کار کے موءثر ہونے کی آزادانہ رپورٹ پیش کرتا ہے۔

ج۔ مستقبل میں منافع کے امکانات

آئی ایم ایف کی مسلسل حمایت اور آئندہ عام انتخابات کے بعد سیاسی استحکام مجموعی معیشت کے ساتھ ساتھ ٹریکٹر اور اس سے منسلک صنعتوں کے لیے آسانی پیدا کر سکتا ہے۔ تاہم، یہ نئی منتخب حکومت کے عزم پر منحصر ہے کہ وہ اگلے مالی سال کے دوران زرمبادلہ کی شرح، ایندھن اور توانائی کی قیمتوں، مہنگائی اور خام مال کی ہموار فراہمی میں کمی کے لیے معیشت میں استحکام اور اعتماد کو یقینی بنائے۔ ہم اعلیٰ پیداوار اور سیلز اہداف تک رسائی اور درآمدی متبادل کو بہتر بنا کر پیداواری لاگت میں کمی لا کر پیداوار کی بہتری، مسترد گی کے امکانات پر کنٹرول، ویلیو ایڈیشن میں اضافہ اور دستیاب افرادی قوت کے بہتر استعمال سے اگلے مالی سال کیلئے بہتر کارکردگی دکھانے کیلئے پرعزم ہے۔

موزوں داخلی مالیاتی کنٹرولز

بی سی ایل کے پاس داخلی کنٹرولز کا ایک منظّم سسٹم ہے جسے ایسے خطرات کی شناخت اور نشاندہی کے لئے تیار کیا گیا ہے جو کمپنی کے کاروباری اہداف میں رکاوٹ بن سکتے ہیں۔ اِس لئے یہ سسٹم کسی بنیادی غلط بیانی یا نقصان کے حوالے سے ایک معقول اور یقینی حل پیش کرتا ہے۔ آڈٹ کمیٹی داخلی کنٹرولز سسٹم کی افادیت کو جانچنے کی ذمہ دار ہے۔

ملت ایکوپمنٹ لمیٹڈ

الف۔ بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز میسرز سکندر مصطفیٰ خان، لئیق الدین انصاری، محمد مصطفیٰ خان، محمد مصطفیٰ سہیل، مراد نصیر الدین انصاری، قیصر سلیم اور مسٹر راحیل اصغر ہیں۔ مسٹر احسن عمران کمپنی کے چیف ایگزیکٹو آفیسر ہیں جن کو 01 جولائی، 2021 کو تعینات کیا گیا۔

ب۔ کمپنی کاروبار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

ایم ای ایل ایک نان لسٹیڈ پبلک لمیٹڈ کمپنی ہے جو ایم ٹی ایل کے لئے گیئر، شافٹس اور دیگر متعلقہ پارٹس بناتی ہے۔ ایم ای ایل کے کل ادا شدہ سرمائے میں ایم ٹی ایل 45% شیئرز رکھتی ہے۔ کمپنی کی بنیادی سرگرمیوں میں پاکستان میں میسی فرگوسن ٹریکٹرز کے مختلف ماڈلز کے گیئرز اور ٹرانسمیشن شافٹس کی تیاری شامل ہے۔ سال کے دوران کمپنی کی کارکردگی شاندار رہی۔ ایم ای ایل کی اِس سال کی رجسٹرڈ سیلز 4,778.869 ملین روپے رہی جبکہ منافع بعد از ٹیکس 306.046 ملین روپے رہا۔ فی حصص آمدنی 10.24 روپے رہی۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

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

گروپ ڈائریکٹرز رپورٹ

ڈائریکٹرز کی جانب سے گروپ کی 30 جون، 2023 کو ختم ہونے والے سال کی رپورٹ ہمراہ گروپ کی آڈٹ شدہ مجموعی فنانشل سٹیٹمنٹس بخوشی پیش کی جاتی ہیں۔

گروپ

گروپ جو کہ ملت ٹریکٹرز لمیٹڈ (ایم ٹی ایل) (ہولڈنگ کمپنی) اور اِس کی ذیلی کمپنیاں جیسے کہ ملت انڈسٹریل پراڈکٹس لمیٹڈ (ایم آئی پی ایل)، ٹائی پیگ اِنٹرٹریڈ ڈی ایم سی سی، دبئی، یو اے ای، بولان کاسٹنگز لمیٹڈ (بی سی ایل) اور ملت ایکوپمنٹ لمیٹڈ (ایم ای ایل) پر مشتمل ہے۔

ملت اِنڈسٹریل پراڈکٹس لمیٹڈ

الف۔ بورڈ آف ڈائریکٹرز

موجودہ بورڈ 7 ڈائریکٹرز پر مشتمل ہے۔ کمپنی کے موجودہ ڈائریکٹرز درجہ ذیل ہیں: میسرز سکندر مصطفیٰ خان، لئیق الدین انصاری، محمد مصطفیٰ خان، محمد مصطفیٰ سہیل، شہریار انصاری اور قیصر سلیم۔ سال کے دوران مسٹر غلام مصطفےٰ کو کمپنی کا چیف ایگزیکٹو آفیسر مقرر کیا گیا۔

ب۔ بنیادی سرگرمیاں، کمپنی کاروبار کی کارکردگی اور ترقی

کمپنی گاڑیوں، فیکٹریوں اور گھروں میں استعمال ہونے والی بیٹیریاں بنانے کے کام سے وابستہ ہے۔ کمپنی نے رواں سال کے دوران 3.166 بلین روپے کی سیلز کیں اور خالص منافع بعد از ٹیکس 273.270 ملین روپے رہا۔ سال کیلئے مجموعی منافع فی شیئر کے حساب سے 26.54 روپے رہا۔

کمپنی شمسی توانائی استعمال کرنے والے صارفین کے لیے زیادہ سے زیادہ بیک اپ ٹائم کی حامل سولر بیٹریز بنا رہی ہے۔ سال کے دوران ڈیپ سائیکل بیٹریز کی فروخت میں بھی اضافہ ہوا۔ مارکیٹ کی ضروریات پر نظر رکھتے ہوئے کمپنی مرمت سے آزاد (Maintenance Free) بیٹریاں بھی کامیابی سے متعارف کروا چکی ہے جبکہ بہت جلد موٹر سائیکل بیٹریز بھی لانچ کی جائیں گی۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو درپیش اہم مسائل اور خطرات میں خام مال کی قیمتوں میں تبدیلی، روپے کی غیر معمولی گراوٹ کی وجہ سے درآمد شدہ خام مال کی لاگت میں اضافہ اور مارکیٹ میں نئے مقابلہ وروں کی آمد شامل ہیں۔ رواں سال کے دوران مقامی اور بین الاقوامی سطح پر خام مال کی قیمتوں میں اضافے نے منافع کی شرح کو بے حد متاثر کیا۔ کمپنی کے کاروبار کی نوعیت کی بابت اس مالی سال میں کوئی تبدیلی وقوع پذیر نہیں ہوئی۔

ج۔ مستقبل میں منافع کے امکانات

کمپنی آئندہ مالی سال فروخت کے نئے اہداف مقرر کر کے اپنے منافع میں اضافہ کرنے کے لئے پر عزم ہے۔ اِسکے ساتھ ساتھ کوالٹی اور کاسٹ کنٹرول کے ذریعے مارکیٹ میں رونما ہونے والی تبدیلیوں اور نئے رجحانات کا ڈٹ کر مقابلہ کیا جائے گا۔

د۔ موزوں داخلی مالیاتی کنٹرولز

داخلی مالیاتی کنٹرولز اپنی جگہ پر ہیں اور انٹرنل آڈٹ ڈیپارٹمنٹ کے متعلقہ افراد کی جانب سے اِن کا مستقل بنیادوں پر باریک بینی سے مشاہدہ کیا جا رہا ہے۔

ٹائی پیگ انٹرٹریڈ ڈی ایم سی سی

ا۔ بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز میسرز سکندر مصطفیٰ خان، سہیل بشیر رانا اور لئیق الدین انصاری ہیں۔

ب۔ کمپنی کے کاروبار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

ٹائی پیگ انٹرٹریڈ ڈی ایم سی سی، دبئی، یو اے ای میں ایک لمیٹڈ لائبیلٹی کمپنی ہے جو کہ دبئی ملٹی کموڈوٹیز سینٹر اتھارٹی کے ساتھ رجسٹرڈ ہے۔ ملت ٹریکٹرز لمیٹڈ کمپنی کی ایکوئیٹی میں 75% کا ملکیتی حصہ رکھتی ہے۔ کمپنی کی بنیادی سرگرمیوں میں مشینری اور بھاری ایکوپمنٹ اور پارٹس کی ٹریڈنگ شامل ہے۔ کمپنی کے کاروبار کی جگہ جومیرہ لیک ٹاورز (Jumeirah Lake Towers) دبئی، یو اے ای ہے۔ ٹائی پیگ کی اِس عرصہ کے دوران خالص منافع 0.501 ملین (اے ای ڈی) رہا اور رجسٹرڈ سیلز 20.686 ملین (اے ای ڈی) رہی۔ فی حصص آمدنی 250.29 (اے ای ڈی) رہی۔ اب تک کمپنی کی کارکردگی اطمینان بخش رہی اور پاکستان سے ٹریکٹرز کی زیادہ برآمدات کے بعد بزنس کو مزید فروغ ملے گا۔

پ۔ بنیادی خطرات اور غیر یقینی کی صورتحال

فی الوقت کمپنی کو ایسے کسی بھی خطرے یا غیر یقینی صورتحال کا سامنا نہیں ہے جو کمپنی کی کارکردگی کو متاثر کرے۔ کمپنی کے کاروبار کی نوعیت کے حوالے سے مالیاتی سال میں کوئی تبدیلی نہیں آئی۔

ج۔ مستقبل میں منافع کے امکانات

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

د۔ موزوں داخلی مالیاتی کنٹرولز

موزوں داخلی مالیاتی کنٹرولز اپنی جگہ پر ہیں اور اِن کا مشاہدہ کیا جا رہا ہے۔

EY Ford Rhodes
Chartered Accountants
96-B/1, 4th Floor, Pace Mall Building
M.M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

UAN: +9242 111 11 39 37 (EYFR)
Tel: +9242 3577 8402
Fax: +9242 3577 8412
ey.lhr@pk.ey.com
ey.com/pk

Independent Auditor's Report

To the members of Millat Tractors Limited

Report on the Audit of the Consolidated Financial Statements as at 30 June 2023

Opinion

We have audited the annexed consolidated financial statements of Millat Tractors Limited ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Revenue recognition Refer notes 4.18 and 34 to the consolidated financial statements relating to revenue recognition policy and revenue from contracts with customers respectively. The Group earned revenue from the sale of tractors, Implements and tractor components, multi-application products, trading goods, batteries, castings, and IFS services amounting to Rs. 47.14 billion (2022: Rs. 55.01 billion).	Our audit procedures in respect of this matter included the following: • Obtained understanding, evaluated the design and tested the controls over the process of revenue recognition; • Assessed the appropriateness of the Group's accounting policy for recording of revenue in line with the requirements of applicable laws, accounting and reporting standards;

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Key audit matter	How the matter was addressed in our audit
We have identified revenue recognition as a key audit matter considering the significance of amounts involved and the fact that as it is one of the key performance indicators of the Group and hence revenue may not be appropriately recorded.	• Performed analytical procedures including developing an expectation of the current year revenue based on trend analysis information considering historical sales and market patterns; • Tested sales transactions near the reporting period and evaluated that these were recorded in the appropriate accounting period; • Performed verification of sales, on sample basis, with underlying supporting evidence; and • Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.
Investments measured at fair value Refer notes 3.2.6 and 22 to the consolidated financial statements relating to fair valuation policy and long-term investments in unquoted securities respectively. The Group holds investment in the equity instrument of Hyundai Nishat Motor (Private) Limited ('HNMPL') valued at Rs. 6.10 billion (2022: Rs. 3.78 billion). Due to HNMPL being a non-listed company, their shares do not have a quoted price in an active market. Therefore, fair value of their shares has been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flow of the business and related discount rate. Due to the significant level of judgment and estimation required to determine the fair value of investment, we have considered it as a Key Audit Matter.	Our audit procedures in respect of this matter included the following: • Understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations; • Evaluated the cash flow forecast by obtaining an understanding of respective businesses of HNMPL; • Obtained an understanding of the work performed by the independent valuation expert on the models for the purpose of valuations; • Examined the professional qualification of independent valuation expert and assessed the independence, competence and experience of the independent valuation expert in the field; • Obtained corroborating evidence relating to the values as determined by the management by challenging key assumptions for the growth rates in the cash flow forecast by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data, leveraging input from internal specialist; • Performed sensitivity analysis to assess potential impacts arising from reasonable variations in these key assumptions; and • Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for the audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements for the year ended 30 June 2023 were audited by another firm of chartered accountants, whose audit report dated 28 September 2022 expressed an unmodified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Ahsan Shahzad.

EY Ford Rhodes
Chartered Accountants
Lahore: October 04, 2023

UDIN: AR202310079U6qj1MFI2

Consolidated Statement of Financial Position

As at June 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (2022: 200,000,000) ordinary shares of Rs. 10/- each		4,000,000	2,000,000
Issued, subscribed and paid up capital	5	1,917,983	968,679
Reserves	6	6,684,246	6,999,994
		8,602,229	7,968,673
Non-controlling interest		1,126,518	1,084,666
Total equity		9,728,747	9,053,339
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finance- secured	7	1,044,655	69,262
Deferred grant	8	13,300	18,106
Lease liabilities against right-of-use assets	9	6,967	-
Employees' defined benefit plan	10	26,981	26,004
Long term deposits	11	34,406	28,719
Deferred tax liabilities - net	12	1,163,558	796,379
		2,289,867	938,470
CURRENT LIABILITIES			
Trade and other payables	13	4,917,119	4,895,782
Contract liabilities	14	2,850,865	6,739,316
Taxation - net		378,161	226,573
Short term borrowings	15	8,643,357	1,594,845
Current portion of non-current liabilities	16	377,544	172,840
Unclaimed dividend		354,971	353,895
Unpaid dividend		52,499	55,378
Accumulating compensated absences		171,903	145,916
		17,746,419	14,184,545
CONTINGENCIES AND COMMITMENTS	17		
		29,765,033	24,176,354

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

	Note	2023	2022
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	1,917,490	1,816,155
Right-of-use assets	19	12,857	1,123
Intangible assets	20	36,145	52,510
Goodwill		18,572	18,572
Investment property	21	255,708	255,708
Long term investments	22	6,207,698	3,904,575
Long term loans and advances	23	8,375	19,960
Long term deposits	24	12,527	12,227
Employees' defined benefit plan	10	310,475	161,421
		8,779,847	6,242,251
CURRENT ASSETS			
Stores, spare parts and loose tools	25	684,460	601,629
Stock in trade	26	11,593,666	8,658,755
Trade debts	27	651,205	405,421
Loans and advances	28	197,343	205,866
Trade deposits and short term prepayments	29	305,146	72,952
Balances with statutory authorities	30	6,104,232	5,786,297
Other receivables	31	92,910	96,502
Tax refunds due from the Government		69,942	67,743
Short term investments	32	3,856	283,856
Cash and bank balances	33	1,282,427	1,755,082
		20,985,186	17,934,103
		29,765,033	24,176,354

Chairman

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Revenue from contracts with customers	34	47,139,352	55,009,913
Cost of sales	35	(36,734,913)	(42,813,921)
Gross profit		10,404,439	12,195,992
Distribution and marketing expenses	36	(1,216,288)	(1,078,943)
Administrative expenses	37	(1,206,190)	(1,049,023)
Other operating expenses	38	(859,980)	(753,042)
		(3,282,458)	(2,881,008)
Other income	39	364,921	604,933
Operating profit		7,486,902	9,919,917
Finance cost	40	(1,649,620)	(355,916)
Profit before tax		5,837,282	9,564,001
Taxation	41	(2,282,696)	(3,697,604)
Profit after tax for the year		3,554,586	5,866,397
Other comprehensive income / (loss):			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		33,079	28,656
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain on employees' defined benefit plan		125,423	210,299
Deferred tax		463	(2,738)
Unrealized gain / (loss) on revaluation of investments at fair value through other comprehensive income		704,997	(2,001,703)
Deferred tax		(417,869)	177,858
		413,013	(1,616,284)
Total other comprehensive income / (loss)		446,092	(1,587,628)
Total comprehensive income for the year		4,000,678	4,278,769
Attributable to:			
- Equity holders of the holding Company			
Profit after tax		3,293,346	5,365,020
Other comprehensive income / (loss) for the year		439,980	(1,597,932)
		3,733,326	3,767,088
- Non-controlling interests			
Profit after tax		261,240	501,377
Other comprehensive income for the year		6,112	10,304
		267,352	511,681
		4,000,678	4,278,769
			Restated
Earnings per share - basic and diluted (Rupees)	44	18.53	30.59

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman

Consolidated Statement of Changes in Equity

For the year ended June 30, 2023

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserves		Total	Non controlling interest	Total equity
		Exchange translation reserve	Other reserves	Fair value reserve	General reserves	Unapprop-riated profit			
	(Rupees in thousand)								
Balance as on June 30, 2021	560,578	54,833	-	3,481,970	2,475,309	3,458,902	10,031,592	1,049,532	11,081,124
Final dividend for the year ended									
June 30, 2021 @ Rs. 50 per share	-	-	-	-	-	(2,802,888)	(2,802,888)	-	(2,802,888)
Bonus shares issued for the year ended									
June 30, 2021 @ 20% per share	112,116	-	-	-	-	(112,116)	-	-	-
Interim dividend for the year ended									
June 30, 2022 @ Rs. 45 per share	-	-	-	-	-	(3,027,119)	(3,027,119)	-	(3,027,119)
Interim bonus shares issued for the year ended									
June 30, 2022 @ 20% per share	134,539	-	-	-	-	(134,539)	-	-	-
Interim bonus shares issued for the year ended									
June 30, 2022 @ 20% per share	161,446	-	-	-	-	(161,446)	-	-	-
Dividend payment to non controlling interest	-	-	-	-	-	-	-	(476,547)	(476,547)
Net profit for the year	-	-	-	-	-	5,365,020	5,365,020	501,377	5,866,397
Other comprehensive (loss) / income									
for the year	-	21,492	-	(1,823,383)	-	203,959	(1,597,932)	10,304	(1,587,628)
Total comprehensive income	-	21,492	-	(1,823,383)	-	5,568,979	3,767,088	511,681	4,278,769
Balance as on June 30, 2022	968,679	76,325	-	1,658,587	2,475,309	2,789,773	7,968,673	1,084,666	9,053,339
Final dividend for the year ended									
June 30, 2022 @ Rs. 20 per share	-	-	-	-	-	(1,937,356)	(1,937,356)	-	(1,937,356)
Bonus shares issued for the year ended									
June 30, 2022 @ 20% per share	193,736	-	-	-	-	(193,736)	-	-	-
Interim dividend for the year ended									
June 30, 2023 @ Rs. 10 per share	-	-	-	-	-	(1,162,414)	(1,162,414)	-	(1,162,414)
Interim bonus shares issued for the year ended									
June 30, 2023 @ 10% per share	116,241	-	-	-	-	(116,241)	-	-	-
Interim bonus shares issued for the year ended									
June 30, 2023 @ 50% per share	639,327	-	-	-	-	(639,327)	-	-	-
Dividend payment to non controlling interest	-	-	-	-	-	-	-	(225,500)	(225,500)
Transfer to capital reserve from									
unappropriated profit"	-	-	208,929	-	-	(208,929)	-	-	-
Net profit for the year	-	-	-	-	-	3,293,346	3,293,346	261,240	3,554,586
Other comprehensive income for									
the year	-	24,809	-	288,673	-	126,498	439,980	6,112	446,092
Total comprehensive income	-	24,809	-	288,673	-	3,419,844	3,733,326	267,352	4,000,678
Balance as on June 30, 2023	1,917,983	101,134	208,929	1,947,260	2,475,309	1,951,614	8,602,229	1,126,518	9,728,747

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

Consolidated Statement of Cash Flows

For the year ended June 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	45	89,257	6,178,435
Finance cost paid		(1,203,936)	(378,963)
Payment of long term loans to employees - net		11,585	(2)
Workers' Profit Participation Fund paid	31	(363,719)	(620,811)
Workers' Welfare Fund paid		(200,496)	(183,415)
Taxes paid - net		(2,183,535)	(4,976,061)
Retirement benefits paid - net		(14,023)	(24,233)
Long term security deposits received / (paid)		5,919	35,468
		(3,948,205)	(6,148,017)
Net cash flows generated from operating activities		(3,858,948)	30,418
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		(362,315)	(253,121)
Proceeds from disposal of property, plant and equipment		39,267	49,190
Payments for intangibles		-	-
Short term investments - net		280,000	5,521,555
Long term investments made - net		(1,598,126)	-
Profit on bank deposits received		88,916	49,798
Dividend received		19,359	111,958
Net cash flows generated from / (used in) investing activities		(1,532,899)	5,479,380
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to non controlling interests		(225,500)	(476,547)
Principal payment against lease liabilities		(7,890)	(4,914)
Short term financing paid - net		(272,346)	670,485
Long term financing (paid) / received including finance cost - net		1,172,564	(299,453)
Dividends paid to equity holders of the holding company		(3,101,573)	(5,783,322)
Net cash used in financing activities		(2,434,745)	(5,893,751)
Net decrease in cash and cash equivalents		(7,826,592)	(383,953)
Cash and cash equivalents at the beginning of the year		830,722	1,186,019
Foreign exchange difference		33,079	28,656
Cash and cash equivalents at the end of the year	46	(6,962,791)	830,722

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman

Notes to The Consolidated Financial Statements

For the year ended June 30, 2023

1 Legal status and nature of business

1.1 Holding company:

Millat Tractors Limited - (MTL)

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 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 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- Sheikhupura 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 Sheikhupura 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.

2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

Where the provisions of the directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 Initial application of standards, amendments or an interpretation to existing standards

2.1.1 Standards, amendments to published standards and interpretations that are effective in the current year

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after July 01, 2022 (unless otherwise stated).

IFRS 03 Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group.

IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments to specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the financial statements of the Group, as prior to the application of the amendments, the Group had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of incremental costs directly related to the contracts and an allocation of costs directly related to contract activities.

The adoption of the above amendments to accounting standards did not have any material effect on the consolidated financial statements.

In addition to the above amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements were generally effective for accounting periods beginning on or after July 01, 2022:

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39. This had no impact on the consolidated financial statements of the Group.

IFRS 16 Leases - In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). This had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16 and had no impact on the consolidated financial statements of the Group.

2.1.2 Standards, amendments to published standards and interpretations that are not yet effective

Certain amendments to published standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these, if applicable, when they become effective.

IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current:

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification; and
- Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 01, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IAS 1 and IFRS Practice Statement 2 — Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:

– Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
– Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 01, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently revisiting its accounting policy information disclosures to ensure consistency with the amended requirements.

IAS 8 — Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 01, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 10 & IAS 28 — Consolidated Financial Statements and Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded.) Earlier application of the September 2014 amendments continues to be permitted. The Company expects that the adoption of the amendments will have no material effect on the Group's consolidated financial statements.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan:

Standard		(Annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

The above are not expected to have any significant impact on consolidated financial statements of the Group.

3 Basis of preparation

3.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for the following:

- certain financial instruments, government grant, and plan assets of defined benefit plan, at fair value; and
- certain employee benefit obligations at present value.

3.2 Critical accounting estimates and judgments

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Following are the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. The Group bases its assumptions and estimates on the parameters under which these consolidated financial statements were prepared. Existing circumstances and assumptions about the future development may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3.2.1 Employees' retirement benefits and other obligations

The Group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations i.e. employees' defined benefit plan and other obligations. The valuation is based on assumptions as mentioned in note 4.3 to these consolidated financial statements.

3.2.2 Provision for taxation

The Group takes into account the current income tax law and the decisions taken by appellate authorities. Pending instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature are in accordance with law and the outcome is expected in favour of the Group are shown as contingent liabilities.

3.2.3 Estimated useful lives, residual values and method of depreciation of property, plant and equipment

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

3.2.4 Provision for inventories and stores

The Group regularly reviews the inventories for impairment. Provision for obsolete and slow-moving inventories is based on management's estimate of the condition and usability of inventories and stores.

3.2.5 Impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3.2.6 Fair value of unquoted investments

Fair value of unquoted investments is determined by using valuation techniques. The Group uses the valuation performed by an independent valuation expert to determine the fair value of its unquoted investments.. The Group has used discounted cash flow analysis for this purpose as fully explained in note 22.1 to these consolidated financial statements.

3.2.7 Recording and impairment of goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss account.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash-Generating Units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.2.8 Contingencies

The Group reviews the status of all the legal cases on a regular basis. Based on the expected outcomes and lawyers' judgements, appropriate disclosure or provision is made.

3.2.9 Sales tax refundable

Management has classified the whole of the amount of Sales tax refundable as current asset based on the assessment that either the amount will be refunded in the next year or related settlement of amounts due to Government, within next twelve months will include refund of Sales tax. Only significant impact of time value of money is recognized in these consolidated financial statements.

3.2.10 Lease term of right of use asset and lease liability

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees (PKR or Rupee) which is the Group's functional and presentation currency.

4 Summary of significant accounting policies

The significant accounting policies which have been adopted in the preparation of financial statements of the Group are consistent with previous year except as mentioned in note 4.1 to these financial statements, and which are as follows:

4.1 Principles of consolidation

4.1.1 Subsidiaries

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss. The assets, liabilities, income and expenses of subsidiaries are consolidated on a line by line basis and the carrying amount of investments held by the holding company is eliminated against the subsidiaries' shareholders' equity in the consolidated financials statements. Inter-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies used in preparation of consolidated financial statements of the holding company are consistent with accounting policies of its subsidiaries. When necessary, adjustments are made to bring the accounting policies in line with that of the holding company.

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

4.1.2 Non-controlling interest

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

4.2 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (the CEO) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Accordingly, for reporting purposes, the Group has been organised into business units based on its products and services and has three separate reportable segments, as follows:

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

The "tractor components segment" i.e. equipment and parts, which is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles parts and components thereof.

The "castings segment", which is engaged in the business of manufacturing of castings for tractors and automotive parts thereof.

Other business activities of the Group have been presented under "others segment". Accordingly, no operating segments have been aggregated to form the above reportable operating segments.

4.3 Employees' retirement benefits and other obligations

4.3.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

4.3.2 Post employment benefits

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

4.3.2.1 Defined benefit plan

Pension

MTL operates a funded defined benefit pension scheme for all eligible employees. A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Contributions under the scheme are made to this fund on the basis of actuarial recommendation and are charged to profit or loss. The latest actuarial valuation for the scheme was carried out as at June 30, 2023.

The amount recognized in the consolidated statement of financial position represents the present value of the plan assets reduced by value of defined benefit obligation. Any charge or credit arising as a result of remeasurements are recognized in the other comprehensive income of the Group in the period in which they occur. Past service costs are recognized immediately in the consolidated statement of profit or loss.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

	Pension scheme Millat Tractors Limited	
	2023	2022
	(Rupees in thousand)	
Expected rate of increase in salary level	15.25%	12.25%
Discount rate used for interest cost in profit and loss	13.25%	10.00%
Discount rate used for year end obligation	16.25%	13.25%
Average expected remaining working life of employees	5 years	6 years
Retirement Assumption	60 years	60 years
Expected mortality rates	SLIC 2001 -	SLIC 2001 -
	2005	2005
	Setback 1	Setback 1
	Year	Year

The Board Members of the Millat Tractors Limited Employees' Pension Fund Trust are managing the Pension Fund as per the applicable Pension Fund Deed, Rules and Regulations of the fund.

The amount recognized in the consolidated statement of financial position represents the fair value of the plan assets reduced by the present value of defined benefit obligation

Gratuity

BCL operates a defined benefit gratuity for its permanent employees. The plan define an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors, such as age, years of service and compensation. A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds or the market rates on Government bonds. These are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related employee benefit obligation.

BCL operates the following schemes:

i) Funded gratuity scheme for all of its eligible executive employees appointed under the old salary grade scale up to 2006. Provisions are made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2023, using the 'Projected Unit Credit Method'.

ii) Unfunded gratuity scheme for all of its eligible non-executive employees. Provisions are made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2023, using the 'Projected Unit Credit Method'.

The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which these occur.

Past service costs are recognised immediately in the statement of profit or loss.

4.3.3 Defined contribution plans

4.3.3.1 Provident fund

The Group operates an approved defined contribution provident funds for all permanent employees. Equal contributions are made by employees and the Group at the rate of 10 percent of basic salary per month and charged to profit or loss account. The Group has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognised as an expense in the consolidated statement of profit or loss as and when incurred.

4.3.3.2 Accumulating compensated absences

The Group provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 150 days in case of executives and management and 180 days in case of workers. Workers, executives and management are entitled to encash the unutilised earned leave accrued on or before retirement date, or due to medical grounds could utilize / encash their outstanding days of leaves before leaving. Any further unutilised leaves lapse. The earned leave encashment is based on basic salaries for executives and management, and in case of workers, basic salaries plus house rent allowance.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to statement of profit or loss. The most recent valuation was carried out as at June 30, 2023 using the "Projected Unit Credit Method.

The amount recognised in the consolidated statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated statement of profit or loss immediately in the period when these occur.

Projected unit credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

	2023	2022
Expected rate of increase per annum in salary level	15.25%	12.25%
Discount rate per annum used for interest cost in profit or loss	13.25%	10.00%
Discount rate per annum used for year end obligation	16.25%	13.25%
	SLIC 2001 -	SLIC 2001 -
	2005	2005
	Set back one	Set back one
	Year	Year
Duration of the plan (years)	8	8

4.4 Contingent liabilities and assets

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in these consolidated financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or
- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

4.5 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

4.5.1 Current

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.5.2 Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

4.6 Property, plant and equipment

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

Depreciation on all items of property, plant and equipment except for leasehold office building is charged to profit or loss applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation on leasehold office building is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the asset. Depreciation is being charged at the rates given in note 18. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual value and useful life of its operating fixed assets during the year has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.10 to these financial statements).

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

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

4.7 Right-of-use asset and Lease liability

At inception of a lease contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group applies a practical expedient and, does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets, if any. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

For lease contracts other than the aforementioned, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate and amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the statement of profit and loss account if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses.

4.8 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.9 Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite life are amortised using the straight line method over a period of three to five years and Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

The Group assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.11 Investment property

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

The Group assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.12 Investments and other financial assets

4.12.1 Classification

The Group classifies its financial assets other than investments in subsidiaries in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value through other comprehensive income. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the consolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.12.4 Impairment of financial assets other than investment in equity instruments

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables, while general 3-stage approach for deposits, loans, bank balances and other receivables i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Long term deposits;
- Loans to employees;
- Deposits and other receivables; and
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.13 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.14 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.15 Stock in trade

Stock of raw materials (except for those in transit), work-in-process and finished goods are valued principally at the lower of weighted average cost and net realisable value ('NRV'). Cost of work-in-process and finished goods comprises cost of direct materials, labour and related production overheads (based on normal operating capacity).

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the consolidated financial statements for obsolete and slow moving stock-in-trade based on management estimate.

4.16 Trade debts and other receivables

Trade debts are amounts due from customer for goods sold or services performed in ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method less loss allowance.

4.17 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

4.18 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies.

4.18.1 a) Sale of goods

Tractors, Implements, multi-application products and trading goods

Revenue from contracts for sale of tractors, implements, multi-application products and trading goods is recognized upon delivery and acknowledgement of the good by the customer i.e. at a point-in-time when the performance obligation of the Group is satisfied. Since there is only one performance obligation the revenue is recognized at full amount. Payments for sale of tractors are received in advance from customers, while in the case of implements and multi-application products credit periods are provided as per Group policy on a case to case basis. The credit term does not include any financing component. Deferred payment terms may also be agreed in case of sale to certain categories of customers. Any rebate / markup on account of delayed delivery of tractor is deducted from the transaction price upon satisfaction of the performance obligation.

Castings

Revenue is recognised when control of the goods has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised upon transfer of title to the customers, which generally coincides with physical delivery.

No element of financing is deemed present as the sales are made with a credit term of up to 90 days, which is consistent with the market practice.

Tractor components

The Group sells parts and components of automotive, agricultural and industrial vehicles. Revenue from contracts for sale of these equipment is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the equipment at the customer's location and acknowledgement of the goods by the customer.

Revenue is measured at the transaction price agreed under the contract, adjusted for variable consideration such as discount, if any. Since there is only one performance obligation, the revenue is recognized at full amount.

The Group has concluded that it is the principal in such revenue arrangements.

Others

Sale of batteries and others are recognized as revenue when goods are dispatched and invoiced to the customers. Revenue is measured at the transaction price agreed under the contract, adjusted for variable consideration such as discount, if any. In most cases, the advances from customers are received before the goods are dispatched/invoiced. Deferred parent terms may also be agreed in case of sale to certain categories of customers.

In case of batteries contracts with customers include promises to transfer goods or services without charges such as free inspections. Such promised goods or services are generally considered performance obligations and related sale revenue is deferred under IFRS 15, if it is deemed material. The Group also has a performance obligation to arrange for delivery of goods at locations specified by the customers. However, the Group acts as an agent in satisfaction of this performance obligation and net income/(expense) in this respect is recognized in the consolidated statement of profit or loss and other comprehensive income.

Sale of scrap items

Revenue from sale of scrap and store items is recognized when control of items passes to buyers which is generally on dispatch of goods.

b) Sale of service

- Warranties

The Group provides various types of warranties. When determining the nature of warranty-related promises, the Group considers:

- whether the customer has the option to separately purchase the warranty; and
- whether all or part of the warranty provides the customer with an additional service beyond the basic assurance that it will perform in accordance with published specifications.

Standard-type warranties of free repair, parts replacement, assurance and major rectification to the customer along with free service after specific intervals are not offered separately for any consideration by the Group and rather are embedded in the sale price of the good. Accordingly, the same are not considered to be separate performance obligations and are accounted for under IAS 37.

For extended-type warranties or separate after sale services offered by the Group the same are treated as separate performance obligations. Revenue from such warranties or after sale services contracts is recognized over time i.e. duration of the contract.

- IFS services

Revenue from IFS services includes contracts for software implementation / customization services along with post implementation consultancy / maintenance services. Revenue from implementation / customization services is recognized at a point-in-time i.e. when the performance obligation of the Group for implementation/ customization is satisfied whereas revenue from post implementation consultancy / maintenance services is recognized on straight-line method over-time i.e. duration of the Service Level Agreement.

Others

- Dividend is recognized as income when the right to receive dividend is established.
- Profit on bank deposits is recognized on effective rate of interest method.
- Investment income is recognized when right to receive the income is established.

4.19 Research cost

These costs are charged to profit and loss when incurred.

4.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

4.21 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current. Deferred tax liabilities are classified as non-current assets or liabilities.

4.22 Trade and other payables

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

4.23 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.24 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Group’s functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

4.25 Financial liabilities

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method. Gain and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the consolidated statement of profit or loss.

4.26 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.27 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.27 Reserves

Reserve are classified into two categories as follows:

4.27.1 Revenue reserve

Revenue reserve is the reserve which is regarded as available for distribution through the profit or loss including general reserves and other specific reserves created out of profit and un-appropriated or accumulated profits of previous years.

4.27.2 Capital reserve

Capital reserve includes all the reserves other than reserve which are classified as revenue reserve.

4.28 Earning per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.29 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.3 Dividend and appropriations

Dividend distribution to the Group's shareholders is recognized as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the consolidated financial statements are authorized for issue, they are disclosed in the notes to the consolidated financial statements.

4.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.31 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when:

i) When the sale is highly probable.

ii) The asset is available for immediate sale in its present condition.

iii) Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

iv) Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

4.32 Transactions with related parties

Transactions with related parties are conducted in normal course of business in accordance with the agreed terms and conditions. All the related party transactions are presented for approval of shareholders in General Meeting in accordance with the requirements of Section 208 of Companies Act, 2017.

5 Issued, subscribed and paid up capital

2023	2022		2023	2022
(Number of shares in thousand)			(Rupees in thousand)	
2,543	2,543	Ordinary shares of Rs 10 each fully paid in cash	25,429	25,429
		Ordinary shares of Rs 10 each issued as fully paid bonus shares		
94,324	53,514	- Opening balance	943,250	535,149
		- Issued during the year		
–	11,211	Final bonus shares issued - June 30, 2021 @ 20% per share	–	112,116
19,374	–	Final bonus shares issued - June 30, 2022 @ 20% per share	193,736	–
–	13,454	Interim bonus shares issued - June 30, 2022 @ 20% per share	–	134,539
–	16,145	Interim bonus shares issued - June 30, 2022 @ 20% per share	–	161,446
11,624	–	Interim bonus shares issued - June 30, 2023 @ 10% per share	116,241	–
63,933	–	Interim bonus shares issued - June 30, 2023 @ 50% per share	639,327	–
94,931	40,810		949,304	408,101
191,798	96,867		1,917,983	968,679

	2023	2022
	(Rupees in thousand)	
6 Reserves		
Capital reserve		
Fair value reserve - Investments measured at FVOCI	1,947,260	1,658,587
Other reserves	208,929	–
Exchange translation reserve	101,134	76,325
	2,257,323	1,734,912
Revenue reserve		
General reserve	2,475,309	2,475,309
Unappropriated profit	1,951,614	2,789,773
	4,426,923	5,265,082
	6,684,246	6,999,994

		Note	2023	2022
			(Rupees in thousand)	
7	**Long term finance- secured**			
	Long term loan	7.1	1,411,910	231,603
	Less: Current portion shown under current liabilities	7.1	(367,255)	(162,341)
			1,044,655	69,262

7.1	The reconciliation of carrying amount is as follows:			
	Opening balance	7.2 ,7.3 & 7.4	231,603	508,436
	Loan received during the year	7.5	1,427,606	9,931
	Modification during the year		–	(3,646)
	Repayments during the year		(255,042)	(309,384)
	Transferred to deferred grant	8	–	(1,491)
	Unwinding of interest cost		7,743	27,757
		7	1,411,910	231,603
	less: Current portion shown under current liabilities		(367,255)	(162,341)
			1,044,655	69,262

7.2 This included amount of loan against facility of Rs. 400,000 thousand (2022: Rs. 400,000 thousand) 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. The loan was initially recognized at amortized cost using prevailing market rate of mark-up for similar instruments. The average discount rate used ranges 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. The loan was repayable in 8 equal quarterly installments commencing from January 31, 2021 and carried markup at the rates ranging from 0.15% to 0.4% per annum, which was payable quarterly. The carrying amount of loan as of year end is Nil (2022: Rs. 83,789 thousand). 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 Group.

7.3 This also includes amount of loan against facility of Rs.100,000 thousand (2022: Rs.100,000 thousand) obtained under renewable energy finance scheme announced by the 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 in the last year, the loan facility was modified by the Bank with equal 36 payments payable starting from April 28, 2022. The modification was considered to be non-substantial, with the resulting impact recognized in these financial statements accordingly. The discount rate used is 11.47% per annum (2022: 11.47% per annum). The difference between cash received and present value of cash outflows upon initial recognition and subsequent modification has been recognized as deferred grant. The carrying amount of loan as of year end is Rs. 39,306 thousand (2022: Rs. 40,507 thousand). This facility is secured by specific and exclusive charge on the purchased machinery and ranking charge over current assets of the Group.

7.4 This also represents loan of Rs. 49.56 million (2022: Rs. 49.56 million) obtained from Habib Bank Limited under renewable energy finance scheme announced by State Bank of Pakistan (SBP) to promote renewable energy use in Pakistan. The facility has an aggregate sanctioned limit of Rs. 60 million. Currently the loan carries markup of 2.5%. This loan is secured against first charge over current assets of the Group amounting to Rs. 267 million with 25% margin. The loan is repayable in twenty four quarterly installments commenced from 01 Jan 2022. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred income.

7.5 This represents amount of loan against facility of Rs. 1,500,000 thousand (30 June 2022: Nil) 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 reset on the first working day of each calendar quarter, using the rate prevailing on last working day of preceding calendar quarter. The carrying amount of loan as of year end is Rs. 1,338,381 thousand (2022: Nil). This facility is secured by first exclusive mortgage charge over land of the factory situated at 9 KM, Sheikhupura Road, Lahore, amounting to Rs. 2,000,000 thousand (including 25% margin).

		2023	2022
		(Rupees in thousand)	
8	**Deferred grant**		
	At start of year	26,345	47,509
	Received during the year	–	1,491
	Transferred to profit or loss during the year	(8,236)	(24,596)
	Modification during the year	–	1,941
	At end of year	18,109	26,345
	Represented by:		
	Non-current	13,300	18,106
	Current	4,809	8,239
		18,109	26,345

8.1 Government grants have been recognized against loans obtained under the SBP refinance scheme of salaries and wages and SBP refinance scheme for renewable energy in lieu of below market-interest / return rate payable on these loans. There are no unfulfilled conditions or contingencies attached to these grants effecting its recognition at the reporting date.

		2023	2022
		(Rupees in thousand)	
9	**Lease liabilities against right-of-use assets**		
	Lease liabilities at year end	10,986	1,331
	Less: current portion of lease liabilities	(4,019)	(1,331)
	Non current lease liabilities	6,967	–
9.1	Commitments in relations to finance leases recognised under IFRS 16 are payable as follows:		
	Payable not later than one year	6,597	1,634
	Payable later than one year but not later than five years	6,188	–
	Payable later than five years	–	–
		12,785	1,634
	Future finance charges	(1,799)	(303)
	Total lease liabilities	10,986	1,331

Notes to The Consolidated Financial Statements
For the year ended June 30, 2023

		Note	2023	2022
			(Rupees in thousand)	
10	**Employees' defined benefit plan**			
	Staff retirements benefit plan- Liability			
	Holding company	10.1	–	–
	Subsidiary	10.2	26,981	26,004
			26,981	26,004
	Staff retirements benefit plan- Asset			
	Holding company	10.1	(289,876)	(143,051)
	Subsidiary	10.2	(20,599)	(18,370)
			(310,475)	(161,421)
10.1	**Holding staff retirement benefit plan - MTL**			
	Present value of defined benefit obligation		880,488	960,430
	Fair value of plan assets		(1,170,364)	(1,103,481)
	Asset recognized in the statement of financial position		(289,876)	(143,051)
10.1.1	**For the year**			
	Salaries, wages and amenities include the following in respect of employees' pension scheme:			
	Current service cost		7,967	11,124
	Interest cost		119,932	110,912
	Expected return on plan assets		(139,446)	(106,308)
			(11,547)	15,728
	Remeasurements chargeable in other comprehensive income			
	Remeasurement of plan obligation:		(143,808)	(205,965)
	Actuarial (gains) / losses from changes in financial assumptions		46,530	(12,883)
	Experience adjustments		(97,278)	(218,848)
			(29,747)	17,990
	Interest income on plan assets		(127,025)	(200,858)
10.1.2	**The movement in present value of defined benefit obligation is as follows:**			
	Present value of defined benefit obligation at beginning of year		960,430	1,160,998
	Current service cost		7,967	11,124
	Interest cost		119,932	110,912
	Benefits paid		(110,364)	(103,502)
	Benefits due but not paid		(199)	(254)
	Actuarial gains due to change in financial assumptions		(143,808)	(205,965)
	Experience adjustments		46,530	(12,883)
	Present value of defined benefit obligation at end of year		880,488	960,430

	2023	2022
	(Rupees in thousand)	
10.1.3 The movement in fair value of plan assets is as follows:		
Fair value of plan assets at beginning of year	1,103,481	1,110,743
Expected return on assets	139,446	106,308
Contributions	8,253	8,176
Benefits paid	(110,364)	(103,502)
Benefits due but not paid	(199)	(254)
Return on plan assets	29,747	(17,990)
Fair value of plan assets at end of year	1,170,364	1,103,481
Actual return on plan assets	169,193	88,318
10.1.4 Plan assets comprise of :		
Term deposit receipts :		
Bank Alflah Limited	-	400,000
Zarai Taraqiati Bank Limited	723,000	280,000
Special Bank account:		
NAFA Capital proceeds	302,886	373,167
Accrued interest and bank balance:		
Bank balances	135,537	45,155
Accrued interest	7,363	3,636
Advance income tax	1,777	1,777
Less: payables	(199)	(254)
	1,170,364	1,103,481

Investments out of fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

10.1.5 Comparison of present value of defined benefit obligation, the fair value of plan assets and the resulting surplus or deficit of pension fund is as follows:

	2023	2022	2021	2020	2019
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	880,488	960,430	1,160,998	1,232,563	848,495
Less: Fair value of plan assets	1,170,364	1,103,481	1,110,743	1,109,534	1,068,014
Surplus/ (deficit)	289,876	143,051	(50,255)	(123,029)	219,519
Experience adjustment on obligation	(143,808)	(218,848)	(89,128)	345,900	(292,128)
Return on plan assets, excluding interest income	29,747	(17,990)	(1,530)	(28,095)	(41,191)

Sensitivity analysis

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase and disclosed in note 4.3.2.1. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2023	2022
	(Rupees in thousand)	
Discount rate + 100 bps	835	904
Discount rate - 100 bps	930	1,024
Salary increase + 100 bps	887	968
Salary increase - 100 bps	875	953
Indexation rate + 100 bps	936	1,028

10.1.6 The Group's net refund from the pension fund for the year ending June 30, 2024 is expected to be Rs. 29,308 thousand.

	2023	2022
	(Rupees in thousand)	
10.2 Subsidiary staff retirement benefit plan - BCL		
Employees' defined benefit plan- liability	26,981	26,004
Employees' defined benefit plan- asset	(20,599)	(18,370)

	2023		2022	
	Funded	Un-funded	Funded	Un-funded
	Executives' Gratuity	Non-Executives' Gratuity	Executives' Gratuity	Non-Executives' Gratuity
	(Rupees in thousand)			
Balance sheet reconciliation				
Present value of defined benefit obligation at end of year	15,194	26,981	20,501	26,004
Less: Fair value of plan assets at end of year	35,793	–	38,871	–
Surplus / (deficit)	20,599	(26,981)	18,370	26,004

	2023		2022	
	Funded	Un-funded	Funded	Un-funded
	Executives' Gratuity	Non-Executives' Gratuity	Executives' Gratuity	Non-Executives' Gratuity
	(Rupees in thousand)			
Movement in the present value of defined benefit obligation				
Balances at beginning of year	20,501	26,004	26,205	34,817
Benefits paid by the plan	(7,699)	(4,508)	(6,959)	(7,667)
Settlement paid	–	–	–	–
Current service costs	619	1,158	823	1,450
Past service cost	–	–	–	–
Interest cost	2,206	3,147	2,273	3,098
Actuarial (gain) / loss arising from experience adjustment	(433)	1,180	(1,841)	(5,694)
Employee contributions	–	–	–	–
Gain on curtailment & settlement	–	–	–	–
Balance at end of year	15,194	26,981	20,501	26,004
Movement in the fair value of plan assets				
Balance at beginning of year	38,871	–	39,589	–
Contributions paid into the plan	309	–	358	–
Benefits paid by the plan	(7,699)	–	(6,959)	–
Settlement paid	–	–	–	–
Interest income	5,170	–	3,977	–
Remeasurement	(858)	–	1,906	–
Employee contributions	–	–	–	–
Balance at end of year	35,793	–	38,871	–
Expense / (income) recognised in profit and loss account				
Current service costs	619	1,158	823	1,450
Gain on curtailment & settlement	–	–	–	–
Net Interest (income) / cost	(2,964)	3,147	(1,704)	3,098
(Income) / expense recognised in profit or loss	(2,345)	4,305	(881)	4,548
Remeasurement recognised in other comprehensive income				
Experience (gains) / losses	(433)	1,180	(1,841)	(5,694)
Remeasurement of fair value of plan assets	858	–	(1,906)	–
Remeasurements	425	1,180	(3,747)	(5,694)

	2023		2022	
	Funded	Un-funded	Funded	Un-funded
	Executives' Gratuity	Non-Executives' Gratuity	Executives' Gratuity	Non-Executives' Gratuity
	(Rupees in thousand)			
Net recognised liability / (asset)				
Net recognised (asset) / liability at beginning of year	(18,370)	26,004	(13,384)	34,817
(Income) / expense recognised in profit or loss	(2,345)	4,305	(881)	4,548
Contribution made during the year to the Fund	(309)	(4,508)	(358)	(7,667)
Remeasurements recognised in other comprehensive income / (loss)	425	1,180	(3,747)	(5,694)
Recognised liability / (asset) at end of year	(20,598)	26,981	(18,370)	26,004
Plan assets comprise of following:				
Debt instruments	–	–	30,000	–
Equity and mutual funds	8,800	–	8,800	–
Cash at Bank	26,993	–	71	–
Total as at June 30	35,793	–	38,871	–
Actuarial assumptions				
Discount rate at June 30	15.75%	15.75%	13.25%	13.25%
Future salary increases	14.50%	14.50%	12.00%	12.00%

Mortality was assumed to be SLIC (2001-2005) table.

	2023	2022
	(Rupees in thousand)	
Maturity profile of the defined benefit obligation		
Distribution of timing of benefit payments		
One year	8,472	5,265
Two years	7,812	14,587
Three years	3,606	7,763
Four years	2,910	3,595
Five years	7,663	2,864
Six years to ten years	20,246	27,199

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Sensitivity analysis for actuarial assumptions			
Discount rate at June 30, 2023	1.00%	(1,684)	1,909
Future salary increases	1.00%	2,287	(2,059)

There is no significant change in the obligation if life expectancy increases by 1 year.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liabilities recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

	2023	2022	2021	2020	2019
			(Rupees in thousand)		
Pension fund					
Fair value of plan assets	–	–	–	127,508	114,416
Present value of the defined benefit obligation	–	–	–	(187,627)	(131,839)
(Surplus) / deficit	–	–	–	(60,119)	(17,423)
Experience adjustments on plan liabilities	–	–	(7,114)	47,137	(42,401)
Experience adjustments on plan assets	–	–	(9,205)	6,478	(3,845)
Executives' gratuity fund					
Fair value of plan assets	35,792	38,871	39,589	51,279	57,523
Present value of the defined benefit obligation	(15,194)	(20,501)	(26,205)	(25,978)	(45,690)
Surplus	20,598	18,370	13,384	25,301	11,833
Experience adjustments on plan liabilities	(433)	(1,841)	254	7,665	4,148
Experience adjustments on plan assets	(858)	1,906	(13,441)	5,329	(207)
Non-Executives' gratuity fund					
Present value of the defined benefit obligations	(26,981)	(26,004)	(34,817)	(29,840)	(32,196)
Experience adjustments on plan obligations	1,180	(5,694)	4,932	(5,694)	4,528

The weighted average duration of the plans are as follows

	2023	2022
	Number of years	
Executives' gratuity fund	2.11	2.21
Non-executives' gratuity	7.88	7.37

Amounts in this note are based on the latest actuarial valuation carried out as at June 30, 2023.

10.3 Risks on account of defined benefit plan

The Group faces the following risks on account of defined benefit plan:

Final salary risk (linked to inflation risk) - The risk that the final salary at the time of cessation of service is greater than what is currently assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks:

- **Mortality risk** - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.
- **Withdrawal risk** - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.
- **Investment risk** - The risk of the investment underperforming and not being sufficient to meet the liabilities.

11 Long term deposits

These represent security deposits received from dealers which, by virtue of agreement, are interest free. These are repayable on cancellation of dealership contract with dealers and cannot be utilized for the purpose of the business. These have been kept in separate bank account in accordance with the requirements of the section 217 of the Companies Act, 2017.

These also represent interest free deposits received from employees. The amount is adjustable within a period of six years against book value of motor vehicles and five years against book value of motor cycles provided to them as per the Group policy.

		Note	2023	2022
			(Rupees in thousand)	
12	**Deferred tax liabilities - net**			
	The liabilities / (asset) for deferred tax comprises temporary differences relating to:			
	Taxable temporary differences:			
	Accelerated tax depreciation		203,668	191,105
	Change in fair value of investments		1,170,245	752,376
			1,373,913	943,481
	Deductible temporary differences:			
	Accumulating compensated absences		(14,180)	(11,868)
	Provision for impaired / doubtful receivables		(13,296)	(12,089)
	Lease liabilities		(2,529)	-
	Provision for warranty		(5,522)	(4,760)
	Unused tax losses	12.1	(73,357)	(98,724)
	Unrealised gain on closing stock-in-trade		(80,870)	-
	Provision for impairment of intangible		(2,367)	(2,367)
	Provision for retirement benefit obligations		(17,346)	(16,939)
	Provision for slow moving stores		(888)	(355)
			(210,355)	(147,102)
	Net deferred tax liability at the year end		1,163,558	796,379

12.1 Deferred tax asset on unused tax losses represents the minimum tax available for carry forward under the Income Tax Ordinance, 2001 and is recognised to the extent that the realization of related tax benefits through future taxable profits of the Group is probable. The projections are based on management's best estimates of key production, sales and economic assumptions.

12.2 Reconciliation of deferred tax liabilities - net

	Unrealised gain on closing stock -in-trade	Accelerated tax depreciation	Change in fair value of investments	Accumulating compensated absences	Provisions	Unused tax losses	Net liability / (asset)
	(Rupees in thousand)						
Balance as at June 30, 2021	-	173,644	930,976	(10,319)	(37,912)	(117,802)	938,587
Tax (income) / expense							
during the year recognised in							
- profit or loss	-	17,461	(742)	(1,550)	(1,336)	19,079	32,912
- Other comprehensive income	-	-	(177,858)	-	2,738	-	(175,120)
Balance as at June 30, 2022	-	191,105	752,376	(11,869)	(36,510)	(98,723)	796,379
Tax (income) / expense							
during the year recognised in							
- profit or loss	(80,870)	10,031	-	(2,312)	(2,443)	25,366	(50,228)
- Other comprehensive income	-	-	417,869	-	(462)	-	417,407
Balance as at June 30, 2023	(80,870)	201,136	1,170,245	(14,181)	(39,415)	(73,357)	1,163,558

	Note	2023	2022
		(Rupees in thousand)	
13 Trade and other payables			
Trade creditors		2,989,367	3,271,292
Accrued liabilities		258,085	351,471
Bills payable		183,045	341,626
Security deposits	13.1	26,026	16,113
Trademark fee payable		538,791	290,522
Income tax deducted at source		563	1,581
Sales tax payable		10,913	-
Workers' Welfare Fund		109,641	176,109
Accrued markup on running finance		595,537	151,510
Payable against sale tax withheld		56,294	140,785
Others	13.2	148,857	154,773
		4,917,119	4,895,782

13.1 These represent security deposits from dealers and contractors against short term agreements for goods to be delivered or sold to the dealers which, by virtue of the agreements, are interest free, repayable on demand and are used in the Group's business. As at year end the Group has utilized these security deposits for business operations of the Group in accordance with the terms of the contract in writing.

13.2 These include deposits by employees under car and motorcycle scheme amounting to Rs. 40,849 thousand (2022: Rs. 41,325 thousand) and carry no markup.

14 Contract liabilities

14.1 These represent amount received in advance from customers against performance obligations / sales made in subsequent periods and carry no mark-up and are unsecured. Further, as referred in note 33 to these consolidated financial statements, these also include an amount of Rs. 30,231 thousand (2022: Rs.123,312 thousand) representing cheques in hand at the reporting date.

Customers who have given advances for tractor sales, are entitled to discount at the rate of Karachi Inter Bank Offered Rate ('KIBOR') plus 3% per annum, from the date of advance payment to the date of delivery exceeding 60 days of initial booking, subject to certain other conditions.

Also included in this balance is an amount of Rs. 1,194,026 thousand, which is disputed by the customer on account of price increase after initial booking. The Group, in consultation with its legal counsel is confident that this amount does not attract the discount as referred above, since the transaction could not be completed due to non-payment of price differential by the customer. Accordingly, no provision for such discount has been made in these consolidated financial statements.

14.2 Revenue recognised during the year that was included in the contract liability balance at the beginning of the year amounted to Rs. 5,299,944 thousand (2022: 9,911,290 thousand).

14.3 Contract liabilities as at year end amounts to Rs. 2,850,865 thousand (2022: Rs. 6,739,316 thousand). The decrease in contract liabilities is primarily due to decrease in demand in the last quarter of current year as compared to prior year. The transaction price allocated to unsatisfied performance obligations as at June 30, 2023 are expected to be recognised as revenue within 60 days.

		Note	2023	2022
			(Rupees in thousand)	
15	**Short term borrowings**			
	Short term running finance	15.1	8,096,582	750,579
	Invoice bill discounting	15.2	198,139	170,485
	Short term finance	15.3	200,000	500,000
	Musharika / Musawammah facility	15.4	73,636	98,781
	Istisna Cum Wakala arrangement	15.5	75,000	75,000
			8,643,357	1,594,845

15.1 The Group has obtained short term borrowing and running facilities from various banks having an aggregate sanctioned limit of Rs. 13,509,870 thousand (2022: Rs. 8,239,426 thousand) out of which Rs. 2,500,000 thousand (2022: Rs.1,015,000 thousand) represents facilities obtained under Islamic mode of financing. The rates of mark up range from KIBOR minus 0.04% to KIBOR plus 2% (2022: KIBOR plus 0.05% to KIBOR plus 2%) per annum. At year end, the unutilized facility aggregated to Rs. 5,413,288 thousand (2022: Rs. 6,644,581 thousand). Facilities amounting to Rs. 279,870 thousand (2022: Rs. 350,000 thousand) are secured by way of hypothecation over plant and machinery and current assets of the Group amounting to Rs. 599,600 thousand and the facilities amounting to Rs. 200,000 thousand is secured against first charge of PKR 266.8 million on land, building, plant & machinery and current assets of the Group. The remaining portion of the borrowing facilities is secured by pari passu hypothecation charge over current assets and book debts of the Group, lien over import documents and counter guarantees.

15.2 This facility has been obtained by the Group from the Habib Bank Limited 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% (2022: 13.64% to 17.55%) per annum on the discounted invoice amount.

15.3 This short term finance facility has been obtained by the Group from the MCB Bank Limited for meeting working capital requirements of the Group. The rates of mark-up on this facility range from 15% to 22.26% (2022: 7.94% to 14.5%) per annum on the outstanding balance. The mark-up is serviced at the time of settlement/maturity of the principal tranche which are settled within a period of 30 to 90 days.

Money market loan represents loan of Rs. 200,000 thousand taken from MCB to finance working capital requirements. The loan carries markup at the rate of one-month KIBOR plus 0.7% and the principle is to be repaid on monthly basis and early settlement is allowed. The loans are secured against ranking charge over current assets of the Group.

15.4 The Group has also obtained finance under Istisna cum Wakala arrangement from Dubai Islamic Bank Pakistan Limited amounting to Rs. 75,000 thousand (2022: Rs. 75,000 thousand) and Istisna / Musawammah arrangement from Meezan Bank Limited amounting to Rs. 100,000 thousand (2022: 100,000 thousand). The profit rates on these facilities are 6 months KIBOR plus 2% (2022: 6 months KIBOR plus 2%) and 6 month KIBOR plus 1% (2022: 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 customer's present and future stocks and book debts with 25% margin respectively. Amount utilised as at June 30, 2023 is Rs. 75,000 thousand (2022: Rs. 75,000 thousand) and Rs. 73,640 thousand (2022: 987,800 thousand) respectively.

15.5 The Group has facilities for opening of letters of credit and guarantees aggregating to Rs. 5,662,141 thousand (2022: Rs. 5,823,309 thousand) out of which Rs. 500,000 thousand (2022: Rs. 400,000 thousand) has been obtained under Islamic mode of financing. This include a facility for opening letter of credits of Rs. 2,030,000 thousand that is a sub-facility of the short term borrowings facilities as disclosed in note 17. At year end, the unutilized potion of the group-wide facilities for opening of letters of credit and guarantees aggregated to Rs. 2,504,934 thousand (2022: Rs. 3,146,842 thousand). These facilities are secured by pari passu hypothecation charge over current assets and book debts of the respective subsidiary company, lien over import documents and counter guarantees.

		2023	2022
		(Rupees in thousand)	
16	**Current portion of non - current liabilities**		
	Current portion of term finances - secured	367,255	162,341
	Current portion of deferred grant	4,809	8,239
	Current portion of lease liabilities against right-of-use assets	4,019	1,331
	Current portion of long term deposit	1,461	929
		377,544	172,840

17 Contingencies and commitments

17.1 Contingencies

17.1.1 Holding company

17.1.1.1 The Income tax department has disputed the Company's treatment on certain tax matters relating to certain tax years from 2013 till 2021, entailing a possible additional tax liability of Rs. 311,800 thousand (2022: 1,776,707 thousand). These primarily include disallowances made by tax authorities in respect of apportionment of expenses to export sales, super tax liability effect, tax refunds / adjustments claimed by the Company, consumption of stock and consequently value of closing stock claimed by the Company, etc. Both the Company and the Income tax department are currently in appeal at the Commissioner Inland Revenue Appeals and Appellate Tribunal level regarding the tax matters, while certain tax matters have been remanded back to the Commissioner Inland Revenue level for reassessment. Decisions regarding these tax matters are still pending. The management in consultation with their tax advisor is confident that all the tax matters will eventually be decided in the favor of the Company; therefore no provision has been deemed necessary and / or made in these financial statements.

17.1.1.2 The Income tax department has disputed the Company's payment against Workers' Welfare Fund for years 2014 to 2020 and thereby created a demand of Rs. 657,509 thousand (2022: Rs. 657,509 thousand) under section 4(9) of Workers Welfare Fund Ordinance, 1971. The Company has submitted its response on the aforementioned order to the Income tax department which is currently pending a response. No further proceedings has been initiated to date by the department. The management in consultation with their tax advisor is confident that the matter will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

17.1.1.3 A civil suit for the recovery of damages including compensation for delayed delivery amounting to Rs. 1,114,130 thousand was filed by a customer in the Sindh High Court. The Company is confident to win the case; therefore no provision has been deemed necessary in these financial statements.

17.1.1.4 The Federal Board of Revenue (FBR) has conducted sales tax audits for the years 2019-20 and 2020-21. In both the years, the liability adjudged by the appellate forum amounts to Rs. 58,672 thousand, which has been contested by the Company at the Appellate Tribunal Inland Revenue (ATIR) and stays have been obtained. The management, in consultation with their tax advisor, is confident that the tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

17.1.1.5 The Company has filed an appeal to the ATIR, against the Commissioner Appeal's order, regarding the short payment of sales tax for difference in purchases in income tax and sales tax returns for the year 2017-18 amounting to Rs. 373,523 thousand. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

17.1.1.6 FBR has conducted post-refund audits of the Company's monthly sales tax refunds for nine tax periods selected from April, 2020 to June, 2021. The Company is defending a demand of Rs. 116,173 thousand at different appellate forums, and based on the advice of the Company's legal advisor, the management is confident of a positive outcome in this regard, hence the same has not been provided for in these financial statements.

17.1.1.7 The Company has filed an appeal to the Commissioner, Customs Appeal, against the order of the Additional Collector of Customs, Adjudication, regarding the short payment of custom duties amounting to Rs. 2,330 thousand. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

17.1.1.8 The Company has filed a reference in Lahore High Court against an order of the ATIR for non-payment of sales tax amounting to Rs. 29,413 thousand on after-sales services (warranty parts) for the period July, 2011 to June, 2014. The management and the legal advisor are confident of a favorable outcome in the case; therefore no provision has been made in these financial statements.

17.1.1.9 The Company is defending a suit for Rs.19,579 thousand, filed in previous years by an ex-vendor on account of damages and inconvenience. Previously, the case was pending before the Civil Court, Lahore. However it was held by the Civil Court that the damages of Rs. 15,000 thousand have been awarded in favor of vendor for the aforementioned inconvenience. In addition to that the Company is also required to pay the amount of parts already supplied by the vendor which amounts to Rs 4,579 thousand along with mark up @ 7% per annum till its realization. However, the Company has filed an appeal in the Honorable High Court, Lahore against the aforesaid order of Civil Court. The management and the legal advisor are confident that outcome of the case would be in the Company's favor and no payment in this regard would be required, hence no provision there against has been made in these financial statements.

17.1.1.10 Under section 8(2) of the Sales Tax Act, 1990, the Company received an order regarding short payment of sales tax for non-apportionment of sales tax against exempt supplies of parts for the year 2018-19 amounting to Rs. 7,840 thousand. The Company has filed an appeal to the ATIR, against the Commissioner Appeal's order. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Company. Therefore, no provision in this regard has been made in these financial statements.

17.1.1.11 The show cause proceedings were initiated against the Company by the Competition Commission of Pakistan ('CCP') in 2021 under the Competition Act, 2010. The Company has filed a writ petition before the Islamabad High Court against the CCP. The matter is pending for decision. The management and the legal advisor are confident of favorable outcome of the case, hence no provision in this regard has been made in these financial statements.

17.1.1.12 The Company is defending a demand of Rs. 31,869 thousand from the Customs Authorities (Authorities), alleging the Company for non payment of custom and other additional duties. The demand is on account of purchase of certain starter motors and alternators to be used for the assembly of the tractors. The Company filed an appeal against the said demand and the order passed by Additional Collector, Lahore and Collector Appeals, Lahore before the Customs Appellate Tribunal, Lahore and the said tribunal passed order in favour of the Company. The Custom department has filed reference against the decision in Honourable Lahore High Court, judgment of which is pending. The Company made payment of Rs. 8,000 thousand under protest in response to demand notice served and obtained stay order from Honourable High Court, Lahore against further recovery action of Authorities. The management and legal advisor are confident that the outcome of the case would be decided in their favour, hence no provision relating to aforesaid demand has been made in these financial statements.

17.1.1.13 FBR has issued a show cause notice in respect to a decision of Federal Tax Ombudsman (FTO) regarding short payment of Sales Tax amount to Rs. 6,723 thousand. The matter is still pending for decision by assessing officer. The management and Legal counsel are of the view that this is not a liability of the Company and hence no provision has been made in these financial statements.

Subsidiaries

17.1.2 Bolan Casting Limited

17.1.2.1 In a suit filed against the Company before the Senior Civil Judge at Hub Baluchistan, Altaf Hussain Agha (the Plaintiff) claims that in the year 2004 the Company allegedly encroached upon the land measuring 5 acres - 2 roads - 34 poles belonging to him that he purchased in year 2003. The Plaintiff has also sought mesne profits from the Company for such alleged encroachment. The Company claims ownership to the said piece of land and disputes the alleged encroachment claim whatsoever. The written statement of the Company was filed, the issues were framed and the Plaintiff had produced his witnesses. However, suit was decreed against the Company by the Senior Civil Judge. The original order was challenged by the Company before Baluchistan High Court, which suspended the said order. In November, 2019, the Government of Baluchistan enhanced the limit of session courts from claims of Rs. 50,000 thousand to Rs. 100,000 thousand. Hence, the case of the Company was transferred to Session Court, Hub on November 21, 2019. The Company's appeal was dismissed by Senior Civil Judge on August 18, 2020. The Company decided to file an appeal against the order in Baluchistan High Court Quetta on September 08, 2020 for revision and suspension of the order. The case is pending for hearing. The exposure on account of profits claimed under the suit amounts to Rs. 57,000 thousand (2022: Rs. 54,000 thousand). The management of the Company based on the views of its legal advisor is confident that decision will be given in favour of the Company and therefore, no provision has been made in these financial statements.

17.1.3 Millat Industrial Products Limited

17.1.3.1 Demand of Rs.5,436 thousand was created vide order dated 29.06.2021 u/s 124/129/122 for the year 2013. CIR(A) vide appellate order dated 28.04.2022 has deleted the addition and directed to adjust carried forward refunds against demand as claimed in the return. Appeal effect order has not yet been issued. Prima facie no tax demand is anticipated.

17.1.3.2 Proceeding finalized u/s 122(5A) for tax year 2015 by Additional Commissioner vide order dated 05-05-2021 creating demand Rs.17,937 thousand. The Company had filed appeal to CIR(A) who vide order dated 03.12.2021 deleted the material addition and set aside partial issue. On the basis of appeal effect / re-assessment, Rs.5,955 thousand tax liability was anticipated, Additional Commissioner created demand Rs. 13,404 thousand by disallowing tax credit under section 65B. Company has filed rectification application , also filed an appeal to commissioner appeals Inland Revenue against the order of additional Commissioner, On the basis of available records and history of assessment, prima facie the appeal is expected in favor of the Company.

17.1.3.3 Proceeding finalized u/s 122(1)/177 of tax year 2016 vide order dated 01-06-2021 creating demand Rs.173,761 thousand. The Company had filed appeal to CIR(A) who vide order dated 09.12.2021 deleted the material additions and set aside partial issues. The Company has filed appeal to ATIR against partial set-aside order of CIR(A). On the basis of available records and history of assessment, prima facie the re-assessment is expected in favor of the Company.

17.1.3.4 Proceeding finalized u/s 122(1)/177/214C of tax year 2017, vide order dated 25-06-2021 creating demand Rs.184,515 thousand. The Company had filed appeal to CIR(A) who vide order dated 03.01.2022 deleted the material additions and set aside partial issues. On the basis of available records and history of assessment, prima facie the re-assessment is expected in favor of the Company. No tax liability is anticipated.

17.1.3.5 Proceeding finalized u/s 122(1)/177/214C of tax year 2018, vide order dated 30-09-2022 creating demand Rs. 206,769 thousand. The Company had filed appeal to CIR(A) who vide order dated 31.05.2023 deleted the material additions, created demand of Rs. 24,854 thousand and set aside partial issues. Company has filed appeal to income tax appellate tribunal against the decision of CIR(A). On the basis of available records and history of assessment, prima facie the re-assessment is expected in favor of the Company. No tax liability is anticipated.

17.1.3.6 Proceeding finalized u/s 122(1)/177/214C of tax year 2019, vide order dated 03-10-2022 creating demand Rs.191,460 thousand. The Company had filed appeal to CIR(A) who vide order dated 31.05.2023 deleted the material additions, created demand of Rs.126 thousand and set aside partial issues. Company has filed appeal to income tax appellate tribunal against the decision of CIR(A). On the basis of available records and history of assessment, prima facie the re-assessment is expected in favor of the Company. No tax liability is anticipated.

17.1.3.7 Proceeding finalized u/s 221(1) of tax year 2021, vide order dated 11-08-2022 creating demand Rs.3,062 thousand. The Company had filed appeal to CIR(A). On the basis of available records and history of assessment, prima facie the re-assessment is expected in favor of the Company. No tax liability is anticipated.

17.1.3.8 The Company received notice from the Directorate of Intelligence and Investigation – Federal Board of Revenue (FBR), Karachi on April 28, 2017. In the said notice it was alleged that the Company had purchased goods from a dummy / fake supplier who got registered with the Regional Tax Officers at Karachi and issued fake sales tax invoices to the Company and accordingly the Company has claimed illegal / inadmissible input tax adjustment amounting to Rs 2,440 thousand. As a result the name of the Company was included in the First Information Report (FIR) No. 678(931)/I&I/IR/KHI(AB-521)/2016/3617 dated 28-04-2017 registered by the Additional Director, Intelligence and Investigation - FBR, Karachi. Total demand raised against the Company is Rs. 2,440 thousand which the FBR allowed to deposit in two equal instalments of which first instalment of Rs. 1,220 thousand was deposited on June 16, 2017 and second Installment of Rs. 1,220 thousand was deposited on September 25, 2017 by the Company. The legal advisor of the Company has stated that the Company has “Good case & chances of success are bright”.

17.1.3.9 Sales tax audit u/s 25 of the Sales Tax Act, 1990 for the period from July 01,2015 to June 30,2016 has been initiated by FBR on dated 03-05-2018. Proceeding was finalized vide order dated 22.3.2019 creating demand of Rs. 939 thousand. Company filled appeal to CIR(A) dated 15.04.2019 and CIR discharged the appeal by upheld of sales tax amounting to Rs. 936 thousand. Company filed appeals to the Appellate Tribunal Inland Revenue u/s 46 of the Sales Tax Act, 1990. The legal advisor of the Company has stated that the Company has “Good case & chances of success are bright”.

17.1.3.10 Sales Tax Audit u/s 25(3) of the Sales Tax Act, 1990 (the Act), for the years 2017-2020 was initiated by FBR (Inland Revenue) on dated 14-12-2021. Writ petition no. 35175/2021 was filed before Hon’ble Lahore High Court, Lahore to seek interlocutory injunction/ interim relief against proceedings pursuant to the impugned section 25 of the Act, The Honourable Lahore High Court, Lahore vide order dated 04-06-2021 suspended the operations of the impugned notices. The stated appeal is pending adjudication before the honourable Lahore High Court. The legal advisor of the Company has stated that there is significant likelihood of favourable decision in favour of the Company.

17.1.3.11 The Competition Commission of Pakistan has imposed a penalty of Rs 1,000 thousand on the Company for being purportedly involved in deceptive marketing practice vide it's order dated 30 March 2018. The Company challenged the same before the competition Appellate Tribunal Islamabad submitting, "That the petitioner is not involved in any deceptive marketing practice". The Appellate Tribunal has admitted the case for hearing and during the pendency of appeal, the operation of impugned order dated 30 March 2018 is suspended till the final decision of the order.

17.1.4 Millat Equipment Limited

17.1.4.1 The Income tax department has disputed with the Company's treatment on certain tax matters for the tax years 2016, 2017, 2018 and 2019 entailing an additional tax liability of Rs. 815,119 thousand. Of these, the significant tax matters, amounting to Rs. 330,336 thousand, Rs. 154,593 thousand and Rs. 162,418 thousand relates to disallowances made by tax authorities in respect of salaries and wages, imports and initial and normal tax depreciation claimed by the Company in its income tax returns. The Company is currently in appeal at the Commissioner Inland Revenue Appeals and Appellate Tribunal level regarding the tax matters, decisions of which are pending. The management in consultation with their tax advisor is confident that all the tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements accordingly.

17.2 Commitments

17.2.1 The Group has given guarantee amounting to Rs. 5,000 thousand (2022: Rs. 5,000 thousand) to bank for repayment of loan by employees. An amount of Rs.641 thousand (2022: Rs. 899 thousand) was utilized by employees as at June 30, 2023.

17.2.2 Guarantees issued by various banks on behalf of the Group in the normal course of business amount to Rs. 680,503 thousand out of which Rs. 26,242 thousand relates to Sui Northern Gas Pipelines Limited. (2022: Rs.995,578 thousand).

17.2.3 Commitments in respect of outstanding letters of credit amounting to Rs. 2,660,366 thousand (2022: Rs. 2,241,722 thousand) at the reporting date.

		Note	2023	2022
			(Rupees in thousand)	
18	**Property, plant and equipment**			
	Operating fixed assets	18.1	1,890,312	1,790,846
	Capital work-in-progress	18.2	27,178	25,309
			1,917,490	1,816,155

18.1 Operating fixed assets

	Land Note 18.1.2 & 18.1.3		Buildings		Owned					
	Freehold	Lease-hold	On freehold land	On leasehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	Total
	(Rupees in thousand)									
Net book value basis										
Year ended June 30, 2023										
Opening Net Book Value	158,551	8	349,811	-	743,101	51,094	279,935	196,094	12,252	1,790,846
Additions (at cost)	-	-	13,063	-	59,241	12,906	226,607	38,672	4,945	355,434
Disposals (at NBV)	-	-	-	-	(153)	-	(35,168)	-	(717)	(36,038)
Adjustments	-	-	7,474	-	-	-	(2,390)	-	(72)	5,012
Write offs	-	-	-	-	(4)	-	-	-	(1)	(5)
Depreciation charge	-	-	(28,406)	-	(77,752)	(7,546)	(70,669)	(36,094)	(4,470)	(224,937)
Closing Net Book Value	158,551	8	341,942	-	724,433	56,454	398,315	198,672	11,937	1,890,312
Gross book value basis										
As at June 30, 2023										
Cost	158,551	8	852,584	2,900	2,191,560	155,730	590,781	495,845	71,013	4,518,972
Accumulated depreciation	-	-	(510,642)	(2,900)	(1,467,128)	(99,277)	(192,467)	(297,174)	(59,072)	(2,628,660)
Net Book Value	158,551	8	341,942	-	724,432	56,453	398,314	198,671	11,941	1,890,312
Depreciation rate % per annum			5-10	5	10-15	10-33	20	10-20	30-33	
Net book value basis										
Year ended June 30, 2022										
Opening Net Book Value	158,551	8	368,567	-	727,701	50,029	256,423	219,332	13,382	1,793,993
Additions (at cost)	-	-	2,411	-	93,717	8,462	125,200	16,862	4,664	251,316
Disposals (at NBV)	-	-	-	-	(84)	(623)	(46,679)	-	(466)	(47,852)
Adjustments	-	-	5,661	-	-	501	3,573	-	(22)	9,713
Write offs	-	-	-	-	(183)	(14)	-	-	(206)	(403)
Depreciation charge	-	-	(26,828)	-	(78,050)	(7,261)	(58,582)	(40,100)	(5,100)	(215,921)
Closing Net Book Value	158,551	8	349,811	-	743,101	51,094	279,935	196,094	12,252	1,790,846
Gross book value basis										
As at June 30, 2022										
Cost	158,551	8	812,358	2,900	2,142,627	144,889	509,467	488,734	67,586	4,327,120
Accumulated depreciation	-	-	(462,547)	(2,900)	(1,399,526)	(93,795)	(229,532)	(292,640)	(55,334)	(2,536,274)
Net Book Value	158,551	8	349,811	-	743,101	51,094	279,935	196,094	12,252	1,790,846
Depreciation rate % per annum			5-10	5	10-15	10-33	20	10-20	30-33	

		Note	2023	2022
			(Rupees in thousand)	
18.1.1	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	35	144,378	148,541
	Distribution and marketing expenses	36	14,434	10,458
	Administrative expenses	37	66,125	56,922
			224,937	215,921

18.1.2 The freehold land and building on owned land of the Group are as follows:

- 202,343 square meters of factory land situated at Sheikhupura Road, Sheikhupura- MTL;
- 759 square meters of land at Khera Gali District Abbottabad- MTL;
- 697 square meters of land in sector F-6/1 Islamabad- MTL;
- Corporate office floors in Tricon Corporate Centre Lahore- MTL;
- 113 Kanal and 12.5 Marlas of land, situated at Mauza Bhoptian, Tehsil and District Lahore- MEL;
- 52 Kanals and 10 Marlas is located at 49-K.M., off Multan Road, Bhai Pheru, District Kasur- MIPL; and
- 22.93 acres of factory land situated at Main RCD Highway, Hub Chowki, Tehsil Hub, District Lasbella, Balochistan- BCL

18.1.3 Leasehold property represents Igloo Hanger Godown measuring total area of 6,662 square meters situated near Brooke Bond factory SITE area, Karachi.

18.1.4 Disposal of operating fixed assets

Particulars of asset	Sold to	Mode of disposal	Cost	Book value	Sale proceeds	Gain/(Loss) on disposal
			(Rupees in thousand)			
Fixed assets sold having book value greater than Rs. 500,000						
Vehicle	Mr. Sohail Bashir Rana- a related party	As approved by the BOD	8,556	2,259	2,259	-
	Employees :					
Vehicle	Mr. Muhammad Naeem Achakzai	Negotiation	2,450	886	3,025	2,139
Vehicle	Mr. Muhammad Iqbal	Company car scheme	1,613	523	523	-
Vehicle	Mr. Nadir Ali	Company car scheme	1,433	1,127	1,127	-
Vehicle	Mr. Irfan Aqeel	Company car scheme	17,027	10,956	10,956	-
Vehicle	Mr. Ehsan Ul Haq	Company car scheme	7,088	4,921	4,921	-
Vehicle	Mr. Khurram Anwar	Company car scheme	4,063	1,446	1,446	-
Vehicle	Mr. Muhammad Naeem	Company car scheme	1,433	1,071	1,071	-
Vehicle	Mr. Amjad Mahmood	Company car scheme	1,780	1,190	1,190	-
Fixed assets sold having book value less than Rs. 500,000			36,677	11,659	12,749	1,090
Year ended: June 30, 2023			82,120	36,038	39,267	3,229
Year ended: June 30, 2022			111,068	47,852	49,190	1,338

Notes to The Consolidated Financial Statements

For the year ended June 30, 2023

		2023	2022
		(Rupees in thousand)	
18.2	**Capital work in progress**		
	Plant and machinery	22,613	25,267
	Office equipment	–	42
	Factory building	147	–
	Advance for vehicles*	–	–
	Others	4,418	–
		27,178	25,309

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

		Note	2023	2022
			(Rupees in thousand)	
18.2.1	**Movement in capital work in progress is as follows:**			
	Opening balance		25,309	49,828
	Additions during the year		52,826	97,363
	Capitalized / disposed off during the year		(50,957)	(121,882)
			27,178	25,309
19	**Right-of-use assets**			
	Opening net book value		1,123	4,896
			–	–
			–	–
	Derecognition during the year		16,196	–
	Depreciation charged during the year	36	(4,462)	(3,773)
	Closing net book value		12,857	1,123
20	**Intangible assets**			
	Software and licenses	20.1	36,145	52,510

		Note	Software with definite life	Licenses - Note 20.2	Total
20.1	**Software and licenses**				
	Net carrying value basis:				
	Opening net book value as at June 30, 2022		13,210	39,300	52,510
	Additions		–	–	–
	Amortization charge	35 & 37	(8,505)	(7,860)	(16,365)
	As at June 30, 2023		4,705	31,440	36,145
	Gross carrying value basis:				
	As on June 30, 2023				
	Cost		33,857	39,300	73,157
	Additions		–	–	–
	Accumulated amortization		(29,152)	(7,860)	(37,012)
			4,705	31,440	36,145

	Note	Software with definite life	Licenses - Note 20.2	Total
Net carrying value basis:				
Opening net book value as at June 30, 2021		24,538	39,300	63,838
Additions		–	–	–
Amortization charge	35 & 37	(11,328)	–	(11,328)
As at June 30, 2022		13,210	39,300	52,510
Gross carrying value basis:				
As on June 30, 2022				
Cost		33,857	39,300	73,157
Additions		–	–	–
Accumulated amortization		(20,647)	–	(20,647)
		13,210	39,300	52,510
Rate of amortization		33%	20%	

20.2 Licenses

During the year the Group has reassessed the indefinite useful life of Oracle based user licenses recognized as acquired intangible asset and concluded that the remaining useful life is estimated to be five years. This has resulted in amortization charge during the year amounting to Rs. 7,860 thousand recognized on straight-line basis and the same amount is expected to be recognized over the remaining useful life.

		Note	2023	2022
			(Rupees in thousand)	
21	**Investment property**			
	Land		258,444	258,444
	Provision for impairment	21.6	(2,736)	(2,736)
			255,708	255,708

21.1 This represents residential plots stated at cost. As at June 30, 2023 and June 30, 2022, the fair values of these properties were Rs.599,400 thousand and Rs. 400,000 thousand, respectively. The valuations were performed by an independent valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that considers sales of similar properties that have been transacted in open market.

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

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

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

21.5 The forced sale value of these properties is estimated to be 80% of current market value which is Rs. 479,520 thousand (2022: Rs. 320,000 thousand) as at year end.

21.6 This represents provision for impairment against land measuring 12 kanals and 14.5 marlas located at Raiwind Road having gross value of Rs. 2,736 thousand (2022: 2,736 thousand) at the reporting date.

		Note	2023	2022
			(Rupees in thousand)	
22	**Long term investments**			
	Investment in related parties - at FVOCI			
	Unquoted			
	Arabian Sea Country Club Limited			
	500,000 (2022: 500,000) fully paid ordinary			
	shares of Rs. 10/- each		5,000	5,000
	Equity held 6.45% (2022: 6.45%)			
	Loss on fair valuation of investment		(5,000)	(5,000)
			-	-
	Hyundai Nishat Motors (Private) Limited*			
	310,302,936 (2022: 150,490,300) fully paid			
	ordinary shares of Rs. 10/- each		3,103,029	1,504,903
	Equity held 15.86% (2022: 15.86%)			
	Surplus on fair valuation of investment		3,000,628	2,279,927
	- note 22.1 & 49.1 (Level -3)			
			6,103,657	3,784,830
	Investment other than related parties- at FVOCI			
	Quoted			
	Baluchistan Wheels Limited			
	1,570,325 (2022: 1,570,325) fully paid			
	ordinary shares of Rs. 10/- each		24,364	24,364
	Surplus on revaluation of investment			
	- note 48.1 (Level -1)		79,277	94,981
			103,641	119,345
	Unquoted			
	TCC Management Services (Private) Limited			
	40,000 (2022: 40,000) fully paid	22.2	400	400
	ordinary shares of Rs. 10/- each - note 48.1 (Level-3)			
			6,207,698	3,904,575

* During the year, Hyundai Nishat Motors (Private) Limited issued 159,813 thousand fully paid ordinary shares of Rs. 10 each to the Company against right issue at amount of Rs. 1,598,126 thousand. The Company owns a total of 310,303 thousand fully paid ordinary shares of Rs. 10 each as of 31 March 2023 (30 June 2022: 150,490 thousand fully paid ordinary shares of Rs. 10 each).

22.1 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Since HNMPL's ordinary shares are not listed, an independent valuer has estimated a fair value of Rs 19.67 per ordinary share as at June 30, 2023 (2022: Rs.25.15 per ordinary share) through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 49.1 to these consolidated financial statements. The fair value gain of Rs 720,701 thousand (2022: Rs. 1,997,008 thousand) is included in the fair value gain recognised during the year in other comprehensive income.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rate is determined using a Capital Asset Pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.
- Long term growth rate is estimated based on expected future performance of HNMPL and current market information for similar type of entities.

  The significant assumptions used in this valuation technique are as follows:
- Discount rate of 23.80% per annum.
- Long term growth rate of 2% per annum for computation of terminal value; and
- Annual growth in costs are linked to inflation and currency devaluation at 15% per annum and revenues are linked to currency devaluation at 15% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows, with all other variables held constant as at June 30, 2023:

	Impact on fair value gain	
	Increased by 1%	Decreased by 1%
	(Rupees in thousand)	
- Discount rate	(307,198)	332,024
- Long term growth rate	133,430	(124,121)
- Inflation rate per annum	(539,927)	502,691
- Interest rate	6,206	(9,309)

22.2 The fair value of this investment approximates its cost.

		Note	2023	2022
			(Rupees in thousand)	
23	**Long term loans and advances**			
	Loan to employees:			
	Company loan	23.1	5,895	5,068
	Motor cycle loan	23.2	3,194	3,080
		23.3	9,089	8,148
	Advances for purchase of vehicles		-	1,744
	Advances for purchase of tools and equipment		-	14,867
	Less: Current portion included in current assets	28	(714)	(4,799)
			8,375	19,960

23.1 These represent interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly installments over a period of twenty four months for Executives and thirty six months for workers.

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

23.3 The above loans were provided for personal use of the Executives in accordance with approved Human Resource policy and employment terms.

24 Long term deposits

These represent security deposits received from dealers which, by virtue of agreement, are interest free. These are repayable on cancellation of dealership contract with dealers and cannot be utilized for the purpose of the business. These have been kept in separate bank account in accordance with the requirements of the section 217 of the Companies Act, 2017. These deposits have not been discounted as the impact is considered to be immaterial.

Included in this there is interest free deposits received from employees. The amount is adjustable within a period of six years against book value of motor vehicles and five years against book value of motor cycles provided to them as per the Group policy.

		Note	2023	2022
			(Rupees in thousand)	
25	**Stores, spare parts and loose tools**			
	Stores, spare parts and loose tools	25.1 & 25.2	687,273	602,854
	Less: Provision for obsolescence		(2,813)	(1,225)
			684,460	601,629

25.1 Most of the items of stores, spare parts and loose tools are of inter-changeable nature and can be consumed as stores or used as machine spares against capital expenditure. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

25.2 This includes stock in transit amounting to Rs. Nil (2022: Rs. 730 thousand).

		Note	2023	2022
			(Rupees in thousand)	
26	**Stock in trade**			
	Raw material	26.1	8,823,628	7,117,310
	Work in process		751,584	659,853
	Finished goods:			
	Manufacturing	26.2	1,651,076	686,897
	Trading		367,378	194,695
			2,018,454	881,592
		26.3	11,593,666	8,658,755

26.1 This includes stock in transit amounting to Rs. 333,102 thousand (2022: Rs. 890,960 thousand).

26.2 Finished goods include inventories which have been written-down to net realisable value by Rs. 2,320 thousand (2022: Rs. 12,260 thousand).

26.3 Included in stocks are raw materials and components held with third parties amounting to Rs.77,750 thousand (2022: Rs. 175,710 thousand).

		Note	2023	2022
			(Rupees in thousand)	
27	**Trade debts**			
	Trade debts - considered good	27.1	651,205	405,421

27.1 This includes amount of Rs. 11,899 thousand (2022: 3,789 thousand) due from related party Hyundai Nishat Motors (Private) Limited.

27.2 Age analysis of these trade debts in given in note 47.2 of these consolidated financial statements.

		Note	2023	2022
			(Rupees in thousand)	
28	**Loans and advances**			
	Current portion of long term loans to employees	23	714	4,799
	Advances to employees - considered good	28.1	6,499	5,690
	Advances to suppliers - considered good	28.2	190,099	192,247
			197,312	202,736
	Advances to suppliers - considered doubtful		2,485	2,485
	Less: Provision for doubtful advances		(2,485)	(2,485)
			-	-
	Letter of credit opening charges		31	3,130
			197,343	205,866

28.1 These represent interest free advances to employees for the purpose of the expenses, travel and salary as per Group's Human resource policy. These advances have not been discounted at present value as the resultant impact is immaterial.

28.2 These represent interest free advances given to suppliers as per mutually agreed terms.

		Note	2023	2022
			(Rupees in thousand)	
29	**Trade deposits and short term prepayments**			
	Security deposits	29.1	245,797	22,899
	Prepayments		59,348	50,053
			305,145	72,952

29.1 These represents interest free security deposits made for tender placement.

		2023	2022
		(Rupees in thousand)	
30	**Balances with statutory authorities**		
	Excise duties (payable) / receivable	1,509	(1,051)
	Sales tax recoverable	6,136,870	5,821,495
	Less: provision for doubtful claims	(34,147)	(34,147)
		6,102,723	5,787,348
		6,104,232	5,786,297

30.1 Included is this is a sales tax refund of Rs. 289,430 thousand, withheld by the Deputy Commissioner Inland Revenue, Lahore, regarding the reduced payment of sales tax on the sale of tractors by the Group to its customers in the period June to November, 2016. The case is pending in the Lahore High Court against the decision of the ATIR for re-examination. The management and the legal advisor are confident that the outcome of the case will be in the Group's favor.

		Note	2023	2022
			(Rupees in thousand)	
31	**Other receivables**			
	Claims receivable from suppliers		67,602	96,011
	Interest accrued		619	320
	Workers' Profit Participation Fund - net	31.1	24,689	171
			92,910	96,502
	Less: Provision for impairment		-	-
			92,910	96,502
31.1	**Workers' Profit Participation Fund - net**			
	Balance (payable) at start of year		171	(80,815)
	Expense for the year	38	(339,201)	(539,825)
			(339,030)	(620,640)
	Payments made during the year		363,719	620,811
	Balance receivable / (payable) at end of year	31	24,689	171
32	**Short term investments**			
	Term Deposit Receipt	32.2 & 32.3	3,856	283,856

32.2 These deposits are made under conventional arrangements and carry mark-up at the rate ranging from 12.25% to 19.50% (2022: 5 % to 12.25%) per annum.

32.3 These are under lien with a bank for issuance of bank guarantee in favour of Sui Southern Gas Company Limited.

32.4 Fair value per unit has been rounded off to 2 decimal places.

	Note	2023	2022
		(Rupees in thousand)	
33 Cash and bank balances			
In hand:			
cash		16,947	3,048
cheques		30,231	123,312
		47,178	126,360
At banks:			
current accounts		627,300	288,008
deposit accounts	33.1	607,949	1,340,714
		1,235,249	1,628,722
		1,282,427	1,755,082

33.1 These carry mark-up ranging from 9% to 20% (2022: 5% to 12.25%) per annum.

		Note	2023	2022
			(Rupees in thousand)	
34 Revenue from contracts with customers				
Disaggregation of revenue	**Time of revenue recognition**			
Local:				
Tractors	Point-in-time		39,707,798	53,838,874
Implements and tractor components	Point-in-time		1,146,124	990,018
Multi-application products	Point-in-time		533,612	445,554
Trading goods	Point-in-time		1,751,165	1,351,520
Batteries	Point-in-time		3,265,531	2,173,388
Castings	Point-in-time		491,084	613,469
IFS services	Point-in-time / Over time		18,085	6,380
			46,913,399	59,419,203
Less:				
Trade discount			(607,655)	(369,624)
Delayed delivery charges			(2,176)	(108,961)
Sales tax and special excise duty			(2,123,027)	(4,275,281)
Provincial Sales tax on services			(3,576)	(1,223)
			(2,736,434)	(4,755,089)
			44,176,965	54,664,114
Export:				
Tractors	Point-in-time		3,136,549	830,689
Trading goods and tractor components	Point-in-time		109,611	102,533
Implements	Point-in-time		3,789	2,301
IFS services	Point-in-time / Over time		26,410	10,303
Batteries	Point-in-time		247,068	142,759
			3,523,427	1,088,585
			47,700,392	55,752,699
Less: Commission			(561,040)	(742,786)
		34.1	47,139,352	55,009,913

34.1 Payments for sale of tractors are received in advance, whereas credit terms for other products extend between 45 to 60 days.

		Note	2023	2022
			(Rupees in thousand)	
35	**Cost of sales**			
	Components consumed	35.1	32,692,164	38,473,119
	Salaries, wages and amenities	35.2	897,015	1,193,554
	Contract services		907,808	561,051
	Fuel and power		689,450	707,973
	Oil and lubricants		215,766	332,440
	Communication		287	1,009
	Travelling and vehicle running		87,418	67,660
	Printing and stationery		4,521	5,890
	Insurance		62,585	46,391
	Repairs and maintenance		232,228	186,497
	Stores and spares consumed		372,207	468,864
	Packing material consumed		11,159	10,343
	Depreciation	18.1.1	144,378	148,541
	Amortization	20.1	3,634	5,422
	Other expenses		267,554	126,203
			36,588,174	42,334,957
	Add: Opening work-in-process		659,853	400,644
	Less: Closing work-in-process		(751,584)	(659,853)
			(91,731)	(259,209)
	Cost of goods manufactured		36,496,443	42,075,748
	Add: Opening finished goods		686,897	543,692
	Less: Closing finished goods		(1,651,077)	(686,897)
			(964,180)	(143,205)
			35,532,263	41,932,543
	Cost of sales - trading	35.3	1,202,650	881,378
			36,734,913	42,813,921
35.1	**Components consumed**			
	Opening stock		7,117,310	5,366,543
	Add: Purchased during the year		34,398,482	40,223,886
			41,515,792	45,590,429
	Less: Closing stock		(8,823,628)	(7,117,310)
			32,692,164	38,473,119
35.2	It includes the following staff retirement benefits expense / (income):			
	Defined benefit plan - pension		(1,963)	9,586
	Defined contribution plan - gratuity		2,832	2,863
	Defined contribution plan - provident fund		18,877	16,800
	Provision for compensated absences		6,433	(836)
			26,179	28,413

		Note	2023	2022
			(Rupees in thousand)	
35.3	**Cost of sales - trading**			
	Opening stock		194,695	178,439
	Purchases		1,375,333	897,634
			1,570,028	1,076,073
	Closing stock		(367,378)	(194,695)
			1,202,650	881,378
36	**Distribution and marketing expenses**			
	Salaries and amenities	36.1	208,837	180,605
	Contract services		92,264	53,433
	Fuel and power		14,245	12,877
	Communication		1,940	1,232
	Travelling and vehicle running		58,196	29,975
	Carriage and freight		72,730	124,403
	Printing and stationery		4,129	4,111
	Insurance		38,034	25,941
	Trademark fee	36.2	485,580	466,708
	Advertisement and sales promotion		30,782	32,163
	Depreciation	18.1.1	14,434	10,458
	Depreciation charge for the right-of-use assets	19	4,462	3,773
	Meeting/convention fee		39,146	-
	After sales support		31,753	89,017
	Other expenses		119,756	44,247
			1,216,288	1,078,943
36.1	It includes the following staff retirement benefits expense / (income):			
	Defined benefit plan - pension		(4,305)	3,774
	Defined contribution plan - gratuity		2,823	2,679
	Defined contribution plan - provident fund		7,043	4,575
	Provision for compensated absences		3,594	(300)
			9,155	10,728

36.2 Trademark fee is incurred under a trademark agreement between the Group and M/s Massey Ferguson Corp., having its registered office situated at 4205 River Green Parkway, Duluth, Georgia 30096, United States of America.

Under the trademark agreement M/s Massey Ferguson grants exclusive rights to the Group for use of its brand name with certain terms and conditions.

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		Note	2023	2022
			(Rupees in thousand)	
37	**Administrative expenses**			
	Salaries and amenities	37.1	603,676	550,887
	Contract services		81,929	74,273
	Fuel and power		37,361	31,789
	Communication		7,390	7,893
	Travelling and vehicle running		82,310	42,711
	Insurance		23,552	20,514
	Repairs and maintenance		42,659	37,474
	Security		28,417	23,999
	Legal and professional	37.2	59,536	65,111
	Depreciation	18.1.1	66,125	56,922
	Amortization	20.1	12,733	5,906
	Rent, rates and taxes		4,340	9,638
	Fee and subscription		25,829	13,448
	Entertainment		11,950	8,599
	Property, plant and equipment written off		–	310
	Other expenses		118,383	99,549
			1,206,190	1,049,023
37.1	It includes the following staff retirement benefits expense / (income):			
	Defined benefit plan – pension		(2,789)	6,026
	Defined contribution plan – gratuity		1,866	1,564
	Defined contribution plan – provident fund		14,816	12,361
	Provision for compensated absences		8,865	(1,007)
			22,758	18,944
37.2	Legal and professional expenses include following in respect of auditors' services:			
	Statutory audit		5,018	4,365
	Half year review		1,115	753
	Special reports and sundry certifications		500	405
	Out of pocket expenses		1,352	566
			7,985	6,089

		Note	2023	2022
			(Rupees in thousand)	
38	**Other operating expenses**			
	Workers' Profit Participation Fund	31.1	338,893	539,825
	Workers' Welfare Fund		134,028	205,997
	Exchange loss - net		384,959	2
	Donations	38.1	2,100	7,125
	Operating fixed assets written off		-	93
			859,980	753,042
38.1	The particulars of the donation exceeding Rs 1,000 thousand are as follows:			
	Name of Donee			
	SOS Children's Villages Pakistan		-	2,500
	Pakistan Centre for Philanthropy		-	3,000
	Progressive Education Network		-	1,000

38.2 The Group's Directors and / or their spouse have no interest in the donee(s) at the reporting dates.

		Note	2023	2022
			(Rupees in thousand)	
39	**Other income**			
	Income from financial assets			
	Dividend income from Baluchistan Wheels Limited	39.1	16,770	10,500
	Return on bank deposits and TDRs		89,215	49,798
	Gain on sale of short term investments		-	20,775
	Dividend income from short term investments		2,589	101,458
	Gain on translation of foreign investment		-	19,620
	Interest charged on early payments and advances		42,578	78,464
			151,152	280,615
	Income from assets other than financial assets			
	Rental income		27,650	30,696
	Scrap sales		144,192	211,475
	Exchange gain		-	35,793
	Gain on disposal of property, plant and equipment	18.1.4	3,229	1,338
	Insurance claims recovered		-	21,956
	Gain on curtailment and settlement of pension fund scheme		-	-
	Laboratory testing		249	257
	Multiapp products service income		13,150	4,216
	Others	39.2	25,299	18,587
			213,769	324,318
			364,921	604,933

39.1 Dividend income earned from investments from non Shariah-compliant companies.

39.2 This includes income received as tender money in case of auctions and late delivery charges from suppliers.

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		Note	2023	2022
			(Rupees in thousand)	
40	**Finance cost**			
	Mark-up on short term borrowings - secured	40.1 & 40.2	1,480,595	337,075
	Interest expense on long term financing - net	40.3	158,123	9,069
	Mark-up on Workers' Profit Participation Fund		308	1,190
	Interest expense against lease liability		1,349	417
	Bank charges and commission		9,245	8,165
			1,649,620	355,916

40.1 This represents markup and profit paid under conventional and Islamic mode of financing arrangements respectively having mark up and profit rates ranging from KIBOR plus 0.04% to KIBOR plus 0.25% (2022: KIBOR plus 0.05% to KIBOR plus 0.25%) per annum.

40.2 This includes Rs.285,482 thousand (2022: Rs. 47,197 thousand) mark-up paid on Islamic mode of financing.

40.3 This represents finance cost against long term financing net of unwinding of Government grant income for the year recognised as per IAS-20 amounting to Rs. 8,236 thousand (2022: Rs. 24,596).

		2023	2022
		(Rupees in thousand)	
41	**Taxation**		
	For the year charge:		
	- Current	2,323,407	3,656,778
	- Deferred	(73,228)	32,912
		2,250,179	3,689,690
	Prior years:		
	- Current	9,517	7,914
	- Deferred	23,000	-
		2,282,696	3,697,604

		2023	2022
		%	%
41.1	**Numerical reconciliation between average effective tax rate and the applicable tax**		
	Applicable tax rate	29.00	29.00
	- Effect of change in prior year	0.36	0.07
	- Unutilized tax losses	-	0.01
	- Income chargeable to tax at different rates	(1.59)	(1.37)
	- Tax effect of super tax	9.50	8.84
	- Effect on opening deferred taxes on reduction of rate	0.20	0.76
	- Others	1.64	1.35
		10.11	9.66
	Average effective tax rate	39.11	38.66

41.2 The group of companies do not opt for the group taxation and are taxed and assessed individually therefore assessment of sufficiency of provision of taxation is carried out in each individual company.

The current tax expense has been computed using the tax rate enacted for the tax year 2023 via the Finance Act, 2023.

42 Transactions with related parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Amounts due from and to related parties are shown under receivables and payables. Amount of assets sold to related parties during the year are shown in Note 18.6. Amounts due from Directors and key management personnel are shown under receivables and remuneration of Directors and key management personnel is disclosed in Note 42. Other significant transactions with related parties are as follows:

Relation with undertaking	Nature of transaction	2023	2022
		(Rupees in thousand)	
Associates	Sale of services	17,213	6,076
	Investment made	1,598,126	–
	Purchase of fixed assets	55,521	19,192
Employees' defined benefit plan	Contribution to staff retirement benefit plan	8,468	8,176
Defined contribution plan	Contribution to defined contribution plan	7,626	7,464
Executives' Gratuity fund	Benefits paid on behalf of the fund	7,699	7,028
Provident Fund	Amount Contributed	40,942	33,746
Directors and Key Management Personnel	Remuneration and benefits paid	341,441	307,089
	Sale of assets	2,259	15,325

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

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

42.3 The names of related parties with whom the Group has entered into transactions or had agreements / arrangements in place during the year, 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

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43 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive Officers, Directors and Executives of the Group are as follows:

	Chief Executive Officer*		Directors				Executives	
	2023	2022	2023		2022		2023	2022
			Non Executive Director	Executive Director	Non Executive Director	Executive Director		
Number of persons	5	5	6	4	6	3	76	51
	(Rupees in thousand)							
Managerial remuneration	55,405	43,019	420	52,504	661	22,912	185,461	117,951
Cost of living allowance	-	-	420	392	661	559	33,648	25,053
Bonus	9,706	29,364	5,675	16,527	16,052	29,714	72,566	104,221
House rent	15,017	8,381	189	177	298	251	57,132	39,242
Contribution to provident fund and gratuity funds	3,735	2,223	-	-	-	-	21,577	14,779
Pension contribution	-	-	-	-	-	-	5,720	4,259
Medical expenses	1,868	1,163	2,418	1,918	955	2,040	13,680	8,014
Utilities	4,713	3,226	1,886	2,091	1,061	2,293	20,022	14,106
Meeting Fee	-	-	5,400	-	4,000	-	-	-
Other reimbursable expenses*	9,871	6,235	1,556	8,522	1,413	3,655	20,691	15,483
	100,315	93,611	17,964	82,131	25,101	61,424	430,497	343,108

43.1 *The Group also provides the Chief Executive Officer(s), Director(s) and certain employees with free use of Company maintained cars and residential telephones.

43.2 Executive means an employee of the Group whose basic salary exceeds Rs. 1.2 million (2022: Rs. 1.2 million) during the year.

43.3 Aggregate amount charged to profit and loss account for the year in respect of meeting fee to four Directors (2022: five Directors) was Rs. 5,400 thousand (2022: Rs. 4,000 thousand) and travelling expenses Rs. 867 thousand (2022: Rs. 1,095 thousand).

* This represents Chief Executive Officer of the parent company along with its subsidiaries.

44 Earnings per share - Basic and diluted

44.1 Combined basic earnings per share

Earnings per share are calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

	2023	2022
	(Rupees in thousand)	
		Restated
Profit for the year after tax	3,554,586	5,866,397
	(Number of shares in thousand)	
		Restated
Weighted average number of ordinary shares outstanding during the year	191,798	191,798
	(Rupees)	
		Restated
Earnings per share	18.53	30.59

44.2 As disclosed in note 5 to these financial statements, the Group has approved and issued 94,930 thousand (2022: 40,810 thousand) bonus shares during the year. The effect of these has been accounted for in these financial statements and the prior year EPS has been restated as per requirements of the applicable financial reporting framework.

44.3 Combined diluted earnings per share

No figure for diluted earnings per share has been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

		Note	2023	2022
			(Rupees in thousand)	
45	**Cash generated from operations**			
	Profit before taxation		5,837,282	9,564,001
	Adjustment for:			
	Depreciation on property, plant and equipment	18.1.1	224,937	215,921
	Depreciation charge for the right-of-use assets	19.0	4,462	3,773
	Amortization of intangible assets	20.1	16,365	11,328
	Provision for accumulating compensated absences		18,892	(2,143)
	Provision for slow moving stores and spares		1,588	
	Profit on bank deposits and TDR's	39	(89,215)	(49,798)
	Dividend income	39	(16,770)	(10,500)
	Charged to employees' defined benefit plan		(9,057)	19,386
	Provision for gratuity		7,521	7,106
	Property, plant and equipment written off	18.1	5	403
	Loss on exchange rate and price	38	384,959	2
	Dividend income from short term investments	39	(2,589)	(101,458)
	Gain on disposal of property, plant and equipment	39	(3,229)	(1,338)
	Gain on sale of short term investments	39	-	(20,775)
	Gain on translation of foreign investment	39	-	(19,620)
	Finance cost	40	1,649,620	355,916
	Deferred grant		(493)	-
	Provision for Workers' Profit Participation Fund	38	338,893	539,825
	Provision for Workers' Welfare Fund	38	134,028	205,997
	Working capital changes	45.1	(8,407,942)	(4,539,591)
			89,257	6,178,435

			2023	2022
45.1	**Working capital changes**			
	(Increase) / decrease in current assets:			
	Stores and spares		(84,419)	(15,698)
	Stock in trade		(2,934,911)	(2,169,437)
	Trade debts		(245,784)	(97,500)
	Loans and advances		8,523	(7,243)
	Trade deposits and short term prepayments		(232,193)	4,168
	Balances with statutory authorities		(317,935)	-
	Other receivables		28,409	(7,124)
			(3,778,310)	(2,292,834)
	Increase/ (decrease) in current liabilities:			
	Trade and other payables		(741,181)	934,589
	Contract liabilities		(3,888,451)	(3,181,346)
			(8,407,942)	(4,539,591)

		Note	2023	2022
			(Rupees in thousand)	
46	**Cash and cash equivalents**			
	Cash and bank balances	33	1,282,427	1,755,082
	Portion of short term borrowings classified as cash and cash equivalents		(8,245,218)	(924,360)
			(6,962,791)	830,722

47 Financial risk management

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

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

- Market risk
- Credit risk
- Liquidity risk

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors ('the Board'). The Group's finance department evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The Group's overall risk management procedures to minimise the potential adverse effects of financial market on the Group's performance are as follows:

47.1 Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit or loss. Currently, the Group's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities. The Group's exposure to currency risk is as follows:

	Changes in rate	Effects on profit before tax 2023	Effects on profit before tax 2022
		(Rupees in thousand)	
Receivables/ (Trade and other payables) - GBP	+15	(38,527)	(13,230)
	-15	38,525	13,230
Receivables/ (Trade and other payables) - USD	+15	(79,142)	(6,570)
	-15	79,142	6,570
Receivables/ (Trade and other payables) - EUR	+15	(435)	(4,020)
	-15	435	4,020
Receivables/ (Trade and other payables) - CNY	+15	(198,780)	675
	-15	198,780	(675)

	2023	2022
	(Rupees)	
Reporting date rate per:		
GBP to PKR	364.77	249.92
USD to PKR	286.60	206.00
EUR to PKR	313.72	215.75
CNY to PKR	39.91	30.93

(b) Price risk

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

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity securities price risk because of investments held by the Group and classified as fair value through other comprehensive income. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's certain investments in equity instruments are publicly traded on the Pakistan Stock Exchange Limited

The table below summarises the impact of increases/decreases of the KSE-100 index on the Group's equity. The analysis is based on the assumption that the KSE-100 index had increased/decreased by 10% with all other variables held constant and all the Group's equity investments moved according to the historical correlation with the index:

	Impact on other components of equity	
	2023	2022
	(Rupees in thousand)	
Pakistan Stock Exchange Limited	(10,364)	(11,935)

As at June 30, 2023, the Group had no investments classified as at fair value through profit or loss, hence there is no impact on the profit for the year.

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

(c) Cash flow and fair value interest rate risk

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

The Group has no significant long-term interest-bearing instruments. The Group's interest rate risk arises from short term and long term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. The Group mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Note	2023	2022
		(Rupees in thousand)	
Fixed rate instruments			
Financial assets			
Investment in Term Deposit Receipt	32	3,856	283,856
Financial liabilities			
Long term financing	7	1,411,910	231,603
Floating rate instruments			
Financial assets			
Bank balances - deposit accounts	33	607,949	1,340,714
Financial liabilities			
Short term borrowings	15	8,643,357	1,594,845

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Group's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

		Changes in interest rate	Effects on profit before tax
		(Rupees in thousand)	
Bank balances - deposit accounts	2023	+1	6,079
		-1	(6,079)
	2022	+1	13,407
		-1	(13,407)
Short term borrowings	2023	+1	86,434
		-1	(86,434)
	2022	+1	11,516
		-1	(11,516)

47.2 Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Group arises from deposits with banks and other financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2023	2022
		(Rupees in thousand)	
Trade debts	27	651,205	405,421
Trade deposits	29	245,797	22,899
Other receivables	31	92,910	96,502
Short term investments	32	3,856	283,856
Bank balances and cheques in hand		1,265,480	1,752,034
Long term deposits	24	12,527	12,227
		2,271,775	2,572,939

(b) Impairment of financial assets

The Group's financial assets, other than investments in equity instruments, are subject to the expected credit losses model.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts. For trade receivables, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management.

The aging of trade receivables at the reporting date is:

	2023	2022
	(Rupees in thousand)	
Past due 1 – 3 Months	566,548	352,716
Past due 4 – 6 Months	19,536	12,163
Past due one year	65,121	40,542
	651,205	405,421

Based on management's assessment of the expected credit loss, no material impairment is necessary in respect of trade receivables past due, as some receivables have been recovered subsequent to the year end and for other receivables and security deposits, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

While bank balances, loans to employees, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and are therefore not exposed to any material credit risk.

(c) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate.

The table below shows the bank balances held with some major counterparties at the reporting date:

	Rating			2023	2022
Balances with banks	Short term	Long term	Agency	(Rupees in thousand)	
Allied Bank Limited	A1+	AAA	PACRA	34,857	21,650
Askari Bank Limited	A1+	AA+	PACRA	1,658	1,461
Bank Al Habib Limited	A1+	AAA	PACRA	2,932	1,341
Bank Alfalah Limited	A-1+	AA+	PACRA	54,229	33,738
Dubai Islamic Bank	A1+	AA	VIS	2,794	206
Emirates NBD	F1	A+	FITCH	45,625	48,746
Faysal Bank Limited	A1+	AA	PACRA	3,583	3,528
Habib Bank Limited	A-1+	AAA	VIS	168,919	48,893
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	82	82
JS Bank Limited	A1+	AA-	PACRA	4	4
MCB Bank Limited	A1+	AAA	PACRA	413,500	1,283,674
MCB Islamic Bank Limited	A1	A	PACRA	2,092	1,992
Meezan Bank Limited	A-1+	AAA	VIS	77,124	36,463
National Bank of Pakistan	A-1+	AAA	VIS	9,923	8,287
Sindh Bank Limited	A-1	A+	VIS	2,492	2,194
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	3,208	5,184
Soneri Bank Limited	A-1+	AA-	PACRA	668	3,629
The Bank of Punjab Limited	A-1+	AA+	PACRA	8,317	-
United Bank Limited	A-1+	AAA	VIS	400,055	107,742
Industrial and Commercial Bank of China Limited	F1+	A	FITCH	79	-
Zarai Taraqiati Bank Limited	A-1+	AAA	VIS	3,108	19,908
				1,235,249	1,628,722

			2023	2022
Short term investments	Rating	Agency	(Rupees in thousand)	
Term Deposit Receipts				
Bank Alfalah Limited	AA+ (long term)	VIS	3,856	223,856
United Bank Limited	AAA (long term)	VIS	-	60,000
			3,856	283,856

47.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Group's businesses, the Group's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2023, the Group had short term borrowing facilities available from financial institutions as disclosed in note 15 and, cash and bank balances as disclosed in note 33 to these consolidated financial statements.

Management monitors the forecasts of the Group's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring consolidated statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Less than one year	More than one year
	(Rupees in thousand)			
July 30, 2023				
Trade and other payables	4,807,478	4,719,673	4,807,478	-
Long term finance- secured	1,411,910	266,690	170,782	95,908
Lease liabilities against right-of-use assets	17,319	1,331	4,019	13,300
Short term borrowings	8,643,357	1,594,845	8,643,357	-
Unclaimed dividend	354,971	353,895	354,971	-
Unpaid dividend	52,499	55,378	52,499	-
Long term deposits	28,442	29,648	1,461	26,981
	15,315,976	7,021,460	14,034,567	136,190

	Carrying amount	Contractual cash flows	Less than one year	More than one year
	(Rupees in thousand)			
July 30, 2022				
Trade and other payables	3,829,793	4,719,673	4,719,673	-
Long term finance- secured	231,603	266,690	170,782	95,908
Lease liabilities against right-of-use assets	5,828	1,331	1,331	-
Short term borrowings	530,655	1,594,845	1,594,845	-
Unclaimed dividend	284,291	353,895	353,895	-
Unpaid dividend	78,297	55,378	55,378	-
Long term deposits	31,597	29,648	929	28,719
	4,992,064	7,021,460	6,896,833	124,627

Notes to The Consolidated Financial Statements

For the year ended June 30, 2023

(a) **Reconciliation of movements in liabilities to cash flows arising from financing activities**

	Long term Financing	Short term Financing	Dividends paid - Equity Holders & NCI	Lease liabilities against Right of Use Asset	Total
	(Rupees in thousand)				
Balance at July 01, 2022	231,603	670,485	409,273	1,331	1,312,692
Changes in liabilities					
Dividend announced during the year	–	–	3,325,270	–	3,325,270
Others	2,073	–	–	–	2,073
Deferred grant recognised	–	–	–	–	–
Derecognition	–	–	–	–	–
Addition in lease	–	–	–	16,196	16,196
Finance cost	158,123	–	–	1,349	159,472
Finance cost paid	(152,453)	–	–	–	–
Total liability related changes	7,743	–	3,325,270	17,545	3,503,011
Changes from financing cash flows					
Principal payment against lease liabilities	–	–	–	(7,890)	(7,890)
Long term financing (paid) / received	1,172,564	–	–	–	1,172,564
Short term financing (repaid) / received - net	–	(272,346)	–	–	(272,346)
Dividend paid during the year	–	–	(3,327,073)	–	(3,327,073)
Total changes from financing cash flows	1,172,564	(272,346)	(3,327,073)	(7,890)	(2,434,745)
Balance at June 30, 2023	1,411,910	398,139	407,470	10,986	2,228,505
Balance at July 01, 2021	508,436	670,485	362,588	5,828	1,547,337
Changes in liabilities					
Dividend announced during the year	–	–	6,306,554	–	6,306,554
Modifications	(3,646)	–	–	–	(3,646)
Deferred grant recognised	(1,491)	–	–	–	(1,491)
Derecognition	–	–	–	–	–
Finance cost	27,757	–	–	417	28,174
Total liability related changes	22,620	–	6,306,554	417	6,329,591
Changes from financing cash flows					
Finance cost paid	(1,300)	–	–	–	(1,300)
Principal payment against lease liabilities	–	–	–	(4,914)	(4,914)
Long term financing received	9,931	–	–	–	9,931
Long term financing repaid	(308,084)	–	–	–	(308,084)
Short term financing (repaid) / received	–	670,485	–	–	670,485
Dividend paid during the year	–	–	(6,259,869)	–	(6,259,869)
Total changes from financing cash flows	(299,453)	670,485	(6,259,869)	(4,914)	(5,893,751)
Balance at June 30, 2022	231,603	1,340,970	409,273	1,331	1,983,177

		FVOCI		At amortised cost		Total	
		2023	2022	2023	2022	2023	2022
		(Rupees in thousand)					
47.4	**Financial instruments by categories**						
	Financial assets						
	Long term investments	6,207,698	3,904,575	-	-	6,207,698	3,904,575
	Long term loans	-	-	8,375	3,349	8,375	3,349
	Long term deposits	-	-	12,527	12,227	12,527	12,227
	Loans to employees	-	-	7,213	10,489	7,213	10,489
	Trade debts	-	-	651,205	405,421	651,205	405,421
	Trade deposits	-	-	245,797	22,899	245,797	22,899
	Other receivables	-	-	92,910	96,502	92,910	96,502
	Short term investments	-	-	3,856	283,856	3,856	283,856
	Cash and bank balances	-	-	1,282,427	1,755,082	1,282,427	1,755,082
		6,207,698	3,904,575	2,304,310	2,589,825	8,512,008	6,494,400
	Comprised of:						
	Total current					2,283,408	2,557,638
	Total non-current					6,228,600	3,936,762
						8,512,008	6,494,400

	FVOCI		At amortised cost		Total	
	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)					
Financial liabilities						
Trade and other payables	-	-	4,807,478	4,719,673	4,807,478	4,719,673
Short term borrowings	-	-	8,643,357	1,594,845	8,643,357	1,594,845
Unclaimed dividend	-	-	354,971	353,895	354,971	353,895
Unpaid dividend	-	-	52,499	55,378	52,499	55,378
Long term finance	-	-	1,411,910	231,603	1,411,910	231,603
Lease liabilities against right-of-use assets	-	-	17,319	1,331	17,319	1,331
Long term deposits	-	-	28,442	29,648	28,442	29,648
	-	-	15,315,976	6,986,373	15,315,976	6,986,373
Comprised of:						
Total current					14,229,948	6,888,392
Total non-current					1,086,028	97,981
					15,315,976	6,986,373

48 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

49 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit \price) regardless of whether that price is directly observable or estimated using another valuation technique.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

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

49.1 Fair value hierarchy

IFRS 13 "Fair Value Measurement requires the Group to classify fair value measurement and fair value hierarchy that reflects the significance of the inputs used in making the measurement of fair value hierarchy, which has the following levels:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable.

Level 3: If one or more of the significant inputs is not based on observable market data. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest Rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying values of all financial and liabilities reflected in the financial statements approximate their fair values.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred, if any. The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes between various levels of fair value hierarchy are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the management of investee company. As part of this discussion, the investee company presents a report that explains the reason for the fair value movement, if any. There have been no transfers between various levels of the fair value hierarchy during the respective reporting periods.

As at June 30, 2023, the Group held the following financial instruments carried at fair value:

	Note	Total 2023	Level 1	Level 2	Level 3
		(Rupees in thousand)			
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long term investments - Equity shares	22	6,207,698	103,641	-	6,104,057

Date of valuation : June 30, 2023

There were no financial liabilities measured at fair value as at June 30, 2023.

As at June 30, 2022, the Group held the following financial instruments carried at fair value:

	Note	Total 2022	Level 1	Level 2	Level 3
		(Rupees in thousand)			
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long term investments - Equity shares	22	3,904,575	119,345	-	3,785,230
Investment in mutual funds	32.1	-	-	-	-
		3,904,575	119,345	-	3,785,230

Date of valuation : June 30, 2022

There were no financial liabilities measured at fair value as at June 30, 2022.

Movement / reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

	Note	2023	2022
		(Rupees in thousand)	
Opening balance		3,904,575	5,906,278
Investment made during the year		1,598,126	-
(Deficit) / surplus on fair valuation of investment		704,997	(2,001,703)
	22	6,207,698	3,904,575

50 Provident fund trust

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

51 Operating segment information

Business segments

For management and reporting purposes, the Group has been organized into three separate reportable segments based on the products and services as follows:

a) Tractors
b) Tractor components
c) Castings

Other business activities of the Group have been presented under "others segment". Accordingly, no 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		Others		Inter-segment / group eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)											
Revenue from contracts with customers	44,190,843	53,374,415	4,778,869	5,977,797	2,164,908	2,750,181	4,601,546	3,607,765	(8,596,814)	(10,700,245)	47,139,352	55,009,913
Cost of sales	(35,348,453)	(43,176,940)	(3,963,766)	(4,674,795)	(1,957,962)	(2,534,973)	(3,854,183)	(3,150,404)	8,389,451	10,723,191	(36,734,913)	(42,813,921)
Gross profit	8,842,390	10,197,475	815,103	1,303,002	206,946	215,208	747,363	457,361	(207,363)	22,946	10,404,439	12,195,992
Distribution and marketing expenses	(1,070,694)	(928,162)	(5,724)	(4,032)	(52,418)	(56,404)	(87,452)	(67,399)	-	(22,946)	(1,216,288)	(1,078,943)
Administrative expenses	(745,465)	(648,456)	(213,095)	(188,899)	(62,330)	(74,295)	(185,300)	(138,873)	-	1,500	(1,206,190)	(1,049,023)
Other operating expenses	(790,282)	(649,283)	(35,618)	(84,681)	(2,243)	(4,161)	(31,837)	(13,417)	-	(1,500)	(859,980)	(753,042)
	(2,606,441)	(2,225,901)	(254,437)	(277,612)	(116,991)	(134,860)	(304,589)	(219,689)	-	(22,946)	(3,282,458)	(2,881,008)
Other income	471,274	940,576	137,457	188,182	16,664	26,088	25,418	18,563	(285,892)	(568,476)	364,921	604,933
Operating profit	6,707,223	8,912,150	698,123	1,213,572	106,619	106,436	468,192	256,235	(493,255)	(568,476)	7,486,902	9,919,917
Finance cost	(1,357,000)	(227,419)	(209,608)	(83,894)	(79,133)	(51,712)	(3,879)	(4,567)	-	11,676	(1,649,620)	(355,916)
Profit before taxation	5,350,223	8,684,731	488,515	1,129,678	27,486	54,724	464,313	251,668	(493,255)	(556,800)	5,837,282	9,564,001
Taxation	(1,972,587)	(3,258,105)	(182,468)	(370,778)	(52,211)	(39,403)	(156,300)	(29,318)	80,870	-	(2,282,696)	(3,697,604)
Profit after tax for the year	3,377,636	5,426,626	306,047	758,900	(24,725)	15,321	308,013	222,350	(412,385)	(556,800)	3,554,586	5,866,397

51.1 Inter-segment / group transactions have been eliminated for the purpose of consolidation.

51.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Others		Inter-segment / group eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)											
Segment operating assets												
Non-current assets												
Property, plant and equipment	849,939	785,569	714,222	698,031	170,927	187,096	193,853	156,910	(11,451)	(11,451)	1,917,490	1,816,155
Right-of-use assets	12,857	1,123	-	-	-	-	-	-	-	-	12,857	1,123
Intangible assets	31,440	39,300	11,319	16,894	-	-	-	2,930	(6,614)	(6,614)	36,145	52,510
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Investment property	255,708	255,708	-	-	-	-	-	-	-	-	255,708	255,708
Long term investments	6,479,728	4,218,235	-	-	18,975	21,850	-	-	(291,005)	(335,510)	6,207,698	3,904,575
Long term loans	7,349	19,023	-	-	1,026	937	-	-	-	-	8,375	19,960
Long term deposits	-	-	3,518	3,518	4,348	4,048	4,661	4,661	-	-	12,527	12,227
Deferred tax asset - net	-	-	-	-	72,525	95,525	-	-	(72,525)	(95,525)	-	-
Employees' defined benefit plan	289,876	143,051	-	-	20,599	18,370	-	-	-	-	310,475	161,421
Current assets												
Stores, spare parts and loose tools	224,348	182,625	313,072	273,379	117,631	121,237	29,409	24,388	-	-	684,460	601,629
Stock in trade	9,803,885	6,758,898	958,066	1,141,067	313,746	436,447	725,329	322,343	(207,360)	-	11,593,666	8,658,755
Trade debts	245,821	235,269	692,844	666,847	99,401	109,170	418,240	211,871	(805,101)	(817,736)	651,205	405,421
Loans and advances	101,878	39,565	108,868	175,677	9,005	9,569	10,642	4,898	(33,050)	(23,843)	197,343	205,866
Trade deposits and short term prepayments	283,875	58,440	8,763	7,789	468	428	12,039	6,295	-	-	305,145	72,952
Balances with statutory authorities	5,982,200	5,707,842	111,684	44,115	-	6,213	10,347	4,284	1	23,843	6,104,232	5,786,297
Other receivables	117,305	102,408	-	-	900	349	529	10,914	(25,825)	(17,169)	92,910	96,502
Tax refunds due from the Government*	-	-	-	-	69,942	55,040	-	12,703	-	-	69,942	67,743
Short term investments	-	-	-	-	3,856	3,856	-	280,000	-	-	3,856	283,856
Cash and bank balances	1,006,725	1,505,688	20,230	53,403	26,173	77,812	229,299	118,179	-	-	1,282,427	1,755,082
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total operating assets	25,692,934	20,052,744	2,942,586	3,080,720	929,522	1,147,947	1,634,348	1,160,376	(1,434,357)	(1,265,433)	29,765,033	24,176,354

Allocation of assets and liabilities (Continued)

	Tractors		Tractor components		Castings		Others		Inter-segment / group eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)											
Segment operating liabilities												
Non-current liabilities												
Long term finance- secured	1,016,918	36,162	27,737	33,100	-	-	-	-	-	-	1,044,655	69,262
Deferred grant	11,362	14,427	1,938	3,679	-	-	-	-	-	-	13,300	18,106
Lease liabilities against right-of-use assets	6,967	-	-	-	-	-	-	-	-	-	6,967	-
Employees' defined benefit plan	-	-	-	-	26,981	26,004	-	-	-	-	26,981	26,004
Long term deposits	14,633	13,833	18,192	12,035	1,581	2,851	-	-	-	-	34,406	28,719
Deferred tax liabilities - net*	1,239,515	811,291	70,450	73,532	-	-	6,982	7,080	(153,389)	(95,524)	1,163,558	796,379
Current liabilities												
Trade and other payables	4,328,370	4,669,527	619,905	415,930	316,782	364,910	482,987	224,678	(830,925)	(779,263)	4,917,119	4,895,782
Contract liabilities	2,836,809	6,685,800	25,626	29,124	1,045	951	20,434	79,083	(33,049)	(55,642)	2,850,865	6,739,316
Taxation- net	332,411	225,825	-	-	10,263	-	35,487	-	-	748	378,161	226,573
Short term borrowings	7,353,261	-	934,506	1,115,010	355,590	479,835	-	-	-	-	8,643,357	1,594,845
Current portion of non-current liabilities	367,854	95,069	8,229	48,229	1,461	29,542	-	-	-	-	377,544	172,840
Unclaimed dividend	329,143	297,326	15,757	52,262	3,399	3,408	6,672	899	-	-	354,971	353,895
Unpaid dividend	10,620	27,695	-	-	-	-	41,879	27,683	-	-	52,499	55,378
Accumulating compensated absences	127,419	108,527	32,012	25,630	12,472	11,759	-	-	-	-	171,903	145,916
Total operating liabilities	17,975,282	12,985,482	1,754,352	1,808,531	729,574	919,260	594,441	339,423	(1,017,363)	(929,681)	20,036,286	15,123,015

* Inter-segment / group balances have been eliminated for the purpose of consolidation.

52 Listing of subsidiary companies

Name of subsidiary	Group shareholding (%)	NCI shareholding (%)	Country of incorporation	Financial year end
Millat Equipment Limited (MEL)	45%	55.00%	Pakistan	June 30
Millat Industrial Products Limited (MIPL)	64.09%	35.91%	Pakistan	June 30
Bolan Castings Limited (BCL)	46.26%	53.74%	Pakistan	June 30
TIPEG Intertrade DMCC (TIPEG)	75%	25.00%	Dubai	December 31

TIPEG Intertrade DMCC has year-end according to the applicable law of the country of its incorporation.

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

	MEL	MIPL	BCL	TIPEG
	(Rupees in thousand)			
Total assets	2,942,586	1,370,453	929,522	263,890
Total liabilities	1,754,352	535,393	729,574	68,552
Total comprehensive income	306,046	273,269	(25,865)	34,735
Total comprehensive income allocated to NCI	168,325	98,131	(13,900)	8,684
Accumulated NCI	653,528	299,876	89,291	56,309
Cash and bank balances, excluding TDRs	20,230	140,743	26,173	88,556
Cash generated from / (used in):				
Operating activities	717,461	(39,711)	99,064	(570)
Investing activities	(96,521)	224,002	2,235	-
Financing activities	(745,954)	(93,507)	(28,693)	(810)

	2023	2022
	Units per annum	
53 Capacity and production		
a) Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	19,022	34,887

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

b) Batteries

The actual production capacity of the plant cannot be determined as it depends on the proportion of different types of batteries produced which varies in relation to the consumers' demand. The actual production during the year was according to market demand. During the year, the actual production capacity attained was 300,070 batteries (Standard 15 plates 246,622 batteries) compared with (2022: 276,678 standard 15 plates 230,028 batteries) against annual manufacturing capacity of 330,000 standard 15 plates batteries (2022: 300,000).

There has been low market demand of batteries which lead to under utilization of our production capacity.

c) Tractors components

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

Notes to The Consolidated Financial Statements
For the year ended June 30, 2023

d) Castings

	2023	2022
	(Metric tons)	
Installed capacity (single shift without overtime)	13,200	13,200
Actual production	4,824	9,437
Capacity utilisation	36.55%	71.49%

Production during the year was as per the market demand.

	2023	2022
54 Number of employees		
Number of employees at the end of the year	882	644
Average number of employees during the year	681	648
Total number of factory employees at the end of the year	733	274
Average number of factory employees during the year	532	269

The number of employees mentioned above does not include third party contractual employees.

55 Subsequent events

The Board of Directors of the Group in its meeting held on September 25, 2023 has proposed a final cash dividend of Rs.15 per share (2022: Rs. 20 per share) and Nil bonus shares (2022: 20%) in respect of the year ended June 30, 2022. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These consolidated financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

56 Corresponding figures

Other than as disclosed in note 44.2, there has been following re-classifications or rearrangement of corresponding figures in these consolidated financial statements.

From	To	2022 (Rupees in thousand)
Property, plant and equipment	Long term loans and advances	16,611

57 Date of authorization for issue

These consolidated financial statements have been approved for issue by Board of Directors of the Group in their board meeting held on September 25, 2023.

58 General

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

Chief Financial Officer

Chief Executive Officer

Chairman

Pattern of Shareholding

As on June 30, 2023

No. of share Holders	Shareholding From	Shareholding To	Number of Shares Held	% of Capital
2525	1	100	87,501	0.05
2235	101	500	597,604	0.31
979	501	1,000	724,277	0.38
1898	1001	5,000	4,570,968	2.38
500	5001	10,000	3,564,786	1.86
276	10001	15,000	3,420,000	1.78
150	15001	20,000	2,622,947	1.37
105	20001	25,000	2,361,819	1.23
81	25001	30,000	2,236,728	1.17
59	30001	35,000	1,917,517	1.00
57	35001	40,000	2,135,585	1.11
36	40001	45,000	1,543,966	0.80
20	45001	50,000	953,325	0.50
21	50001	55,000	1,095,033	0.57
11	55001	60,000	633,595	0.33
20	60001	65,000	1,256,792	0.66
13	65001	70,000	885,652	0.46
11	70001	75,000	799,008	0.42
12	75001	80,000	934,757	0.49
8	80001	85,000	658,598	0.34
12	85001	90,000	1,042,246	0.54
9	90001	95,000	828,021	0.43
11	95001	100,000	1,076,390	0.56
8	100001	105,000	822,022	0.43
10	105001	110,000	1,075,358	0.56
5	110001	115,000	560,778	0.29
5	115001	120,000	592,693	0.31
4	120001	125,000	483,182	0.25
9	125001	130,000	1,139,586	0.59
1	130001	135,000	131,175	0.07
5	135001	140,000	688,885	0.36
7	140001	145,000	996,565	0.52
4	145001	150,000	593,933	0.31
4	150001	155,000	613,456	0.32
5	155001	160,000	793,593	0.41
2	160001	165,000	324,931	0.17
4	170001	175,000	690,119	0.36
5	175001	180,000	885,432	0.46
3	180001	185,000	545,653	0.28
2	185001	190,000	373,144	0.19
2	190001	195,000	385,221	0.20
1	195001	200,000	196,570	0.10
2	205001	210,000	417,641	0.22
3	210001	215,000	632,944	0.33
1	215001	220,000	216,507	0.11
2	220001	225,000	446,479	0.23
5	225001	230,000	1,133,964	0.59
2	235001	240,000	474,264	0.25
3	240001	245,000	725,991	0.38
1	245001	250,000	245,227	0.13

Pattern of Shareholding
As on June 30, 2023

No. of share Holders	Shareholding From	Shareholding To	Number of Shares Held	% of Capital
1	250001	255,000	253,993	0.13
2	255001	260,000	516,750	0.27
2	260001	265,000	522,979	0.27
1	265001	270,000	267,507	0.14
1	270001	275,000	270,768	0.14
1	275001	280,000	275,595	0.14
4	280001	285,000	1,128,212	0.59
1	295001	300,000	298,954	0.16
1	305001	310,000	305,078	0.16
1	310001	315,000	312,229	0.16
1	315001	320,000	319,885	0.17
1	320001	325,000	323,098	0.17
1	330001	335,000	331,655	0.17
5	335001	340,000	1,687,627	0.88
1	345001	350,000	346,420	0.18
1	350001	355,000	352,434	0.18
2	360001	365,000	723,048	0.38
2	365001	370,000	734,010	0.38
2	375001	380,000	755,398	0.39
3	380001	385,000	1,144,135	0.60
2	405001	410,000	814,192	0.42
1	410001	415,000	412,500	0.22
1	430001	435,000	433,018	0.23
1	450001	455,000	451,548	0.24
1	455001	460,000	459,003	0.24
1	460001	465,000	461,893	0.24
1	465001	470,000	466,356	0.24
2	490001	495,000	980,912	0.51
1	505001	510,000	509,080	0.27
1	510001	515,000	510,087	0.27
1	535001	540,000	536,754	0.28
1	580001	585,000	583,003	0.30
1	590001	595,000	592,081	0.31
1	615001	620,000	615,786	0.32
1	620001	625,000	621,285	0.32
2	650001	655,000	1,309,798	0.68
2	655001	660,000	1,317,835	0.69
1	695001	700,000	697,614	0.36
1	700001	705,000	704,959	0.37
3	770001	775,000	2,313,162	1.21
1	805001	810,000	809,797	0.42
1	820001	825,000	821,625	0.43
2	880001	885,000	1,764,625	0.92
1	890001	895,000	893,046	0.47
2	1130001	1,135,000	2,266,718	1.18
1	1175001	1,180,000	1,179,796	0.62
1	1265001	1,270,000	1,265,295	0.66
1	1300001	1,305,000	1,302,898	0.68
1	1330001	1,335,000	1,333,047	0.70
1	1345001	1,350,000	1,346,175	0.70

No. of share Holders	Shareholding From	To	Number of Shares Held	% of Capital
1	1380001	1,385,000	1,382,389	0.72
1	1550001	1,555,000	1,550,776	0.81
1	1560001	1,565,000	1,564,447	0.82
1	1580001	1,585,000	1,581,258	0.82
1	1700001	1,705,000	1,700,137	0.89
2	1740001	1,745,000	3,488,061	1.82
1	2030001	2,035,000	2,031,582	1.06
1	2035001	2,040,000	2,039,766	1.06
1	2050001	2,055,000	2,051,428	1.07
3	2180001	2,185,000	6,552,054	3.42
1	2305001	2,310,000	2,306,824	1.20
1	2360001	2,365,000	2,360,325	1.23
4	2375001	2,380,000	9,518,896	4.96
1	2750001	2,755,000	2,754,405	1.44
1	2815001	2,820,000	2,816,397	1.47
1	2940001	2,945,000	2,943,502	1.53
1	3275001	3,280,000	3,276,258	1.71
2	3535001	3,540,000	7,075,558	3.69
1	3600001	3,605,000	3,604,957	1.88
1	3775001	3,780,000	3,778,375	1.97
1	4350001	4,355,000	4,353,781	2.27
1	4445001	4,450,000	4,445,548	2.32
1	4490001	4,495,000	4,494,390	2.34
1	4755001	4,760,000	4,759,450	2.48
1	5175001	5,180,000	5,177,208	2.70
1	13410001	13,415,000	13,414,366	6.99
9,259	**Total**		**191,798,229**	**100.00**

Categories of Shareholding

As on June 30, 2023

Categories of Shareholders		No. of Shareholders	Shares Held	Percentage
1	**Directos, CEO and their spouse & minor children**	10	56,869,961	29.65
	Mr. Sikandar Mustafa Khan	1	17,127,909	8.93
	Mr. Sohail Bashir Rana	1	11,041,715	5.76
	Mr. Laeeq Uddin Ansari	1	17,963,712	9.37
	Mr. Qaiser Saleem	1	4,600,000	2.40
	Mr. Saad Iqbal	1	4,494,390	2.34
	Mr. Muhammad Javed Rashid	1	1	0.00
	Mr. Nasar Us Samad Qureshi	1	487	0.00
	Mrs. Ambreen Waheed	1	3,604	0.00
	Mrs. Cyma Khan (Spouse of Mr. Sikandar Mustafa Khan)	1	253,993	0.13
	Mrs. Ayesha Sohail(Spouse of Mr. Sohail Bashir Rana)	1	1,384,150	0.72
2	**Associated Companies, Undertakings and Related parties**	40	22,832,159	11.90
	a- Associated Companies	0	0	0.00
	b- Associated Undertakings	3	791,095	0.41
	c- Related Parties	37	22,041,064	11.49
3	**NIT and ICP**	4	2,238,521	1.17
4	**Banks, Development Financial Institutions , Non-Banking Financial Institutions & Pension Funds**	8	3,428,564	1.79
5	**Insurance Companies**	8	16,718,330	8.72
6	**Modarabas & Mutual Funds**	14	565,437	0.29
7	**Shareholders Holding 10% or more Voting Interest**	-	-	-
8	**General Public**	9,058	80,013,618	41.72
	a-Local	9,033	73,739,158	38.45
	b-Foreign	25	6,274,460	3.27
9	**Others**	117	9,131,639	4.76
	Joint Stock Companies	69	1,050,417	0.55
	Trusts	43	7,850,959	4.09
	Others	5	230,263	0.12
		9,259	**191,798,229**	**100.00**

Millat Group of Companies Consolidated Pattern of Shareholding

As on June 30, 2023

Pattern of Shareholding of Millat Industrial Products Limited

As on 30-06-2023

No. of Shareholders	Size of Holding From	To	Total Shares Held
8	1	100	665
41	101	500	11,063
64	501	1,000	50,437
47	1,001	1,500	57,036
35	1,501	2,000	62,483
22	2,001	3,000	51,359
25	3,001	5,000	93,117
47	5,001	40,000	774,987
10	40,001	100,000	672,817
3	100,001	400,000	900,126
1	400,001	600,000	541,250
1	600,001	6,000,000	5,737,500
304		**Total**	**8,952,840**

Pattern of Shareholding of Tipeg Intertrade DMCC

As on 30-06-2023

No. of Shareholders	Size of Holding From	To	Total Shares Held
5	1	100	500
1	101	1,500	1,500
6		**Total**	**2,000**

Pattern of Shareholding of Bolan Castings Limited

As on 30-06-2023

No. of Shareholders	Size of Holding From	To	Total Shares Held
192	1	100	7,667
498	101	500	134,428
161	501	1000	140,227
252	1001	5000	650,324
51	5001	10000	388,151
16	10001	15000	201,242
8	15001	20000	144,636
8	20001	25000	184,541
6	25001	30000	166,800
2	30001	35000	62,570
3	40001	45000	131,094
1	65001	70000	65,500
1	70001	75000	75,000
1	80001	85000	82,000
2	95001	100000	200,000
1	115001	120000	118,000
1	140001	145000	144,359
1	145001	150000	150,000
1	165001	170000	166,369
1	255001	260000	258,266
1	295001	300000	300,000
1	485001	490000	488,276
1	775001	780000	776,100
1	1125001	1130000	1,130,000
1	5305001	5310000	5,306,979
1212			**11,472,529**

Pattern of Shareholding of Millat Equipment Limited

As on 30-06-2023

No. of Shareholders	Size of Holding From	To	Total Shares Held
37	1	1000	17,333
30	1001	2000	39,997
31	2001	3000	73,295
44	3001	4000	154,137
31	4001	5000	135,464
96	5001	10000	646,920
38	10001	15000	450,150
23	15001	20000	396,296
19	20001	25000	435,144
7	25001	30000	192,163
12	30001	35000	401,236
4	35001	40000	146,625
6	40001	45000	249,698
9	45001	50000	422,052
4	50001	55000	210,939
4	55001	60000	231,208
3	60001	65000	186,357
4	65001	75000	274,448
4	75001	100000	345,119
2	100001	120000	230,000
2	120001	150000	275,080
5	150001	200000	839,328
1	200001	300000	237,849
7	300001	700000	3,451,362
3	700001	2500000	6,402,808
1	2500001	11700000	13,454,992
427		**Total**	**29,900,000**

Consolidated Categories of Shareholding

As on June 30, 2023

Categories of Shareholders	MIPL	%	TIPEG	%	BCL	%	MEL	%
1- Directors, CEO's, spouse & minor children								
Mr. Sikandar Mustafa Khan	541,250	6.05	100	5.00	166,369	1.45	1,866,288	6.24
Mr. Sohail Bashir Rana	–	–	100	5.00	144,359	1.26	–	0.00
Mr. Laeeq Uddin Ansari	339,500	3.79	100	5.00	3,120	0.03	2,495,271	8.35
Mr. Ahsan Imran Shaikh (CEO- MEL)	–	–	–	–	–	–	152,318	0.51
Mr. Raheel Asghar (CEO-MTL)	–	–	–	–	–	–	100	–
Mr. Javed Aslam (CEO-MIPL)	20,000	0.22	–	–	–	–	–	–
Mr. Abdul Hamid Ahmed Dagia (BCL Director only)	–	–	–	–	2,500	0.02	–	–
Mrs.Tabassum Rana (BCL Director only)	–	–	–	–	80	0.00	–	–
Mr. Muhammad Mustafa Khan(Director in MEL and MIPL only)	2,500	0.03	–	–	–	–	2,463	0.01
Mr. Muhammad Mustafa Sohail (Director in MEL and MIPL only)	1,000	0.01	–	–	–	–	4,542	0.02
Mr. Muraad Naseer Uddin Ansari(MEL Director only)	–	–	–	–	–	–	5,750	0.02
Mr. Shehryar Ansari (MIPL Director only)	23,000	0.26	–	–	–	–	–	–
Mr. Qaiser Saleem(Not a Director in TIPEG)	198,126	2.21	–	–	3,248	0.03	692,502	2.32
	1,125,376	12.57	300	15.00	319,676	2.79	5,219,234	17.46
2- Associated Companies, Undertakings and related parties								
a) Millat Tractors Limited	5,737,500	64.09	1,500	75.00	5,306,979	46.26	13,454,992	45.00
b) Associated Undertakings			–	–	48,523	0.42	–	–
c) Related Parties				–	–	–	–	–
3- NIT and ICP			–	–	488,716	4.26	–	–
4- Banks, Development Financial Institutions ,		–	–	–	75,273	0.66	–	–
Non-Banking Financial Institutions & Pensions Funds		–	–	–	–	–	–	–
5- Insurance Companies			–	–	300,000	2.61	–	–
6- Modarabas & Mutual Funds		–	–	2,000	0.02	–	–	–
7- Shareholders Holding 10% or more	–	–	–	–	–	–	–	–
Voting Interest (Detail as per 2 (a) above)								–
8 General Public								–
a-Local			–	–	4,430,531	38.62	–	–
b-Foreign	–	–	–	–	41,637	0.36	–	–
								–
9- Others								–
Joint Stock Companies	–	–	–	–	–	–	–	–
Trust	–	–	–	–	–	–	–	–
Public	2,089,964	23.34	–	–	–	–	11,225,774	37.54
Miscellaneous	–	–	200	10.00	459,194	4.00	–	–
	8,952,840	100.00	2,000	100.00	11,472,529	100.00	29,900,000	100.00

Electronic Transmission Consent

Pursuant to the allowance granted through SRO 787(I)/2014 of September 8, 2014, by the Securities Exchange Commission of Pakistan, the Company can circulate its Annual Audited Financial Statements, Auditor's report(s) and Directors' report(s) etc. along with the Company's Notice of Annual General Meeting through email to its shareholders. Those shareholders who wish to receive the Company's Annual Report via email are requested to provide a completed consent form to the Company's Share Registrar, M/s. CDC Share Registrar Services Ltd.

PLEASE NOTE THAT RECEIPT OF THE ANNUAL REPORT VIA EMAIL IS OPTIONAL AND NOT COMPULSORY.

ELECTRONIC TRANSMISSION CONSENT FORM

The Share Registrar

Date: ________________

Karachi	Lahore	Islamabad
CDC Share Registrar Services Limited CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal Karachi-74400.	Mezzanine Floor, South Tower, LSE Plaza, Khayaban-E-Aiwan-E-Iqbal, Lahore.	Room # 410, 4th Floor, ISE Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad.

Pursuant to the directions given by the Securities Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I, Mr./Ms.________________________________ S/o, D/o, W/o ______________________________ hereby consent to have Millat Tractors Ltd., Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Name of Member/ Shareholder____

Folio/ CDC Account Number____

Email Address:____

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of Annual General Meeting.

____

Signature of the Member/ Shareholder

MILLAT TRACTORS LIMITED

اظہار رضامندی بابت ترسیل برق روی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2014/(1)/787 مورخہ 08 ستمبر، 2014 کے بموجب سہولت مہیا کی گئی ہے کہ کمپنی اپنی سالانہ بیلنس شیٹ اور نفع ونقصان کے گوشوارے محاسب وناظمہ کی مرتب کردہ اطلاعی معلومات (پڑتال شدہ مالیاتی حسابات) بشمول سالانہ اجلاس عام کی اطلاع اپنے شیئر ہولڈرز کو بذریعہ ای میل ارسال کرسکتی ہے۔ وہ تمام شیئر ہولڈرز جو کمپنی کی سالانہ رپورٹ بذریعہ ای میل حاصل کرنے کے خواہش مند ہیں ان سے التماس ہے کہ تکمیل شدہ رضامندی کے فارم کمپنی کے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو مہیا کریں۔

یاددہانی رہے کہ سالانہ رپورٹ کی بذریعہ ای میل وصولی اختیاری ہے لازمی نہیں ہے۔

اظہار رضامندی بابت ترسیل برق روی فارم

تاریخ: ____________________

شیئر رجسٹرار

میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ

کراچی	لاہور	اسلام آباد
سی ڈی سی ہاؤس، 99-بی، بلاک-بی، ایس۔ایم۔سی۔ایچ۔ایس،	میزانائن فلور، ساؤتھ ٹاور، ایل۔ایس۔ای پلازہ،	روم نمبر 410، 4th فلور، آئی۔ایس۔ای ٹاورز،
مین شاہراہ فیصل، کراچی	خیابانِ ایوانِ اقبال، لاہور	55-B، جناح ایوینیو، بلیو ایریا، اسلام آباد

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2014/(1)/787 مورخہ 08 ستمبر، 2014 کی تعمیل کرتے ہوئے میں مسمی / مسمات ____________________ ولدیت / زوجیت ____________________ ملت ٹریکٹرز لمیٹڈ کے پڑتال شدہ مالیاتی گوشوارے اور سالانہ اجلاس عام کی اطلاع بذریعہ ای میل مندرجہ ذیل ای میل پتے پر حاصل کرنا چاہتا / چاہتی ہوں

ممبر / شیئر ہولڈر کا نام ____________________

فولیو سی ڈی سی اکاؤنٹ نمبر ____________________

ای میل ایڈریس ____________________

ہر گاہ اقرار کیا جاتا ہے کہ مندرجہ بالا معلومات صحیح اور درست ہیں اور یہ کہ میں کمپنی اور اس کے شیئر رجسٹرار کو تحریری طور پر ای میل ایڈریس میں تبدیلی یا بذریعہ ای میل کمپنی کے پڑتال شدہ حسابات اور سالانہ اجلاس عام کی اطلاع کی وصولی یا منسوخی کے بارے میں مطلع کروں گا / گی۔

____

ممبر / شیئر ہولڈر کے دستخط

Proxy Form
60th Annual General Meeting

MILLAT TRACTORS LIMITED

Please quote your Folio No. as in the Register of Members

Folio No.________________

I/We,____, of ,_________________

____(Full Address), being the holder(s) of_________________

shares of Millat Tractors Limited, do hereby appoint ____

_________________of ____, another member of the Company or

failing him,____

____(Name)of____

____________________(Full Address), another member of the Company as my/our proxy to attend and vote for me/ us and on my/ our behalf at the 60th Annual General Meeting of the Company to be held at the Company's Registered office 9 K.M, Sheikhupura Road, Lahore on Thursday, October 26, 2023 at 12:30 P.M and at every adjournment thereof.

Signed this________________day of October, 2023

Signatures on Rupees Fifty Revenue Stamp

(Signature should agree with specimen signatures registered with the Company)

Important

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member(s) or by his /her attorney duly authorized in writing. If the member is a company, its company stamp should be affixed to the instrument.
3. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, 9 K.M, Sheikhupura Road, Lahore, not less than 48 hours before the time of holding of the meeting.

تشکیل نیابت داری

60واں سالانہ اجلاس عام

MILLAT TRACTORS LIMITED

میں / ہم ______________________________

ساکن ______________________________ ملت ٹریکٹرز لمیٹڈ

رکن وحاصل ______________ عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر ______________

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر ______________ اور ذیلی کھاتہ نمبر ______________

ساکن ______________ یا بصورت دیگر ______________ ساکن ______________

کو اپنی جگہ بروز جمعرات مورخہ 26 اکتوبر،2023ء وقت 12:30 بجے ،بمقام کمپنی کے رجسٹرڈ آفس :9-کلومیٹر شیخو پورہ روڈ شاہدرہ لاہور میں منعقد یا ملتوی ہونے والے سالانہ اجلاسِ عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط کیئے گئے مورخہ ______________ 2023ء

دستخط

براہ کرم پچاس روپے مالیت کے ریونیو ٹکٹ چسپاں کریں۔

(دستخط کمپنی میں درج نمونہ کے دستخط کے مطابق ہونے چاہئے)

نوٹس :

1. کمپنی کی سالانہ جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کا حق دار رکن اپنی بجائے دوسرے کو شرکت کرنے اور ووٹ دینے کا حق دے سکتا ہے۔جو کمپنی کا رکن نہیں ہے کوئی بھی شخص پراکسی کے طور پر کام نہیں کرے گا سوائے اس کے کہ ایک کارپوریشن کسی ایسے شخص کو مقرر کرے جو رکن نہیں ہے۔
2. پراکسی کا تقرر کرنے والے پراکسی پر رکن(ممبران) یا اس کے وکیل کی طرف سے تحریری طور پر مجاز ہونا چاہیے۔اگر ممبر ایک کارپوریشن ہے تو،اس کی عام مہر کو پراکسی پر چسپاں کیا جانا چاہیے۔
3. یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس9- کلو میٹر، شیخوپورہ روڈ،لاہور میں اجلاس کے انعقاد سے 48 گھنٹے پہلے وصول ہو جانی چاہیے۔

Instructions for using QR Code for downloading the Company's Annual Report for the year ended June 30, 2023.

QR Code MTL Annual Report-2023

For Android Users

1. Open Play Store and download QR Code reader.
2. Open "QR Code reader"
3. Scan the QR Code to access the Annual Report-2023.
   Or
4. Type link in your search bar : https://www.millat.com.pk/wp-content/uploads/2023/10/MTL-AR-2223.pdf

For IOS Users

1. Open the Camera application
2. Scan the QR Code
3. A Notification will appear on the top of the Screen, click it to access the Annual Report-2023.
   Or
4. Type link in your search bar : https://www.millat.com.pk/wp-content/uploads/2023/10/MTL-AR-2223.pdf

Scan QR Code
for AR-2023

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www.millat.com.pk
Registered Office:
9-km. Sheikhupura Road, Lahore - Pakistan
Tel: +92 42 37911021 - 25
UAN: 111 200 786