



MILLAT TRACTORS LIMITED



“Leading Pakistan’s Green Revolution Through Mechanization”

for the 3rd Quarter and
nine months ended March 31, **2024**

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Corporate Information

BOARD OF DIRECTORS

Chairman

Mr. Sikandar Mustafa Khan

Chief Executive

Mr. Raheel Asghar

Directors

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mr. Qaiser Saleem

Mr. Saad Iqbal

Mr. Nasar Us Samad Qureshi

Mr. Muhammad Javed Rashid

Mrs. Ambreen Waheed

Company Secretary

Mr. Muhammad Faisal Azeem

Chief Financial Officer

Mr. Sohail A. Nisar

Auditors

A.F. Ferguson & Co.

Chartered Accountants

Legal Advisors

Riaa Barker Gillete

Akhtar Ali & Associates

Ch. Law Associates Inn

Company Share Registrar

Karachi

CDC Share Registrar Services Limited.

CDC House, 99 - B, Block 'B',

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

Karachi-74400.

Tel: Customer Support Services (Toll Free)

0800-CDCPL (23275)

Fax: (92-21) 34326053

Email: info@cdcsrcsl.com

Website: www.cdcsrcsl.com

Lahore

Mezzanine Floor, South Tower, LSE Plaza,

Khayaban-E-Aiwan-E-Iqbal,

Lahore.

Tel: (92-42)- 36362061-66

Islamabad

Room # 410,

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

Blue Area,

Islamabad.

Tel. (92-51) 2895456-9

Bankers

Bank Alfalah Limited

Habib Bank Limited

MCB Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

Allied Bank Limited

Meezan Bank Limited

The Bank of Punjab

REGISTERED OFFICE AND PLANT

9 - km Sheikhupura Road, Distt. Sheikhupura,

Tel: 042-37911021-25

UAN: 111-200-786

Fax: 042-37924166, 37925835

Website: www.millat.com.pk

E-mail: info@millat.com.pk

REGIONAL OFFICES

Karachi

3-A, Faiyaz Centre, Sindhi Muslim

Co-operative Housing Society, Karachi.

Tel: 021-34553752

UAN: 111-200-786

Fax: 021-34556321

Islamabad

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

Tel: 051-2271470

UAN: 111-200-786

Fax: 051-2270693

Multan Cantt.

Garden Town, (Daulatabad), Shershah Road,

Multan Cantt.

Tel: 061-6537371

Fax: 061-6539271

Sukkur

House No B/106, Akuwat Nagar Society,

Near Gol Masjid, Airport Road, Sukkur.

Tel: 071-5815041

Fax: 071-5815042

Directors' Review

I am delighted to share the interim unaudited financial information of the Company for the nine months ended March 31, 2024 along with consolidated interim unaudited financial information of the Millat Group of Companies.

Pakistan's economic confidence has been boosted by effective policy management and renewed support from both multilateral and bilateral partners, alongside reaching a Staff-Level Agreement with the International Monetary Fund. The State Bank of Pakistan remains committed to maintaining a responsible monetary policy aimed at curbing inflation and ensuring transparency and flexibility in the foreign exchange market.

Accordingly, your Company has also been able to sell 23,510 tractors during the first three quarters of fiscal year 2023-24, as against 13,775 units sold during the corresponding period, last year. Resultantly, the overall sales volume increased by 71% as compared to the previous period. Export sales volumes have also surged by 50% compared to the previous period, indicating your Company's expanding presence beyond the local market. Sales increased to Rs. 69.580 billion from Rs. 30.297 billion, representing an increase of 130%. Earnings per share for the nine months ended March 31, 2024 remained at Rs. 40.98 in contrast with Rs. 11.09 (restated) for the corresponding period last year.

Growth projections for the fiscal year 2024 are modest, with the Asian Development Bank predicting a 1.9% growth rate. In the final quarter of fiscal year 2024, moderate headline inflation is anticipated due to favorable domestic and global factors. The agriculture sector is expected to drive growth, with a potential recovery in large-scale manufacturing. Efforts toward external and fiscal sustainability are aiding economic revival. However, sustaining this recovery necessitates continued fiscal consolidation, a prudent policy stance, and timely financial inflows to meet financing needs and ensure external sector stability.

The management maintains a positive outlook on the Company's prospects moving forward. Anticipated growth in demand for agricultural tractors and associated items is projected throughout the rest of the fiscal year, owing to increased construction activity following floods, aimed at rehabilitating domestic, agricultural, and commercial lands. Additionally, government initiatives such as the farmer package, which promote investment in farm mechanization and rehabilitation, are expected to further drive demand.

On behalf of the Board, I express gratitude and recognition for the tireless efforts of our employees, vendors, and all stakeholders in sustaining our operations.

For and on behalf of the Board



Sikandar Mustafa Khan

Chairman
April 25, 2024
Lahore

Unconsolidated Condensed Interim Financial Statements

MILLAT TRACTORS LIMITED

**For the 3rd quarter and nine months ended
March 31, 2024 (unaudited)**

Unconsolidated Condensed Interim Statement of Financial Position (Unaudited)

As at March 31, 2024

	Note	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
400,000,000 (June 30, 2023: 400,000,000) ordinary shares of Rs 10 each		4,000,000	4,000,000
Issued, subscribed and paid up capital		1,917,983	1,917,983
Reserves		5,547,977	5,799,669
		7,465,960	7,717,652
Non-current liabilities			
Long term finances - secured	8	745,346	1,016,918
Deferred grant		9,880	11,362
Lease liabilities against right-of-use assets		5,711	6,967
Long term deposits		15,433	14,633
Deferred tax liabilities - net		1,109,945	1,239,515
		1,886,315	2,289,395
Current liabilities			
Trade and other payables	9	13,168,061	4,328,370
Contract liabilities		392,443	2,836,809
Taxation - net		1,695,225	332,411
Short term borrowings - secured	10	6,478,104	7,353,261
Current portion of non-current liabilities		367,382	367,854
Unclaimed dividend		328,843	329,143
Unpaid dividend		41,936	10,620
Accumulating compensated absences		187,166	127,419
		22,659,160	15,685,887
CONTINGENCIES AND COMMITMENTS			
	11	32,011,435	25,692,934

The annexed notes 1 to 26 form an integral part of the unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	12	943,189	849,939
Right-of-use assets		8,222	12,857
Investment property		255,708	255,708
Intangible assets		28,572	31,440
Long term investments	13	5,908,547	6,479,728
Employees' defined benefit plan		267,097	289,876
Long term loans to employees		8,485	7,349
		7,419,820	7,926,897
Current assets			
Stores and spares		230,473	224,348
Stock-in-trade		15,081,030	9,803,885
Trade debts		265,800	245,821
Loans and advances		65,079	101,878
Trade deposits and short term prepayments		77,935	283,875
Balances with statutory authorities		6,251,735	5,982,200
Other receivables		376,840	117,305
Cash and bank balances	14	2,242,723	1,006,725
		24,591,615	17,766,037
		32,011,435	25,692,934



Chairman

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

For the nine months ended March 31, 2024

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2024	2023	2024	2023
(Rupees in thousand)					
Revenue from contracts with customers - net	15	69,580,129	30,297,344	24,886,331	16,922,190
Cost of sales		(53,463,104)	(24,988,127)	(19,245,656)	(14,003,399)
Gross profit		16,117,025	5,309,217	5,640,675	2,918,791
Distribution and marketing expenses		(1,587,068)	(850,782)	(631,895)	(361,949)
Administrative expenses		(863,412)	(523,779)	(327,639)	(185,048)
Other operating expenses		(1,391,580)	(656,435)	(743,437)	(453,644)
		(3,842,060)	(2,030,996)	(1,702,971)	(1,000,641)
Other income	16	995,562	369,543	304,510	54,315
Operating profit		13,270,527	3,647,764	4,242,214	1,972,465
Finance cost		(540,905)	(828,069)	(224,095)	(338,036)
Profit before taxation		12,729,622	2,819,695	4,018,119	1,634,429
Taxation		(4,869,577)	(692,696)	(1,404,811)	(354,586)
Profit after taxation for the period		7,860,045	2,126,999	2,613,308	1,279,843
Other comprehensive (loss) / income					
Items that may not be reclassified to profit or loss in subsequent periods:					
Unrealized (loss) / gain on revaluation of investments measured at fair value through other comprehensive income - net of taxation					
		(391,958)	296,470	(39,114)	(1,321)
Remeasurement loss on employees' defined benefit plan					
		(47,846)	-	-	-
Total comprehensive income for the period		7,420,241	2,423,469	2,574,194	1,278,522
		Restated		Restated	
Earnings per share - basic and diluted (Rupees)		40.98	11.09	13.63	6.67

The annexed notes 1 to 26 form an integral part of the unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Unconsolidated Condensed Interim Statement of Changes in Equity (unaudited)

For the nine months ended March 31, 2024

	Issued, subscribed and paid up capital	Capital reserves Fair value reserves	Revenue reserves		Total
			General reserves	Unappropriated profit	
(Rupees in thousand)					
Balance as on July 1, 2022	968,679	1,612,902	2,278,935	2,162,241	7,022,757
(un-audited) - Restated					
Final dividend for the year ended					
June 30, 2022 @ Rs. 20 per share	-	-	-	(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)
Interim bonus shares issued for the year ended					
June 30, 2023 @ 10% per share	116,241	-	-	(116,241)	-
Total comprehensive income					
for the nine months ended March 31, 2023	-	296,470	-	2,126,999	2,423,469
Balance as on March 31, 2023	1,278,656	1,909,372	2,278,935	879,493	6,346,456
(un-audited)					
Balance as on July 1, 2023 (un-audited)	1,917,983	1,902,905	2,278,935	1,617,829	7,717,652
Final dividend for the year ended					
June 30, 2023 @ Rs. 15 per share	-	-	-	(2,876,975)	(2,876,975)
Interim dividend for the year ended					
June 30, 2024 @ Rs. 25/- per share	-	-	-	(4,794,958)	(4,794,958)
Total comprehensive income					
for the nine months ended March 31, 2023	-	(391,958)	-	7,812,199	7,420,241
Balance as on March 31, 2024					
(un-audited)	1,917,983	1,510,947	2,278,935	1,758,095	7,465,960

The annexed notes 1 to 26 form an integral part of the unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Unconsolidated Condensed Interim Statement of Cash Flows (unaudited)

For the nine months ended March 31, 2024

	Note	Nine months ended March 31,	
		2024 (Rupees in thousand)	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		12,729,622	2,819,695
Adjustment for:			
Depreciation on property, plant and equipment	12	84,921	70,934
Amortization of intangible assets		2,868	-
Depreciation on right of use assets		4,636	-
Gain on redemption of short term investments		(29,941)	-
Provision for / (reversal of) employee benefits		42,120	(1,146)
Finance cost		540,905	828,069
Property, plant and equipment written off		3,062	-
Gain on disposal of property, plant and equipment		(48)	-
Provision for Workers' Profit Participation Fund		1,004,962	388,021
Provision for Workers' Welfare Fund		381,886	147,448
Profit on bank deposits	16	(177,040)	(45,026)
Dividend income	16	(541,785)	(244,420)
		1,316,546	1,143,880
Cash flow from operating activities before working capital changes		14,046,168	3,963,575
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(6,125)	(6,777)
Stock in trade		(5,277,145)	(3,338,502)
Trade debts		(19,979)	108,231
Loans and advances		36,799	(147,943)
Trade deposits and short term prepayments		205,940	8,247
Balance with statutory authorities		(269,535)	(247,992)
Other receivables		(258,490)	(27,162)
		(5,588,535)	(3,651,898)
Increase / (decrease) in current liabilities:			
Trade and other payables		7,934,801	2,080,886
Contract liabilities		(2,444,366)	(4,020,003)
Cash flows generated from / (used in) operations		13,948,068	(1,627,440)
Income tax paid		(3,457,110)	(1,088,240)
Increase in long term loans to employees		(1,136)	(5,611)
Long term security deposits paid		800	800
Employee benefits paid		(5,152)	(6,271)
Worker's Welfare Fund paid		(102,756)	-
Finance cost paid		(846,057)	(827,221)
		(4,411,411)	(1,926,543)
Net cash generated from / (used in) operating activities		9,536,657	(3,553,983)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(206,740)	(141,605)
Long term investments made		-	(1,867,130)
Short term investments made		(3,000,000)	-
Short term investments redeemed		3,029,941	-
Proceeds from sale of property, plant and equipment		24,335	26,050
Dividend received		541,785	244,420
Profit on bank deposits		175,995	45,026
Net cash generated from / (used in) investing activities		565,316	(1,693,239)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(7,640,917)	(3,071,752)
Principal payment against lease liabilities		(3,601)	(4,511)
Long term financing (repaid) / received		(273,539)	1,339,106
Net cash used in financing activities		(7,918,057)	(1,737,157)
Net increase / (decrease) in cash and cash equivalents		2,183,916	(6,984,379)
Cash and cash equivalents at the beginning of the period		(6,346,536)	1,505,688
Effect of exchange rate changes on cash and cash equivalents		(72,761)	119,066
Cash and cash equivalents at the end of the period	18	(4,235,381)	(5,359,625)

The annexed notes 1 to 26 form an integral part of the unconsolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

1 The Company and its Activities

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

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

2 Statement of Compliance

These unconsolidated condensed interim financial statements of the Company for the nine months ended March 31, 2024 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable for interim financial reporting comprise of:

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

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

These are the unconsolidated separate financial statements of the Company; consolidated financial statements have been presented separately.

3 Basis of Preparation

3.1 The comparative unconsolidated condensed interim statement of financial position presented in these unconsolidated condensed interim financial statements has been extracted from the unconsolidated annual audited financial statements of the Company for the year ended June 30, 2023, whereas comparative unconsolidated condensed interim statement of profit or loss and comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows have been extracted from the unconsolidated condensed interim financial statements for the nine months ended March 31, 2023.

3.2 These unconsolidated condensed interim financial statements do not include all information and disclosures required in the unconsolidated annual audited financial statements and therefore should be read in conjunction with the unconsolidated annual audited financial statements for the year ended June 30, 2023.

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

Notes to the Unconsolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

4 Basis of Measurement

These financial statements have been prepared under the historical cost convention except certain financial instruments, government grant and plan assets of defined benefit plan which have been measured at fair value. In addition, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

5 Functional and Presentation Currency

The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

6 Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of this unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended June 30, 2023, except for the estimation of income tax (see note 6.3) and adoption of new and amended standards as set out in note 6.1.

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

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

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2024, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

6.3 Taxation

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

7 Critical Accounting Estimates and Judgments

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 30 June 2023, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 6.3.

Notes to the Unconsolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

	Note	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
8	Long Term Finances - Secured		
	Long-term loan	1,107,448	1,377,687
	Current portion shown under current liabilities	(362,102)	(360,769)
	8.1	745,346	1,016,918
8.1	The reconciliation of the carrying amount is as follows:		
	Opening balance	1,377,687	124,296
	Loan received during the period / year	-	1,427,606
	Repayments during the period / year	(273,539)	(177,527)
	Unwinding of discount on liability	3,300	3,312
	8.2 and 8.3	1,107,448	1,377,687
	Less: Current portion shown under current liabilities	(362,102)	(360,769)
	Closing balance	745,346	1,016,918

8.2 This includes amount of loan against facility of Rs.100,000 thousand (June 30, 2023: 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 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 (June 30, 2023: 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 period end is Rs. 36,743 thousand (June 30, 2023: Rs. 39,306 thousand). This facility is secured by specific and exclusive charge on the purchased machinery and ranking charge over current assets of the Company.

8.3 This represents amount of loan against facility of Rs. 1,500,000 thousand (June 30, 2023: Rs. 1,500,000 thousand) to maintain the Company's ownership stake of 15.86% in Hyundai Nishat Motors (Private) Limited. The loan is repayable in 16 equal quarterly installments commencing from April 1, 2023 and carries markup at the rate of base rate plus 0.4% per annum, 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 period end is Rs. 1,070,705 thousand (June 30, 2023: Rs. 1,338,381 thousand). This facility is secured by first exclusive mortgage charge over land of the factory situated at 9 KM, Sheikhpura Road, Lahore, amounting to Rs. 2,000,000 thousand (including 25% margin).

Notes to the Unconsolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
9 Trade and Other Payables		
Trade creditors	8,421,870	2,602,123
Bills payable	193,768	183,045
Accrued liabilities	294,601	186,103
Trademark fee payable	623,964	538,791
Workers' Profit Participation Fund	1,004,962	-
Workers' Welfare Fund	363,479	84,349
Security deposits	1,713,436	24,626
Accrued markup on long-term finances	61,557	74,240
Accrued markup on running finance	158,242	452,000
Payable against sale tax withheld	108,700	56,294
Others	223,482	126,799
	13,168,061	4,328,370

10 Short Term Borrowings - Secured

The effective rate of mark-up on short-term running finance facility is KIBOR + 0.04% (June 30, 2023: KIBOR + 0.04% to KIBOR + 0.25%) per annum. The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The total limit of short term running financing facilities available from banks aggregates to Rs. 13,250,000 thousand (June 30, 2023: Rs. 11,200,000 thousand) out of which an amount of Rs. 2,500,000 thousand (June 30, 2023: Rs. 2,500,000 thousand) has been obtained under Islamic mode of financing. These facilities are secured by pari passu hypothecation charge and ranking charge over current and future assets and book debts of the Company.

11 Contingencies and Commitments

11.1 There is no significant change in contingencies from the preceding annual audited financial statements of the Company for the year ended June 30, 2023, except for the following:

a) The company has lodged sales tax refund claims for the tax periods July, 2021, September, 2021, November, 2021, December, 2021, and February, 2022, amounting to Rs. 3,806,856 thousand under SRO 363(I)/2012, which did not contain any provision relating to pre-refund audit and did not lay down any condition for availing benefit of the reduced rate of 5% on sale of tractors. The Deputy Commissioner Inland Revenue issued refund processing orders (RPOs) amounting to Rs. 77,945 thousand for the above tax periods and deferred the remaining amount of Rs. 3,728,911 thousand on the basis that the reduced rate of 5% was only available to supplies made to persons involved in agricultural activities. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the RPOs and is also contesting the legality of these RPOs in the Lahore High Court. 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.

11.2 Commitments in respect of outstanding letters of credit and contracts other than for capital expenditure, are Rs. 2,753,548 thousand (June 30, 2023: Rs 2,419,270 thousand).

Notes to the Unconsolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

	Note	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
12	Property, Plant and Equipment		
	Operating fixed assets	892,397	827,326
	Capital work in progress	50,792	22,613
		943,189	849,939
12.1	Operating fixed assets		
	Opening book value	827,326	775,150
	Add: Additions during the period / year	12.1.1 178,561	181,513
		1,005,887	956,663
	Less:		
	Deletions during the period / year - at net book value	(27,349)	(29,903)
	Adjustments made during the period / year	(1,220)	(2,468)
	Depreciation charge for the period / year	(84,921)	(96,966)
		(113,490)	(129,337)
	Closing book value	892,397	827,326
12.1.1	Additions during the period		
	- Buildings on freehold land	-	7,111
	- Plant and machinery	8,207	14,663
	- Tools and equipment	11,263	1,928
	- Furniture, fixture and office equipment	4,802	7,464
	- Vehicles	145,914	145,632
	- Computers	8,375	4,715
		178,561	181,513
12.2	Capital work in progress		
	Plant and machinery	50,792	22,613
		50,792	22,613

Notes to the Unconsolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

	Note	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
13	Long Term Investments		
	Investments in related parties:		
	In subsidiary undertakings - At cost		
	- Millat Industrial Products Limited - unquoted	57,375	57,375
	- Tipeg Intertrade DMCC - unquoted	40,020	40,020
	- Bolan Castings Limited - quoted	76,610	76,610
	- Millat Equipment Limited - unquoted	117,000	117,000
		291,005	291,005
	Other investment - At fair value through other comprehensive income		
	- Arabian Sea Country Club Limited - unquoted	-	-
	- Hyundai Nishat Motors (Pvt.) Limited - unquoted		
	Cost	3,103,029	3,103,029
	Surplus on fair valuation of investment	2,302,447	3,000,628
		5,405,476	6,103,657
		5,696,481	6,394,662
	Investments other than related parties		
	At fair value through other comprehensive income		
	Baluchistan Wheels Limited - quoted		
	Cost	12,145	12,145
	Surplus on revaluation of investment	199,521	72,521
		211,666	84,666
	TCC Management Services (Private) Limited - unquoted		
	Cost	400	400
		5,908,547	6,479,728
14	Cash and Bank Balances		
	In hand		
	- Cash	4,079	16,329
	- Cheques	151,008	30,231
		155,087	46,560
	Cash at bank	1,736,257	459,043
	- Current accounts	351,379	501,122
	- Deposits accounts	2,242,723	1,006,725

Notes to the Unconsolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

		(Un-audited) March 31, 2024 (Rupees in thousand)	(Un-audited) March 31, 2023
15	Revenue From Contracts with Customers		
	Disaggregation of revenue		
	Timing of revenue recognition		
	Local:		
	Tractors	64,802,568	26,685,530
	Implements	165,818	103,150
	Multi-application products	371,910	331,340
	Trading goods	1,291,506	1,087,779
	IFS services	6,917	6,624
		66,638,719	28,214,423
	Export:		
	Tractors	3,841,668	2,354,311
	Implements	-	3,023
	Trading goods	95,220	51,851
	IFS services	6,105	16,398
		3,942,993	2,425,583
	Less: Commission	(1,001,583)	(342,662)
		69,580,129	30,297,344
16	Other Income		
	Income from financial assets		
	Dividend income on long-term investments	494,320	244,420
	Dividend income on mutual funds	47,465	-
	Gain on disposal of short-term investments	29,941	-
	Mark-up on bank deposits	177,040	45,026
	Mark-up on early payments	90,400	34,802
		839,166	324,248
	Income from assets other than financial assets	156,396	45,295
		995,562	369,543

17 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:

Notes to the Unconsolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

		(Un-audited) March 31, 2024 (Rupees in thousand)	(Un-audited) March 31, 2023
Relation with undertaking	Nature of transaction		
Subsidiaries	Purchase of components	12,200,200	5,662,543
	Sale of goods and services	304,434	811,812
	Dividend income	480,851	232,875
Associates	Purchase of fixed assets	16,899	416,914
	Sale of goods and services	660	6,625
	Dividend income	13,469	11,545
Employees' defined benefit plan	Contribution to employees' defined benefit plan	42,120	(1,146)
Defined contribution plans	Contribution to defined contribution plan	1,036	86
Provident Fund	Amount contributed	23,937	17,308
Key management personnel	Remuneration	219,069	165,298
	Dividend paid - net	973,362	144,636
	Disposal of assets to key management personnel	1,722	20,346

		(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
The outstanding balances of such parties are as under:			
Subsidiaries	Payable to related parties	1,333,285	631,959
	Advance against sale	5,833	19,013
	Receivable from related parties	85	20,301
Associates	Receivable from related parties	2,455	11,899

		(Un-audited) March 31, 2024 (Rupees in thousand)	(Un-audited) March 31, 2023
18	Cash and Cash Equivalents		
	Cash and bank balances	2,242,723	685,374
	Short term borrowings	(6,478,104)	(6,044,999)
		(4,235,381)	(5,359,625)

Notes to the Unconsolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

19 Operating Segments

- 19.1** These financial statements have been prepared on the basis of a single reportable segment.
- 19.2** Revenue from sale of tractors represents 99% (March 31, 2023: 96%) of the net sales of the Company.
- 19.3** 94% (March 31, 2023: 92%) sales of the Company relate to customers in Pakistan.
- 19.4** All non-current assets of the Company as at March 31, 2024 and June 30, 2023 are located in Pakistan.

20 Fair Value of Financial Assets and Liabilities

- 20.1** Fair value of financial assets measured at fair value through other comprehensive income is derived from quoted market prices in active markets, if available.
- 20.2** The carrying values of other financial assets and financial liabilities reflected in these unconsolidated condensed interim financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at end of each reporting period.
- 20.3** Long term investment in the unquoted shares of Hyundai Nishat Motors (Private) Limited (HNMPL) are currently classified as a Level 3 financial asset and measured at fair value on the reporting dates. Due to change in underlying factors, there has been an unrealized loss of Rs. 698,181 thousand recognised during the period.

21 Financial Risk Management

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

22 Earnings Per Share

During the year ended June 30, 2023, final bonus shares were issued at 20% per share for the year ended June 30, 2022 and then further interim bonus shares were issued at 10% per share and 50% per share. The prior period earning per share has been restated as per requirements of the applicable financial reporting framework to account for the effect of the issue of 94,930,400 bonus shares of Rs. 10 each.

23 Events After The Reporting Date

The Board of Directors has declared Rs. Nil cash dividend (June 30, 2023: Rs. 15 per share) and Nil bonus shares (June 30, 2023: Nil) in their meeting held on April 25, 2024.

24 Corresponding Figures

There have been no significant re-classifications in these unconsolidated condensed interim financial statements.

Notes to the Unconsolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

25 Date of Authorisation For Issue

These unconsolidated condensed interim financial statements were authorized for issue on April 25, 2024 by the Board of Directors of the company.

26 General

26.1 Provisions in respect of Worker's Welfare Fund, Worker's Profit Participation Fund, Employees' defined benefit plan, accumulating compensated absences and taxation are estimated and these are subject to final adjustment in the unconsolidated annual audited financial statements.

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



Chief Financial Officer



Chief Executive Officer



Chairman

Consolidated Condensed Interim Financial Statements

MILLAT TRACTORS LIMITED

**For the 3rd quarter and nine months ended
March 31, 2024 (unaudited)**

Consolidated Condensed Interim Statement of Financial Position (Unaudited)

As at March 31, 2024

	Note	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
400,000,000 (June 30, 2023: 400,000,000) ordinary shares of Rs. 10/- each		4,000,000	4,000,000
Issued, subscribed and paid up capital		1,917,983	1,917,983
Reserves		6,460,111	6,684,246
Attributable to owners of the Holding Company		8,378,094	8,602,229
Non-controlling interests		1,345,915	1,126,518
Total equity		9,724,009	9,728,747
Non-current liabilities			
Long term finances - secured	7	845,599	1,044,655
Deferred grant		12,045	13,300
Lease liabilities against right-of-use assets		5,711	6,967
Employees' defined benefit plan		22,436	26,981
Long term deposits		40,735	34,406
Deferred tax liabilities - net		1,006,703	1,163,558
		1,933,229	2,289,867
Current liabilities			
Trade and other payables	8	14,248,185	4,917,119
Contract liabilities		409,649	2,850,865
Taxation - net		1,690,852	378,161
Short term borrowings - secured	9	7,908,258	8,643,357
Current portion of non-current liabilities		436,545	377,544
Unclaimed dividend		348,976	354,971
Unpaid dividend		88,350	52,499
Accumulating compensated absences		250,457	171,903
		25,381,272	17,746,419
CONTINGENCIES AND COMMITMENTS			
	10	37,038,510	29,765,033

The annexed notes 1 to 24 form an integral part of the consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,950,778	1,917,490
Right-of-use assets		8,222	12,857
Intangible assets		30,477	36,145
Goodwill		18,572	18,572
Investment property		294,569	255,708
Long term investments	12	5,664,980	6,207,698
Long term loans and advances		9,269	8,375
Long term deposits		13,440	12,527
Employees' defined benefit plan		281,983	310,475
		8,272,290	8,779,847
Current assets			
Stores and spares		786,403	684,460
Stock in trade		16,964,461	11,593,666
Trade debts		1,308,648	651,205
Loans and advances		510,988	197,343
Trade deposits and short term prepayments		95,419	305,145
Balances with statutory authorities		6,251,735	6,104,232
Other receivables		378,270	92,910
Tax refunds due from the Government		-	69,942
Short term investments		3,856	3,856
Cash and bank balances	13	2,466,440	1,282,427
		28,766,220	20,985,186
		37,038,510	29,765,033



Chairman

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

For the nine months ended March 31, 2024

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2024	2023	2024	2023
(Rupees in thousand)					
Revenue from contracts with customers - net	14	71,575,907	31,907,828	25,308,487	17,386,431
Cost of sales		(52,926,646)	(25,501,794)	(18,636,382)	(13,785,934)
Gross profit		18,649,261	6,406,034	6,672,105	3,600,497
Distribution and marketing expenses		(1,724,532)	(954,862)	(685,486)	(398,240)
Administrative expenses		(1,374,443)	(820,900)	(518,886)	(293,753)
Other operating expenses		(1,536,061)	(698,932)	(795,373)	(487,206)
		(4,635,036)	(2,474,694)	(1,999,745)	(1,179,199)
Other income	15	681,490	258,656	132,311	94,314
Operating profit		14,695,715	4,189,996	4,804,671	2,515,612
Finance cost		(774,503)	(1,038,447)	(299,364)	(424,225)
Profit before taxation		13,921,212	3,151,549	4,505,307	2,091,387
Taxation		(5,464,002)	(878,280)	(1,687,568)	(491,764)
Profit after tax for the period		8,457,210	2,273,269	2,817,739	1,599,623
Other comprehensive income / (loss):					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		95,167	12,725	(17,492)	(34,035)
Unrealized (loss) / gain on revaluation of investments measured at fair value through other comprehensive income		(363,495)	294,687	(47,879)	(1,618)
Remeasurements of employee benefits		(52,384)	-	-	-
		(320,712)	307,412	(65,371)	(35,653)
Total comprehensive income for the period		8,136,498	2,580,681	2,752,368	1,563,970
Attributable to:					
- Equity holders of the Holding Company					
Profit after tax		7,805,157	2,112,744	2,590,089	1,453,769
Other comprehensive (loss) / income for the period		(357,361)	305,189	(56,287)	(26,985)
		7,447,796	2,417,933	2,533,802	1,426,784
- Non-controlling interests					
Profit after tax		652,053	160,525	227,650	145,854
Other comprehensive income / (loss) for the period		36,649	2,223	(9,084)	(8,668)
		688,702	162,748	218,566	137,186
		8,136,498	2,580,681	2,752,368	1,563,970
		restated		restated	
Earnings per share - basic and diluted (Rupees)		44.09	11.85	14.69	8.34

The annexed notes 1 to 24 form an integral part of the consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Consolidated Condensed Interim Statement of Changes in Equity (unaudited)

For the nine months ended March 31, 2024

	Issued, subscribed and paid up capital	Revenue reserves			Capital reserves		Non-controlling interests	Total
		General reserves	Other reserves	Unappropriated profit	Exchange translation reserve	Fair value reserve		
(Rupees in thousand)								
Balance as on July 01, 2022 - restated	968,679	2,475,309	-	2,758,174	76,325	1,658,587	1,084,666	9,021,740
Bonus shares issued for the year ended								
June 30, 2022 @ 20% per share	193,736	-	-	(193,736)	-	-	-	-
Final dividend for the year ended								
June 30, 2022 @ Rs. 20 per share	-	-	-	(1,937,356)	-	-	-	(1,937,356)
Dividend payment to NCI	-	-	-	-	-	-	(229,805)	(229,805)
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)	-	-	-	-
Total comprehensive income								
for the nine months ended March 31, 2023	-	-	-	2,112,744	10,502	294,687	162,748	2,580,681
Balance as on 31 March 2023	1,278,656	2,475,309	-	1,461,171	86,827	1,953,274	1,017,609	8,272,846
Balance as on 01 July 2023 (audited)	1,917,983	2,475,309	208,929	1,951,614	101,134	1,947,260	1,126,518	9,728,747
Final dividend for the year ended								
June 30, 2023 @ Rs. 15 per share	-	-	-	(2,876,973)	-	-	-	(2,876,973)
Dividend payment to NCI	-	-	-	-	-	-	(469,305)	(469,305)
Interim dividend for the year ended								
June 30, 2024 @ Rs. 25/- per share	-	-	-	(4,794,958)	-	-	-	(4,794,958)
Net profit for the period	-	-	-	7,805,157	-	-	652,053	8,457,210
Other comprehensive (loss) / income for the period	-	-	-	(49,945)	71,375	(378,791)	36,649	(320,712)
Total comprehensive income for the period	-	-	-	7,755,212	71,375	(378,791)	688,702	8,136,498
Balance as on 31 March 2024	1,917,983	2,475,309	208,929	2,034,895	172,509	1,568,469	1,345,915	9,724,009

The annexed notes 1 to 24 form an integral part of the consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Consolidated Condensed Interim Statement of Cash Flows (unaudited)

For the nine months ended March 31, 2024

Nine months ended
March 31,

	Note	2024		2023	
		(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		13,921,212		3,151,549	
Adjustment for:					
Depreciation on property, plant and equipment	11	190,227		163,738	
Depreciation on right of use asset		4,636		-	
Amortization of intangible assets		5,668		5,610	
Gain on disposal of property, plant and equipment		(48)		-	
Gain on disposal of short term investments		(29,941)		-	
Provision for / (reversal of) employee benefits		60,660		(3,534)	
Finance cost		774,503		1,038,447	
Property, plant and equipment written off		3,062		-	
Profit on bank deposits		(199,744)		(61,577)	
Provision for Workers Profit Participation Fund		1,100,411		-	
Provision for Workers Welfare Fund		430,463		-	
Dividend income		(60,934)		(11,545)	
		2,278,963		1,131,139	
Cash flow from operating activities before working capital changes		16,200,175		4,282,688	
Effect on cash flow due to working capital changes					
(Increase) / decrease in current assets:					
Stores and spares		(101,943)		(64,513)	
Stock in trade		(5,370,795)		(3,426,736)	
Trade debts		(657,443)		(528,249)	
Loans and advances		(313,645)		(22,932)	
Trade deposits and prepayments		209,726		(80,053)	
Balance with statutory authorities		(147,503)		(162,478)	
Other receivables		(286,405)		(48,346)	
		(6,668,008)		(4,333,307)	
Increase / (decrease) in current liabilities:					
Trade and other payables		8,226,807		3,128,632	
Contract liabilities		(2,441,216)		(4,034,384)	
Cash flow generated from / (used in) operations		15,317,758		(956,371)	
Income tax paid		(4,059,001)		(1,355,281)	
Increase in long term loans		(894)		(5,840)	
Increase in long term security deposits		3,955		1,249	
Workers Profit Participation Fund - net		8,984		-	
Workers Welfare Fund paid - net		(131,941)		-	
Employee benefits paid		(44,126)		-	
Finance cost paid		(1,079,167)		(1,080,062)	
		(5,302,190)		(2,439,934)	
Net cash generated from / (used in) operating activities		10,015,568		(3,396,305)	
Cash flows from investing activities					
Purchase of property, plant and equipment		(296,628)		(219,085)	
Proceeds from disposal of property, plant and equipment		70,099		30,574	
Purchase of intangible assets		-		768	
Short term investments made		(3,000,000)		173,856	
Short term investments redeemed		3,029,941		-	
Long term investment made - net		-		(1,792,570)	
Dividend received		60,934		11,545	
Profit on bank deposits		198,699		61,577	
Net cash generated from / (used in) investing activities		63,045		(1,733,335)	
Cash flows from financing activities					
Dividend paid to equity holders		(7,642,075)		(3,031,123)	
Dividend paid to non-controlling interests		(469,305)		(229,805)	
Principal payment against lease liabilities		(3,508)		(4,511)	
Long term financing received		165,000		-	
Long term financing paid		(304,862)		1,264,411	
Net cash used in financing activities		(8,254,750)		(2,001,028)	
Net increase / (decrease) in cash and cash equivalents		1,823,863		(7,130,668)	
Cash and cash equivalents at the beginning of the period		(7,357,074)		160,237	
Foreign exchange difference		91,393		12,725	
Cash and cash equivalents at the end of the period	16	(5,441,818)		(6,957,708)	

The annexed notes 1 to 24 form an integral part of the consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

Notes to the Consolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

1. The Group and Its Activities

1.1 Holding Company:

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

1.2 Subsidiary Companies:

Millat Industrial Products Limited (MIPL), an unlisted public company registered under the Companies Act 2017 (repealed Companies Ordinance, 1984), is a subsidiary of Millat Tractors Limited which holds 64.09% equity. MIPL is engaged in the business of manufacturing of industrial, domestic and vehicular batteries, cells and components. The registered office of MIPL is situated at 8.8 km, Lahore-Sheikhpura Road, Shahdara, Lahore while the manufacturing facility of MIPL is located at 49 km., off Multan Road, Bhai Pheru, Distt. Kasur.

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

Millat Equipment Limited (MEL), an unlisted public company registered under the Companies Act 2017 (repealed Companies Ordinance, 1984), is a subsidiary of Millat Tractors Limited which holds 45% equity. MEL is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles parts and components thereof. The registered office of MEL is situated at Sheikhpura Road, Lahore and the manufacturing facility of is situated at 10 km Raiwind Road, Lahore.

Bolan Castings Limited (BCL), a public limited company incorporated in Pakistan under the Companies Act 2017 (repealed Companies Ordinance, 1984), and is listed on Pakistan Stock Exchange, is a subsidiary of Millat Tractors Limited which holds 46.26% equity. BCL is engaged in the business of manufacturing of castings for tractors and automotive parts thereof. The geographical location and address of BCL's business unit, including plant is RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan.

2 Basis of Preparation

2.1 Statement of compliance

These consolidated condensed interim financial statements of the Group for the nine months ended March 31, 2024 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable for interim financial reporting comprise of:

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

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

Notes to the Consolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

2.2 These consolidated condensed interim financial statements are un-audited and do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2023.

2.3 The comparative consolidated condensed interim statement of financial position presented in these consolidated condensed interim financial statements has been extracted from the consolidated annual audited financial statements of the Group for the year ended June 30, 2023, whereas comparative consolidated condensed interim statement of profit or loss and comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been extracted from the consolidated condensed interim financial statements for the nine months ended March 31, 2023.

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

3 Basis of Measurement

These financial statements have been prepared under the historical cost convention except certain financial instruments, government grant and plan assets of defined benefit plan which have been measured at fair value. In addition, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

4 Functional and Presentation Currency

The financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

5 Significant Accounting Policies

5.1 The accounting policies and methods of computation adopted in the preparation of this consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Group for the year ended June 30, 2023, except for the adoption of new and amended standards as set out in note 5.2.

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

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

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 1, 2024, but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

6 Critical Accounting Estimates and Judgments

The preparation of consolidated condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2023.

Notes to the Consolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

	Note	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
7	Long Term Finances - Secured		
	Long-term loan	1,275,998	1,411,910
	Current portion shown under current liabilities	(430,399)	(367,255)
		7.1	845,599
			1,044,655
7.1	The reconciliation of the carrying amount is as follows:		
	Opening balance	1,411,910	231,603
	Loan received during the period / year	7.3	165,000
	Repayments during the year	(304,862)	(255,042)
	Unwinding of discount on liability	3,950	7,743
		7.3, 7.4 and 7.5	1,275,998
			1,411,910
	Less: Current portion shown under current liabilities	(430,399)	(367,255)
	Closing balance	845,599	1,044,655

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

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

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

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

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

Notes to the Consolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

7.5 This represents amount of loan against facility of Rs. 1,500,000 thousand (June 30, 2023: Rs. 1,500,000 thousand) to maintain the Group's ownership stake of 15.86% in Hyundai Nishat Motors (Private) Limited. The loan is repayable in 16 equal quarterly installments commencing from April 1, 2023 and carries markup at the rate of base rate plus 0.4% per annum, which is payable quarterly. Base rate is defined as the 'average of 3-month offer rate of KIBOR'. The base rate will be set for the first time at the date of initial disbursement and subsequently 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 period end is Rs. 1,070,705 thousand (June 30, 2023: Rs. 1,338,381 thousand). This facility is secured by first exclusive mortgage charge over land of the factory situated at 9 KM, Sheikhpura Road, Lahore, amounting to Rs. 2,000,000 thousand (including 25% margin), pertaining to the Holding Company.

	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
8 Trade and Other Payables		
Trade creditors	9,026,760	2,989,367
Bills payable	193,768	183,045
Accrued liabilities	435,766	258,085
Trademark fee payable	623,964	538,791
Workers' Profit Participation Fund	1,109,395	-
Workers' Welfare Fund	408,163	109,641
Security deposits	1,714,836	26,026
Accrued mark-up	289,584	595,537
Others	445,949	216,627
	14,248,185	4,917,119

9 Short Term Borrowings - Secured

9.1 These include running finance facilities which have been obtained by the Group from various financial institutions for meeting working capital requirements of the Group, under mark-up arrangements with aggregate sanctioned limit of Rs. 14,750 million (June 30, 2023: Rs. 13,509 million). The aggregate short term running finance facilities are secured by way of pari passu hypothecation charge over current assets and plant and machinery of the Group.

9.2 These also include other facilities for opening letters of credit and guarantees as at March 31, 2024 amounted to Rs. 350 million and Rs. 3.86 million (June 30, 2023: Rs. 900 million and Rs. 3.86 million) respectively out of which the amount unutilized as at March 31, 2024 was Rs. 291.04 million and Rs. 83 million (June 30, 2023: Rs. 344.91 million and Rs. Nil) respectively.

9.4 The Group has also obtained finance under Istisna cum Wakala arrangement from Dubai Islamic Bank Pakistan Limited amounting to Rs. 75 million (June 30, 2023: Rs. 75 million) and Istisna / Musawammah arrangements from Meezan Bank Limited amounting to Rs.100 million (June 30, 2023: Rs. 100 million) . The profit rate on these facilities are 6 months KIBOR plus 2% (June 30, 2023: 6 months KIBOR plus 2%) and 6 months KIBOR plus 1% (June 30, 2023: 6 months KIBOR plus 1%) per annum respectively. They are secured by way of hypothecation charge over fixed assets and current assets of the BCL amounting to Rs. 333.33 million and hypothecation charge over all customer's present and future stocks and book debts with 25% margin respectively. Amount utilized as at March 31, 2024 is Rs. 75 million (June 30, 2023: Rs. 75 million) and Rs. Nil million (June 30, 2023: Rs. 73.64 million) respectively.

Notes to the Consolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

10 Contingencies and Commitments

10.1 There is no significant change in contingencies from the preceding annual audited financial statements of the Group for the year ended June 30, 2023, except for the following:

a) The Holding Company has lodged sales tax refund claims for the tax periods July, 2021, September, 2021, November, 2021, December, 2021, and February, 2022, amounting to Rs. 3,806,856 thousand under SRO 363(I)/2012, which did not contain any provision relating to pre-refund audit and did not lay down any condition for availing benefit of the reduced rate of 5% on sale of tractors. The Deputy Commissioner Inland Revenue issued refund processing orders (RPOs) amounting to Rs. 77,945 thousand for the above tax periods and deferred the remaining amount of Rs. 3,728,911 thousand on the basis that the reduced rate of 5% was only available to supplies made to persons involved in agricultural activities. The Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the RPOs and is also contesting the legality of these RPOs in the Lahore High Court. The management, in consultation with the tax advisor, is confident that the matter will eventually be decided in favor of the Holding Company; therefore, no provision has been made in these financial statements.

10.2 Commitments in respect of outstanding letters of credit are Rs. 2,705,066 thousand (June 30, 2023: Rs 2,660,366 thousand).

	Note	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
11 Operating Fixed Assets			
Operating fixed assets	11.1	1,899,063	1,890,312
Capital work in progress	11.2	51,715	27,178
		1,950,778	1,917,490
11.1 Operating fixed assets			
Opening book value		1,890,312	1,790,846
Add: Additions during the period / year	11.1.1	272,091	355,434
		2,162,403	2,146,280
Less:			
Disposals / write offs during the period / year (at book value)		(73,113)	(31,031)
Depreciation charged during the period/ year		(190,227)	(224,937)
		(263,340)	(255,968)
Closing book value		1,899,063	1,890,312
11.1.1 Additions during the period / year			
- Buildings on freehold land		2,412	13,063
- Plant and machinery		31,608	59,241
- Tools and equipments		17,046	38,672
- Furniture, fixture and office equipment		8,257	12,906
- Vehicles		203,893	226,607
- Computers		8,875	4,945
		272,091	355,434

Notes to the Consolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

	(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
11.2 Capital work in progress		
Plant and machinery	51,715	22,613
Advance for factory building improvements	-	4,565
	<u>51,715</u>	<u>27,178</u>
12 Long Term Investments		
Investment - At fair value through other comprehensive income		
- Arabian Sea Country Club Limited - unquoted	-	-
- Hyundai Nishat Motors (Pvt.) Limited- unquoted		
Cost	3,103,029	3,103,029
Surplus on revaluation of investment	2,302,447	3,000,628
	<u>5,405,476</u>	<u>6,103,657</u>
Investment other than related parties - At fair value through other comprehensive income		
Baluchistan Wheels Limited - quoted		
Cost	24,364	24,364
Surplus on revaluation of investment	234,740	79,277
	<u>259,104</u>	<u>103,641</u>
TCC Management Services (Private) Limited - unquoted		
Cost	400	400
	<u>5,664,980</u>	<u>6,207,698</u>
13 Cash And Bank Balances		
In hand		
- Cash	5,088	16,947
- Cheques	151,008	30,231
Cash at bank		
- Current accounts	1,878,070	627,300
- Deposits accounts	432,274	607,949
	<u>2,466,440</u>	<u>1,282,427</u>

Notes to the Consolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

		(Un-audited) March 31, 2024 (Rupees in thousand)	(Un-audited) March 31, 2023
14	Revenue From Contracts with Customers - Net		
	Disaggregation of revenue		
	Timing of revenue recognition		
	Local:		
	Tractors	52,602,368	21,022,987
	Implements and tractor components	7,786,629	3,373,890
	Multi-application products	371,910	331,340
	Trading goods	987,072	248,366
	Batteries	2,259,406	2,087,985
	Castings	2,611,750	1,478,432
	IFS services	6,917	6,624
		66,626,052	28,549,624
	Export:		
	Tractors	5,429,160	3,507,643
	Trading goods and tractor components	223,519	73,465
	Implements	-	3,023
	IFS services	6,105	16,398
	Batteries	292,654	116,236
		5,951,438	3,716,765
	Less: Commission	(1,001,583)	(358,561)
		71,575,907	31,907,828
15	Other Income		
	Income from financial assets		
	Dividend income on long-term investments	13,469	11,545
	Dividend income on mutual funds	47,465	-
	Gain on disposal of short-term investments	29,941	-
	Mark-up on bank deposits	199,744	61,577
	Mark-up on early payments	90,400	34,802
		381,019	107,924
	Income from assets other than financial assets	300,471	150,732
		681,490	258,656
16	Cash and Cash Equivalents		
	Cash and bank balances	2,466,440	905,578
	Short term borrowings	(7,908,258)	(7,863,284)
		(5,441,818)	(6,957,706)
17	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. Other significant transactions with related parties are as follows:

Notes to the Consolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

		(Un-audited) March 31, 2024 (Rupees in thousand)	(Un-audited) March 31, 2023
Relation with undertaking	Nature of transaction		
Associate	Purchase of fixed assets	16,899	416,914
	Sale of goods and services	660	6,625
	Dividend income	13,469	11,545
Retirement benefit plans	Contribution to staff retirement benefit plans	78,908	36,619
Key management personnel	Disposal of vehicles	52,250	20,346
		(Un-audited) March 31, 2024 (Rupees in thousand)	(Audited) June 30, 2023
The outstanding balances of such parties are as under:			
Associate	Receivable from related parties	2,455	11,899

18 Operating Segment Information

Business segments

For management purposes, the Group is organized into business units based on their nature of business and has three reportable operating segments as follows:

Tractors

Tractor components

Castings

No other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Notes to the Consolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
			Rupees in thousands									
Revenue from contract with customers	69,680,129	30,297,344	7,749,110	3,255,479	2,611,750	14,78,746	4,139,552	3,357,563	(12,504,634)	(6,481,294)	71,575,907	31,907,828
Cost of sales	53,463,104	24,988,127	5,914,793	2,752,578	2,131,789	1,396,093	3,574,681	2,846,280	(12,157,721)	(6,481,294)	52,926,646	25,501,794
Gross profit	16,117,025	5,309,217	1,834,317	502,901	479,961	82,653	584,871	511,283	(346,913)	-	18,649,261	6,406,034
Distribution cost	1,587,088	850,782	6,930	3,707	61,405	37,124	69,128	63,249	-	-	1,724,632	954,862
Administrative expenses	863,412	523,779	284,164	123,665	77,644	46,919	149,223	127,537	-	-	1,374,443	820,900
Other operating expenses	1,391,580	656,435	1,04,512	21,666	21,176	-	18,793	20,831	-	-	1,536,061	688,932
	3,942,080	2,030,996	395,606	149,038	160,226	83,043	237,144	211,617	-	-	4,635,036	2,474,894
Other income	995,562	369,543	143,565	87,851	1,45,78	12,513	8,636	21,624	(480,851)	(232,875)	681,490	288,656
Operating profit	13,270,527	3,647,764	1,582,276	441,714	334,313	12,123	336,363	321,270	(827,764)	(232,875)	14,695,715	4,189,986
Finance costs	540,905	828,089	172,686	149,484	53,917	57,872	6,985	3,022	-	-	774,503	1,038,447
Profit before taxation	12,729,622	2,819,695	1,409,580	292,230	280,396	(46,749)	329,378	318,248	(827,764)	(232,875)	13,921,212	3,151,549
Taxation	4,869,577	692,696	548,620	82,130	95,103	18,174	84,998	85,280	(135,296)	-	5,484,002	878,280
Profit for the period	7,860,045	2,126,999	860,960	210,100	184,293	(63,923)	244,380	232,968	(692,468)	(232,875)	8,457,210	2,273,269

18.1 Inter segment sales and purchases have been eliminated.

18.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	March 31, 2024	June 30, 2023	March 31, 2024	June 30, 2023	March 31, 2024	June 30, 2023	March 31, 2024	June 30, 2023	March 31, 2024	June 30, 2023	March 31, 2024	June 30, 2023
			Rupees in thousands									
Non-Current assets	7,419,820	7,926,897	711,792	729,069	255,720	288,400	201,338	198,514	(334,952)	(381,595)	8,263,718	8,781,275
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Current Assets	24,591,615	17,766,037	3,603,221	2,213,627	771,785	641,122	1,551,991	1,435,634	(1,752,392)	(1,071,334)	28,766,220	20,985,186
Total Assets	32,011,435	25,692,934	43,15,013	2,942,686	1,027,505	929,522	1,753,329	1,634,348	(2,087,772)	(1,434,357)	37,038,510	29,766,033
Segment operating liabilities												
Non-current liabilities	1,886,315	2,289,395	97,801	118,317	104,464	28,562	5,827	6,982	(161,178)	(153,389)	1,933,229	2,289,867
Current liabilities	22,659,180	15,685,887	2,915,518	1,636,035	51,4876	701,012	697,198	587,659	(1,405,479)	(863,974)	25,381,272	17,746,419
Total operating liabilities	24,545,475	17,975,282	3,013,319	1,754,352	619,340	729,574	703,025	594,441	(1,566,657)	(1,017,363)	27,314,501	20,036,286

Notes to the Consolidated Condensed Interim Financial Statements (unaudited)

For the nine months ended March 31, 2024

19 Fair Value Of Financial Assets And Liabilities

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

19.2 The carrying values of other financial assets and financial liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at end of each financial year. Due to change in underlying factors, there has been an unrealized loss of Rs 698,181 thousand recognised during the period.

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

20 Financial Risk Management

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

21 Earnings Per Share

During the year ended June 30, 2023, final bonus shares were issued at 20% per share for the year ended June 30, 2022 and then further interim bonus shares were issued at 10% per share and 50% per share. The prior period earning per share has been restated as per requirements of the applicable financial reporting framework to account for the effect of the issue of 94,930,400 bonus shares of Rs. 10 each.

22 Events After Balance Sheet Date

The Board of Directors of the Holding Company has declared Rs. Nil cash dividend (June 30, 2023: Rs. 15 per share) and Nil bonus shares (June 30, 2023: Nil) in their meeting held on April 25, 2024.

23 Date of Authorisation

This condensed interim financial information was authorized for issue on April 25, 2024 by the Board of Directors of the Holding Company .

24 Corresponding Figures

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



Chief Financial Officer



Chief Executive Officer



Chairman



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