



RESILIENT IN TESTING TIMES

Quarterly Accounts (Un-audited)
for the 1st Quarter ended
September 30, 2020



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Sikandar Mustafa Khan

Chief Executive

Syed Muhammad Irfan Aqueel

Directors

Mr. Latif Khalid Hashmi

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mian Muhammad Saleem

Mr. Saad Iqbal

Mrs. Ambreen Waheed

Company Secretary

Mr. Muhammad Faisal Azeem

Chief Financial Officer

Mr. Sohail A. Nisar

Auditors

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

Chartered Accountants

Legal Advisors

Riaa Barker Gillete

Akhtar Ali & Associates

Ch. Law Associates Inn

Company Share Registrars

M/s. Hameed Majeed Associates (Pvt.) Ltd.,
1st Floor, H.M. House, 7-Bank Square, Lahore.

Tel: 042-37235081-82

Fax: 042-37358817

E-mail: shares@hmaconsultants.com

Bankers

Bank Alfalah Ltd.

Habib Bank Ltd.

MCB Bank Ltd.

Standard Chartered Bank (Pakistan) Ltd.

United Bank Ltd.

Allied Bank Ltd.

Meezan Bank Ltd.

REGISTERED OFFICE AND PLANT

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,

Tel: 021-34553752

UAN: 111-200-786

Fax: 021-34556321

Islamabad

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

Tel: 051-2271470

UAN: 111-200-786

Fax: 051-2270693

Multan Cantt.

Garden Town, (Daulatabad), Shershah Road,

Tel: 061-6537371

Fax: 061-6539271

Sukkur

House No B/106 Akuwat Nagar Society,

Near Gol Masjid, Airport Road, Sukkur

Tel: 071-5815041

Fax: 071-5815042

DIRECTORS' REVIEW

On behalf of the Board of Directors of MTL, I would like to present the interim financial information of the Company for the quarter ended September 30, 2020 along with consolidated interim financial information of the Millat Group of Companies.

The world economies continue to feel the pinch of COVID-19 pandemic and there is a risk of second wave in many countries including Pakistan. By the grace of Allah the almighty, we have been fortunate so far. Almost all the countries globally are taking extraordinary initiatives to keep the economy and their country afloat.

That being said, Pakistan economy showed its resilience and braced the negative impacts of the global pandemic far better than expected. Resultantly, the performance of your company bounced back as well and sales jumped from 4,830 units in the previous quarter to 7,225 units in current quarter which is almost a 50% jump. Similarly, revenues increased from PKR 5,094 million to PKR 8,518 million.

With monsoon season being better than expected and that too with good timing, major crops are expected to give a good yield which bodes well for Pakistan economy as well as tractor industry. We are gearing up our efforts to meet the increasing demand.

Future outlook at the moment looks positive with similar pace if we are successful in mitigating the effects of second wave of COVID-19.

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

For and on behalf of the Board



Sikandar Mustafa Khan

Chairman

Lahore: October 26, 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2020 (unaudited)

	Note	September 30, 2020 (Rupees in thousand)	June 30, 2020
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (June 30, 2020: 50,000,000)			
ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid up capital		498,292	498,292
General reserves		2,278,935	2,278,935
Unappropriated profit		2,132,415	997,460
Fair value reserve		322,109	297,389
		5,231,751	4,072,076
Non-current liabilities			
Long term deposits		12,643	12,643
Deferred tax liabilities - net		77,664	77,664
Employees' defined benefit plan		129,767	123,029
Lease liabilities against right-of-use assets		9,060	9,881
Long term finance- secured		203,968	101,991
Deferred grant		11,220	6,558
		444,322	331,766
Current liabilities			
Accumulating compensated absences		106,924	104,924
Trade and other payables		3,028,664	2,848,238
Contract liabilities		4,757,291	3,120,601
Current portion of lease liabilities against right-of-use assets		2,186	3,706
Current portion of long term finance- secured		108,475	26,944
Current portion of deferred grant		20,639	9,240
Unclaimed dividend		282,530	277,113
Unpaid dividend		—	10,004
		8,306,709	6,400,770
CONTINGENCIES AND COMMITMENTS			
	5	13,982,782	10,804,612

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



Chief Financial Officer



Chief Executive Officer

	Note	September 30, 2020 (Rupees in thousand)	June 30, 2020
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	693,280	667,980
Capital work in progress	7	21,289	2,945
Right-of-use assets		12,122	12,931
Intangible assets		40,919	41,405
Investment property		255,708	255,708
Long term investments	8	2,063,246	2,039,726
Long term loans		3,227	2,252
		3,089,791	3,022,947
Current assets			
Stores, spare parts and loose tools		146,874	157,399
Stock-in-trade		3,853,807	3,857,166
Trade debts		148,403	102,044
Trade deposits and short term prepayments		53,615	43,382
Loans and advances		117,559	51,869
Balances with statutory authorities		1,560,406	1,032,656
Other receivables		85,793	38,710
Tax refunds due from the Government		498,981	778,977
Short term investments		2,570,119	–
Cash and bank balances		1,857,434	1,719,462
		10,892,991	7,781,665
		13,982,782	10,804,612



Chairman

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended September 30, 2020 (unaudited)

	Quarter ended	
	September 30,	September 30,
	2020	2019
	(Rupees in thousand)	
Revenue from contracts with customers	8,517,827	5,094,215
Cost of sales	6,643,116	4,262,869
Gross profit	1,874,711	831,346
Distribution and marketing expenses	201,803	152,413
Administrative expenses	131,192	125,176
Other operating expenses	112,782	39,050
	445,777	316,639
Other operating income	69,699	23,083
Operating profit	1,498,633	537,790
Finance cost	810	26,724
Profit before tax	1,497,823	511,066
Taxation	362,868	155,000
Profit after tax for the period	1,134,955	356,066
Other comprehensive income:		
Items that may be reclassified to profit or loss in subsequent periods:		
Unrealized gain / (loss) on revaluation of available for sale investments	24,720	(14,124)
Total comprehensive income for the year	1,159,675	341,942
Earnings per share - basic and diluted (Rupees)	22.78	7.15

restated

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

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



Chief Financial Officer



Chief Executive Officer



Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the quarter ended September 30, 2020 (unaudited)

	Share capital	Revenue reserves		Capital reserves	Total
		General reserves	Unappropriated profit	Fair value reserves	
(Rupees in thousand)					
Balance as on July 1, 2019	442,926	2,278,935	2,044,557	66,749	4,833,167
Net profit for the period	-	-	356,066	-	356,066
Other comprehensive loss for the period	-	-	-	(14,124)	(14,124)
Balance as on September 30, 2019	442,926	2,278,935	2,400,623	52,625	5,175,109
Balance as on July 1, 2020	498,292	2,278,935	997,460	297,389	4,072,076
Net profit for the period	-	-	1,134,955	-	1,134,955
Other comprehensive income for the period	-	-	-	24,720	24,720
Balance as on September 30, 2020	498,292	2,278,935	2,132,415	322,109	5,231,751

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



Chief Financial Officer



Chief Executive Officer



Chairman

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the quarter ended September 30, 2020 (unaudited)

	Note	Quarter ended	
		September 30, 2020	2019
(Rupees in thousand)			
Cash flows from operating activities			
Profit before taxation		1,497,823	511,066
Adjustment for:			
Depreciation on property, plant & equipment		17,679	19,793
Amortization of intangible assets		486	485
Finance cost		810	26,724
Loss on translation of foreign investment		1,200	-
Provision for pension obligation		8,738	(3,691)
Profit on bank deposits		(13,504)	(8,805)
		15,409	34,506
Cash flow from operating activities before working capital changes		1,513,232	545,572
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		10,525	(828)
Stock in trade		3,359	(1,274,355)
Trade debts		(46,359)	(17,070)
Loans and advances		(65,690)	(11,319)
Trade deposits and prepayments		(10,233)	(14,789)
Other receivables		(47,102)	(29,873)
		(155,500)	(1,348,234)
Increase / (decrease) in current liabilities:			
Trade and other payables		191,426	718,983
Contract liabilities		1,636,690	(1,800,175)
		1,672,616	(2,429,426)
Cash used in operations			
Taxes (paid) / refunds received - net		(610,622)	391,184
Increase in long term loans to employees		(975)	(400)
Mark-up paid		(11,810)	(224)
		(623,407)	390,560
Net cash generated from / (used in) operating activities		2,562,441	(1,493,294)
Cash flows from investing activities			
Purchase of property, plant and equipment		(65,462)	(19,915)
Short term investments made - net		(2,570,119)	-
Proceeds from disposal of property, plant and equipment		4,139	2,630
Profit on bank deposits received		13,523	8,805
Net cash (used) in / generated from investing activities		(2,617,919)	(8,480)
Cash flows from financing activities			
Dividend paid		(4,587)	(40,411)
Principal payment against lease liabilities		(1,532)	-
Long term financing received		199,569	-
Net cash used in financing activities		193,450	(40,411)
Net (decrease) / increase in cash and cash equivalents		137,972	(1,542,185)
Cash and cash equivalents at the beginning of the period		1,719,462	851,988
Cash and cash equivalents at the end of the period	9	1,857,434	(690,197)

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



Chief Financial Officer



Chief Executive Officer



Chairman

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2020 (unaudited)

1. The Company and Its Activities

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

2. Statement of Compliance

2.1 This interim financial information of the Company for the quarter ended September 30, 2020 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act 2017 have been followed.

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

3. Basis of Preparation

3.1 This interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2020.

3.2 The accounting policies adopted for the preparation of this interim financial information are same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2020 except for as disclosed in note 3.3 below.

3.3 The Company has adopted the following amended IFRS and IFRIC interpretation which became effective during the period:

IFRS 3 – Business combinations', definition of a business (Amendment)

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors' , definition of materiality (Amendments)

IFRS 9 – Financial Instruments' , Interest rate benchmark reform (Amendment)

IFRS 7 – Financial Instruments-Disclosures , Interest rate benchmark reform (Amendment)

IFRS 16 – Leases', COVID-19 related rent concessions (Amendment)

The adoption of the above amendments did not have any effect on the interim financial information.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2020 (unaudited)

4. Accounting Estimates and Judgments

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2020.

5. Contingencies and Commitments

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

Commitments in respect of outstanding letters of credit are Rs. 592,460 thousand (June 30, 2020: Rs 604,243 thousand).

	Note	September 30, 2020 (Rupees in thousand)	June 30, 2020
6. Operating Fixed Assets			
Opening book value		667,980	718,559
Add: Additions during the period / year	6.1	47,118	55,308
		715,098	773,867
Less:			
Disposals / write offs during the period / year (at book value)		(4,139)	(24,471)
Depreciation charged during the period / year		(17,679)	(81,416)
		(21,818)	(105,887)
Closing book value		693,280	667,980
6.1 Additions during the period			
- Buildings		—	—
- Plant and machinery		—	12,108
- Tools and equipments		—	7,973
- Furniture, fixture and office equipment		429	2,280
- Vehicles		45,663	25,825
- Computers		1,026	7,122
		47,118	55,308
7. Capital Work in Progress			
Plant and machinery		1,427	1,332
Tools and equipments		1,613	1,613
Advance for vehicles		18,249	—
		21,289	2,945

	September 30, 2020	June 30, 2020
	(Rupees in thousand)	
8. Long Term Investments		
Investment at cost		
Subsidiaries		
- Millat Industrial Products Limited - unquoted	57,375	57,375
- Tipeg Intertrade DMCC - unquoted	67,725	68,925
- Bolan Castings Limited - quoted	76,610	76,610
- Millat Equipment Limited - unquoted	117,000	117,000
	318,710	319,910
Others Investment at fair value through OCI		
Un quoted		
- Hyundai Nishat Motors (Private) Limited	1,345,500	1,345,500
Surplus on fair valuation of investment	296,010	296,010
	1,641,510	1,641,510
- TCC Management Services (Private) Limited	400	400
Quoted		
- Baluchistan Wheels Limited- Cost	12,145	12,145
Surplus on revaluation of investment	90,481	65,761
	102,626	77,906
	2,063,246	2,039,726

	September 30, 2020	2019
	(Rupees in thousand)	
9. Cash and cash equivalents		
Cash and bank balances	1,857,434	294,839
Short term borrowings	-	(985,036)
	1,857,434	(690,197)

	September 30, 2020	June 30, 2020
	(Rupees in thousand)	
10. Transactions with Related Parties		
Payable to related parties	393,862	369,207
Receivable from related parties	20,451	3,800

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2020 (unaudited)

	Quarter ended	
	September 30, 2020	2019
	(Rupees in thousand)	
Purchases from related parties	1,449,475	1,251,831
Sale to related parties	175,404	107,677
Retirement benefit plans	7,168	7,237

11. Subsequent Events

The Board of Directors have declared Rs Nil cash dividend (June 30, 2020: Rs. 30 per share) in their meeting held on October 26, 2020.

12. Date of Authorisation for Issue

This condensed interim financial statements was authorised for issue on October 26, 2020 by the Board of Directors of the company.

13. Corresponding Figures

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



Chief Financial Officer



Chief Executive Officer



Chairman

Consolidated Condensed Interim Financial Statements
MILLAT TRACTORS LIMITED
For the quarter ended September 30, 2020 (Unaudited)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2020 (unaudited)

	Note	September 30, 2020 (Rupees in thousand)	June 30, 2020
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (2019: 50,000,000) ordinary shares of Rs. 10/- each		500,000	500,000
Issued, subscribed and paid up capital		498,292	498,292
General reserves		2,475,309	2,475,309
Unappropriated profit		2,622,591	1,409,344
Exchange translation reserve		60,785	60,785
Fair value reserve		368,326	341,043
		6,025,303	4,784,773
Non-controlling interests		932,775	851,210
Non-current liabilities			
Long term deposits		27,274	26,465
Deferred taxation		61,824	56,876
Employees' defined benefit plan		220,033	212,988
Lease liabilities against right-of-use assets		9,060	9,881
Long term finance- secured		279,806	162,283
Deferred grant		21,625	14,281
		619,622	482,774
Current liabilities			
Accumulating compensated absences		129,174	141,791
Trade and other payables		3,433,398	2,978,371
Contract liabilities		4,765,560	3,179,725
Current portion of lease liabilities against right-of-use assets		2,186	3,706
Current portion of long term finance- secured		160,388	61,151
Current portion of deferred grant		24,662	13,263
Current portion of long term deposits		680	806
Short term borrowings		626,876	899,181
Unclaimed dividend		293,339	287,923
Unpaid dividend		-	10,004
		9,436,263	7,575,921
CONTINGENCIES AND COMMITMENTS			
	5	17,013,963	13,694,678

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



Chief Financial Officer



Chief Executive Officer

	Note	September 30, 2020 (Rupees in thousand)	June 30, 2020
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	6	1,649,188	1,645,923
Capital work in progress	7	51,593	34,425
Right-of-use assets		12,122	12,931
Intangible asset		62,407	62,897
Goodwill		18,572	18,572
Investment property		255,708	255,708
Long term investments	8	1,824,176	1,794,719
Long term loans		3,831	3,081
Long term deposits		11,232	11,232
Employees' defined benefit plan		25,702	25,301
		3,914,531	3,864,789
Current assets			
Stores and spares		462,940	494,972
Stock in trade		4,577,851	4,589,238
Trade debts		490,803	221,150
Loans and advances		202,268	110,503
Other receivables		73,023	36,767
Trade deposits and short term prepayments		70,047	49,972
Balances with statutory authorities		1,570,532	1,048,254
Tax refunds due from the Government		766,217	1,178,960
Short term investments		2,800,119	143,855
Cash and bank balances		2,084,540	1,955,126
		13,098,340	9,828,797
Non-current assets classified as held for sale		1,092	1,092
		17,013,963	13,694,678



Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended September 30, 2020 (unaudited)

	Quarter ended	
	September 30,	
	2020	2019
	(Rupees in thousand)	
Revenue from contracts with customers	9,000,451	5,431,584
Cost of sales	6,768,944	4,325,993
Gross profit	2,231,507	1,105,591
Distribution and marketing expenses	224,504	177,305
Administrative expenses	220,320	197,020
Other operating expenses	129,150	48,253
	573,974	422,578
Other income	91,852	29,970
	1,749,385	712,983
Finance cost	17,631	60,672
Profit before taxation	1,731,754	652,311
Taxation	439,919	196,093
Profit after tax for the period	1,291,835	456,218
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealized gain / (loss) on revaluation of available for sale investments	30,260	(17,189)
Total comprehensive income for the period	1,322,095	439,029
Attributable to:		
- Equity holders of the holding Company		
Profit after tax	1,213,247	406,076
Total comprehensive income / (loss) for the period	27,283	(15,542)
	1,240,530	390,534
- Non-controlling interests		
Profit after tax	78,588	50,142
Total comprehensive income / (loss) for the period	2,977	(1,647)
	81,565	48,495
	1,322,095	439,029
Earnings per share - basic and diluted (Rupees)	25.93	9.16

restated

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

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



Chief Financial Officer



Chief Executive Officer



Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the quarter ended September 30, 2020 (unaudited)

	Share capital	Revenue reserves		Capital reserves		Non-controlling interests	Total
		General reserves	Unappropriated profit	Exchange translation reserve	Fair value reserve		
(Rupees in thousand)							
Balance as on 30 June 2019	442,926	2,475,309	2,619,150	45,158	110,459	1,038,347	6,731,349
Net profit for the period	-	-	406,076	-	-	50,142	456,218
Other comprehensive income for the period	-	-	-	-	(15,542)	(1,647)	(17,189)
	-	-	406,076	-	(15,542)	48,495	439,029
Balance as on 30 September 2019	442,926	2,475,309	3,025,226	45,158	94,917	1,086,842	7,170,378
Balance as on 30 June 2020	498,292	2,475,309	1,409,344	60,785	341,043	851,210	5,635,983
Net profit for the period	-	-	1,213,247	-	-	78,588	1,291,835
Other comprehensive income for the period	-	-	-	-	27,283	2,977	30,260
	-	-	1,213,247	-	27,283	81,565	1,322,095
Balance as on 30 September 2020	498,292	2,475,309	2,622,591	60,785	368,326	932,775	6,958,078

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



Chief Financial Officer



Chief Executive Officer



Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the quarter ended September 30, 2020 (unaudited)

	Note	Quarter ended	
		September 30, 2020	September 30, 2019
(Rupees in thousand)			
Cash flows from operating activities			
Profit before taxation		1,731,754	652,311
Adjustment for:			
Depreciation on property, plant & equipment		43,804	48,950
Amortization of intangible assets		491	492
Provision for employee benefits		(5,973)	(13,479)
Loss on translation of foreign investment		803	-
Finance cost		17,631	60,672
Profit on bank deposits		(16,590)	(8,805)
		40,166	87,830
Cash flow from operating activities before working capital changes		1,771,920	740,141
Effect on cash flow due to working capital changes			
(Increase) / Decrease in current assets:			
Stores and spares		32,032	8,720
Stock in trade		11,387	(1,473,098)
Trade debts		(269,653)	(92,315)
Loans and advances		(91,765)	(28,530)
Trade deposits and prepayments		(20,075)	(17,930)
Other receivables		(36,256)	(31,515)
		(374,330)	(1,634,668)
Increase / (Decrease) in current liabilities:			
Trade and other payables		455,027	1,327,115
Contract liabilities		1,585,835	(2,190,625)
		3,438,452	(1,758,037)
Cash used in operations			
Taxes (paid) / refunds received - net		(544,506)	319,210
Increase in long term loans to employees		(750)	(1,063)
Increase in long term security deposits		683	151
Mark-up paid		(17,631)	(18,522)
		(562,204)	299,776
Net cash generated from / (used in) operating activities		2,876,248	(1,458,261)
Cash flows from investing activities			
Purchase of property, plant and equipment		(68,740)	(31,633)
Purchase of intangible assets		-	-
Short term investments- net		(2,656,264)	3,856
Long term investment made		-	-
Proceeds from sale of property, plant and equipment		4,502	5,088
Profit on bank deposits		16,590	8,805
Net cash used in investing activities		(2,703,912)	(13,884)
Cash flows from financing activities			
Dividend paid		(4,588)	(40,421)
Principal payment against lease liabilities		(1,532)	-
Long term financing received		235,503	-
Net cash generated from / (used in) financing activities		229,383	(40,421)
Net increase / (decrease) in cash and cash equivalents		401,719	(1,512,566)
Cash and cash equivalents at the beginning of the period		1,055,945	152,520
Cash and cash equivalents at the end of the period	9	1,457,664	(1,360,046)

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



Chief Financial Officer



Chief Executive Officer



Chairman

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2020 (unaudited)

1. The Group And Its Activities

Holding company:

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

Subsidiary companies:

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

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

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

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

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

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2020 (unaudited)

2. Statement of Compliance

- 2.1 This interim financial statements of the Group for the quarter ended September 30, 2020 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2 This interim financial statements is un-audited and is being submitted to shareholders, as required by section 228 of the Companies Act, 2017.

3. Basis of Preparation

- 3.1 This interim financial statements does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at June 30, 2020.
- 3.2 The accounting policies adopted for the preparation of this interim financial statements are same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended June 30, 2020 except for as disclosed in note 3.3 below.
- 3.3 The Group has adopted the following amended IFRS and IFRIC interpretation which became effective during the period:

- IFRS 3 – Business combinations', definition of a business (Amendment)
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors' , definition of materiality (Amendments)
- IFRS 9 – Financial Instruments' , Interest rate benchmark reform (Amendment)
- IFRS 7 – Financial Instruments-Disclosures , Interest rate benchmark reform (Amendment)
- IFRS 16 – Leases', COVID-19 related rent concessions (Amendment)

The adoption of the above amendments did not have any effect on the interim financial statements.

4. Accounting Estimates and Judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2020.

5. Contingencies and Commitments

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

Commitments in respect of outstanding letters of credit are Rs. 748,410 thousand (June 30, 2020: Rs 709,571 thousand).

	Note	September 30, 2020 (Rupees in thousand)	June 30, 2020
6. Operating Fixed Assets			
Opening book value		1,645,923	1,788,432
Add: Additions during the period / year	6.1	51,571	103,701
		1,697,494	1,892,133
Less:			
Disposals / write offs during the period / year (at book value)		(4,502)	(45,877)
Depreciation charged during the period / year		(43,804)	(200,333)
		(48,306)	(246,210)
Closing book value		1,649,188	1,645,923
6.1 Additions during the period			
- Buildings on freehold land		–	–
- Plant and machinery		177	32,989
- Tools and equipment		–	24,249
- Furniture, fixture and office equipment		840	5,161
- Vehicles		49,106	34,044
- Computers		1,448	7,258
		51,571	103,701
7. Capital Work in Progress			
Plant and machinery		1,427	1,332
Advance for factory building improvements		30,304	29,980
Advance for tools and equipment		1,613	1,613
Advance for vehicles		18,249	1,500
		51,593	34,425

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2020 (unaudited)

	September 30, 2020	June 30, 2020
	(Rupees in thousand)	
8. Long Term Investments		
Other investment - at FVOCI		
Unquoted		
Hyundai Nishat Motors (Private) Limited	1,345,500	1,345,500
Surplus on revaluation of investment	296,010	296,010
	1,641,510	1,641,510
TCC Management Services (Private) Limited	400	400
Kaheel Agriculture LLC- Advance against share subscription	56,640	57,443
Quoted		
Baluchistan Wheels Limited	24,364	24,364
Surplus on revaluation of investment	101,262	71,002
	125,626	95,366
	1,824,176	1,794,719

	September 30, 2020	2019
	(Rupees in thousand)	
9. Cash and cash equivalents		
Cash and bank balances	2,084,540	554,022
Short term borrowings	(626,876)	(1,914,068)
	1,457,664	(1,360,046)
10. Transactions with Related Parties		
Significant transactions with related parties are as follows:		
Contribution to retirement benefit plans	9,772	20,244

11. OPERATING SEGMENT INFORMATION

Business segments

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

Tractors

Tractor components

Castings

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

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

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	September 2020	September 2019	September 2020	September 2019	September 2020	September 2019	September 2020	September 2019	September 2020	September 2019	September 2020	September 2019
Rupees in thousands												
Sales	8,51,827	5,094,215	921,956	736,173	463,896	500,165	724,147	460,539	(1,627,375)	(1,359,508)	9,000,451	5,431,584
Cost of sales	6,643,116	4,262,869	702,850	572,328	402,605	448,505	647,748	401,799	(1,627,375)	(1,359,508)	6,768,944	4,325,993
Gross profit	1,874,711	831,346	219,106	163,845	61,291	51,660	76,399	58,740	-	-	2,231,507	1,105,591
Distribution cost	201,803	152,413	597	645	10,678	14,230	11,426	10,017	-	-	224,504	177,305
Administrative expenses	131,192	125,176	35,068	26,976	25,132	15,893	28,928	28,975	-	-	220,320	197,020
Other operating expenses	112,782	38,050	13,765	8,970	1,291	233	1,312	-	-	-	129,150	48,253
Other income	445,777	316,639	49,430	36,391	37,101	30,356	41,666	38,982	-	-	573,974	422,578
Operating profit	69,689	23,083	16,185	4,781	2,834	2,089	3,134	17	-	-	91,852	29,970
Finance costs	1,496,633	537,790	185,861	132,035	27,024	23,383	37,867	19,765	-	-	1,749,385	712,983
Profit / (loss) before taxation	810	26,724	6,140	11,002	10,130	20,946	551	2,000	-	-	17,631	60,672
Taxation	1,497,823	511,066	179,721	121,033	16,894	2,447	37,316	17,765	-	-	1,731,754	652,311
Profit / (loss) for the period	362,868	155,000	52,119	37,520	16,542	(603)	8,390	4,176	-	-	439,919	196,093
	1,134,955	356,066	127,602	83,513	352	3,050	28,926	13,589	-	-	1,291,835	456,218

11.1 Inter segment sales and purchases have been eliminated.

11.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Other segments		Inter segment eliminations		Total	
	September 2020	June 2020	September 2020	June 2020	September 2020	June 2020	September 2020	June 2020	September 2020	June 2020	September 2020	June 2020
Rupees in thousands												
Segment operating assets												
Non-Current assets	3,089,791	3,022,947	653,558	668,234	368,245	372,086	211,067	216,437	(426,682)	(414,928)	3,895,959	3,864,786
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	-	18,572
Current Assets	10,892,991	7,781,666	1,179,962	1,240,776	546,157	561,021	919,141	816,310	(438,819)	(588,453)	13,099,432	9,811,320
Total Assets	13,982,782	10,804,613	1,833,500	1,909,010	914,402	933,117	1,130,208	1,032,747	(646,929)	(984,809)	17,013,963	13,694,678
Segment operating liabilities												
Non-current liabilities	444,322	331,766	114,336	122,544	143,326	115,775	7,925	8,215	(90,287)	(95,526)	619,622	482,774
Current liabilities	8,306,709	6,400,770	585,314	760,216	670,790	722,949	327,770	254,900	(434,320)	(562,914)	9,436,263	7,575,921
Total operating assets	8,751,031	6,732,536	679,650	882,760	814,116	838,724	335,695	263,115	(524,607)	(658,440)	10,055,885	8,058,895

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended September 30, 2020 (unaudited)

12. Subsequent Events

The Board of Directors have declared Rs Nil cash dividend (June 30, 2020: Rs. 30 per share) in their meeting held on October 26, 2020.

13. Date of Authorisation for Issue

This condensed interim financial information was authorised for issue on October 26, 2020 by the Board of Directors of the Group.

14. Corresponding Figures

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



Chief Financial Officer



Chief Executive Officer



Chairman



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