



Annual Report 2021

Driving
GROWTH,
Enhancing
PERFORMANCE

Driving

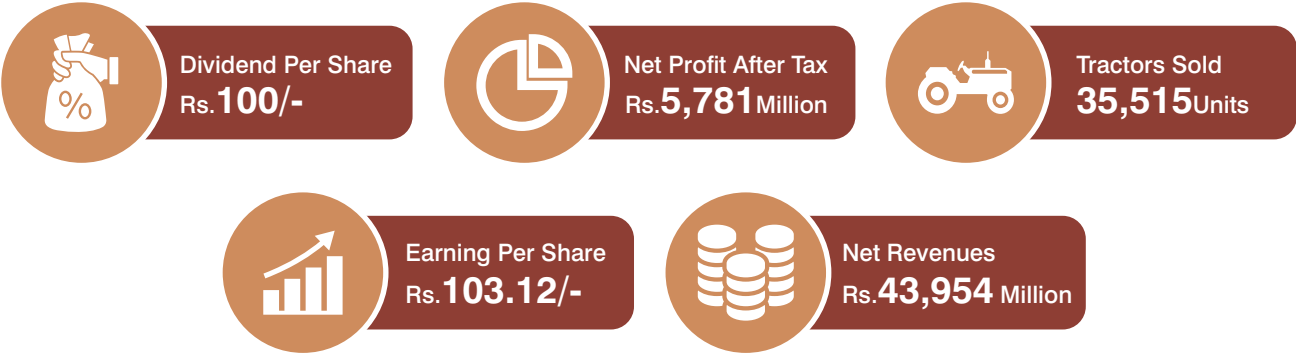
GROWTH,

Enhancing

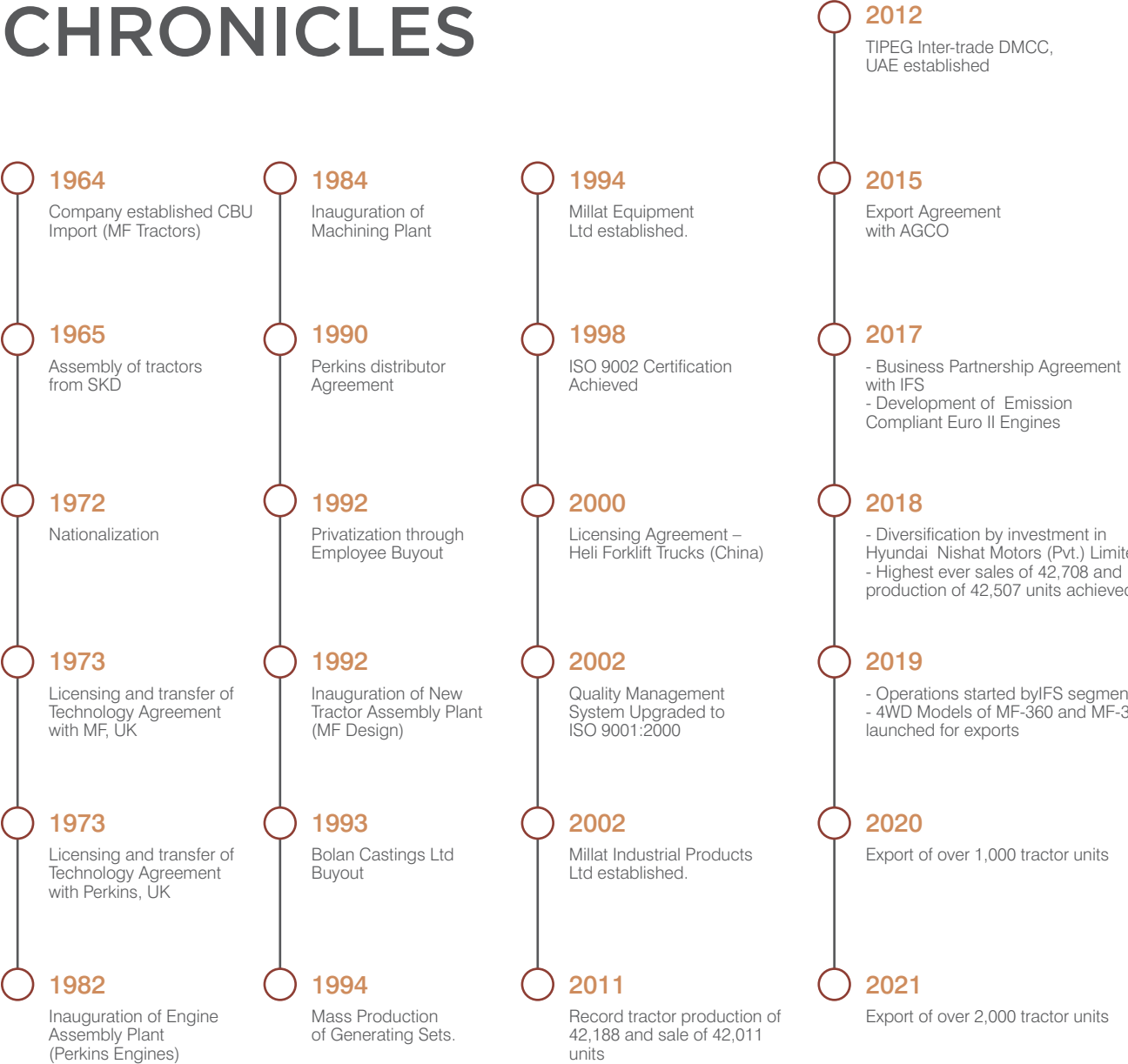
PERFORMANCE

At Millat Tractors, we believe in delivering performance above anything else. With our time tested products and dynamic team, we have paved the way for high growth with performance even in difficult time's. Over the last couple of years with Covid19 Pandemic, we have continually strived to develop cost-effective solutions – that not only fulfill the technological demands of the farming community, but also provide empowering opportunities for the community at large strived

KEY FIGURES



CHRONICLES



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ASSEMBLY UNIT

COMPANY OVERVIEW



VISION & MISSION STATEMENT



VISION

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



MISSION

“To be market leader in agricultural tractors and machinery, building company’s image through innovation and competitiveness, grow by expanding market and investing into group companies, ensuring satisfaction to customer and stakeholders and to fulfill social obligations.”

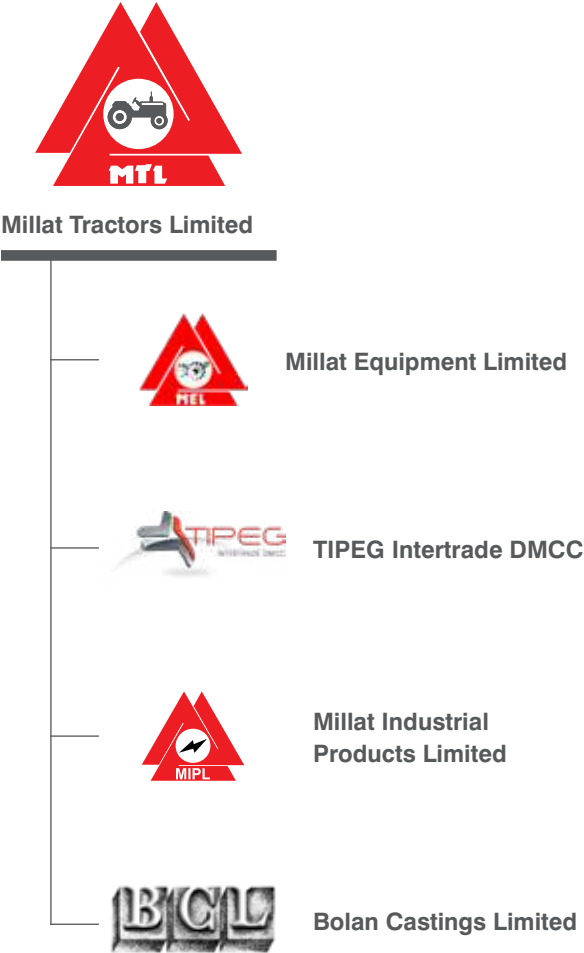
COMPANY OVERVIEW

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

Millat Tractors has played a pivotal role in transfer of technology and transformation of fledgling local light engineering sector into a robust, vibrant, quality conscious Auto Vending Industry. The Company is regarded as a pioneer in setting up country's automotive vendor base. Today, a local content of more than 90% has been achieved in Massey Ferguson tractors. The company offers eight tractor models in the range of 50 hp -100 hp, diesel gen sets of capacities -12.5kVA to 150 kVA and a 3 and 4 ton forklift truck.



GROUP STRUCTURE



TIPEG INTERTRADE DMCC

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

MILLAT INDUSTRIAL PRODUCTS LIMITED

Millat Industrial Products Limited (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, domestic and vehicular batteries, cells and components. The geographical location and address of the Company's business units, including mills/plant is as under: The registered office of the company is situated at 8.8 km, Lahore- Sheikhpura Road, Shahdara, Lahore

The manufacturing facility of the company is located at 49 km., off Multan Road, Bhai Pheru, Distt. Kasur.

MILLAT EQUIPMENT LIMITED

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

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.

FINANCIAL HIGHLIGHTS



Revenue from Contract with customers

2020
22,942

Rs. in Million
43,954



Profit After Tax

2020
2,151

Rs. in Million
5,781



No. of Outstanding Shares

2020
49,829

(000's)
56,058



Earning per Share
Basic and Diluted

2020
38.36

Rs.
103.12



Dividend

2020
50

Rs. / Share
100



Dividend Payout

2020
130.34

Percentage
96.97



Long Term Investments

2020
2,040

Rs. in Million
6,199



Total Current Assets

2020
7,782

Rs. in Million
17,481



Shareholder's Equity

2020
4,072

Rs. in Million
9,093



Return on Capital Employed

2020
84.44

Percentage
139.45



Current Ratio

2020
1.22:1

Times
1.20:1



Debt : Equity

2020
0.03:100

Times
0.03:100



Market Capitalization

(Year End)

2020
35,187

Rs. in Million
60,521



Market Capitalization

(Year End)

2020
209

US \$ in Million

382



Price to Earning Ratio

2020
18.41

Times
10.47



Net Assets per Share

2020
81.72

Rs.
162.20

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Sikandar Mustafa Khan

Chief Executive

Syed Muhammad Irfan Aqueel

Directors

Mr. Sohail Bashir Rana
Mr. Laeeq Uddin Ansari
Mian Muhammad Saleem
Mr. Saad Iqbal
Mrs. Ambreen Waheed
Mr. Ahsan Imran Shaikh

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 Registrar

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

9 - km Sheikhpura Road, Distt. Sheikhpura.
Tel: 042-37911021-25,
UAN: 111-200-786
Fax: 042-37924166, 37925835
Website: www.millat.com.pk
E-mail: info@millat.com.pk

REGIONAL OFFICES

Karachi

3-A, Faiyaz Centre, Sindhi Muslim
Co-operative Housing Society, Karachi
Tel: 021-34553752
UAN: 111-200-786
Fax: 021-34556321

Islamabad

H. No. 22, St. No. 41, Sector F-6/1, Islamabad
Tel: 051-2271470
UAN: 111-200-786
Fax: 051-2270693

Multan Cantt.

Garden Town, (Daulatabad), Shershah Road, Multan - Cantt.
Tel: 061-6537371
Fax: 061-6539271

Sukkur

House No B/106 Akuwat Nagar Society,
Near Gol Masjid, Airport Road, Sukkur
Tel: 071-5815041
Fax: 071-5815042

OBJECTIVES & STRATEGIC PLANNING

OBJECTIVES

Constantly endeavour to be market leader in terms of market share and technology pace-setters in areas of operations and to continuously improve efficiency and competitive strength. To offer customers quality products and support services at competitive prices and to their satisfaction.

By continuously improving performance, aim to generate earnings sufficient to ensure a secure future for the Company and to protect and increase shareholders' return. To enhance creativity and job satisfaction, provide employees opportunity for personal development. Be an integral part of national economy with a strong sense of responsibility to society and the environment.

STRATEGIC PLANNING

To make optimum use of ancillary industry in Pakistan to maximize indigenization of tractor parts and farm equipment. To create in-house plant facilities for manufacture of components for tractors and other agricultural machinery which cannot be fabricated by the ancillary industry, where investments required are heavy or where technology involved is intricate.

MTL will maintain a strong R&D Department to provide technical assistance to local manufacturers and for product development. Ensure customer satisfaction by providing quality products at competitive prices which warranty coverage and ensuring after sale service.

CODE OF CONDUCT

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

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

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

- Will not engage in any activity that might create a conflict of interest for him/her or MTL. Conflict of interest shall be disclosed where it exists and guidance sought.

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

CORE VALUES

- Our Customers are our first priority.
- Profitability for the prosperity of our stakeholders that allows us to constantly invest, improve and succeed.
- Corporate Social Responsibilities to Enrich the Lives of community where we operate.
- Recognition and Reward for the talented and high performing employees.
- Excellence in every thing we do.
- Integrity in all our dealings.
- Respect for our customers and each other.



HEALTH, SAFETY & ENVIRONMENT POLICY

SAFETY POLICY

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

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

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

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

All the employees are insured under Group Life Insurance Scheme.

Regular safety inspections are carried out to improve the preparedness.

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

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

HEALTH POLICY

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

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

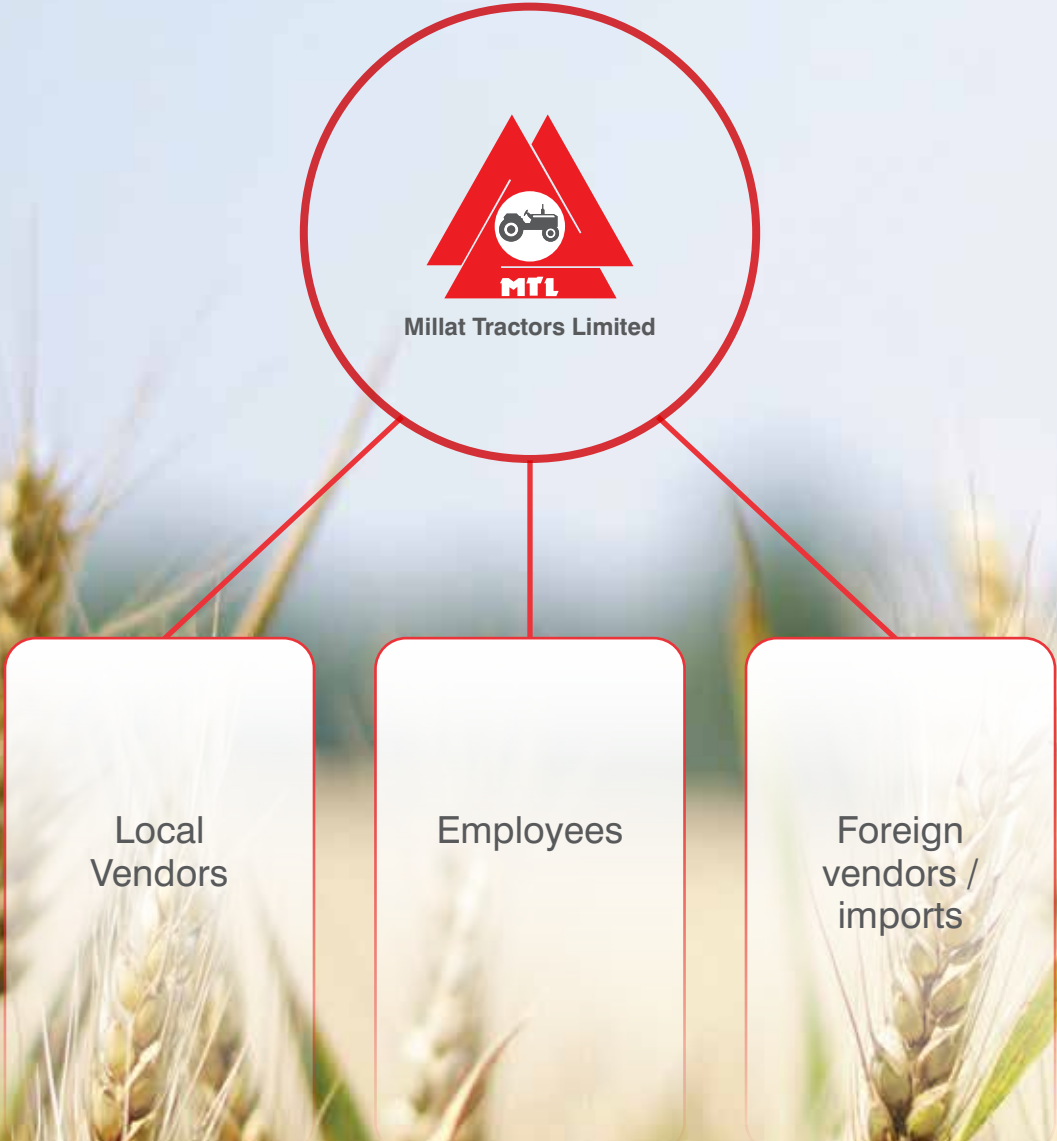
- To provide premises, plant, equipment and work instructions that are free from all kinds of health and safety risks

ENVIRONMENT POLICY

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

POSITION OF THE ORGANIZATION WITHIN THE VALUE CHAIN

Millat Tractors Limited is an assembler of agricultural tractors, implements, forklifts, generators and multi-application products. The raw material is procured from local and international vendors and the company employs around 346 permanent personnel.



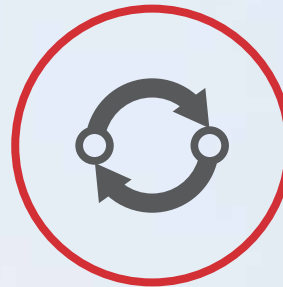
Once the raw material is procured, value addition and assembly is done in-house to deliver the best tractors to its customers. Therefore, Pre Delivery Inspection (PDI) and continuous after-sales service are integral part of our operations.



**Value
Addition,
Assembly
and Quality
Assurance**



**Pre - Delivery
Inspection**



**Hand-Over
to Dealers**



**After-Sales
Service**

PESTLE ANALYSIS

Factors	Description	Change during the year	Response
<p>P</p> <p>Political</p>	<p>Political situation and its stability effect other factors which in turn effect your company</p>	<p>Political situation has somewhat stabilized during the year but uncertainty still persists for this Government which results in lack of long term planning</p>	<p>Periodical review of the situation to assess impact, If any and adjust its business policies to address these risks.</p>
<p>E</p> <p>Economical</p>	<p>Inflation , Currency devaluation, Economic growth and economic stability directly affect purchasing power of customers which can impact supply / demand factors</p>	<p>-Overall recovery in the economy -Increase in Minimum support price of agricultural products -Increase of agricultural output of major crops</p>	<p>Increased the production of tractors to cope with the increased demand and increase its market share and also place its footprint in global market as well.</p>
<p>S</p> <p>Social</p>	<p>A change in brand perception, loyalty or how a customer sees a certain product can greatly affect performance of a company</p>	<p>Emphasis on quality and greater value for money</p>	<p>Free service campaigns and emphasis on “Right-First-Time” analogy to deliver quality products</p>

Factors	Description	Change during the year	Response
<p>T</p> <p>Technological</p>	<p>Rapid change in technological landscape requires constant upkeep otherwise product(s) may become obsolete or outdated</p>	<p>No significant change as farmers are usually content with proven technology</p>	<p>Continuous research and development coupled with launch of new products</p>
<p>L</p> <p>Legal</p>	<p>Tax and regulatory measures can have a significant impact on how a company operates and presents its financial and legal information</p>	<p>Significant updates in tax and regulatory laws like;</p> <ul style="list-style-type: none"> -Taxation laws -Labour related laws -SBP regulations 	<p>Continuous review of compliance with legal, regulatory and reporting requirements</p>
<p>E</p> <p>Ecological</p>	<p>Global warming, availability of water and shift in seasons are impacting agriculture significantly which can have a significant impact on the company's performance</p>	<p>Crop yield has increased due to favorable conditions for the major crops and more focus of regulators towards environmental protection such as plantation drives.</p>	<p>Focus on sustainable and eco-friendly measures to reduce environmental impact and reduce its carbon footprint by installing 998 KW solar energy system</p>



Strengths

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



Weaknesses

- Limited Diversification
- Quality and reliability of the Supply Chain

SWOT ANALYSIS



Opportunities

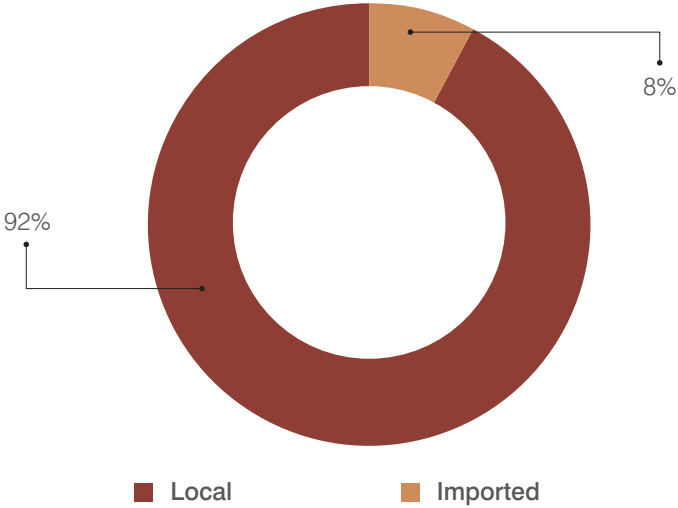
- Expand export market by increasing presence in Africa and Middle East
- Increase market share by expanding spare parts sales
- Farm mechanization



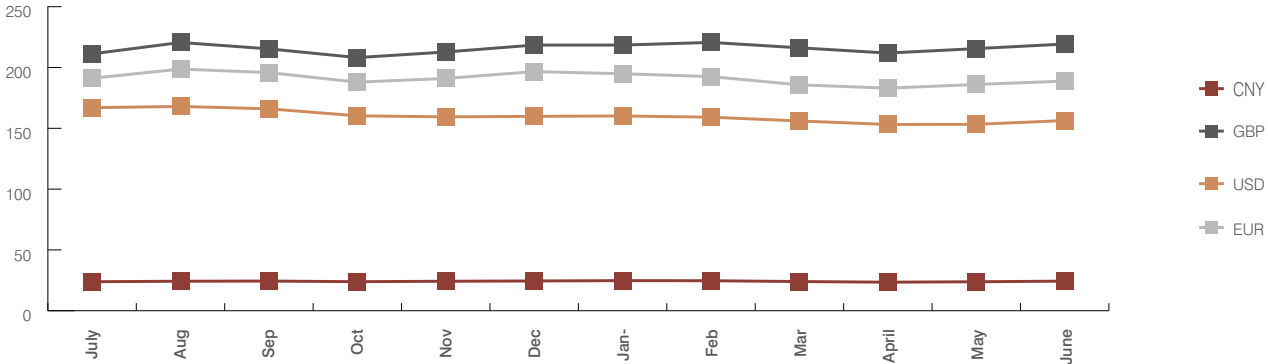
Threats

- Global warming
- Inflation and currency devaluation

COMPOSITION OF LOCAL VERSUS IMPORTED MATERIAL AND SENSITIVITY ANALYSIS



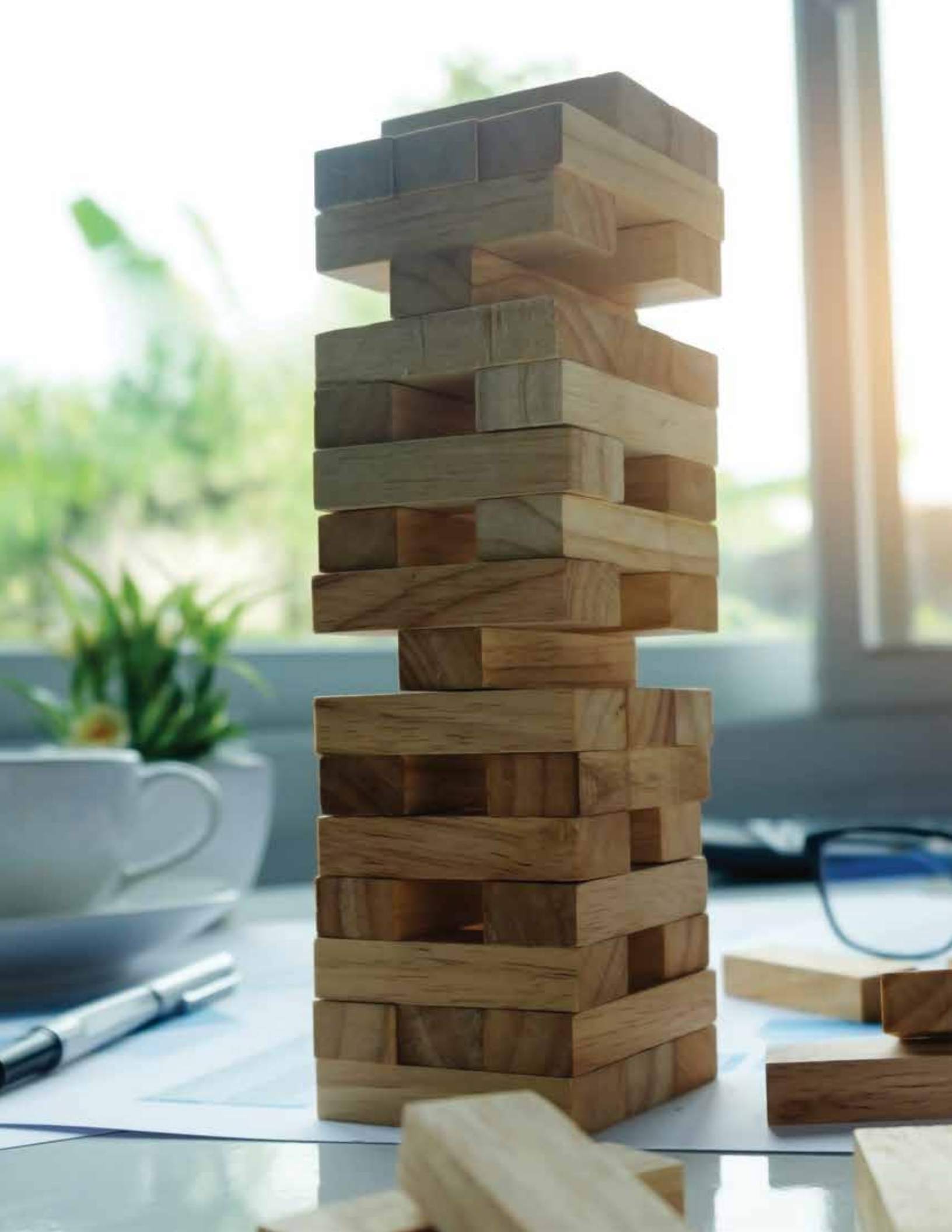
Average composition of raw material for products manufactured by the company is as above. However, most of the base raw materials for local components are indirectly imported by vendors resulting in exposure to foreign currency. The fluctuation in major foreign currencies during the year is as presented in the below graph.



USD, the major foreign currency for international trade, has weakened (6%) against PKR during the year because of lowest current account deficit, highest ever workers remittance, high exports and rising foreign currency reserves of Pakistan. This has led to a stable USD exchange rate for most part of the year after attaining its market-based exchange rate.

However, after year-end PKR has been devaluing against USD owing to significant increase in import bill and there is an uncertainty regarding future movement.

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



A blurred office scene with a window in the background showing a cityscape. In the foreground, there is a desk with a pair of glasses, some papers, and wooden blocks. The text "STRATEGY & RESOURCE ALLOCATION" is overlaid in white, bold, sans-serif font.

STRATEGY & RESOURCE ALLOCATION

STRATEGIC OBJECTIVES

LONG TERM OBJECTIVES

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

MEDIUM AND SHORT-TERM OBJECTIVES

- Increase export market share
- Ensure safe navigation in these testing waters
- Secure working capital requirements by effective cash flow management
- Ensure employee retention
- Safeguard shareholders' return

STRATEGIC PLAN

Millat Tractors Limited will ensure its facilities and operations are state of the art and enabled with latest technology to



deliver quality products at optimum price point. In order to achieve this, the company will continue to invest in its employees and technology.

Support to vendor industry will continue even more so in these times. The company will continue to enable them through technological and financial support. The company also plans to work closely with those charged with governance of this country to ensure maximum wealth creation for all stakeholders.

LIQUIDITY ANALYSIS

Given the current situation under global pandemic of COVID-19, it is important to discuss and assure our stakeholders of the company's liquidity position. During the year, sales of the Company has increased significantly which resulted in favorable cash flows to the Company. The Company has managed to effectively use these funds and also provide support to fellow vendors industry in these testing times.

However, during the year Sales tax refunds of the Company have ballooned up-to Rs 4.59 Billion which is creating problems for the Company with the increased activity level. Management of the Company is actively pursuing this matter at every possible forum so that operations of your Company are not disturbed.

SIGNIFICANT PLANS

The company aims to expand its global outreach by expanding its export operations and focus on diversification through providing IT-enabled solutions. The immediate goal is to keep the company secure with aspect to the global pandemic and ensure safety and well-being of all stakeholders and employees.

CHANGES IN OBJECTIVES

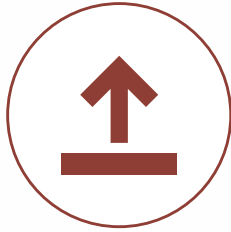
There has been no significant change in strategy and objectives from prior years other than those caused by the global pandemic.

KEY PERFORMANCE INDICATORS

QUANTITATIVE



**Tractors
Units Sold**



**Export
Sales**



**Earnings
per Share**



**Market
Share**

QUALITATIVE



**Warranty
Claims**



**Employee
Retention**



**Right-First-
Time Build**



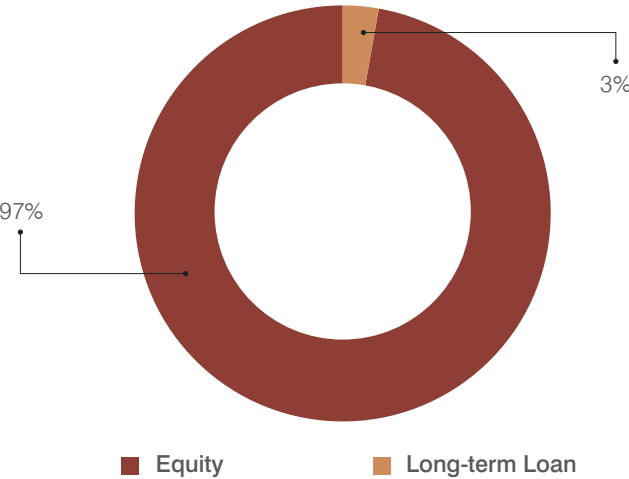
**Compliance of
Laws &
Regulations**

RESOURCE ALLOCATION PLANS

Human Capital	Financial Capital	Manufactured Capital	Intangible Capital	Relationship Capital
<ul style="list-style-type: none"> Annual performance appraisals On-job training and development 	<ul style="list-style-type: none"> Continuous monitoring of working capital requirement Investment of surplus funds to generate additional income No long-term financing requirements 	<ul style="list-style-type: none"> Right-first-time manufacturing concept Strong affiliation with AGCO and Massey Ferguson to develop quality and cost effective tractors Diversification through other products such as forklifts, power generators, implements and multi-application products 	<ul style="list-style-type: none"> Development of in-house and independent IT-service provider Partnership with International Financial Solutions (IFS) to develop Oracle based ERP 	<ul style="list-style-type: none"> Cordial relationship with all supply chain stakeholders Liasion and co-operating with government Compliance with laws and regulations Sustainable growth of the Community by providing job opportunities for local population

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

CAPITAL STRUCTURE OF THE COMPANY



The company relied completely on equity to finance its operations and does not hold any long-term loans except for State Bank of Pakistan (SBP) long term financing facilities of

- Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns and;
- renewable energy finance scheme





RISKS & OPPORTUNITIES

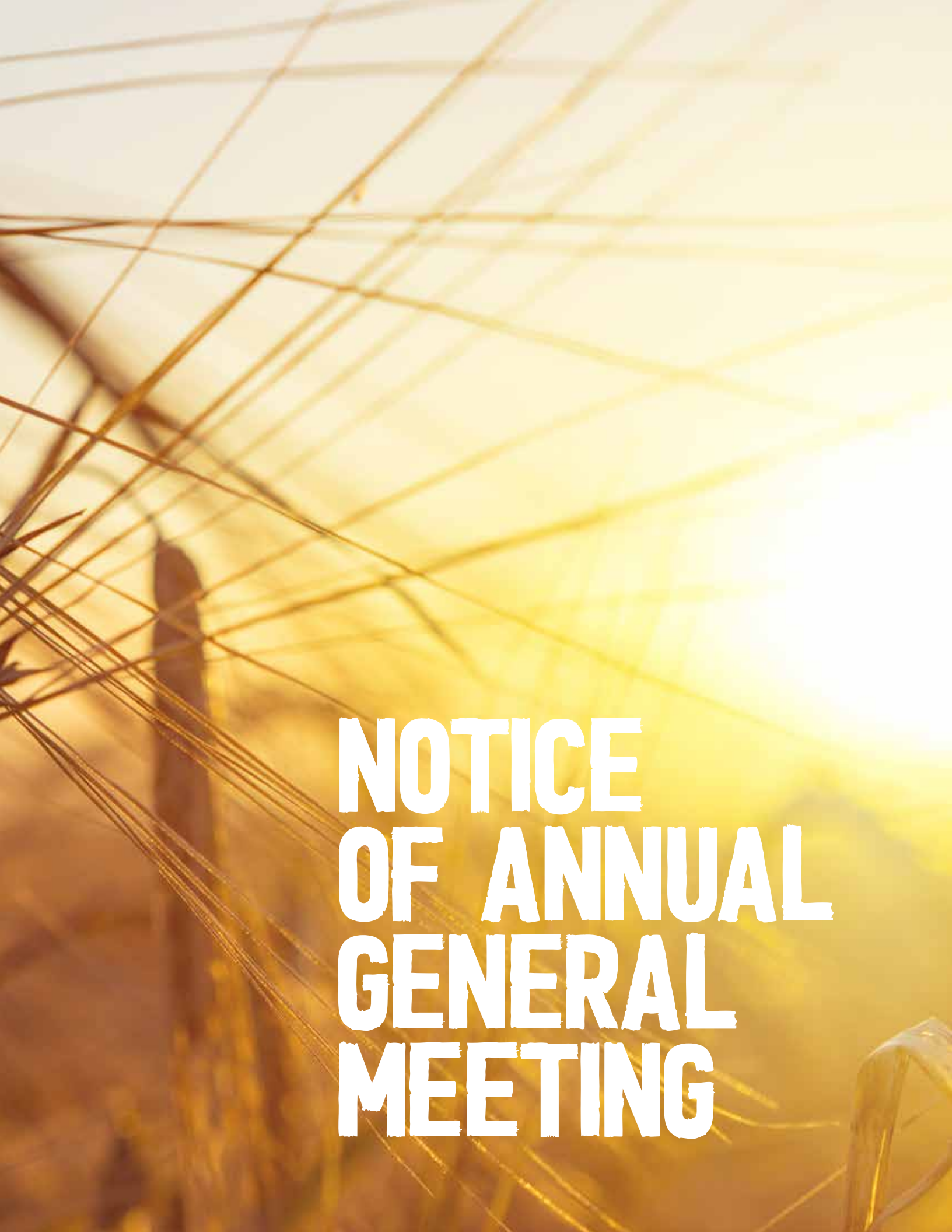
RISKS AND OPPORTUNITIES

Risks	Source	Magnitude	Chance of occurrence	Plan to address
<p>COVID-19</p> <p>COVID-19 has caused havoc on local and global economy since the beginning of calendar year 2020. The Government of Pakistan has managed to curtail the adverse effects of the ongoing pandemic on overall economy through different support measures. However, there is a significant risk that business performance and operations will be affected and result in declining sales / profitability.</p>	External	High	Medium	<ol style="list-style-type: none"> 1. Follow of Standard Operating Procedures issued by Federal and Provincial government to ensure safety of everyone and minimal disruption to business processes 2. Periodic review of business performance to devise a mitigating plan, if necessary 3. Ensure that supply chain management is not affected by the ongoing restrictions around the World.
<p>Liquidity Risk</p> <p>The Company is in net sales tax refund due to lower output tax rate on its products. Delay in the release of sales tax refunds may create liquidity issues for the Company which will hamper its operations.</p>				<ol style="list-style-type: none"> 1. Timely compliance of the requirements of laws and regulations to avoid delay in processing 2. Actively engaging with relevant tax authorities for release of sales tax refunds
<p>Deterioration in quality of products</p> <p>Quality plays an important role in product image, market share and customer perception.</p> <p>Quality of MTL products may deteriorate due to following factors:</p> <ul style="list-style-type: none"> • Supply of low quality products by a single-source vendor • Decrease in Right-First-Time assembly due to untrained staff • Failure to detect procurement of low quality components <p>This may result in loss of sales and reputation among prospective customers as well as reduction in market share</p>	Internal	Medium	Low	<ol style="list-style-type: none"> 1. Ensure proper quality checks of supplies from vendors by qualified and trained staff 2. Conduct periodical trainings of staff to ensure their competency 3. Strict vendor screening and monitoring process
<p>Increase in costs due to currency devaluation and Inflation</p> <p>Inflation and devaluation of PKR against USD which will MTL directly as well as indirectly. Bill of imports is expected to increase for MTL; on the other hand, local vendors are likely to push for price increase as majority of their raw material is also imported which will impact profitability of MTL.</p>	External	High	Medium	Continuous monitoring of costs and impact of currency devaluation to evaluate any change required in strategy and targets.

<p>Information system / Enterprise Resource System failure</p> <p>ERP system in place may malfunction or stop working causing delays in operations and / or loss of sensitive information. Although there is a disaster recovery site in place, restoring of ERP database takes considerable time.</p>	Internal	Medium	Low	<ol style="list-style-type: none"> 1. Keep disaster recovery plan up to date and ensure its implementation in case of any event 2. Train relevant personnel with respect to disaster recovery plan 3. Ensure an effective business continuity plan is put up in concurrence with disaster recovery plan
<p>High turnover of key employees resulting in loss of expertise</p> <p>There is a risk that employees at key position may leave the company for better opportunity elsewhere. This may result in diminishing of competitive manpower.</p>				<ol style="list-style-type: none"> 1. Train people to develop specialized skills and add width to their job description through role transition / job rotation 2. Develop and maintain an effective succession plan to minimize sudden loss of key personnel, if any

Opportunities	Source	Magnitude	Chance of occurrence	Plan to capture
<p>Export markets</p> <p>The company has increased its efforts in global markets, especially Africa, Middle East and Afghanistan to increase its global market share</p>	External	High	Medium	<ol style="list-style-type: none"> 1. Increase quality of products to compete with global competitors 2. Research and develop tailored products for different markets 3. Actively engage with principle (AGCO) to explore new avenues
<p>Diversification</p> <p>The company had setup a retail outlet in Badami Bagh Lahore to expand its spare parts sales. Based on performance of this venture there is a large potential in establishing more retail outlets all over Pakistan to capture this market as well.</p> <p>Moreover, there is also huge potential for agricultural related accessories as customer awareness for new technology is enhancing.</p>	Internal	Medium	Low	<ol style="list-style-type: none"> 1. Educate customers about importance of usage of genuine spare parts 2. Expand spare parts dealer network 3. Introduction of new products of implements





**NOTICE
OF ANNUAL
GENERAL
MEETING**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 58th Annual General Meeting of Millat Tractors Limited will be held at the Registered Office of the Company at 9 K.M. Sheikhpura Road, Shahdara, Lahore, on Saturday October 30, 2021 at 11:30 A.M to transact the following business:

A. ORDINARY BUSINESS

- 1) To confirm minutes of the 57th Annual General Meeting held on October 26, 2020.
- 2) To receive, consider and adopt the Financial Statements of the Company and the Group for the year ended June 30, 2021 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
- 3) To approve final cash dividend of Rs.50.00 per share i.e., 500% in addition to the interim dividend of Rs. 50.00 per share i.e.,500% already paid making a total cash dividend of Rs. 100.00 per share i.e., 1,000%.
- 4) To appoint auditors and fix their remuneration for the year ending June 30, 2022.
- 5) To elect eight directors of the Company for a period of three years. The retiring directors are M/s. Sikandar Mustafa Khan, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, Saad Iqbal, Ahsan Imran Shaikh and Mrs. Ambreen Waheed.

As resolved by the Board in its meeting held on September 17, 2021 the number of Directors to be elected shall be eight of which two male independent and one female independent director are proposed to be elected.

B. SPECIAL BUSINESS

- 6) To ratify and approve issuance of 12.5% Bonus Shares already issued and approved by the Board, by passing the following ordinary resolution.

“RESOLVED THAT:

A sum of Rs. 62,286,390 out of the profit available for appropriations as at December 31, 2020 be capitalized and be applied to the issue of 6,228,639 ordinary shares of Rs.10 each allotted as fully paid Bonus Shares to the members whose names appear in the register of members as at the close of business on March 11, 2021 in the proportion of one share for every eight ordinary shares held i.e.,12.5%.

These Bonus Shares shall rank pari passu in all respects with existing shares except that these shares shall not qualify for the interim dividend declared for the year ending June 30, 2021.

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

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

- 7) To consider and if deemed appropriate to approve issuance of 20% Bonus Shares in addition to 12.5% Bonus Shares already issued by passing the following resolution as an ordinary resolution:

“RESOLVED THAT

A sum of Rs. 112,115,502 (rounded to Rs. 112,115,500) out of the profit available for appropriations as at June 30, 2021 be capitalized and be applied to the issue of 11,211,550.2(rounded to 11,211,550) ordinary shares of Rs.10 each allotted as fully paid Bonus Shares to the members whose names appear in the register of members as at the close of business on October 23, 2021 in the proportion of one share for every five ordinary shares held i.e.,20%.

These Bonus Shares shall rank pari passu in all respects with existing shares except that these shares shall not qualify for the final dividend declared for the year ended June 30, 2021.

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

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

- 8) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2021 by passing the following special resolution with or without modification.
“Resolved that the following transactions conducted with Related Parties for the year ended June 30, 2021 be and are hereby ratified, approved and confirmed.”

2021 (AMOUNTS IN RUPEES)

Particulars	Tipeg Intertrade DMCC	Millat Industrial Products Limited	Bolan Castings Limited	Millat Equipment Limited	Hyundai Nishat Motor (Pvt.) Limited
Purchase of components	494,304,320	352,454,967	2,293,971,017	4,795,535,637	14,608,200
Sale of components	1,966,089,164	66,020	99,100	227,429	-
Sale of Services	-	-	-	-	4,850,000

- 9) To authorize Chief Executive of the Company to approve transactions with Related Parties for the year ending June 30, 2022 by passing the following special resolution with or without modification.

“Resolved that the Chief Executive of the Company be and is hereby authorized to approve the transactions with Related Parties during the period from July 01, 2021 till the next Annual General Meeting of the Company.”

“Resolved further that these transactions shall be placed before the shareholders in the next Annual General Meeting for their ratification/approval.”

- 10) To receive, consider, adopt with or without modification the following Special Resolution for increase in Authorized Capital of the Company.

“RESOLVED that increase in authorized capital of the Company from Rs. 750,000,000/- divided into 75,000,000 ordinary shares of Rs. 10/- each to Rs. 1,000,000,000/- divided into 100,000,000 ordinary shares of Rs. 10/- each be and is hereby approved.

FURTHER RESOLVED that in Clause V of the Memorandum of Association of the Company, words and figures “Rs. 750,000,000/- (Rupees Seven Hundred Fifty Million) divided into 75,000,000/- (Seventy Five Million)” be substituted by words and figures “Rs.1,000,000,000/- (Rupees One Thousand Million) divided into 100,000,000 (One Hundred Million)”.

FURTHER RESOLVED that in Article 5 of the Articles of Association of the Company, words and figures “Rs.750,000,000/-(Rupees Seven Hundred Fifty Million) divided into 75,000,000 (Seventy Five Million)” be substituted by words and figures “Rs. 1,000,000,000/- (Rupees One Thousand Million) divided into 100,000,000 (One Hundred Million)”

FURTHER RESOLVED that Chief Executive and / or Company Secretary of the Company be and is / are hereby authorized to fulfill all legal, corporate and procedural formalities in this regard and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.”

- 11) To consider, adopt with or without modification the following ordinary resolution for holding office of profit by the directors.

“Resolved that sanction/approval be and is hereby accorded for holding the office of profit under the Company by the Directors Mr. Sikandar Mustafa Khan and Mr. Sohail Bashir Rana for a period of three years commencing October 30, 2021 subject to their election as directors.”

C. ANY OTHER BUSINESS

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

By order of the Board

–SD–

Muhammad Faisal Azeem

Company Secretary

Lahore:

October 08, 2021

NOTES

1. The share transfer books of the Company will remain closed from October 24, 2021 to October 30, 2021 (both days inclusive) and no transfer will be accepted during this period. Transfers received, complete in all respect by the Shares Registrar, M/s. Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore by the close of business on October 23, 2021 will be considered in time for the purpose of payment of final cash dividend, issuance of bonus shares, and for the purpose of attending and voting at the meeting.
2. A member entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
3. Members, who have deposited their shares into Central Depository Company of Pakistan will further have to follow the under mentioned guidelines.

A. Attending of Meeting in Person:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC)/ original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

B. Appointment of Proxies:

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his/her original CNIC/original passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the Company.

4. Filing of Consent for Election of Directors

As required u/s 159(3) of Companies Act, 2017, any member who seeks to contest an election to the office of a director, shall whether he/ she is retiring director or otherwise, file with the Company, not later than fourteen days before the date of meeting at which elections are to be held, a notice of his/her intention to offer himself/herself for election as a director along with consent to act as a director in form 28, duly completed as required under section 167(1) of the Companies Act, 2017; and a detailed personal profile along with office address for placement on to the Company's website in accordance with SECP's SRO No.1196(I)/2019 dated October 03, 2019 before the election.

The following declaration should also be furnished as required under the Code of Corporate Governance and Listing Regulations of the Stock Exchange: I hereby declare that:

- a) I am a member of the Company.(Number of shares held along with Folio number or CDC participant id and account number, be mentioned)
- b) I am not ineligible to become a director of the company under any applicable laws and regulations.
- c) I am not serving as a director on the Boards of more than seven (07) listed companies.
- d) I am a registered tax payer and my National Tax No. is -----.
- e) I have never been declared defaulter in payment of any loan to banking company, a Development Financial Institution or a Non Banking Financial Institution.
- f) Neither I nor my spouse has ever been engaged in the business of "Stock Brokerage" in any Stock Exchange.

In case of Independent director, an additional declaration confirming that he/she qualifies the criteria of independence as contained in Section 166 of the Companies Act, 2017.

5. Participation in the Annual General Meeting

SECP, through its Circular No. 04 of 2021 dated February 15, 2021, has directed the listed companies to also arrange the provision of video link facility. Accordingly, in the best health interest of our valued shareholders and to ensure maximum participation, the Company has also arranged video link facility for attending this AGM. The shareholders interested in attending AGM through video link are requested to register their following particulars by sending an email at cdcsr@cdcsrsl.com.

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

The video link and login credentials will be shared with the shareholders whose emails, containing all the requested particulars, are received at the above email address by or before the close of business hours (5:00 P.M.) on October 21, 2021.

6. Video Conference Facility

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

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

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

7. Postal Ballot

Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors and agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through e-voting in accordance with the requirements and procedure contained in the aforesaid regulations. Further in view of SECP's Circular No. 25 of 2020 dated August 31, 2020 read with Circular No. 05 of 2020 dated March 17, 2020, for the purpose of special business proposed in the agenda, members will be able

to opt to vote through e-voting. The requirements and procedure contained in aforesaid regulations with respect to e-voting shall also be applicable to the e-voting for the special business.

- Non CDC Shareholders are requested to notify the change of address, if any, immediately and submit, if applicable, the CZ-50 Form (for non deduction of Zakat) to the Registrar of the Company M/s. Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore. All the shareholders holding shares through CDC are requested to update their addresses and Zakat status with their participants. This will assist in prompt receipt of Dividend.

9. Mandatory submission of CNIC

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

10. Payment of Cash Dividend Electronically

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

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

11. Deduction of Tax from Dividend Income

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

- (a) Members whose names are appearing in Active Taxpayers List (ATL) 15%
- (b) Members whose names are not appearing in Active Taxpayers List (ATL) 30%

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

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

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

The above required information must be provided to Share Registrar, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s)

For any further query/problem/information, the investors may contact the Company Share Registrar: M/s. Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore, Phone: 042-37235081-82, e-mail address: shares@hmaconsultants.com Fax: 042-37358817. The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or the Shares Registrar. The shareholders while sending NTN certificates must quote company name and their respective folio numbers.

Valid Tax Exemption Certificate for Exemption from Withholding Tax

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

12. E-Dividend Registration

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

13. Placement of Accounts on website

The financial statements of the Company for the year ended June 30, 2021 along with reports have been placed at the website of the Company www.millat.com.pk.

14. Transmission of Annual Financial Statements through email

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

15. Transmission of Annual Financial Statements through CD/DVD/USB

SECP through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and directors' report etc to its members through CD/DVD/USB at their registered addresses. In view of the above the Company has sent its Annual Report-2021 to the shareholders in the form of CD. Any Member can send request for printed copy of the Annual Report-2021 to the Company on standard request form placed on its website.

16. Conversion of Physical Shares in to Book Entry Form

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

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

STATEMENT U/S 134(3) OF THE COMPANIES ACT, 2017

AGENDA ITEM NO.6 & 7

Issuance of Bonus Shares

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

Disposal of Bonus Share Fractions

The Board in its 179th & 181st meetings held on February 19, 2021 and September 17, 2021 has recommended that the fractions of bonus shares will be immaterial and of no significant financial disadvantage to the shareholders. Therefore the proceeds of the above may be donated to one or more charitable institutions (engaged in the welfare of human being) in line with the Company's policy of maximum participation in welfare.

AGENDA ITEM NO.8

Related Party Transactions (RPTs)

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

The Related Party Transactions conducted with group companies had to be approved by the Board duly recommended by the Audit Committee periodically pursuant to regulation 15 of the Code of Corporate Governance. However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the group companies, the quorum of directors could not be formed for approval of these transactions therefore, these transactions have to be approved by the shareholders in General Meeting. It may be noted that principal activity of the company is assembly/manufacture of Agri tractors for which components are procured from approximately 150 vending industries including group companies in the normal course of business. Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL) manufacture intricate tractor components i.e., major tractor castings and gears & shafts etc respectively for which limited sources are available in the country. Millat Industrial Products Limited (MIPL) manufactures tractor batteries while tractors and components are exported through TIPEG INTERTRADE DMCC (TIPEG). In addition, components are imported through TIPEG for in house use by the Company. During the year sale of scrap and swarf etc was also made to BCL for in house consumption.

The commercial reasons for entering into RPTs are the following.

- Availability of state of the art production facilities.
- Advanced Technical Know How.
- Dedicated production facilities.
- Elaborated testing facilities for MTL.
- Smooth supply chain

The Company has the following equity in the Subsidiary Companies.

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

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

Sr. No.	Name of Director(s)	TIPEG	MIPL	BCL	MEL
		No. of Shares	No. of Shares	No. of Shares	No. of Shares
1	Mr. Sikandar Mustafa Khan	100	541,250	166,369	1,622,859
2	Mr. Sohail Bashir Rana	100	361,500	144,359	1,705,001
3	Mr. Laeeq Uddin Ansari	100	339,500	3,120	2,047,801
4	Mian Muhammad Saleem	100	2,499	2,993	2,500
5	Syed Muhammad Irfan Aqueel (CEO, MTL and Director of MEL only)	-	-	2,500	100,000
TOTAL		400	1,244,749	319,341	5,478,161
Percentage Of Shareholding		20.00 %	13.90 %	2.78%	21.06 %

In the last Annual General Meeting, the share holders had authorized the Chief Executive of the Company to approve these transactions in the normal course of business subject to final approval/ratification by the shareholders. Therefore these transactions are being placed before the shareholders for final approval/ratification. The information of the Related party transactions as required under Regulation 5(1) of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 is as under:-

Name of related party	TIPEG	MIPL	BCL	MEL	Hyundai Nishat Motor (Pvt.) Limited	
Names of interested or concerned persons or directors	Mr. Sikandar Mustafa Khan Mr. Sohail Bashir Rana (Not a Director in MEL) Mr. Laeeq Uddin Ansari Mian Muhammad Saleem (Not a Director in MEL) Mr. Ahsan Imran Shaikh (CEO, MEL and Director of MIPL Not a Director in BCL and TIPEG) Syed Muhammad Irfan Aqueel (Director of MEL only)				Sohail Bashir Rana	
Nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in related party	Common Directorship & shareholding: Mr. Sikandar Mustafa Khan Mr. Sohail Bashir Rana (Not a Director in MEL) Mr. Laeeq Uddin Ansari Mian Muhammad Saleem (Not a Director in MEL) Mr. Ahsan Imran Shaikh (Not a Director & shareholder in BCL and TIPEG) Syed Muhammad Irfan Aqueel (Director of MEL only)				Shareholding of MTL & common Directorship of Mr. Sohail Bashir Rana	
Detail, description, terms and conditions of transactions	1. Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders	1. Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders 3. Services	1. Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders 3. Services	1. Purchase of components against Confirmed orders 2. Sale of components against Confirmed orders 3. Services	1. Services as per agreement 2. Purchase of fixed assets against order	
Amount of Transactions	Purchase of components	494,304,320	352,454,967	2,293,971,017	4,795,535,637	14,608,200
	Sale of components	1,966,089,164	66,020	99,100	227,429	-
	Services	-	-	-	-	4,850,000
Time frame or duration of the transactions or contracts or arrangements.	01-07-2020 to 30-06-2021	01-07-2020 to 30-06-2021	01-07-2020 to 30-06-2021	01-07-2020 to 30-06-2021	2. As per timeline set in Service Level Agreement	
Pricing Policy	Purchase of components	At Mutually Agreed price			At Market price	
	Sale of components	At Mutually Agreed price			N/A	
	Services	As per Agreement				

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

AGENDA ITEM NO.9

Authorization to CEO for Related Party Transactions (RPTs)

The Company shall be conducting Related Party Transactions (RPTs) with subsidiary companies during the year ending June 30, 2022 in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the subsidiary companies. Therefore these transactions with subsidiary companies have to be approved by the shareholders.

In order to ensure smooth supply during the year, the shareholders may authorize the Chief Executive to approve transactions with subsidiary companies on case to case basis for the period from July 01, 2021 to Next AGM. The summary of commercial reasons, nature and scope of RPTs is explained above. However, these transactions shall be placed before the shareholders in the next AGM for their approval/ratification.

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

AGENDA ITEM NO.10

Increase in Authorized Capital

Comparative Analysis	
Existing Clause V of Memorandum of Association	Substituted Clause V of Memorandum of Association
The Capital of the Company is Rs. 750,000,000/- (Rupees Seven Hundred Fifty Million) divided into 75,000,000/- (Seventy Five Million) ordinary shares of Rs. 10/- each. The Company shall have the powers to increase, reduce or reorganise the Capital of the Company and divide shares in the Capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.	The Capital of the Company is Rs. 1,000,000,000/- (Rupees One Thousand Million) divided into 100,000,000/- (One Hundred Million) ordinary shares of Rs. 10/- each. The Company shall have the powers to increase, reduce or reorganise the Capital of the Company and divide shares in the Capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.

Comparative Analysis	
Existing Article 5 of Articles of Association	Substituted Article 5 of Articles of Association
The Share Capital of the Company is Rs. 750,000,000/- (Rupees Seven Hundred Fifty Million) divided into 75,000,000/- (Seventy Five Million) Ordinary shares of Rs. 10/- each.	The Share Capital of the Company is Rs. 1,000,000,000/- (Rupees One Thousand Million) divided into 100,000,000/- (One Hundred Million) Ordinary shares of Rs. 10/- each.

Reasons for change

The Current authorized capital of the company is 75 million and paid up capital is 56.057 million. The same is being enhanced in order to have a provision in authorized capital for any future increase in paid up capital of the Company.

Statement by the Board

The aforesaid substitution has been approved by the Board of Directors in their meeting held on September 17, 2021 and is in line with the applicable provisions of the law and regulatory framework.

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

AGENDA ITEM NO.11

Approval of Holding of office of Profit

Section 171 (1) (c) (i) of the Companies Act, 2017 requires sanction/approval of shareholders in the general meeting for the holding of office of profit by the directors.

Details of the office of profit proposed to be held by directors and brief job description

Subject to their election as directors, M/s. Sikandar Mustafa Khan and Sohail Bashir Rana shall be holding office of profit under the Company for performing extra services including acting as member(s) of different committees to be constituted and terms of reference thereof approved by the Board.

The role and responsibilities of Mr. Sikandar Mustafa Khan shall be as under.

1. chair the Board and General Meetings of the Company including setting the agenda of such meetings;
2. promote the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level;

3. ensure that the Board receives accurate, timely and clear information;
4. ensure effective communication with members of the Company;
5. facilitate the effective contribution of non-executive directors and ensure constructive relations between executive and non-executive directors;
6. ensure that the performance of the Board, its committees and individual directors is evaluated at least once a year; and
7. ensure clear structure for, and the effective running of, Board committees.
8. Disclosure of interest where it exists.

Extra Services

In addition to the above he will perform the following.

- i) To perform duties and responsibilities as defined in the Code of Corporate Governance.
- ii) To act as Chairman of Board's Committee for Group supervision (BCGS) constituted by the Board to review overall business performance, major projects and new investments of group companies.
- iii) To perform functions as contained in Article 103 (2) (iv) of the Articles of Association of the Company which reads as under:

“act as Chairman of Board's Committee for Group Supervision (BCGS) and monitor the functions of units through BCGS members and in furtherance thereof, may from time to time call for information, issue directions, guidelines or assign a specific task to any member of the Committee.”
- iv) To monitor functioning of Finance and Marketing committees.
- v) Exercise such powers, functions & duties as may be assigned / delegated by the Board from time to time pursuant to Article 103(2) (iii) of the Articles of Association of the Company.

The role and responsibilities of Mr. Sohail Bashir Rana shall be as under.

1. As Executive director he shall have the same general legal responsibilities to the Company as any other director and shall be required to take decisions in the best interests of the Company.

2. constructively challenge and contribute to the development of Company strategy;
3. ensure that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
4. at all time comply with the Articles of Association of the Company;
5. disclose interest where it exists.

Extra Services

In addition to the above he will perform the following.

1. Play a key role in coordinating and managing all operational, financial and personnel functions of the Company to ensure continued profit growth.
2. Provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed.
3. Set the Company's strategic goals, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance; and
4. Set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.
5. Implement the approved operational plans of the Company and arrange timely availability of required resources.
6. Define short term and long term marketing objectives for the Company.
7. Review and approve strategies budgets for production plans to ensure these meet objectives already set.
8. Define reporting formats including key performance indicators and critical success factors for sales and marketing qualitative and quantitative performance measurement.
9. Review actual performance against budget, reasons for variations and plans to bridge the gaps on monthly basis.
10. Define critical success factors for performance measurement.
11. Define critical controls to be implemented in the operations.
12. Review and approve operations policies.
13. Review and approve policies for procurement, inventories, maintenance etc.

14. Review and approve quality control standards.
15. Review performance evaluation of senior personnel of the Company.
16. Review and approve IT Budget and approve IT projects.

Remuneration of the directors including perks and benefits, pecuniary or otherwise;

The maximum per annum limit of remunerations to the above directors shall be as under.

- | | |
|------------------------------|-------------------|
| 1. Mr. Sikandar Mustafa Khan | Rs. 49.00 million |
| 2. Mr. Sohail Bashir Rana | Rs. 38.00 million |

Any other benefit or profits arising out of such profit for the directors

Authorized for free use of Company maintained transport for official and private purposes and reimbursement of medical expenses for self and dependants.

Benefits to the Company and its members as a result of such office of profit to be held by the directors

Mr. Sikandar Mustafa Khan is a mechanical engineer and has varied experience in the automotive and engineering industry and has been associated with it since 1972. Mr. Sohail Bashir Rana is also a mechanical engineer with over 38 years experience in the automobile sector in Pakistan and abroad. Both have a vast and in depth experience of the automotive sector especially of tractor industry. The Company will have improved working and better controls resulting in better profitability ultimately for the benefit of shareholders of the company in the shape of higher dividends.

Period of holding of such office

Three years from the date of election i.e., up till next elections of directors of the Company.

The board approves the above remuneration packages in accordance with Articles of Association of the Company subject to their election as directors. However, the holding of office of profit in the Company by the directors has to be sanctioned/approved by the shareholders in the general meeting. Therefore the resolution is placed before the shareholders for their consideration and approval, if deemed appropriate.

Each director is interested in the resolution to the extent of his remuneration.

SELECTION OF INDEPENDENT DIRECTORS

As per Section 166 (1) read with clause 6(1) and 7 of Listed Companies (Code of Corporate Governance) Regulations, 2019, the company has selected following three candidates (two male and one Female to be elected under section 159 of the Companies Act, 2017 in this AGM) from the data bank maintained by the institute duly authorized by SECP.

The names of directors selected and justification for their selection as required under section 166(3) is as under:-

1. Mr. Mohammad Javed Rashid
2. Mr. Nasr us Samad Qureshi
3. Ms. Ambreen Waheed

1. Mohammad Javed Rashid

Mr. Javed is a highly seasoned, results oriented, professional banker with over 50 years' experience in the corporate banking, risk management and quality assurance areas. His recent responsibilities include Secretary to all key management committees within Alkhabeer Capital. Well conversant with the business culture and regulatory environment of Bahrain and Saudi Arabia where he has resided for nearly 44 years. Prior to joining Alkhabeer, Javed worked for prime international as well as regional banks in Pakistan and the Gulf, like Bank of America, American Express Bank, Chase Manhattan Bank, the Saudi Investment Bank and the National Commercial Bank. He holds a Master's degree from the University of the Punjab in Pakistan.

2. Nasar us Samad Qureshi

Mr. Qureshi started his career in 1974 in Pakistan and served in senior positions with various insurance companies for almost 30 years in UAE from 1977. He has received training at College of Insurance, London and with various leading international brokers and reinsures in the UK, France, Italy and the Middle East. In 2006 he establish Alfalah Insurance Company where he served as founding Managing Director & CEO of the company from its inception in 2006 till his voluntary retirement on March 31, 2019.

Mr. Qureshi graduated from University of the Punjab in 1974 with majors in Economics and Statistics and is a certified director from Pakistan Institute of Corporate Governance. During these 44+ years, besides gaining immense industry experience, he supported efforts for development

of insurance industry in the UAE and in Pakistan. He was elected as a member of the Energy Committee and Non-Marine Committee of Emirates Insurance Association, United Arab Emirates. As an honorary visiting faculty he joined UAE Institute of Bankers in Sharjah teaching various insurance subjects to local students.

He served as Senior Vice Chairman in 2015/16 and prior to that as Vice Chairman in 2011 of Insurance Association of Pakistan. Also, served as Chairman of Lahore Insurance Institute for the year 2013 and 2014. He was nominated to the Insurance Industry Reforms Committee formed by the SECP in 2012 and served as Chairman of the Operational Challenges Sub Committee. Till voluntary retirement from Alfalah Insurance on 31st March, 2019, he served as Chairman of Insurance Association of Pakistan for the year 2018/19 and represented the industry on National Financial

Inclusion Strategy Steering Committee. He is presently a member of the National Task Force for Insurance Sector Reforms established by the Ministry of Commerce.

As a social sector contribution, he is serving as Vice Chairman of CYTE Foundation (www.cytefoundation.com) since 2015. CYTE is a NGO dedicated to educating underprivileged children in Pakistan. After his retirement from Alfalah Insurance he is devoting more time to take CYTE to next level and expand its footprint across the country.

After retirement from Alfalah Insurance, he has established an insurance advisory firm known as TameenTech Insurance Advisory Private Limited (www.tameentech.com). In addition, he is advising Boards of Directors of some insurance establishments and other stakeholders on various insurance matters.



3. Mrs. Ambreen Waheed

Mrs. Ambreen is MSC Computer Science, MPhil Management Studies from University of Cambridge, UK and is a Visiting Professor at Wharton Business School (USA), ESSEC Business School (France), LUMS (Pakistan). She is Founder & Advisor Responsible Business Initiative, Director Global Responsibility BSP Stora Enso JV (former), Chair SAFORB- South Asia Forum on Responsible Business, Core Group member PRME (Principles of Responsible Management Education) Anti-Corruption & Poverty Alleviation

She is globally recognized and among the pioneers of Corporate Citizenship, Sustainability and Workplace Process Integrity. Founder Responsible Business Initiative (RBI), a citizen sector enabler dedicated to Responsible Entrepreneurship and Information Communication Technology. Co-founder & Chair South Asia Forum on Responsible Business (SAFORB), the region's

representative network of citizen-sector organizations. Assessing and mitigating Risks related to Responsible Business through coherent and effective engagement with all stakeholders, developing and Steering Environmental, Social, Ethical and Eco-Efficiency initiatives around Company and its Supply chains.

Ms. Ambreen has served on: the Board of Millat Tractors Limited since, 2018, Nominating Committee of Global Reporting Initiative (GRI) Netherland; the Steering Board UN Global Compact in Pakistan; the Securities and Exchange Commission of Pakistan (SECP) Governance Taskforce; Board of Trustees-Asia-Pacific Roundtable on Sustainable Consumption & Production (APRSCP); Founding member of Asia-Pacific CSR Centers Group; the South Asia Alliance for Responsible Business (SAARB) and the Asian Forum on CSR; Fair-trade Pakistan; and the Globally Responsible Leaders Initiative of the UN Global Compact (US) & EFMD (Europe).



الفلاح انشورنس سے ریٹائرمنٹ کے بعد، اس نے ایک انشورنس ایڈوائزری فرم قائم کی ہے جسے تمہیں ٹیک انشورنس ایڈوائزری پرائیویٹ لمیٹڈ (www.tameentech.com) کے نام سے جانا جاتا ہے۔ اس کے علاوہ، وہ کچھ انشورنس اداروں کے بورڈ آف ڈائریکٹرز اور دیگر اسٹیک ہولڈرز کو مختلف انشورنس معاملات پر ایڈوائز کے طور پر خدمات سرانجام دے رہے ہیں۔

3- محترمہ امبرین وحید

محترمہ امبرین وحید ایم ایس سی کمپیوٹر سائنس اور بیجمنٹ سائنس میں ایم فل کیمرج یونیورسٹی یو کے سے گواکینفا ٹیڈ ہیں اور وارٹن بزنس سکول یو ایس اے، ای ایس ایس سی (ESSEC) بزنس سکول فرانس اور LUMS لاہور پاکستان میں "visiting professor" ہیں۔ وہ Business Initiative کی فوٹو ممبر اور ایڈوائزری کی ذمہ داریاں بھی ان کے پاس ہیں۔ BSP Stora Enso Jv (فارم) Chair SAFORB-South Asia فارم کی گلوبل کی ذمہ داریاں بھی بھاری ہیں۔ محترمہ (PRME Principle of Reasonable Management Education) انٹی کرپشن اور غربت مٹاؤ کو روک کر ممبر بھی ہیں۔

یہ کارپوریٹ سٹریٹجی شپ کے حوالے سے گلوبلی سطح کی تسلیم شدہ ممبران میں سے ہیں۔ محترمہ ورک پلیس شفافیت کے کام سمھالے ہوئے ہیں۔ اور ذمہ دار بزنس (RBI) کی تائید کنندہ اور کلیدی ممبر ہیں۔ ساتھ ساتھ وہ ایک متاثر کن اور ذمہ دار Entrepreneurship کے لیے سماجی شعبہ میں خدمات دے رہی ہیں۔ وہ (SAFORS) ساؤتھ ایشیا بزنس فورم کی کلیدی ممبر ہیں جو کہ علاقائی سماجی شعبے کے نٹ ورک کی نمائندگی بھی کرتی ہیں۔

تمام سٹیک ہولڈرز کیساتھ وہ ہمیشہ متاثر کن انداز میں بزنس سے وابستہ خطرات کی قبل از وقت تشخیص کرنے اور کسی حد تک اُن کو کم کرنے میں بھی معاونت کرتی ہیں۔ کمپنی اور اس کی سپلائی چین کے لیے ترقی پزیر اور موسمیاتی تبدیلیوں کی راہنمائی سماجی، اخلاقی اور معاشی بہتری کے اقدامات کرنا۔

محترمہ امبرین نے 2018 سے بورڈ آف ملٹ ٹریڈرز لمیٹڈ میں خدمات سرانجام دے رہی ہیں، وہ گلوبل رپورٹنگ انیشی ایٹو (GRI) نیدرلینڈ کی نامزد کمیٹی؛ پاکستان میں اسٹیم ٹنگ بورڈ یو این گلوبل کمیٹی سیکرٹریز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان (ایس ای سی پی) گورننس ٹاسک فورس بورڈ آف ٹرسٹیز۔ پائیدار کھپت اور پیداوار پر ایشیا پیسیفک گول میز (APRSCP) ایشیا پیسیفک CSR سینٹرز گروپ کے بانی رکن جنوبی ایشیا اتحاد برائے ذمہ دارانہ کاروبار (سارب) اور ایشیائی فورم برائے سی ایس آر؛ منصفانہ تجارت پاکستان اور اقوام متحدہ کے گلوبل کمیٹی (یو ایس) اور ای ایف ایم ڈی (یورپ) کا عالمی سطح پر ذمہ داریاں سنبھال رہی ہیں۔

ڈائریکٹرز کا معاوضہ بشمول مراعات اور فوائد، مالی یا دوسری صورت میں؛

مذکورہ بالا ڈائریکٹرز کو معاوضے کی زیادہ سے زیادہ سالانہ حد درج ذیل ہوگی۔

1- مسٹر سکندر مصطفیٰ خان 49.00 ملین روپے

2- مسٹر سہیل بشیر رانا 38.00 ملین روپے

ڈائریکٹرز کے لیے اس طرح کے منافع سے پیدا ہونے والا کوئی دوسرا فائدہ یا منافع۔

سرکاری اور نجی مقاصد کے لیے کمپنی کے زیر انتظام ٹرانسپورٹ کے مفت استعمال اور خود اور اخصار کرنے والوں کے لیے طبی اخراجات کی ادائیگی کے مجاز ہوں گے۔

کمپنی اور اس کے ممبران کو اس طرح کے منافع کے دفتر کے نتیجے میں جو کہ ڈائریکٹرز

کے پاس ہوں گے۔

مسٹر سکندر مصطفیٰ خان ایک ملکیٹیکل انجینئر ہیں اور آٹوموٹو اور انجینئرنگ انڈسٹری میں وسیع تجربہ رکھتے ہیں اور 1972 سے اس سے وابستہ ہیں۔

مسٹر سہیل بشیر رانا بھی ایک ملکیٹیکل انجینئر ہیں اور یہ بھی پاکستان اور بیرون ملک کے آٹوموٹو بائیل سیلٹر میں 38 سال سے زیادہ کا تجربہ رکھتے ہیں بیرون ملک دونوں کو آٹوموٹو میکسر خاص طور پر ٹریکٹر انڈسٹری کا وسیع اور گہرا تجربہ ہے۔ کمپنی بہتر کام اور بہتر کنٹرول کرے گی جس کے نتیجے میں بہتر منافع بلاخر کمپنی کے حصص یافتگان کے فائدے کے لیے زیادہ منافع کی شکل میں ہوگا۔

عہدے کے انعقاد کی مدت

ایکشن کی تاریخ سے تین سال یعنی کمپنی کے ڈائریکٹرز کے اگلے انتخابات تک۔

بورڈ نے مذکورہ بالا معاوضے کے ٹیکس کو کمپنی کے آرٹیکل آف ایسوسی ایشن آف کے مطابق ان کے بطور ڈائریکٹر انتخاب کی منظوری دیتا ہے۔ تاہم، ڈائریکٹروں کی طرف سے کمپنی میں آفس آف پرائف کو عام میننگ میں شیئر ہولڈرز کی طرف سے منظوری/اجازت لینے ہوگی۔ چنانچہ اگر مناسب سمجھا جائے تو یہ قرارداد شیئر ہولڈرز کے سامنے ان کے غور اور منظوری کے لیے رکھی گئی ہے۔

ہر ڈائریکٹر اپنے معاوضے کی حد تک قرارداد میں دلچسپی رکھتا ہے۔

آزاد ڈائریکٹرز کا انتخاب

سیکشن 166(1) کو اگر لیکچر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی شق 6(1) اور 7 کے ساتھ پڑھا جائے تو اس کے مطابق کمپنی نے ایس ای سی پی کے ذریعہ بااختیار انٹی ٹیوٹ کے زیر انتظام ڈیٹا بیس سے مندرجہ ذیل 13 امیدواروں (2 مرد اور ایک خاتون) کو کمپنیز ایکٹ، 2017 کے سیکشن 159 کے تحت اجلاس میں منتخب کیا ہے۔

نتیجہ ڈائریکٹرز کے نام اور ان کے انتخاب کا جو اس سیکشن 166(3) کے تحت حسب ذیل ہے:-

1- مسٹر محمد جاوید راشد۔

2- مسٹر نصر محمد قریشی۔

3- مسٹر مہاجرین وحید۔

1- مسٹر محمد جاوید راشد

مسٹر جاوید کارپوریٹ بینکنگ، رسک مینجمنٹ اور کوالٹی اشورینس کے شعبوں میں 50 سال سے زیادہ کا تجربہ رکھنے والے انتہائی تجربہ کار، نتائج پر مبنی، پیشہ ور بینکر ہیں۔ ان کی حالیہ ذمہ داریوں میں انجیر کی پیپل کے اندر تمام کلیدی انتظامی کمٹیوں کے سیکرٹری شامل ہیں۔ بحرین اور سعودی عرب کے کاروباری کلچر اور ریگولیشنز ماحول سے اچھی طرح واقف ہیں جہاں وہ تقریباً 44 سالوں سے متیم ہیں۔ انجیر میں شامل ہونے سے پہلے، جاوید نے پاکستان اور خلیج کے اعلیٰ بین الاقوامی اور علاقائی بینکوں کے ساتھ ساتھ بینک آف امریکہ، امریکن ایکسپریس بینک، جیس مین ٹین بینک، سعودی انویسٹمنٹ بینک اور نیشنل کمرشل بینک میں بھی کام کیا۔ انہوں نے پاکستان میں پنجاب یونیورسٹی سے ماسٹری ڈگری حاصل کی ہے۔

2- مسٹر نصر محمد قریشی۔

مسٹر قریشی نے 1974 میں پاکستان میں اپنے کیریئر کا آغاز کیا اور 1977 سے متحدہ عرب امارات میں تقریباً 30 سال تک مختلف انٹرنیشنل کمپنیوں کے ساتھ سینئر عہدوں پر خدمات انجام دیں۔ انہوں نے کالج آف انٹرنس، لندن میں تربیت حاصل کی اور برطانیہ میں مختلف معروف بین الاقوامی بروکرز اور ری انشور کے ساتھ، فرانس، اٹلی اور مشرق وسطیٰ میں کام کیا۔ 2006 میں انہوں نے الفلاح انٹرنیشنل کمپنی قائم کی جہاں انہوں نے کمپنی کے بانی چیف ڈائریکٹر اور سی ای او کی حیثیت سے 2006 میں اپنے قیام سے لے کر 31 مارچ، 2019 تک اپنی رضا کارانہ ریٹائرمنٹ تک خدمات انجام دیں۔

مسٹر قریشی نے 1974 میں پنجاب یونیورسٹی سے معاشیات اور شاریات میں ماسٹرز کے ساتھ گریجویشن کیا اور یہ پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس سے سند یافتہ ڈائریکٹر ہیں۔ ان 44 سالوں کے دوران، صنعت کا بے پناہ تجربہ حاصل کرنے کے علاوہ، انہوں نے متحدہ عرب امارات اور پاکستان میں انٹرنیشنل انڈسٹری میں ترقی کی کوششوں کی حمایت کی۔ وہ امارات انٹرنیشنل ایسوسی ایشن، متحدہ عرب امارات کی انرجی کمیٹی اور نان میرین کمیٹی کے رکن کے طور پر منتخب ہوئے۔ اعزازی وزیٹنگ فیکلٹی کے طور پر انہوں نے شارجہ میں متحدہ عرب امارات کے انسٹی ٹیوٹ آف بینکرز میں شمولیت اختیار کی تاکہ مقامی طلباء کو مختلف انٹرنیشنل مضامین سکھانے جائیں۔

انہوں نے 2015/16 میں سینئر وائس چیئر مین اور اس سے پہلے 2011 میں انٹرنیشنل ایسوسی ایشن آف پاکستان کے وائس چیئر مین کی حیثیت سے خدمات انجام دیں۔ اس کے علاوہ، سال 2013 اور 2014 کے لیے لاہور انٹرنیشنل انسٹی ٹیوٹ کے چیئر مین کے طور پر بھی خدمات انجام دیں۔ وہ 2012 میں ایس ای سی پی کی طرف سے بنائی گئی انٹرنیشنل ریٹائرمنٹ کمیٹی کے لیے نامزد ہوئے اور آپریشنل چیئرمینز سب کمیٹی کے چیئر مین کے طور پر خدمات انجام دیں۔ 31 مارچ، 2019 کو الفلاح انٹرنیشنل سے رضا کارانہ ریٹائرمنٹ تک، انہوں نے سال 2018/19 کے لیے انٹرنیشنل ایسوسی ایشن آف پاکستان کے چیئر مین کی حیثیت سے خدمات انجام دیں اور نیشنل فنانشل انکلوژن اسٹریٹیجی اسٹریٹجی کمیٹی میں انڈسٹری کی نمائندگی کی۔ اس وقت وہ وزارت تجارت کے قائم کردہ انٹرنیشنل سیلٹر ریٹائرمنٹ کمیٹی کے لیے نیشنل ماسک فورس کے رکن ہیں۔

سماجی شعبے میں شراکت دار کے طور پر، وہ 2015 سے CYTE فاؤنڈیشن (www.cytefoundation.com) کے وائس چیئر مین کے طور پر خدمات انجام دے رہے ہیں۔ الفلاح انٹرنیشنل سے ریٹائرمنٹ کے بعد وہ CYTE کو اگلے درجے تک لے جانے اور ملک بھر میں اس کے قدم بڑھانے کے لیے زیادہ وقت دے رہے ہیں۔

مسٹر سکندر مصطفیٰ خان کا کردار اور ذمہ داریاں حسب ذیل ہوں گی:

- 3- اس بات کی یقین دہانی کرنا کہ مالی معلومات بالکل درست ہیں اور ریسک مینجمنٹ کے کنٹرولز اور سسٹمز مضبوط اور محفوظ ہیں
- 4- لمحہ بہ لمحہ کمپنی کے آرٹیکلز آف ایسوسی ایشن پر عملدرآمد
- 5- مفاد کی صورت میں اس کی نشاندہی

اضافی خدمات:

- 1- مذکورہ بالا کے علاوہ درج ذیل ذمہ داریاں بھی سرانجام دیں گے۔
- 1- کمپنی کیلئے دیرپا منافع کا حصول یقینی بنانے کیلئے تمام امور میں کور آڈیٹیشن اور مینجنگ، کمپنی کے فنانس اور پرسنل فنکشنز میں کلیدی کردار ادا کرنا
- 2- کمپنی میں ریسک کی نشاندہی اور اس سے نمٹنے کیلئے محتاط اور موثر فریم ورک ترتیب دینے کیلئے entrepreneurial leadership کی فراہمی

- 3- کمپنی کے سٹریٹجک اہداف کا تعین، اس بات کی یقین دہانی کرنا کہ کمپنی کے مقاصد کے حصول کیلئے ضروری مالی اور افرادی وسائل مکمل انداز میں اپنی جگہ پر موجود ہیں اور مینجمنٹ کی کارکردگی کا جائزہ اور کمپنی کی اقدار اور معیارات کا تعین کرنا اور اس بات کی یقین دہانی کرنا کہ شیئر ہولڈرز اور دیگر سے متعلقہ اس کی ذمہ داریوں کی سوجھ بوجھ ہے اور ان پر عملدرآمد جاری ہے

- 4- کمپنی کے منظور شدہ انتظامی منصوبوں پر عملدرآمد اور مطلوبہ وسائل کا بروقت انتظام کرنا
- 5- کمپنی کے لئے مختصر اور طویل مدتی مارکیٹنگ مقاصد واضح کرنا
- 6- پہلے سے متعین کردہ اہداف کا حصول یقینی بنانے کیلئے پروڈکشن پلانز کیلئے سٹریٹجک بجٹ کا جائزہ اور منظوری

- 7- کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل (iv) (2) 103 کے مطابق امور سرانجام دینا، جس کے تحت:
- 8- "گروپ پروویژن (BCGS) کیلئے بورڈ کمیٹی کے چیئرمین کے طور پر کام کرنا اور BCGS ممبران کے ذریعے یونٹس کے فنکشنز کی نگرانی اور وقتاً فوقتاً معلومات، راہنمائی، ہدایات کی فراہمی یا کمیٹی کے کسی ممبر کو مخصوص ٹاسک سونپنے کی خدمات"

- 9- فنانس اور مارکیٹنگ کمیٹی کے امور کی نگرانی
- 10- کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل (iii) (2) 103 کے تحت بورڈ کی جانب سے وقتاً فوقتاً تفویض کردہ ایسی ہدایات، امور اور فرائض پر عملدرآمد
- 11- مسٹر سہیل بشیر رانا کی ذمہ داریاں حسب ذیل ہوں گی۔
- 12- بطور ایگزیکٹو ڈائریکٹر کمپنی کے کسی بھی دیگر ڈائریکٹر کی طرح قانونی ذمہ داریاں سرانجام دیں گے اور کمپنی کے وسیع تر مفاد میں فیصلہ سازی کریں گے
- 13- کمپنی کے لائحہ عمل کی ڈیولپمنٹ میں تعمیری چیلنج اور شمولیت

- 14- کمپنی کے سینیئر افرادی کارکردگی کی تشخیص
- 15- آئی ٹی بجٹ اور آئی ٹی پراجیکٹس کا جائزہ اور منظوری

- 1 کمپنی کے بورڈ اور اجلاس عام کی سربراہی بشمول ایسی مینٹنگ کیلئے ایجنڈا ترتیب دینا
- 2 کمپنی بالخصوص بورڈ میں ایمانداری، سچائی اور کارپوریٹ گورننس کے اعلیٰ معیارات پر عملدرآمد
- 3 اس بات کی یقین دہانی کے بورڈ تک صحیح، بروقت اور واضح معلومات باہم پہنچانے
- 4 کمپنی کے ممبران کے ساتھ موثر بات چیت
- 5 نان ایگزیکٹو ڈائریکٹرز کی موثر شمولیت کیلئے سہولیات اور ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے مابین اصلاحی تعلقات
- 6 اس بات کی یقین دہانی کہ بورڈ، اسکے انفرادی ڈائریکٹرز اور ان کی کمیٹیوں کی کارکردگی سال میں کم از کم ایک دفعہ جانچی جائے
- 7 بورڈ کمیٹیوں کیلئے واضح ڈھانچہ کی تیاری اور ان کے امور کی موثر ادا ہوگی
- 8 مفاد کی صورت میں اس کی نشاندہی

اضافی خدمات:

مذکورہ بالا کے علاوہ درج ذیل ذمہ داریاں بھی سرانجام دیں گے۔

- i- کوڈ آف کارپوریٹ گورننس میں بتائے گئے فرائض اور ذمہ داریوں کی انجام دہی
- ii- بورڈ کی جانب سے مجموعی کاروباری کارکردگی، بڑے پیمانے کے منصوبہ جات اور گروپ کمیٹیز کی نئی سرمایہ کاری کے جائزہ کیلئے قائم کردہ گروپ پروویژن (BCGS) کی بورڈ کمیٹی کے چیئرمین کے طور پر خدمات

iii- کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل (iv) (2) 103 کے مطابق امور سرانجام دینا، جس کے تحت:

- 1- "گروپ پروویژن (BCGS) کیلئے بورڈ کمیٹی کے چیئرمین کے طور پر کام کرنا اور BCGS ممبران کے ذریعے یونٹس کے فنکشنز کی نگرانی اور وقتاً فوقتاً معلومات، راہنمائی، ہدایات کی فراہمی یا کمیٹی کے کسی ممبر کو مخصوص ٹاسک سونپنے کی خدمات"

- 2- فنانس اور مارکیٹنگ کمیٹی کے امور کی نگرانی
- 3- کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل (iii) (2) 103 کے تحت بورڈ کی جانب سے وقتاً فوقتاً تفویض کردہ ایسی ہدایات، امور اور فرائض پر عملدرآمد

مسٹر سہیل بشیر رانا کی ذمہ داریاں حسب ذیل ہوں گی۔

- 1- بطور ایگزیکٹو ڈائریکٹر کمپنی کے کسی بھی دیگر ڈائریکٹر کی طرح قانونی ذمہ داریاں سرانجام دیں گے اور کمپنی کے وسیع تر مفاد میں فیصلہ سازی کریں گے
- 2- کمپنی کے لائحہ عمل کی ڈیولپمنٹ میں تعمیری چیلنج اور شمولیت

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

نمبر شمار	ڈائریکٹر (ز) کا نام	نئی پیگ	ایم آئی پی ایل	بی سی ایل	ایم ای ایل
1	مسٹر سکندر مصطفیٰ خان	100	541,250	166,369	1,622,859
2	مسٹر سہیل بشیر رانا	100	361,500	144,359	1,705,001
3	مسٹر لئیق الدین انصاری	100	339,500	3,120	2,047,801
4	میاں محمد سلیم	100	2,499	2,993	2,500
5	سید محمد عرفان عقیل (سی ای او، ایم آئی ایل اور ڈائریکٹر ایم ای ایل)	-	-	2,500	100,000
کل		400	1,244,749	319,341	5,478,161
شیئر ہولڈنگ کی شرح		20.00 فیصد	13.90 فیصد	2.78 فیصد	21.06 فیصد

پچھلے سالانہ اجلاس عام میں شیئر ہولڈروں نے کمپنی کے چیف ایگزیکٹو کو اختیار دیا تھا کہ وہ ان ٹرانزیکشنز کو برنس کے عمومی طریقہ کار کے مطابق، شیئر ہولڈروں کی حتمی منظوری اور تصدیق کے ساتھ مشروط منظوری دیں۔ اس لیے یہ ٹرانزیکشنز حتمی منظوری اور تصدیق کے لیے شیئر ہولڈرز کو پیش کی جارہی ہیں کمپنیز (متعلقہ پارٹی

رہنڈ پارٹی کا نام	نئی پیگ	ایم آئی پی ایل	بی سی ایل	ایم ای ایل	بھڑائی نشاٹاموٹر (بی وی ٹی) لمیٹڈ
دبئی رکھے والوں کے نام یا متعلقہ افراد یا ڈائریکٹرز		مسٹر سکندر مصطفیٰ خان مسٹر سہیل بشیر رانا (ایم ای ایل کے ڈائریکٹر نہیں) مسٹر لئیق الدین انصاری میاں محمد سلیم (ایم ای ایل کے ڈائریکٹر نہیں ہیں) (مسٹر احسن عمران شیخ (سی ای او، ایم ای ایل اور ایم آئی پی ایل میں ڈائریکٹر ہیں۔) (بی سی ایل اور نئی پیگ میں ڈائریکٹر نہیں ہیں) سید محمد عرفان عقیل (صرف ایم ای ایل کے ڈائریکٹر ہیں)			مسٹر سہیل بشیر رانا
تعلق کی نوعیت، دلچسپی، یا واسطہ شمول مکمل مالی آگاہی یا دیگر دلچسپی یا ڈائریکٹرز کا مینجیر یا بنیادی انتظامی لوگوں کا ریلیٹو پارٹی کے ساتھ واسطہ		کوسن ڈائریکٹرز شپ اور شیئر ہولڈنگ: مسٹر سکندر مصطفیٰ خان مسٹر سہیل بشیر رانا (ایم ای ایل کے ڈائریکٹر نہیں) مسٹر لئیق الدین انصاری میاں محمد سلیم (ایم ای ایل کے ڈائریکٹر نہیں ہیں) مسٹر احسن عمران شیخ (بی سی ایل اور نئی پیگ میں ڈائریکٹر اور شیئر ہولڈر نہیں ہیں) سید محمد عرفان عقیل (صرف ایم ای ایل کے ڈائریکٹر ہیں)			ایم آئی ایل کی شیئر ہولڈنگ اور کوسن ڈائریکٹرز شپ آف مسٹر سہیل بشیر رانا
مکمل کوائف اور ٹرانزیکشنز کے قواعد و ضوابط	1- طے شدہ آرڈرز کے مطابق پُرزہ جات کی خرید 2- طے شدہ آرڈرز کے مطابق پُرزہ جات کی فروخت 3- سروسز	1- طے شدہ آرڈرز کے مطابق پُرزہ جات کی خرید 2- طے شدہ آرڈرز کے مطابق پُرزہ جات کی فروخت 3- سروسز	1- طے شدہ آرڈرز کے مطابق پُرزہ جات کی خرید 2- طے شدہ آرڈرز کے مطابق پُرزہ جات کی فروخت 3- سروسز	1- طے شدہ آرڈرز کے مطابق پُرزہ جات کی خرید 2- طے شدہ آرڈرز کے مطابق پُرزہ جات کی فروخت 3- سروسز	1- معاہدے کے مطابق خدمات 2- حکم کے خلاف فکسڈ ایسٹ کی خریداری

14- سالانہ مالیاتی تفصیلات بذریعہ ای میل

ایس ای سی پی نے اپنے SRO 787(I)/2014 بتاریخ 08 ستمبر، 2014 کمپنیوں کو اجازت دی ہے کہ وہ سالانہ بیننس شیٹ، پرافٹ اینڈ لاس اکاؤنٹ، آڈیٹر کی رپورٹ اور ڈائریکٹرز رپورٹ مع اطلاع سالانہ اجلاس عام ای میل کے ذریعے ممبران کو بھیج سکتی ہیں۔ جو ممبران اس سہولت سے فائدہ اٹھانا چاہیں وہ اپنی رضامندی کا اظہار کر سکتے ہیں۔

15- سالانہ مالیاتی تفصیلات بذریعہ سی ڈی ڈی وی ڈی ایو ایس بی

ایس ای سی پی نے اپنے 31 مئی، 2016 کے جاری کردہ نوٹیفیکیشن (1) SRO 470 2016 میں کمپنیوں کو اس بات کی اجازت دی ہے کہ سالانہ بیننس شیٹ، پرافٹ اینڈ لاس اکاؤنٹس، آڈیٹر رپورٹ اور ڈائریکٹرز رپورٹ وغیرہ تمام ممبران کو ان کے رجسٹرڈ پتے پر سی ڈی ڈی وی ڈی ایو ایس بی کے ذریعے ارسال کر سکتے ہیں۔ اس بات کے پیش نظر کمپنی نے اپنی سالانہ رپورٹ برائے 2021 سی ڈی وی کی صورت میں ارسال کی ہے۔ سالانہ رپورٹ برائے 2021 کی پرنٹڈ کاپی کے لیے کوئی بھی ممبر کمپنی کی ویب سائٹ پر دیئے گئے درخواست فارم کے ذریعے درخواست کر سکتا ہے۔

16- فزیکل حصص کی بکنگ انٹری فارم میں تبدیلی

سیکرٹریز اینڈ ایگزیکٹو کمیشن آف پاکستان (ایس ای سی پی) نے اپنے سرکل نمبر CSD/ED/Misc/2016-639-640 بتاریخ 26 مارچ 2021 کے ذریعے لیکچرر کو ہدایت کی ہے کہ وہ کمپنیز ایکٹ 2017 (دی ایکٹ) پر عملدرآمد کرتے ہوئے فزیکل فارم میں جاری کردہ شیئرز کو بکنگ انٹری فارم میں جاری کردہ شیئرز سے تبدیل کریں۔ فزیکل فوئو/شیئرز ٹیلیفونیکس رکھنے والے شیئرز ہولڈرز سے درخواست ہے کہ وہ اپنے فزیکل شیئرز کو بکنگ انٹری فارم سے جلد از جلد تبدیل کروائیں۔ شیئرز ہولڈرز سی ڈی ایس اکاؤنٹ کھلوانے اور فزیکل شیئرز کو اکاؤنٹ میں بکنگ انٹری فارم میں جمع کروانے کیلئے کسی بھی شاک بروکر، سی ڈی ایس پارٹنیشن (پاکستان شاک ایگزیکٹو ممبر) یا سی ڈی ایس انویسٹرز اکاؤنٹ سروسز سے رابطہ کر سکتے ہیں۔

یہ عمل شیئرز ہولڈرز کو مختلف طریقوں مثلاً شیئرز کی حفاظت، شیئرز کے نقصان سے بچاؤ، ڈوپلیکٹ شیئرز کے اجراء میں درپیش رہی کارروائی سے بچنے اور اوپن مارکیٹ میں اچھے داموں خرید و فروخت کیلئے بھی فوڈ دستیاب ہوگا۔ شیئرز ہولڈرز تفصیلات کیلئے ہمارے شیئرز رجسٹر اسے رابطہ کر سکتے ہیں۔

کمپنیز ایکٹ، 2017 کے سیکشن (3) 134 کے تحت بیان

ایجنڈا آئٹم نمبر 6 اور 7

بولس شیئرز کا اجراء

بورڈ آف ڈائریکٹرز اس بات سے متفق ہیں کہ کمپنی کی مالی حالت اور اسکے ذخائر بولس شیئرز کے اجراء کیلئے اس کیپٹل زبیشن کا جواز پیش کرتے ہیں۔ کمپنی کے ڈائریکٹرز اس قرارداد میں اس سے زیادہ دلچسپی نہیں رکھتے کہ وہ کمپنی میں شیئرز ہولڈنگ رکھتے ہیں۔

بولس شیئرز فریکشنز کا ڈسپوزل:

بورڈ نے 19 فروری، 2021 اور 17 ستمبر 2021 کو منعقدہ اپنے 179 ویں اور 181 ویں اجلاس میں یہ تجویز دی ہے کہ بولس شیئرز کے فریکشنز غیر مادی اور شیئرز ہولڈرز کیلئے کسی نمایاں مالی نقصان سے پاک ہوں گے۔ ان کی فروخت سے حاصل ہونے والی رقم ایک یا زائد خیراتی اداروں (فلاح عامہ سے منسلک) میں تقسیم کی جائے جو کہ کمپنی کی فلاح عامہ کے کاموں میں زیادہ سے زیادہ شمولیت کی پالیسی کے عین مطابق ہے۔

ایجنڈا آئٹم نمبر 8

ریبلینڈ پارٹنرز سے لین دین (آر پی ٹی)

کمپنیز ریگولیشنز، 2018 کے ریگولیشن (1) 05 متعلقہ پارٹی ٹرانزیکشنز اور متعلقہ ریکارڈز کی دیکھ بھال کے مطابق

متعلقہ کمپنیوں کے ساتھ ریبلینڈ پارٹی ٹرانزیکشنز کو ڈی آف کارپوریٹ گورننس کی شق نمبر 15 کے مطابق آڈٹ کمیٹی کی سفارش پر بورڈ کی جانب سے منظور ہونا تھی۔ تاہم کمپنی کے ڈائریکٹروں کی زیادہ تعداد شیئرز کے ڈائریکٹر شپ اور گروپ کمپنیز میں شیئرز رکھنے کی وجہ سے ان ٹرانزیکشنز میں دلچسپی رکھتی ہے۔ ان ٹرانزیکشنز کی منظوری کے لیے ڈائریکٹرز کی مطلوبہ تعداد پوری نہ ہو سکی اسی لیے ان ٹرانزیکشنز کی منظوری اجلاس عام میں شیئرز ہولڈرز سے لی جائے گی۔ اس بات کو مد نظر رکھا جائے کہ کمپنی کا بنیادی کام ایگری ٹریڈرز تیار کرنا یا پرزے جوڑ کر بنانا ہے۔ جس کے مختلف حصے تقریباً 150 اینڈسٹریٹس بشمول گروپ کمپنیز سے عام کاروباری طریقے سے حاصل کیے جاتے ہیں۔ بولان کاسٹنگ لمیٹڈ (بی ای ایل) اور ملت ایکویٹی لمیٹڈ (ایم ای ایل) ٹریڈرز کے مختلف اہم حصے، علی الترتیب گنیر ز اور شافٹس وغیرہ تیار کرتے ہیں جن کی پیداوار کے لیے ملک میں بہت کم وسائل ہیں۔ ملت اینڈسٹریٹس پراڈکٹس لمیٹڈ (ایم آئی پی ایل) ٹریڈروں کی بیٹریاں بناتا ہے جب کہ ٹریڈرز اور ان کے پرزے جات ٹائی پیگ انٹریڈرز ڈی ایم سی کے ذریعے برآمد کئے جاتے ہیں۔ مزید برآں ٹائی پیگ کے ذریعے ہی کمپنی کی اندرونی ضروریات پوری کرنے کے لیے پرزے درآمد بھی کئے جاتے ہیں۔ اسی سال کے دوران سکریپ اور سوارف بھی بولان کاسٹنگ لمیٹڈ کو بیچا گیا تاکہ وہ اسے ہاؤس استعمال میں لاسکے

ریبلینڈ پارٹنرز ٹرانزیکشنز کا حصہ بننے کی تجارتی وجوہات مندرجہ ذیل ہیں۔

- اسٹیٹ آف دی آرٹ پروڈکشن کی سہولیات کی دستیابی
- جدید تکنیکی سمجھ بوجھ
- بہترین، معیاری اور ہمہ وقت فعال پروڈکشن سہولیات
- ملت ٹریڈرز کے لیے ٹیسٹنگ کی تفصیلی سہولیات
- بلا تعطل ہموار سپلائی چین

منسلک کمپنیوں کے ساتھ کمپنی کی ایکٹیوٹی مندرجہ ذیل ہے۔

ٹائی پیگ انٹریڈرز ڈی ایم سی	75.00 فیصد
ملت اینڈسٹریٹس پراڈکٹس لمیٹڈ	64.09 فیصد
بولان کاسٹنگ لمیٹڈ	46.26 فیصد
ملت ایکویٹی لمیٹڈ	45.00 فیصد

مشیر کیش ہولڈرز		بنیادی شیئر ہولڈرز		کپنی کا نام	
نام اور شناختی	شیئر ہولڈنگ کا	نام اور شناختی	شیئر ہولڈنگ کا	کل شیئرز	فولیو سی ڈی
تاسب (شیئرز)	کارڈ نمبر	تاسب (شیئرز)	کارڈ نمبر	انس اکاؤنٹ	نمبر
کی تعداد		کی تعداد			

مندرجہ بالا معلومات شیئر رجسٹرار کو ہر صورت مہیا کریں ورنہ فرض کر لیا جائے گا کہ پرنسپل شیئر ہولڈرز اور جوائنٹ شیئر ہولڈرز برابر کے حصہ دار ہیں۔

کسی مسئلہ، استفسار، یا معلومات کے لیے انویسٹرز کپنی کے شیئر رجسٹرار میسرز جمید جمید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، ایچ ایم ہاؤس 7 بنک سکوائر لاہور سے رابطہ فرمائیں۔ فون نمبر 82-881-37235081-042 فیکس نمبر 042-3735881-042، ای میل: shares@hmaconsultants.com سی ڈی اکاؤنٹ رکھنے والے کارپوریٹ شیئر ہولڈرز کو چاہیے کہ وہ اپنے متعلقہ بروکر کو اپنے پیشکش ٹیکس نمبر سے مطلع کھیں جب کہ کارپوریٹ فریکل شیئر ہولڈرز کو چاہیے کہ وہ این ٹی این سرٹیفکیٹ کپنی یا شیئر رجسٹرار کو بھیجیں۔ شیئر ہولڈرز کو چاہیے کہ وہ این ٹی این سرٹیفکیٹ بھیجتے وقت کپنی کا نام اور متعلقہ فولیو نمبر ضرور تحریر کریں۔

وڈ ہولڈنگ ٹیکس سے بچنے کے لیے ٹیکس ایگریمنٹ سرٹیفکیٹ کی فراہمی

آئیکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 کے تحت منافع کی رقم سے آمدنی ٹیکس سے مستثنیٰ کرنے کے لیے ٹیکس ایگریمنٹ سرٹیفکیٹ کی فراہمی لازمی ہے۔ آئیکم ٹیکس آرڈیننس، 2001 کے تحت ٹیکس سے مستثنیٰ ممبران اپنے آئیکم ٹیکس ایگریمنٹ سرٹیفکیٹ کی کاپی کھاتے بند ہونے کی تاریخ سے پہلے شیئر رجسٹرار کے پاس جمع کروائیں۔ بصورت دیگر منافع کی رقم پر قانون کے مطابق ٹیکس لاگو ہوگا۔

12- ای ڈیو ایڈمنسٹریٹو رجسٹریشن:

سنٹرل ڈیپوزیٹری کپنی نے ایک سنٹرلائزڈ کیش ڈیو ایڈمنسٹریٹو رجسٹر (CCDR) تیار کیا ہے جو ایک ای سروس ویب پورٹل ہے جس میں کیش ڈیو ایڈمنسٹریٹو کی بابت تفصیلات رکھی جائیں گی یا کہ کیش ڈیو ایڈمنسٹریٹو کر دیا گیا ہے، اور انہیں کیا گیا یا کپنی کی طرف سے روک لیا گیا ہے۔ مستثنیٰ میں ڈیو ایڈمنسٹریٹو ٹیکس کوٹی اور زکوٰۃ کی ادائیگی وغیرہ کی تفصیلات کا حامل کیش ڈیو ایڈمنسٹریٹو کا ایک کاؤنٹر فونل محض الیکٹرونکی CCDR ویب پورٹل کے ذریعے میسر ہوگا۔ شیئر ہولڈرز مندرجہ ذیل لنک کے ذریعے CCDR ویب پورٹل پر رجسٹریشن اور رسائی حاصل کر کے کاؤنٹر فونل اور کپنی کی طرف سے ادا کیے گئے کل کیش ڈیو ایڈمنسٹریٹو تمام معلومات حاصل کر سکتے ہیں۔

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

13- ویب سائٹ پر اکاؤنٹس کی تفصیلات

کپنی کی سالانہ فنانشل سٹیٹمنٹس (30 جون، 2021 کو ختم ہونے والے سال کے لئے) رپورٹس کے ہمراہ کپنی کی ویب سائٹ www.millat.com.pk پر رکھی گئی ہیں۔

9- شناختی کارڈ کا لازمی جمع کروانا:

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

10- کیش ڈیو ایڈمنسٹریٹو کی الیکٹرونک ادائیگی:

کپنیز ایکٹ، 2017 کے سیکشن 242 کے تحت، کیش کی صورت میں ادا کیا جانے والا منافع، صرف الیکٹرونک طریقہ کار سے ہی اہل شیئر ہولڈرز کے بتائے گئے اکاؤنٹ میں براہ راست ٹرانسفر کیا جائے گا۔ شیئر ہولڈرز کو اس سے قبل بھی الیکٹرونک طریقہ کار کے ذریعے منافع کی ادائیگی سے متعلق معلومات کے لیے نوٹس جاری کیے جا چکے ہیں۔ اب ایک مرتبہ شیئر ہولڈرز سے ان کے فولیو نمبر، نام اور بینک کی تفصیلات (جس میں بینک کے نام کے ساتھ، برانچ کا نام، برانچ کوڈ، اکاؤنٹ نمبر، اکاؤنٹ نمائل) اور IBAN فراہم کرنے کی درخواست کی جاتی ہے۔ یہ معلومات نہ فراہم کرنے کی صورت میں کپنی کسی اور طریقے سے منافع ادا نہیں کر پائے گی۔ کپنی کی ویب سائٹ پر بھی سٹیٹمنٹ ڈرخواست فارم فراہم کر دیا گیا ہے۔ ممبران سے درخواست ہے کہ یہ تمام معلومات کپنی تک جلد از جلد ہم پہنچادیں۔

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

11- ڈیو ایڈمنسٹریٹو آمدن سے ٹیکس کی کوٹی:

آئیکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 تحت کپنیوں کی طرف سے ادا کی گئی منافع کی رقم پر وڈ ہولڈنگ ٹیکس کی کوٹی کو مختلف شرح سے لاگو کیا جا سکتا ہے۔ یہ شرح مندرجہ ذیل ہیں۔

الف) ممبران جن کے نام ایکٹو ٹیکس بیئرز زلسٹ (ATL) میں شامل ہیں۔ 15.00 فیصد

ب) ممبران جن کے نام ایکٹو ٹیکس بیئرز زلسٹ (ATL) میں شامل نہیں ہیں۔ 30.00 فیصد

ایسے تمام شیئر ہولڈرز جو آئیکم ٹیکس ریٹرن فائل کرتے ہیں ممبران کا نام ایف بی آر کی ویب سائٹ پر ایکٹو ٹیکس بیئرز زلسٹ (ای ٹی ایل) میں درج نہیں ہیں، انہیں مطلع کیا جاتا ہے کہ وہ اپنے منافع کی ادائیگی کی تاریخ سے پہلے پہلے ای ٹی ایل میں نام درج کروائیں ورنہ منافع پر وڈ ہولڈنگ ٹیکس کی کوٹی 15.00 فیصد کی بجائے 30.00 فیصد ہوگی۔

مشیر کیش ہولڈرز رکھنے والے شیئر ہولڈرز کے لیے، ایف بی آر کی جانب سے جاری کی گئی وضاحت کے تحت فائل کرنے والوں اور فائل نہ کرنے والوں کے سٹیٹمنٹس کے مطابق، پرنسپل شیئر ہولڈرز اور جوائنٹ شیئر ہولڈرز کے حصص کی مقدار کے تناسب سے وڈ ہولڈنگ ٹیکس لاگو کیا جائے گا۔ اس لیے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ پرنسپل شیئر ہولڈرز اور جوائنٹ شیئر ہولڈرز (ز) کے حصص میں تناسب کے بارے میں شیئر رجسٹرار کو درج ذیل طریقہ سے آگاہ کریں۔

ایڈجسٹمنٹ کمیشن آف پاکستان کے ایس آر او نمبر 2019/1196(1) بتاریخ 03 اکتوبر، 2019 ایکشن کی تاریخ سے قبل اپنے ذاتی کوائف پر مبنی تفصیلی پروفائل دفتر کے پتہ پر ارسال کرے تاکہ یہ تفصیلات کمپنی کی ویب سائٹ پر درج کی جاسکیں۔

کوڈ آف کارپوریٹ گورننس اینڈ سٹینڈرڈ ریگولیشنز آف سٹاک ایکسچینج کے مطابق درکار درج ذیل حلف نامہ بھی مہیا کرنا ہوگا۔ میں اس بات کا اقرار کرتا ہوں کہ:

- میں کمپنی کا ممبر ہوں۔ (پاس موجود شیئرز کی تعداد مع فولیو نمبر یا سی ڈی سی پائیسپشن آئی ڈی اور اکاؤنٹ نمبر درج ہو)
- میں نافذ العمل قوانین و ضوابط کے تحت کمپنی ڈائریکٹرز بننے کیلئے نااہل نہیں ہوں
- میں سات سے زائد لاکھ کمپنیوں میں بطور ڈائریکٹر خدمات سرانجام نہیں دے رہا
- میں رجسٹرڈ ٹیکس دہندہ ہوں اور میرا منسلک ٹیکس نمبر ----- ہے
- میں کسی بینکنگ کمپنی، ڈیپازٹ فنانشل انسٹیٹیوشن یا کسی نان بینکنگ فنانشل انسٹیٹیوشن کا کبھی بھی نادمہندہ نہیں رہا
- میں اور نہ ہی میرا شریک حیات کسی بھی سٹاک ایکسچینج میں "سٹاک بروکر تاج" کے کاروبار سے کبھی منسلک رہے ہیں

خود مختار ڈائریکٹرز کی صورت میں ایک اضافی حلف نامہ جمع کروانا ہوگا کہ وہ کمپنیز ایکٹ 2017 کے سیکشن 166 کے مطابق خود مختاری کی اہلیت پر پورا اترتا ہے

5- سالانہ اجلاس عام میں شمولیت:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر 04 (2021) بتاریخ 15 فروری، 2021 لکھنے کو ویڈیو لنک کی سہولت فراہم کرنے کی بھی ہدایت کی ہے۔ اس لئے ہمارے معزز شیئرز ہولڈرز کے صحت مندانہ مفاد اور زیادہ سے زیادہ شمولیت یقینی بنانے کیلئے کمپنی نے سالانہ اجلاس عام میں شرکت کیلئے ویڈیو لنک کی سہولت کا انتظام کیا ہے۔ سالانہ اجلاس عام میں بذریعہ ویڈیو لنک شرکت کے خواہشمند شیئرز ہولڈرز سے درخواست ہے کہ وہ درج ذیل معلومات ای میل ایڈریس cdcsr@cdcsrsl.com پر ارسال کریں۔

فولیو ای سی ڈی سی اکاؤنٹ نمبر	کمپنی نام	موجودہ شیئرز کی تعداد	نام	قومی شناختی کارڈ نمبر	موبائل نمبر	ای میل ایڈریس

ایسے ممبران جن کی تمام مطلوبہ کوائف کی تفصیلات 21 اکتوبر، 2021 کاروباری دورانیہ کے اختتام تک (05:00 بجے شام) مذکورہ بالا ای میل ایڈریس پر موصول ہوں گی ان کو ویڈیو لنک اور لاگ ان کی معلومات شیئرز کردی جائیں گی۔

6- ویڈیو کانفرنس کال کی سہولت:

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

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

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

7- پوسٹل بیلٹ:

کمپنیز (پوسٹل بیلٹ) ریگولیشنز، 2018 کے مطابق ڈائریکٹرز کے انتخاب اور کمپنیز ایکٹ 2017 کے سیکشن 143 اور 144 کے تحت ایجنڈا آئٹم کیلئے ممبران مذکورہ اہلیت اور طریقہ کار کے تحت مذکورہ قواعد کے مطابق بذریعہ ای ویونگ اپنا حق رائے دہی استعمال کر سکتے ہیں۔ مزید برآں ای سی پی کے سرکلر نمبر 25 آف 2020 بتاریخ 13 اگست، 2020 جسے سرکلر نمبر آف 2020 بتاریخ 17 مارچ، 2020 کے مطابق ایجنڈا کے خصوصی کاروبار میں ممبران بذریعہ ای ویونگ اپنا حق رائے دہی استعمال کر سکتے ہیں۔ خصوصی کاروبار کیلئے بھی ای ویونگ کیلئے مندرجہ قواعد کے مطابق اہلیت اور طریقہ کار لاگو ہوگا۔

8- نان ای سی ڈی سی شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے پتہ میں تبدیلی کی صورت میں فوری طور پر مطلع کریں۔ اور قابل اطلاق ہو تو CZ-50 فارم (زکوہ کوٹنی کی ممانعت) بھر کر شیئرز رجسٹرار میسرز جمید جمید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور ایچ ایم ہاؤس، 7 بینک سکوائر، لاہور، دفتر میں جمع کروائیں۔ سی ڈی سی کے ذریعہ شیئرز ہولڈرز حضرات سے درخواست کی جاتی ہے کہ وہ اپنے پتہ اور زکوہ کی موجودہ حیثیت سے شرکاء کو مطلع رکھیں۔ اس عمل سے منافع کی سرعت ادائیگی میں مدد ملے گی۔

9- کمپنی کے چیف ایگزیکٹو کو مندرجہ ذیل قرارداد (تبدیلی کے ساتھ یا تبدیلی کے بغیر) کی منظوری کے ذریعے اختیار دینا کہ وہ 30 جون، 2022 کو ختم ہونے والے سال کے لیے ریلیٹیو پارٹی ٹرانزیکشنز کی منظوری دے سکیں گے۔

”طے پایا کہ کمپنی کے چیف ایگزیکٹو یا اختیار ہیں اور ہیں گے کہ یکم جولائی، 2021 سے کمپنی کے اگلے سالانہ عمومی اجلاس تک ریلیٹیو پارٹی ٹرانزیکشنز کی منظوری دیں گے۔“

”مزید طے پایا کہ لین دین کی یہ تفصیلات آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی توثیق و منظوری کے لیے پیش کی جائیں گی۔“

10- کمپنی کے مجاز سرمایہ میں اضافہ کے لیے درج ذیل خصوصی قرارداد کی وصولی غور و خوض اور ترمیمی یا غیر ترمیمی حالت میں اسکی توثیق۔

” طے پایا کہ کمپنی کے مجاز سرمایہ میں 750,000,000 (سات سو پچاس ملین روپے) کی 75,000,000 (پچھتر ملین) آرڈری کی شیئرز (فی شیئر 10 روپے) میں تقسیم کو 1,000,000,000 (ایک ہزار ملین روپے) کی 100,000,000 (ایک سو ملین) آرڈری کی شیئرز (فی شیئر 10 روپے) میں تقسیم سے اضافہ کی منظوری دی جاتی ہے۔

مزید طے پایا کہ کمپنی کے میمورنڈم آف ایسوسی ایشن کی شق v میں 750,000,000 (سات سو پچاس ملین روپے) کی 75,000,000 (پچھتر ملین) میں تقسیم کے الفاظ اور ہندسوں کو 1,000,000,000 (ایک ہزار ملین روپے) کی 100,000,000 (ایک سو ملین) میں تقسیم کے الفاظ اور ہندسوں سے بدلا جائے۔

مزید طے پایا کہ کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شق 5 میں 750,000,000 (سات سو پچاس ملین روپے) کی 75,000,000 (پچھتر ملین) میں تقسیم کے الفاظ اور ہندسوں کو 1,000,000,000 (ایک ہزار ملین روپے) کی 100,000,000 (ایک سو ملین) میں تقسیم کے الفاظ اور ہندسوں سے بدلا جائے۔“

مزید طے پایا کہ کمپنی کے چیف ایگزیکٹو اور ایگزیکٹو اس سلسلہ میں تمام قانونی اور ادارہ جاتی اور طریقہ کار کاروائیوں اور اس قرارداد پر عمل کے لیے لازم یا حادثاتی دستاویزات فائل کرنے کے مجاز ہوں گے۔

11- ڈائریکٹران کی جانب سے آفس آف پرافٹ ہولڈنگ کیلئے درج ذیل عمومی قرارداد (ترمیم کے ساتھ یا بغیر ترمیم) پر غور و خوض اور منظوری۔

”یہ قرارداد پایا کہ کمپنی کے زیر سرمایہ آفس آف پرافٹ تین سال کیلئے (جس کا آغاز 30 اکتوبر، 2021 سے ہوگا) مسٹر سکندر مصطفیٰ خان اور مسٹر سہیل بشیر رانا کے سپرد کرنے کی منظوری دی جاتی ہے“

(سی) امور دیگر

صاحب صدر کی اجازت سے کوئی اور دوسری ٹرانزیکشن کرنا

بحکم بورڈ

محمد فیصل عظیم

کمپنی سیکریٹری

نوٹس:

1- کمپنی کی منتقلی حصص کی کتابیں 124 اکتوبر، 2021 سے 30 اکتوبر، 2021 تک (بشمول ہر دو ایام) بند رہیں گی۔ اور اس مدت کے دوران کوئی منتقلی قبول نہیں کی جائے گی۔ شیئرز رجسٹر اریمرسز جمید جمید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ فرسٹ فلور ایچ ایم ہاؤس، 7 بنک سکوٹ لہور کے دفتر میں 123 اکتوبر، 2021 کو برنس کلوڈ ہونے تک وصول ہونے والی ہر لحاظ سے مکمل منتقلیاں حتمی منافع ادا کرنے، پونس شیئرز کا اجراء، اجلاس میں شریک ہونے اور ووٹ ڈالنے کے لیے بروقت تصویب کی جائیں گی۔

2- اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اپنے بجائے کسی دوسرے ممبر کو اجلاس میں شرکت اور ووٹ دینے کے لیے پراکسی (اپنا نمائندہ) مقرر کر سکتا/سکتی ہے۔ ممبر اور دستخط شدہ پراکسیوں کو تا آئندہ منوٹر ہو سکیں کمپنی کے رجسٹرڈ دفتر میں اجلاس سے کم از کم 48 گھنٹے قبل لازماً وصول ہونی چاہئیں۔

3- ممبران جو سنٹرل ڈیپازیریٹری کمپنی آف پاکستان میں شیئر جمع کروا چکے ہیں، مندرجہ ذیل ہدایات پر عمل کریں۔

(الف) انفرادی طور پر اجلاس میں شمولیت

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

(ii) کارپوریٹ اداروں کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی نامزد والیہ کے دستخط کے نمونوں کے ہمراہ اجلاس میں پیش کئے جائیں۔

(ب) پراکسیوں کا تقرر

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

(ii) شیئرز مالکان اور پراکسی کے پاسپورٹ اور شناختی کارڈ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ پیش کی جائیں گی۔

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

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

4- بطور ڈائریکٹرز انتخاب کیلئے درخواست:

کمپنیز ایکٹ 2017 کی شق (3) 159 کے تحت کوئی بھی شخص جو بطور ڈائریکٹرز بیٹا زہور ہاؤس یا اپنی تعیناتی کا خواہشمند ہے، الیکشن کی تاریخ سے کم از کم چودہ دن قبل اپنی خواہش کے اظہار کی درخواست کمپنی کے پاس جمع کروائے اور کمپنیز ایکٹ 2017 کے سیکشن (1) 167 کے مطابق بطور ڈائریکٹرز ذمہ داریاں سرانجام دینے کی خواہش فارم 28 کو مکمل کر کے جمع کروائے۔ اس کے ساتھ ساتھ سیکورٹیز

لاہور:

08 اکتوبر 2021

نوٹس برائے سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ ملت ٹریڈنگ کمپنی کے رجسٹرڈ دفتر بمقام 9-کلومیٹر شیخوپورہ روڈ، شاہدرہ، لاہور بروز ہفتہ 30 اکتوبر، 2021 بوقت صبح 11:30 بجے مندرجہ ذیل امور کی انجام دہی کے لیے منعقد ہوگا۔

الف) امور عام

1- 57 ویں سالانہ اجلاس عام منعقدہ 26 اکتوبر، 2020 کے مندرجات کی تصدیق

2- 30 جون، 2021 تک کمپنی اور گروپ کے آڈٹ شدہ حسابات بشمول بیجز میں جائزہ رپورٹ، ڈائریکٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی اور ان پر غور و خوض اور منظوری۔

3- حتمی منافع منقسمہ 50 روپے فی شیئر یعنی 500 فیصد اور عبوری نقد منافع منقسمہ 50 روپے فی شیئر یعنی 500 فیصد (جو کہ پہلے سے ادا شدہ ہے)، مجموعی نقد منافع منقسمہ 100 روپے فی شیئر جو کہ 1,000 فیصد بنتا ہے کی منظوری۔

4- 30 جون، 2022 کو ختم ہونے والے سال کے لیے آڈیٹرز کا تقرر اور ان کے مشاہروں کا تعین۔

5- تین سال کے عرصہ کیلئے کمپنی کے آڈیٹرز کا انتخاب۔ ریٹائر ہونے والے ڈائریکٹران میں مسٹر سکندر مصطفیٰ خان، سہیل بشیر رانا، بلتیس الدین انصاری، میاں محمد سلیم، سعد اقبال، احسن عمران شیخ اور محترمہ امبرین وحید شامل ہیں۔

جیسا کہ بورڈ کی 17 ستمبر، 2021 کو منعقدہ میٹنگ میں طے پایا تھا کہ منتخب ہونے والے ڈائریکٹرز کی تعداد 8 ہوگی جس میں سے دو خود مختار مرد اور ایک خود مختار خاتون ڈائریکٹر کے انتخاب کی تجویز شامل تھی

ب) امور خاص:

6- بورڈ کی جانب سے درج ذیل قرارداد کی منظوری کے ساتھ پہلے سے جاری کردہ اور منظور شدہ 12.50 فیصد بونس شیئرز کی توثیق اور منظوری۔

"قرارداد پاپا کا:"

31 دسمبر، 2020 تک اختصاصی لحاظ سے موجود مجموعی منافع میں سے 62,286,390 روپے 10 روپے مالیت کے 6,228,639 عمومی شیئرز کے اجراء کیلئے قابل استعمال لائے جائیں گے جو کہ 11 مارچ، 2021 تک کاروباری اختتام تک کمپنی کے رجسٹر میں موجود ممبران کو بطور مکمل ادائیگی بونس شیئرز (8 ہر عمومی شیئر کیلئے ایک شیئر کے تناسب سے جو کہ 12.50 فیصد ہے) ادا کیے جائیں گے۔

یہ بونس شیئرز موجودہ شیئرز کے ساتھ ہر لحاظ سے Pari Passu متصور ہوں گے ماسوائے اس کے کہ یہ 30 جون، 2021 تک اختتام پذیر ہونے والے سال کیلئے اعلان کردہ عبوری منقسمہ کیلئے اہل نہیں ہوں گے۔

ڈائریکٹران اس قرارداد کو موءثر بنانے، بونس شیئرز کے اجراء، الاٹمنٹ اور تقسیم کیلئے متعلقہ تمام امور کاموں اور اشیاء کیلئے مکمل مجاز اور با اختیار ہیں۔"

"قرارداد پاپا کا ڈائریکٹران بونس شیئرز کے تمام اجزاء کو یکجا کرنے اور انہیں سٹاک مارکیٹ میں فروخت کرنے اور فلاحی اداروں کی صورت میں سبز کے عمل کی ادائیگی کے مجاز ہیں"

7- درج ذیل قرارداد کی بطور عمومی قرارداد منظوری سے پہلے سے جاری کردہ 12.50 فیصد بونس شیئرز کے ساتھ ساتھ 20 فیصد بونس شیئرز کے اجراء پر غور و خوض اور مناسب ہونے کی صورت میں منظوری۔

"قرارداد پاپا کا:"

30 جون، 2021 تک اختصاصی لحاظ سے موجود مجموعی منافع میں سے 112,115,502 روپے (راؤنڈ ٹو 112,115,500 روپے) سے 10 روپے مالیت کے 11,211,550.2 (راؤنڈ ٹو 11,211,550) عمومی شیئرز کے اجراء کیلئے قابل استعمال لائے جائیں گے جو کہ 12 اکتوبر، 2021 تک کاروباری اختتام تک کمپنی کے رجسٹر میں موجود ممبران کو بطور مکمل ادائیگی بونس شیئرز ادا کیے جائیں گے (8 ہر عمومی شیئر کیلئے 1 شیئر کے تناسب سے، جو کہ 20 فیصد ہے)۔

یہ بونس شیئرز موجودہ شیئرز کے ساتھ ہر لحاظ سے Pari Passu متصور ہوں گے ماسوائے اس کے کہ یہ 30 جون، 2021 تک اختتام پذیر سال کیلئے اعلان کردہ فائنل ڈیویڈنڈ کیلئے اہل نہیں ہوں گے۔

ڈائریکٹران اس قرارداد کو موءثر بنانے، بونس شیئرز کے اجراء، الاٹمنٹ اور تقسیم کیلئے متعلقہ تمام امور کاموں اور اشیاء کیلئے مکمل مجاز اور با اختیار ہیں۔"

"قرارداد پاپا کا ڈائریکٹران بونس شیئرز کے تمام اجزاء کو یکجا کرنے اور انہیں سٹاک مارکیٹ میں فروخت کرنے اور فلاحی اداروں کی صورت میں سبز کے عمل کی ادائیگی کے مجاز ہیں"

8- مندرجہ ذیل خصوصی قرارداد کی ترمیم یا بغیر ترمیم کے ساتھ منظوری کے ذریعے 30 جون، 2021 کو ختم ہونے والے سال کیلئے ریلیٹیو پارٹنرز انڈیکس کی توثیق اور منظوری۔

"طے پایا کہ سال ختمہ 30 جون، 2021 کیلئے ریلیٹیو پارٹنرز کے ساتھ درج ذیل ٹرانزیکشنز کی توثیق، منظوری اور یقین دہانی کی جاتی ہے"

2021 (قرم روپوں میں)

پارٹیکلرز	ٹائی گیٹ انٹرنیڈ (ڈی ایم سی)	ملٹ انڈسٹریل پراڈکٹس لمیٹڈ	بولان کاسٹنگ لمیٹڈ	ملٹ ایکویمنٹ لمیٹڈ	ہنڈائی نشاط موٹر (پی وی ٹی) لمیٹڈ
پارٹس کی خرید	494,304,320	352,454,967	2,293,971,017	4,795,535,637	14,608,200
پارٹس کی فروخت	1,966,089,164	66,020	99,100	227,429	-
سروسز	-	-	-	-	4,850,000





GOVERNANCE

BOARD OF DIRECTORS

Sitting Left to Right

Mr. Laeeq Uddin Ansari

Director

Mr. Sohail Bashir Rana

Director

Mr. Sikandar Mustafa Khan

Chairman

Mrs. Ambreen Waheed

Director

Standing Left to Right

Mian Muhammad Saleem

Director

Mr. Ahsan Imran Shaikh

Director

Syed Muhammad Irfan Aqueel

Chief Executive

Mr. Saad Iqbal

Director



BOARD COMMITTEES

AUDIT COMMITTEE

1. Mr. Saad Iqbal,	Chairman
2. Mr. Laeeq Uddin Ansari	Member
3. Mian Muhammad Saleem	Member
4. Mrs. Ambreen Waheed	Member

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

1. Mr. Saad Iqbal	Chairman
2. Mr. Laeeq Uddin Ansari	Member
3. Mian Muhammad Saleem	Member
4. Syed Muhammad Irfan Aqueel	Member
5. Mrs. Ambreen Waheed	Member

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

- Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors).
- Recommending human resource management policies to the board.
- Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of CFO, Company Secretary and head of internal audit.

FINANCE COMMITTEE

1. Mr. Sohail Bashir Rana	Chairman
2. Mr. Laeeq Uddin Ansari	Member
3. Mian Muhammad Saleem	Member
4. Syed Muhammad Irfan Aqueel,	Member

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

- Product(s) pricing including tractors
- Procurement/import of raw materials
- Investment/disinvestment of funds

- Capital Expenditure
- Review Budget proposals prior to finalization.
- Approval of Traveling abroad up to Executive Grade
- Retainership (approval and fixation of compensation).
- Any matter(s) brought to the notice of committee for consideration.

The Chairman of the Board shall monitor functioning of the committee.

MARKETING COMMITTEE

1. Mr. Sohail Bashir Rana	Chairman
2. Mian Muhammad Saleem	Member
3. Syed Muhammad Irfan Aqueel	Member

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

- Formulation of sales/marketing strategy
- Appointment/termination of dealers including agreements
- Allowing commission /discounts.
- Approval of priority for early delivery
- Introducing of incentive schemes
- Other matters relating to sales & marketing

The Chairman of the Board shall monitor functioning of the committee.

BOARD'S COMMITTEE FOR GROUP SUPERVISION (BCGS)

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

The Board committee for Group supervision is responsible for reviewing over all business performance, major projects including new investment of group companies.

CHAIRMAN'S REVIEW

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



With the blessings of Almighty Allah, Company sales have rebounded despite challenging economic conditions and COVID-19 pandemic. Overall tractor sales have increased to 35,515 units as compared to 20,707 units in comparative period, which reflects strong and resilient foothold of the Company.

GOVERNANCE ROLE OF THE BOARD

Composition and Dynamics of the Board

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

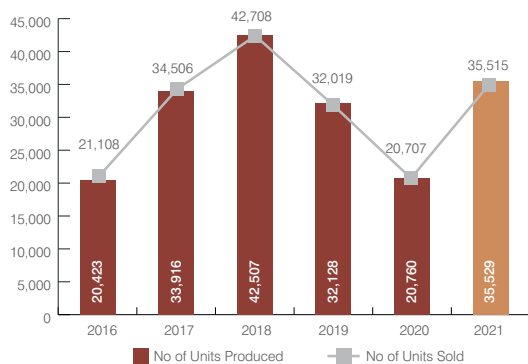
The composition of the Board is given below:

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

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

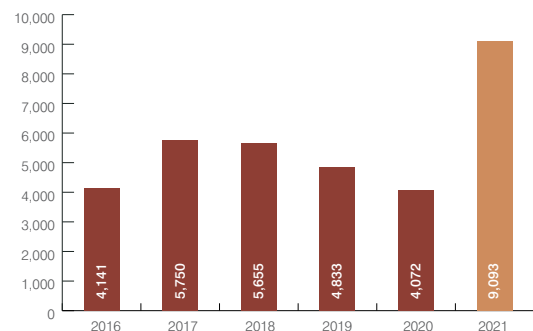
- Audit Committee
- Human Resource and Remuneration Committee
- Finance Committee
- Marketing Committee
- Board Committee for Group Supervision

Sale / Production Volume Units



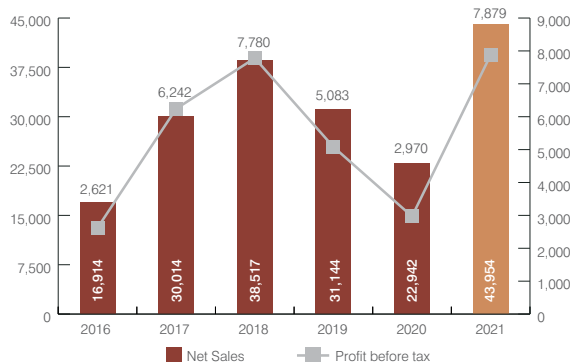
Shareholders Equity

(Rs. In Million)



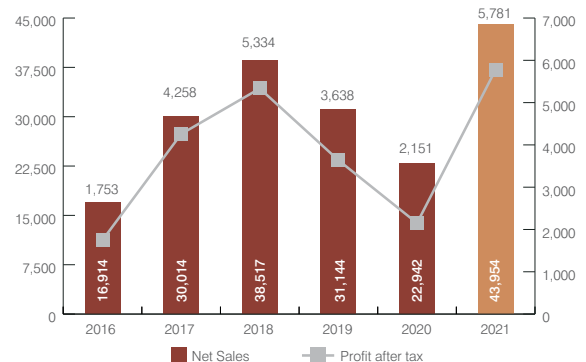
Sales / Pre-Tax Profit

(Rs. In Million)



Sales / After-Tax Profit

(Rs. In Million)



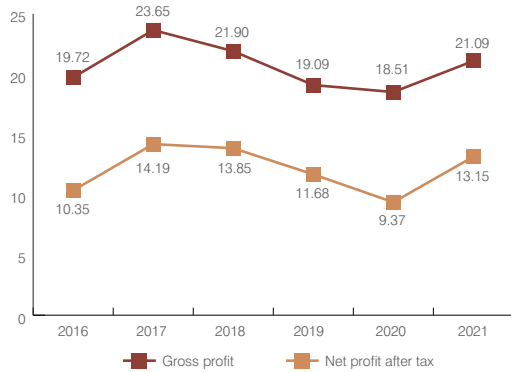
Board Evaluation

As required vide regulation 10 (3) (v) of the Code of Corporate Governance, a mechanism consisting of a comprehensive questionnaire was circulated to all directors of the Board for evaluation of performance of Board of Directors. The key areas covered included:

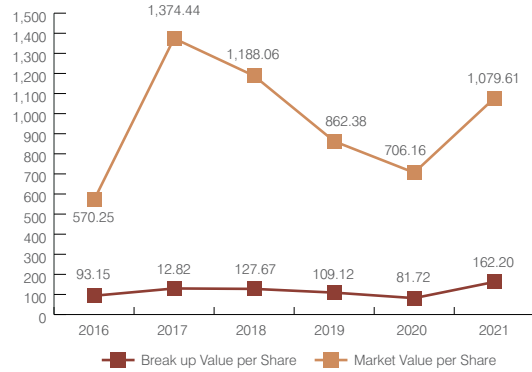
- Strategy and planning
- Board operations and effectiveness
- Measuring and monitoring of performance
- Professional development

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

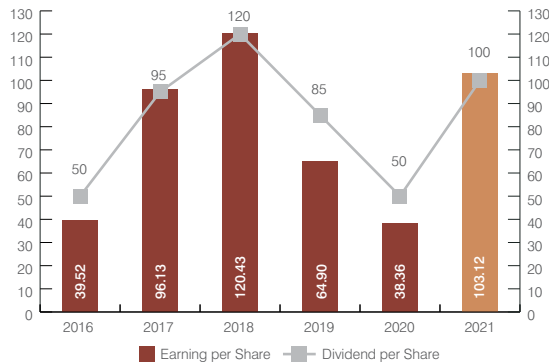
Gross Profit / Net Profit After Tax
(Percentage)



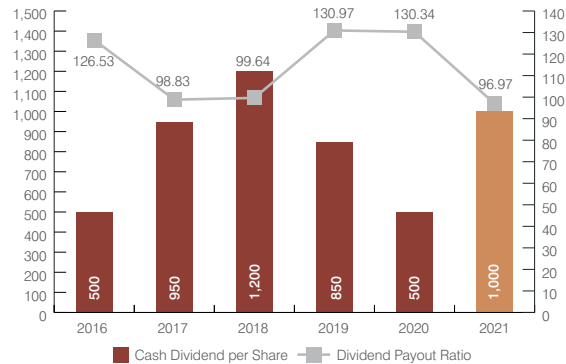
Break up / Market Value Per Share
(Rupees)



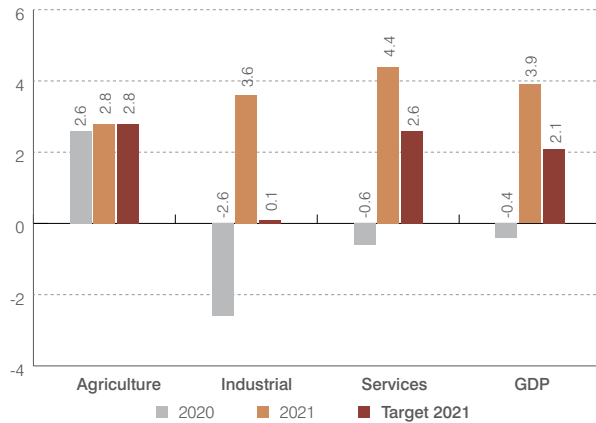
Earning / Dividend Per Share
(Rupees)



Dividend Payout Ratio
(Percentage)



Economic Indicators



Overall Economic and Industry Review

The FY2021 began in the midst of the most severe global health crisis experienced in modern history. Pakistan's economy, like rest of the world, has struggled to combat the economic consequences of COVID-19 shock through prompt measures for supporting the economy and saving the lives and livelihoods. The measures adopted by the Government helped the economy in lessening the negative impact of the pandemic. As a result, Pakistan economy started witnessing recovery during the first half of FY2021 on the back of continued domestic economic activity. The impact of the government's timely and appropriate measures is visible in the form of a V-shaped economic recovery on the back of broad-based growth across all sectors. The real GDP growth rate for FY2021 has been clocked at 3.94 percent against target of 2.1 percent on account of growth in all sectors.

The agriculture sector's performance during the year has been encouraging as the sector has shown 2.8% growth this year. Wheat, regarded as the most important crop, production has reached all time high because of bumper crop. Other major cash crops Sugarcane, Rice and Maize have also shown significant growth. Moreover, increase in minimum support price by the Government has also benefited the farmers with increased cash flows, which resulted in improved liquidity position for the farmers.

On the industrial front, Large scale manufacturing (LSM) has shown astounding growth as LSM growth has been recorded

at 16 years high (14.85%)* on account of high exports and improved local demand. Prime Minister's construction package has also supported well all other allied industries such as increased cement dispatches and iron and steel production.

The tractor industry has also followed the overall recovery trend and has shown significant growth as compared to the previous period. Improved liquidity position of farmers and improvement in local demand has led to increase in sales of tractors. Furthermore, despite the prevailing pandemic, the Company has achieved an export sale of over 2,000 tractors for the first time in its history, which depicts your Company's resolve to thrive and set up its footprint globally.

Looking ahead, outlook for tractor industry remains positive since Government has set high growth target for next year and expected support to agriculture sector to ensure food availability for upcoming years. Moreover, with the significant increase in minimum support price of agricultural commodities such as wheat and sugarcane, we expect demand for agricultural tractors and related products to grow for the next fiscal year as well.

Last, but not least, I would like to take this opportunity to extend my gratitude towards Board of Directors, shareholders, vendors, dealers and employees of MTL and would like to acknowledge their hard-work in such testing times.

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

Sikandar Mustafa Khan

Chairman

Millat Tractors Limited
Lahore: September 17, 2021

* Source: Pakistan Bureau of Statistics (PBS)

آخر میں، میں ملت ٹریڈرز لمیٹڈ کے بورڈ آف ڈائریکٹرز، شیئرز ہولڈرز، وینڈرز، ڈیلرز اور ایمپلائیز کو خراج تحسین پیش کرتا ہوں اور ان مشکل حالات میں اُن کی سخت محنت کو سراہتا ہوں۔

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



سکندر مصطفیٰ خان

چیئرمین

ملت ٹریڈرز لمیٹڈ

لاہور:

17 ستمبر 2021

*سورس: پاکستان شاریات بیورو (بی بی ایس)

ہر طرح کی بروقت مدد کے لیے اقدامات اٹھائے گئے تاکہ لوگوں کی زندگیوں، ضروریات اور معیشت کو مدد فراہم کی جاسکے۔ گورنمنٹ کے اٹھائے گئے مناسب اقدامات سے معیشت پر اس و باء کے منفی اثر کو کم کرنے میں بہت مدد ملی۔ نتیجتاً پاکستان کی معیشت کے مالی سال 2021ء کے پہلے چھ مہینے میں ہی بہتری کے اثرات نمایاں ہونے لگے۔ گورنمنٹ کے بروقت اور مناسب اقدامات کا اثر ہی -شیپ معیشت کی بہالی اور تمام سیکٹرز میں بہتری کی صورت میں نظر آنے لگا اور اس طرح حقیقی جی ڈی پی گروتھ ریٹ برائے سال 2021ء ٹارگٹ (2.1 فیصد) سے بڑھ کر 3.94 فی صد پر جا پہنچا۔

سال کے دوران زرعی شعبے کی کارکردگی حوصلہ افزاء رہی کیونکہ اس سال شعبہ میں 2.8 فیصد ترقی دیکھنے میں آئی۔ گندم جو کہ سب سے اہم فصل ہے اس کی شاندار فصل کی وجہ سے تاریخ ساز پیداوار حاصل ہوئی۔ دیگر بڑی فصلات مثلاً گنا، چاول اور مکئی کی پیداوار میں بھی اضافہ دکھائی دیا۔ مزید برآں حکومت کی جانب سے کم سے کم سپورٹ پرائس میں اضافہ بھی کسانوں کیلئے فائدہ مند اور کیش فلوز میں بہتری کا سبب بنا جس کا نتیجہ کسانوں کیلئے بہتر لیکویڈیٹی پوزیشن کی صورت میں نکلا۔

صنعتی شعبہ پر نگاہ دوڑائی جائے تو لارج سکیل میڈیوٹیکس (LSM) میں ناقابل یقین ترقی دیکھنے میں آئی جو کہ زیادہ برآمدات اور مقامی طور پر طلب بڑھنے سے ایل ایس ایم 16 سال کی بلند ترین سطح (14.85 فیصد) پر جا پہنچی۔ وزیراعظم پاکستان کا کنسرکشن پیکیج دیگر منسلک انڈسٹریز کیلئے بھی معاون ثابت ہوا اور اینسٹ کی فروخت، آئرن اور سٹیل کی پیداوار میں اضافہ کا باعث بنا۔

ٹریڈرز انڈسٹری میں بھی یہی رجحان دیکھنے کو ملا اور گزشتہ سال کے مقابلہ میں نمایاں ترقی دیکھنے میں آئی۔ کسانوں کی بہتر لیکویڈیٹی پوزیشن اور مقامی طلب میں اضافہ ٹریڈرز کی فروخت بڑھنے کا سبب بنا۔ مزید برآں و باء کے اثرات کے باوجود کمپنی نے اپنی تاریخ میں پہلی دفعہ 2,000 ٹریڈرز کی ایکسپورٹ سلیز کا ہدف حاصل کیا جو اس بات کا نماز ہے کہ آپ کی کمپنی آگے بڑھ رہی ہے اور عالمی سطح پر اپنے قدم جمارتی ہے۔

آگے بڑھتے ہوئے ٹریڈرز انڈسٹری کیلئے مستقبل مثبت دکھائی دے رہا ہے کیونکہ حکومت نے اگلے سال کیلئے بڑے گروتھ اہداف مقرر کیے ہیں اور آنے والے سالوں میں غذائی ضروریات پوری کرنے کیلئے زرعی شعبے کی معاونت کی توقع کی جاتی ہے۔ مزید برآں زرعی اجناس مثلاً گندم اور گنا کی کم سے کم سپورٹ پرائس میں نمایاں اضافہ ہونے سے ہم یہ توقع کر سکتے ہیں کہ آنے والے مالی سال کے دوران زرعی ٹریڈرز اور متعلقہ مصنوعات کی طلب میں بھی اضافہ ہوگا۔

چیئر مین کا جائزہ

مئی 2017 کے سیکشن 192 کے تحت بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول کے لئے بورڈ کے ممبروں کی کردار پر چیئر مین کی جانب سے دیئے گئے جائزے کو پیش کرنے پر خوشی محسوس کرتا ہوں۔

اللہ تعالیٰ کے فضل و کرم سے چیلنجنگ معاشی حالات اور کرونا واء (Covid-19) کے باوجود کمپنی کی سیکورٹی کی جانب گامزن ہوئیں۔ ٹریڈنگ کی مجموعی فروخت 35,515 پونے تک بڑھ گئیں جبکہ گزشتہ اسی مدت کے دوران یہ سیکورٹی 20,707 پونے تھیں۔ یہ اعداد و شمار کمپنی کی مضبوط اور پائیدار بنیاد کی عکاس ہیں۔

بورڈ کا انتظامی کردار

بورڈ کی تشکیل اور ساخت

کمپنی کو ایک محتاط موہم کنٹرول کے فریم ورک میں رکھتے ہوئے منظم قیادت فراہم کرنا بورڈ کی ذمہ داریوں میں شامل ہے تاکہ کسی بھی قسم کے خطرے کا جائزہ لے کر باآسانی نبرد آزما ہو جاسکے۔ بورڈ کمپنی میں تین اہم کردار ادا کرتا ہے۔ سمت کا تعین (کمپنی کی سٹریٹجک ڈائریکشن کا تعین)، انتظامیہ کی نگرانی، انتظامیہ کو مشورے اور معاونت فراہم کرنا (مشاورتی کردار)۔ یہ کردار کمپنی کے نظریے اور مقصد سے مطابقت رکھتے ہیں تاکہ کمپنی کے کاروباری اہداف کو پورا کیا جاسکے۔

بورڈ کی تشکیل درج ذیل ہے۔

- خود مختار ڈائریکٹرز: 02
- ایگزیکٹو ڈائریکٹرز: 02
- دیگر نان ایگزیکٹو ڈائریکٹرز: 04

سیڈیوارڈ شپ کی ضمانت اور کمپنی کی درست سمت کی نگرانی کیلئے بورڈ نے ذیلی کمیٹیاں تشکیل دی ہیں اور میری نظر میں ان کمیٹیوں نے مطلوبہ مقاصد کے حصول کیلئے اہم کردار ادا کیا ہے۔ یہ کمیٹیاں کوڈ آف کارپوریٹ گورننس کی درج ذیل مطلوبہ تعین کو یقینی بناتی ہیں۔

- آڈٹ کمیٹی
- ہیومن ریسورس اور ریزیورٹ کمیٹی
- فنانس کمیٹی
- مارکیٹنگ کمیٹی
- گروپ سپرویزن کے لئے بورڈ کمیٹی

بورڈ کی کارکردگی کا جائزہ

کارپوریٹ گورننس کوڈ کی شق (V)(3)10 کے مطابق ایک وضع کردہ طریقہ کار کے تحت بورڈ آف ڈائریکٹرز کی کارکردگی کو جانچنے کے لئے تمام ڈائریکٹرز کو ایک جامع سوالنامہ تقسیم کیا گیا جو مندرجہ ذیل اہم شعبہ جات پر مشتمل ہے۔

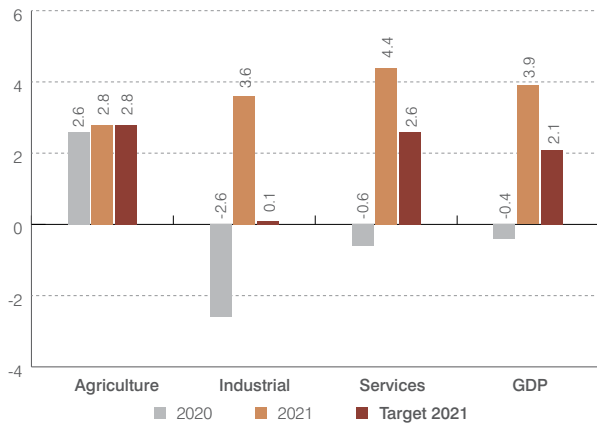
- حکمت عملی اور منصوبہ بندی
- بورڈ کے آپریشنز اور اثر اندازی
- کارکردگی کا جائزہ اور نگرانی
- پروفیشنل ڈویلپمنٹ

انفرادی طور پر رائے لی گئی اور اس رائے کی بنیاد پر بورڈ کی کارکردگی اور بورڈ آف ڈائریکٹرز کی گورننگ کے حوالے سے چیئر مین کی کارکردگی کو بہتر پایا گیا۔ کمپنی کی مجموعی کارکردگی اور ساکھ اس کی عکاس ہے۔

مجموعی اقتصادی اور صنعتی جائزہ

مالی سال 2021ء گلوبل ہیلتھ مسائل کی وجہ سے جدید دنیا کی تاریخ کی ایک بدترین شروعات تھی۔ پاکستان کی معیشت کے لیے بھی دوسری دنیا کی طرح کووڈ-19 کے اثرات کو کم کرنے کے لیے

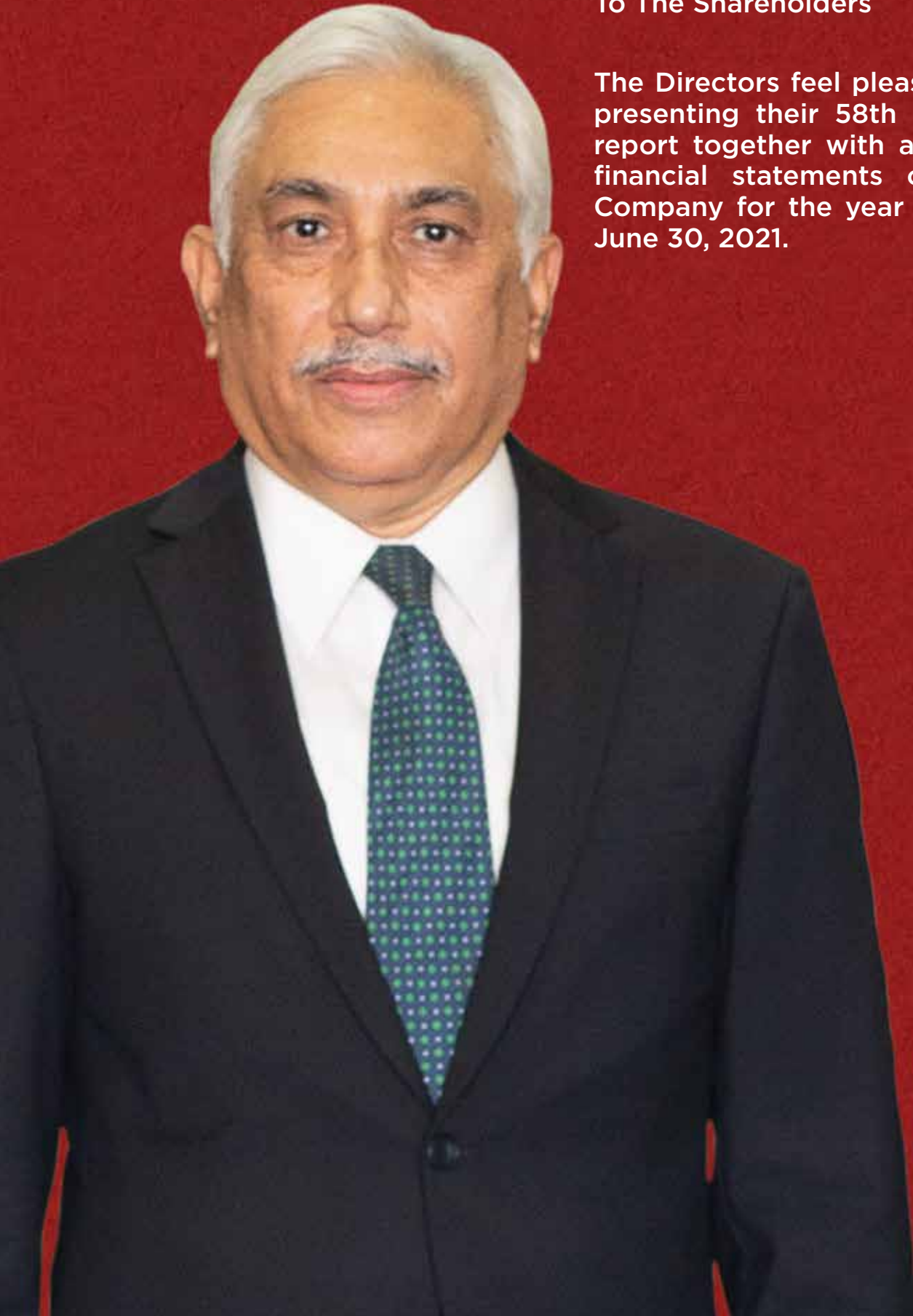
Economic Indicators



DIRECTORS' REPORT

To The Shareholders

The Directors feel pleasure in presenting their 58th annual report together with audited financial statements of the Company for the year ended June 30, 2021.



APPROPRIATIONS

Your Directors recommended a payment of final cash dividend @ Rs.50.00 per share (500 %) and issuance of 20% Bonus shares.

The aforesaid payout shall be in addition to the interim cash dividend of Rs. 50.00 per share (500%) and 12.5% Bonus shares already making a total of Rs. 100.00 per share (1,000%) as cash dividend and 32.5 Bonus shares.

The following appropriations were made during the year:

	(Rupees in thousands) General Reserve	(Rupees in thousands) Un-appropriated Profit
Opening balance	2,278,935	997,460
Less: Final dividend @ 300% of 2020	-	(1,494,873)
Transfer to general reserves	-	-
	2,278,935	(497,413)
Profit for the year ended June 30, 2021	-	5,868,525
Less: Interim dividend @ 500% of 2021	-	(2,491,456)
Less: Bonus shares @ 12.5% of 2021	-	(62,286)
Un-appropriated profit carried forward	2,278,935	2,817,370

EARNINGS PER SHARE

Earning per share for the year ended June 30, 2021 was Rs.103.12 as against Rs. 38.36 (restated) of the preceding year.

BOARD OF DIRECTORS

The Board comprises of eight directors as on June 30, 2021.

(a) Male:	07
(b) Female:	01
Composition:	
(i) Independent Directors:	02
(ii) Other Non-Executive Directors:	04
(iii) Executive Directors:	02

NAME(S) OF DIRECTORS

1. Mr. Sikandar M. Khan – Chairman (Non Executive Director)	5. Mian Muhammad Saleem (Non Executive Director)
2. Syed Muhammad Irfan Aqueel-CEO(Executive Director)	6. Mr. Ahsan Imran Shaikh (Non Executive Director)
3. Mr. Sohail Bashir Rana (Executive Director)	7. Mr. Saad Iqbal (Independent Director)
4. Mr. Laeeq Uddin Ansari (Non Executive Director)	8. Mrs. Ambreen Waheed (Independent Director)

Since the last report, there has been a change in the composition of the Board, Director, Mr. Latif Khalid Hashmi passed away on 09-02-2021 and Mr. Ahsan Imran Shaikh was appointed as director w.e.f March 22, 2021. The three years term of the present Board shall expire on October 30, 2021. The Board has fixed eight number of directors to be elected for the next term of which two independent (male) and one female independent director are proposed to be elected (after selection of independent directors from data bank of directors and completion of due diligence) on completion of present tenure as resolved by the Board in its meeting held on September 17, 2021.

BOARD COMMITTEES

The names of members of Board Committees as on June 30, 2021 are as follows:-

1. Audit Committee

Mr. Saad Iqbal	Chairman
Mr. Laeeq Uddin Ansari	Member
Mian Muhammad Saleem	Member
Mrs. Ambreen Waheed,	Member

2. Human Resource & Remuneration Committee

Mr. Saad Iqbal	Chairman
Mr. Laeeq Uddin Ansari	Member
Mian Muhammad Saleem	Member
Syed Muhammad Irfan Aqueel	Member
Mrs. Ambreen Waheed	Member

3. Finance Committee

Mr. Sohail Bashir Rana	Chairman
Mr. Laeeq Uddin Ansari	Member
Mian Muhammad Saleem	Member
Syed Muhammad Irfan Aqueel	Member

4. Marketing Committee

Mr. Sohail Bashir Rana	Chairman
Mian Muhammad Saleem	Member
Syed Muhammad Irfan Aqueel	Member

5. Board's Committee for Group Supervision

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

DIRECTOR'S REMUNERATION POLICY

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

i) Non-Executive Directors (Including Independent Directors)

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

Meeting Fee

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

Performing Extra Service

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

Reimbursement of actual expenses incurred

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

AGGREGATE DIRECTORS' REMUNERATION

Details of the Directors' remunerations for the year ended June 30, 2021 are as under:

	Chief Executive Officer	Executive Director	Non Executive Director	Independent Directors
Number of Persons	1	1	1	2
	Rupees			
Managerial remuneration	14,558,177	872,532	1,115,502	-
Cost of living allowance	-	872,532	1,115,502	-
Bonus	8,603,175	4,948,317	6,380,362	-
House rent	6,551,179	392,639	501,976	-
Contribution to Provident Fund	1,457,618	-	-	-
Medical Expenses	222,000	992,500	1,165,680	-
Utilities	389,889	834,103	898,835	-
Other allowances and reimbursable expenses	2,256,224	686,262	745,501	47,911
Fees	-	-	-	1,800,000

PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS DURING FINANCIAL YEAR-2021

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

The financial statements of the Company truly reflect the state of Company's affairs and fair review of its business. The overall economy including tractor industry witnessed growth in output owing to improvement in domestic economic activity, higher agricultural output and significant growth in large scale manufacturing.

The country's economy has shown strong recovery spurred by the measures adopted by the Government to help the economy in lessening the negative impact of the pandemic. Current Account Deficit had reduced significantly, which is lowest in 10 years and Foreign exchange reserves of State Bank of Pakistan has reached to level of 18 Billion USD as reported by SBP. Moreover, the ongoing vaccination drive has managed to curtail the harsh lockdown conditions the like of which was imposed in March 2020, which hamper the economic activity.

Resultantly, overall tractor sales of the company increased by 72% to 35,515 units as compared to 20,707 units sold last year. This has been achievable due to efforts of the employees, dealers, vendors and every stakeholder involved despite the ongoing pandemic of COVID-19.

Gross profit margin increased significantly by 260 basis points due to increase in sales volume.

Net profit for the period stood at 13.1% of sales versus 9.37% in previous year. The increase is due to significant increase in sales revenue, other income and considerable decrease in finance cost for the year.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

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

Operational risks

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

Taxation regime of Pakistan

The taxation measures taken by the government during the fiscal year to increase tax-net seem to have not been fruitful due to inconsistencies in the application of law and frequent ad-hoc operational changes. This was most evident in processing of sales tax refunds, which have accumulated to the tune of Rs. 4.59 billion. Extreme measures need to be taken to rationalize tax laws and increase investors' confidence.

Environmental Risk

The effects of global warming continued to increase during this fiscal year. Unexpected temperature shifts, locust attack and water shortage are critical indicators of the fact that we need to ramp up our efforts to address this risk quickly and effectively.

The unforeseen changes in environment may hamper the growth trajectory of the agricultural products, which is worrisome for a country that relies so much on it financially and economically. Our company is also directly linked with agriculture and any adverse impact severely affects company's performance as well.

Financial Risks

Financial risks are those that may cause financial loss to the entity. Financial risk has been described in detail in note 47 of the attached financial statements that include market risks, credit risks and liquidity risk.

Compliance Risk

Non-compliance with laws and regulations may result in imposition of punitive action. Therefore, the Company has zero tolerance policy for non-compliance activities and behaviours. In addition, to mitigate such risks, a very comprehensive and effective compliance function is in place in the Company. Further, the Company's Code of Conduct clearly defines expectations from employees of the Company. The Company encourages employees and business partners to report compliance violations that they may encounter

CHANGES DURING FINANCIAL YEAR CONCERNING THE NATURE OF THE BUSINESS OF THE COMPANY

There has been no change in the principal activity of the Company during the year. The Company continued to increase its efforts in retail and exports sector and has delivered highest ever export sales during the year crossing the over 2,000 tractors export mark for the first time in the history of the company.

FUTURE PROSPECTS OF PROFIT

Tractor sales are expected to retain the same trajectory in upcoming fiscal year provided rupee devaluation, pace of vaccination against COVID-19, success in managing the avoidance of lockdown and other economic indicators move along the predicted path. With recent approval of budget for 2021-2022, it is expected that tractor sales will increase to meet the growth targets set by the Government.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

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

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

MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY'S BUSINESS

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

- Rupee parity
- Kharif and Rabi season crop output
- Supply chain performance
- Security situation in Afghanistan for export market
- Pace of CPEC and other development projects

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

DUTY & TAXES

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

AUDITORS

The present auditors M/s. A. F. Ferguson & Company, Chartered Accountants, Lahore retire and offer themselves for re-appointment. The Board Audit Committee and Board of Directors of the Company have endorsed their appointment at remuneration of Rs. 2,680,000 for shareholders' consideration at the forthcoming Annual General Meeting. The external auditors have certified that they have been given satisfactory rating under the Quality Control Review of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan and being eligible offer themselves for re-appointment.

DIRECTORS' ORIENTATION PROGRAM

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

SUBSEQUENT EVENTS

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

AUDITOR'S OBSERVATIONS

No adverse remark, observation was given by the auditor's in their report for the year ended June 30, 2021.

STATEMENT ON CORPORATE FINANCIAL REPORTING FRAMEWORK

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

Accordingly, the Directors are pleased to confirm the following:

- The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements, except for the changes as disclosed in Note 4.1 of the financial statements, which conform to the International Accounting and Reporting Standards as applicable in Pakistan. The accounting estimates, wherever required are based on reasonable and prudent judgement.
- The International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of Corporate Governance.
- The key operating and financial data for the last six years is annexed.
- The value of investments of provident, gratuity and pension funds based on their audited accounts as on June 30, 2021 were the following:

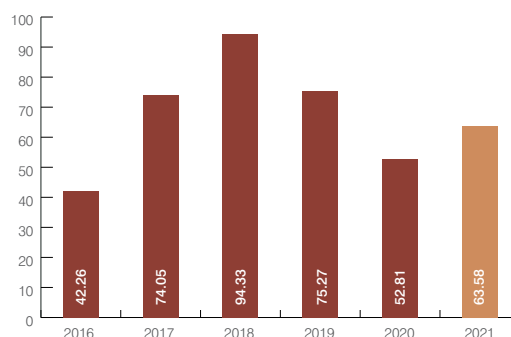
- Provident Fund	Rs. 432,994,568
- Gratuity Fund	Rs. 278,959,174
- Pension Fund	Rs. 1,070,376,578

The value of investment includes accrued interest.

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

Return on Equity

(Percentage)



Purchase of Shares

	No. of shares Purchased
Mr. Sikandar Mustafa Khan, Director	1,333
Mr. Sohail Bashir Rana, Director	18,960
Mr. Laeeq Uddin Ansari, Director	154,820
S. M Irfan Aqueel, CEO	20,000
Mrs. Shireen Shah Aqueel (Spouse of Syed Muhammad Irfan Aqueel, CEO	3,000
Mr. Sohail Ahmed Nisar, CFO	1,495

Sale/Gift of Shares

	No. of shares Sold/Gifted
Mr. Latif Khalid Hashmi (Late) Ex. Director	200,000
Mian Muhammad Saleem, Director	1,098,600

CODE OF CONDUCT

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance, relevant for the year ended June 30, 2021 have been duly complied with. A statement to this effect is annexed separately with the report.

CHAIRMAN'S REVIEW

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

RELATED PARTY TRANSACTIONS

The related party transactions conducted with group companies had to be approved by the board duly recommended by the audit committee periodically pursuant to regulation 15 of the Code of Corporate Governance. However, the majority of company directors were interested in these transactions due to their common directorship and holding of shares in the group companies, the quorum of directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017 and therefore, these transactions are presented to the shareholders in General Meeting for their approval and ratification.

HOLDING OF OFFICE OF PROFIT BY THE DIRECTORS

Subject to their election, the directors namely M/s. Sikandar Mustafa Khan and Sohail Bashir Rana shall be holding office of profit under the Company for performing extra services including acting as member(s) of different committees to be constituted and terms of reference thereof approved by the Board.

The role and responsibilities of Mr. Sikandar Mustafa Khan shall be as under.

1. chair the Board and General Meetings of the Company including setting the agenda of such meetings;
2. promote the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level;

3. ensure that the Board receives accurate, timely and clear information;
4. ensure effective communication with members of the Company;
5. facilitate the effective contribution of non-executive directors and ensure constructive relations between executive and non-executive directors;
6. ensure that the performance of the Board, its committees and individual directors is evaluated at least once a year; and
7. ensure clear structure for, and the effective running of, Board committees.
8. disclosure of interest where it exists.

Extra Services

In addition to the above he will perform the following.

- i) To perform duties and responsibilities as defined in the Code of Corporate Governance.
- ii) To act as Chairman of Board's Committee for Group supervision (BCGS) constituted by the Board to review overall business performance, major projects and new investments of group companies.
- iii) To perform functions as contained in Article 103 (2) (iv) of the Articles of Association of the Company which reads as under:

“act as Chairman of Board's Committee for Group Supervision (BCGS) and monitor the functions of units through BCGS members and in furtherance thereof, may from time to time call for information, issue directions, guidelines or assign a specific task to any member of the Committee.”
- iv) To monitor functioning of Finance and Marketing committees.
- v) Exercise such powers, functions & duties as may be assigned / delegated by the Board from time to time pursuant to Article 103(2) (iii) of the Articles of Association of the Company.

The role and responsibilities of Mr. Sohail Bashir Rana shall be as under.

1. As Executive director he shall have the same general legal responsibilities to the Company as any other director and shall be required to take decisions in the best interests of the Company.
2. constructively challenge and contribute to the development of Company strategy;
3. ensure that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
4. at all time comply with the Articles of Association of the Company;
5. disclose interest where it exists.

Extra Services

In addition to the above he will perform the following.

1. Play a key role in coordinating and managing all operational, financial and personnel functions of the Company to ensure continued profit growth.
2. Provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed.
3. Set the Company's strategic goals, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance; and
4. Set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.
5. Implement the approved operational plans of the Company and arrange timely availability of required resources.
6. Define short term and long term marketing objectives for the Company.

7. Review and approve strategies budgets for production plans to ensure these meet objectives already set.
8. Define reporting formats including key performance indicators and critical success factors for sales and marketing qualitative and quantitative performance measurement.
9. Review actual performance against budget, reasons for variations and plans to bridge the gaps on monthly basis.
10. Define critical success factors for performance measurement.
11. Define critical controls to be implemented in the operations.
12. Review and approve operations policies.
13. Review and approve policies for procurement, inventories, maintenance etc.
14. Review and approve quality control standards.
15. Review performance evaluation of senior personnel of the Company.
16. Review and approve IT Budget and approve IT projects.

The board shall approve their remuneration packages in accordance with Articles of Association of the Company subject to their election as directors. However, the holding of office of profit in the Company by the directors has to be sanctioned/ approved by the shareholders in the general meeting. Therefore a resolution is being placed before the shareholders in the forthcoming AGM for their consideration and approval, if deemed appropriate. Each director is interested in the resolution to the extent of his remuneration.

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed.

NUMBER OF EMPLOYEES

The numbers of permanent employees as on June 30, 2021 were 346 compared to 360 of last year.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements of the Company as on June 30, 2021 are annexed.

CORPORATE SOCIAL RESPONSIBILITY

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

WEB PRESENCE

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

For and on behalf of the Board



Chief Executive



Chairman

Lahore:
September 17, 2021

کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق بورڈ ان کے معاوضہ پیکج کی منظوری دے گا اور اس کا انحصار اُن کے بطور ڈائریکٹر انتخاب پر ہے۔ تاہم کمپنی میں ڈائریکٹرز کی جانب سے آفس آف پرافٹ ہولڈنگ سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے منسلک ہے۔ اس لئے آنے والے اجلاس عام میں یہ قرارداد اگر مناسب سمجھا گیا تو، غور و خوض اور منظوری کیلئے شیئر ہولڈرز کے سامنے رکھی جائے گی۔ ہر ڈائریکٹر اس قرارداد میں اپنے معاوضہ سے متعلق دلچسپی رکھتا ہے۔

شیئر ہولڈنگ کا طریقہ

شیئر ہولڈنگ کا طریقہ منسلک کیا گیا ہے۔

ملازمین کی تعداد:

30 جون، 2021 کو ختم ہونے والے سال پر کمپنی کے مستقل ملازمین کی تعداد 346 تھی جبکہ گزشتہ سال یہ تعداد 360 تھی۔

مجموعی مالیاتی اسٹیٹمنٹ


30 جون، 2021 تک کی مجموعی مالیاتی اسٹیٹمنٹ منسلک کی گئی ہے۔

کارپوریٹ سماجی ذمہ داری

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

ویب سائٹ پر موجودگی

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


چیرمین


چیف ایگزیکٹو

لاہور:

17 ستمبر 2021

اضافی خدمات:

مذکورہ بالا کے علاوہ وہ درج ذمہ داریاں بھی سرانجام دیں گے۔

- i- کوڈ آف کارپوریشن گورننس میں بتائے گئے فرائض اور ذمہ داریوں کی انجام دہی
 - ii- بورڈ کی جانب سے مجموعی کاروباری کارکردگی، بڑے پیمانے کے منصوبہ جات اور گروپ کمپنیوں کی نئی سرمایہ کاری کے جائزہ کیلئے قائم کردہ گروپ سپرویزن (BCGS) کی بورڈ کمیٹی کے چیئرمین کے طور پر خدمات
 - iii- کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل (iv) 103(2) کے مطابق امور سرانجام دینا، جس کے تحت:
 - "گروپ سپرویزن (BCGS) کیلئے بورڈ کمیٹی کے چیئرمین کے طور پر کام کرنا اور BCGS ممبران کے ذریعے پبلس فیکشنز کی نگرانی اور وقتاً فوقتاً معلومات، راہنمائی، ہدایات کی فراہمی یا کمیٹی کے کسی ممبر کو مخصوص ٹاسک سونپنے کی خدمات
 - iv- فننس اور مارکیٹنگ کمیٹی کے امور کی نگرانی
 - v- کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل (iii) 103(2) کے تحت بورڈ کی جانب سے وقتاً فوقتاً تفویض کردہ ایسی ہدایات، امور اور فرائض پر عملدرآمد
- مسٹر سہیل بشیر رانا کی ذمہ داریاں حسب ذیل ہوں گی۔
- 1- بطور ایگزیکٹو ڈائریکٹر وہ کمپنی کے کسی بھی دیگر ڈائریکٹر کی طرح قانونی ذمہ داریاں سرانجام دیں گے اور کمپنی کے وسیع تر مفاد میں فیصلہ سازی کریں گے
 - 2- کمپنی کے لائحہ عمل کی ڈیولپمنٹ میں تعمیری چیلنج اور شمولیت
 - 3- اس بات کی یقین دہانی کرنا کہ مالی معلومات بالکل درست ہیں اور ریسک مینجمنٹ کے کنٹرولز اور سسٹمز مضبوط اور محفوظ ہیں
 - 4- لمحہ بہ لمحہ کمپنی کے آرٹیکلز آف ایسوسی ایشن پر عملدرآمد
 - 5- مفاد کی صورت میں اس کی نشاندہی

اضافی خدمات:

مذکورہ بالا کے علاوہ وہ درج ذمہ داریاں بھی سرانجام دیں گے۔

- 1- کمپنی کیلئے دیرپا منافع کا حصول یقینی بنانے کیلئے تمام امور میں کورڈینیشن اور مینجنگ، کمپنی کے فنانشل اور پرسونل فنکشنز میں کلیدی کردار ادا کرنا
- 2- کمپنی میں ریسک کی نشاندہی اور اس سے نمٹنے کیلئے محتاط اور موثر فریم ورک ترتیب دینے کیلئے entrepreneurial leadership کی فراہمی
- 3- کمپنی کے سٹریٹجک اہداف کا تعین، اس بات کی یقین دہانی کرنا کہ کمپنی کے مقاصد کے حصول کیلئے ضروری مالی اور افرادی وسائل مکمل انداز میں اپنی جگہ پر موجود ہیں اور مینجمنٹ کی کارکردگی کا جائزہ اور
- 4- کمپنی کی اقدار اور معیارات کا تعین کرنا اور اس بات کی یقین دہانی کرنا کہ شیئرز ہولڈرز اور دیگر سے متعلقہ اس کی ذمہ داریوں کی سوجھ بوجھ ہے اور ان پر عملدرآمد جاری ہے
- 5- کمپنی کے منظور شدہ انتظامی منصوبوں پر عملدرآمد اور مطلوبہ وسائل کا بروقت انتظام کرنا
- 6- کمپنی کے لئے مختصر اور طویل مدتی مارکیٹنگ مقاصد واضح کرنا
- 7- پہلے سے متعین کردہ اہداف کا حصول یقینی بنانے کیلئے پروڈکشن پلانز کیلئے سٹریٹجک بجٹ کا جائزہ اور منظوری
- 8- سیلز اور مارکیٹنگ Qualitative اور Quantitative کارکردگی کی جانچ کیلئے رپورٹنگ فارمیٹس بشمول بنیادی کارکردگی کے اعشاریوں اور پیچیدہ کامیابی کے عوامل واضح کرنا
- 9- ماہانہ بنیادوں پر فرق کم کرنے کیلئے بجٹ تغیر کی وجوہات اور منصوبوں کی حقیقی کارکردگی کا جائزہ
- 10- کارکردگی کی جانچ کیلئے کامیابی کے پیچیدہ عوامل واضح کرنا
- 11- آپریشنز میں نافذ العمل پیچیدہ عوامل واضح کرنا
- 12- آپریشنز پالیسیوں کا جائزہ اور منظوری
- 13- پروکیورمنٹ، انویسٹرز اور مینٹی نینس وغیرہ کیلئے پالیسیوں کا جائزہ اور منظوری
- 14- کوالٹی کنٹرول اسٹیٹمنٹس کا جائزہ اور منظوری
- 15- کمپنی کے مینٹرفرادی کی کارکردگی کی تشخیص
- 16- آئی ٹی بجٹ اور آئی ٹی پراجیکٹس کا جائزہ اور منظوری

شیرز کی خریداری:

تفصیل

خریدے گئے شیرز کی تعداد

مستر سکندر مصطفیٰ خان (ڈائریکٹر)	1,333
مستر سہیل بشیرانا (ڈائریکٹر)	18,960
مستر لیتھ الدین انصاری (ڈائریکٹر)	154,820
ایس ایم عرفان عقیل (سی ای او)	20,000

محترمہ شیریں شاہ عقیل

(ایس ایم عرفان عقیل، سی ای او کی شریک حیات)

3,000

مستر سہیل احمد ثار (سی ایف او)

1,495

شیرز کی فروخت/تخائف:

200,000

مستر لطیف خالد ہاشمی (مرحوم) سابقہ ڈائریکٹر

1,098,600

میاں محمد سلیم (ڈائریکٹر)

ضابطہ اخلاق:

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

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کا بیان

30 جون، 2021 کو ختم ہونے والے سال کیلئے مقرر کردہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کی گئی ہے۔ اس سے متعلق ایک بیان رپورٹ کے ساتھ علیحدہ سے منسلک ہے۔

چیئرمین کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز چیئرمین کے جائزہ کی تائید کرتے ہیں جو کہ ڈائریکٹرز رپورٹ کا حصہ ہے۔

متعلقہ پارٹی کی ٹرانزیکشنز

متعلقہ پارٹی کی اپنی گروہی کمپنیوں کے ساتھ رقوم کی منتقلی بورڈ سے منظور ہونا تھی جسے کارپوریٹ گورننس کے کوڈ کی شق (1) 15 کے ساتھ میعاد طوری پر مطابقت رکھنے والی آڈٹ کمیٹی نے تجویز کرنا تھا۔ تاہم کمپنیوں کے ڈائریکٹرز کی اکثریت اپنی مشترکہ ڈائریکٹر شپ اور گروہی کمپنیوں میں حصص رکھنے کے باعث رقوم کی ان منتقلیوں میں دلچسپی رکھتی تھی کیونکہ ایکٹ، 2017 کے سیکشن 207 کے مطابق رقوم کی منتقلی کی منظوری کے لیے ڈائریکٹرز کا کورم پورا نہیں ہو سکا اور اسی لیے ان رقوم کی منتقلی کی منظوری اور توثیق کے لیے انہیں جنرل میٹنگ میں شیئر ہولڈرز کے سامنے پیش کیا جاتا ہے۔

ڈائریکٹرز کی جانب سے آفس آف پرافٹ کا کنٹرول

ڈائریکٹر مسٹر سکندر مصطفیٰ خان اور سہیل بشیرانا اضافی خدمات کی انجام دہی کیلئے کمپنی کے زیر انتظام آفس آف پرافٹ سنبھالیں گے جبکہ اس امر کا انحصار ان کے بطور ڈائریکٹر انتخاب پر ہوگا۔ اس کے ساتھ ساتھ وہ مختلف کمیٹیوں کے ممبران اور بورڈ کے متعین کردہ قواعد و ضوابط کے مطابق خدمات جاری رکھیں گے۔

مستر سکندر مصطفیٰ خان کی ذمہ داریاں حسب ذیل ہوں گی:

- 1- کمپنی کے بورڈ اور اجلاس عام کی سربراہی بشمول ایسی میٹنگز کیلئے ایجنڈا ترتیب دینا
- 2- کمپنی بالخصوص بورڈ میں ایمانداری، سچائی اور کارپوریٹ گورننس کے اعلیٰ معیارات پر عملدرآمد
- 3- اس بات کی یقین دہانی کے بورڈ تک صحیح، بروقت اور واضح معلومات باہم پہنچے
- 4- کمپنی کے ممبران کے ساتھ موثر مثبت چہیت
- 5- نان ایگزیکٹو ڈائریکٹرز کی موشمولیت کیلئے سہولیات اور ایگزیکٹو اور نان ایگزیکٹو اور ڈائریکٹرز کے مابین اصلاحی تعلقات
- 6- اس بات کی یقین دہانی کہ بورڈ، اسکے انفرادی ڈائریکٹرز اور اعلیٰ کمیٹیوں کی کارکردگی سال میں کم از کم ایک دفعہ جانچا جائے
- 7- بورڈ کمیٹیوں کیلئے واضح ڈھانچہ کی تیاری اور ان کے امور کی موثر ادائیگی
- 8- مفاد کی صورت میں اس کی نشاندہی

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

ڈیوٹی اور ٹیکسز

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

آڈیٹرز

موجودہ آڈیٹرز میسرز اے۔ ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور، ریٹائرمنٹ کے بعد اپنے دوبارہ تقرر کی پیش کش کر رہے ہیں۔ بورڈ آڈٹ کمیٹی اور کمپنی کے بورڈ آف ڈائریکٹرز نے 2,680,000/- روپے معاوضہ کے عوض ان کی دوبارہ تعیناتی کی توثیق کی ہے جو کہ اگلے سالانہ اجلاس عام میں شیئرز ہولڈرز کے روبرو رکھی جائے گی۔ ایکسٹرنل آڈیٹرز نے توثیق کی ہے کہ انہیں انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس پاکستان کے کوائٹی کنٹرول ریویو کی جانب سے تسلی بخش ریٹنگ ملی ہے، نیز وہ آڈٹ اور رسائیٹ بورڈ پاکستان سے رجسٹرڈ ہیں اور اپنے دوبارہ تقرر کی پیشکش کرنے کے اہل ہیں۔

ڈائریکٹرز کا ترمیمی پروگرام

ڈائریکٹرز کے لئے ایک اور ٹینٹیشن کورس تشکیل دیا گیا جس میں انہیں ضابطہ، قابل اطلاق قوانین اور ان کی ذمہ داریوں سے آگاہ کیا گیا تاکہ وہ موثر طریقے سے کمپنی اور شیئرز ہولڈرز کی طرف سے معاملات سنبھال سکیں۔ انہیں تحریری مواد بھی فراہم کیا گیا۔

دیگر متعلقہ ایونٹس

کمپنی کے مالی سال کے اختتام سے موجودہ رپورٹ کی اشاعت کی تاریخ تک کمپنی کی بنیادی سرگرمی میں کوئی تبدیلی رونما نہیں ہوئی۔ جبکہ ایسی کوئی بھی تبدیلی اس رپورٹ میں واضح کی گئی ہے۔

آڈیٹرز کا مشاہدہ

سال ختم 30 جون، 2021 کو سالانہ رپورٹ میں آڈیٹرز نے اپنی رپورٹ میں کسی قسم کی منفی رائے نہیں دی۔

کارپوریٹ فنانشیل رپورٹنگ فریم ورک کی اسٹیٹمنٹ

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

ڈائریکٹرز انتہائی مسرت کے ساتھ مطلع کرتے ہیں کہ:

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

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

سی۔ ان مالیاتی گوشواروں کی تیاری میں ضروری اور مخصوص اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے ماسوائے مالیاتی گوشواروں کی شیٹ نمبر 4.1 میں واضح کردہ تبدیلیوں کے جو بین الاقوامی اکاؤنٹنگ اور رپورٹنگ سٹینڈرڈز کے عین مطابق ہیں اور پاکستان میں قابل اطلاق ہیں۔ کبھی بھی مطلوب ہونے والے اکاؤنٹنگ کے تخمینے انتہائی منطقی اور محتاط اندازے پر مبنی ہیں۔

ڈی۔ ان مالیاتی گوشواروں کی تیاری میں بین الاقوامی فنانشیل رپورٹنگ اسٹیٹمنٹرزڈ کی (جہاں تک وہ پاکستان میں قابل اطلاق ہیں) کی پیروی کی گئی ہے۔

ای۔ اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔

ایف۔ کمپنی کے مستقبل میں کام جاری رکھنے کی اہلیت پر کوئی شکوک و شبہات نہیں ہیں۔

جی۔ متعین شدہ اصول و ضوابط میں درج کارپوریٹ گورننس کے رہنما اصولوں سے انحراف نہیں کیا گیا۔

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

آئی۔ 30 جون، 2021 کو آڈیٹ شدہ اکاؤنٹس کی بنیاد پر پراویڈنٹ، گریجویٹ، پنشن فنڈز کی سرمایہ کاری کی مالیت درج ذیل ہے۔

پراویڈنٹ فنڈ	432,994,568 روپے
گریجویٹ فنڈ	278,959,174 روپے
پنشن فنڈ	1,070,376,578 روپے

سرمایہ کاری کی رقم میں وصول شدہ انٹرسٹ شامل ہے۔

جے۔ سال کے دوران ڈائریکٹرز 11 ایگزیکٹو کی جانب سے فروخت اور خریدے گئے شیئرز کی تعداد کچھ یوں ہے

اموری خطرات

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

پاکستان میں ٹیکس کا نظام

مالی سال کے دوران حکومت کی جانب سے ٹیکسیشن کیلئے اٹھائے گئے اقدامات قانون کی عملدرآمدگی میں دوپہر بے ضابطگیوں اور متواتر ایڈہاک آپریشنل تبدیلیوں کی بدولت فائدہ مند ثابت ہوتے دکھائے نہیں دے رہے۔ یہ عوامل سبز ٹیکس ریفرنڈمز میں نمایاں طور پر دکھائی دیئے جو کہ مجموعی طور پر 4.59 بلین روپے رہا۔ محصولات کو موثر بنانے اور سرمایہ کاروں کا اعتماد حاصل کرنے کیلئے انتہائی اقدامات کرنا ہوں گے۔

گلوبل وارمنگ

اس مالی سال کے دوران گلوبل وارمنگ کے اثرات میں اضافہ جاری رہا۔ درجہ حرارت میں غیر متوقع تغیر، ہڈی دل کے حملہ اور پانی کی کمی اس حقیقت کی جانب واضح اشارہ ہے کہ ہمیں اس خطرے سے فوری اور موثر انداز میں نبرد آزما ہونے کیلئے کاوشوں میں تیزی لانا ہوگی۔

ماحولیات میں غیر معمولی تبدیلی زرعی ترقی میں رکاوٹ کا باعث بن سکتی ہے جو کہ مالی اور اقتصادی طور پر زراعت پر انحصار کرنے والے ملک کیلئے تشویشناک ہے۔ چونکہ ہماری کمپنی بھی بالواسطہ زراعت سے منسلک ہے اور کسی بھی قسم کی منفی اثرات کمپنی کی کارکردگی کو بھی متاثر کرتے ہیں۔

مالیاتی خطرات

مالیاتی خطرات وہ ہیں جن سے کمپنی کو مالی نقصان کا اندیشہ ہو۔ منسلکہ فنانشل اسٹیٹمنٹس کے نوٹ نمبر (47) میں مالیاتی خطرات کے بارے میں تفصیل سے بیان کیا گیا ہے جس میں مارکیٹ، کریڈٹ اور لیویزیٹی خطرات شامل ہیں۔

کمپلائنس خطرات

قواعد و ضوابط کی تعمیل نہ کرنے کی صورت میں انضباطی کارروائی کا احتمال ہو سکتا ہے۔ اسی لئے کمپنی اس سلسلے میں اپنی پالیسیز سرگرمیوں اور رویہ جات پر ہرگز سمجھوتہ نہیں کرتی۔ مزید برآں کمپنی میں ایسے خطرات کو کم کرنے کیلئے ایک انتہائی جامع اور موثر کمپلائنس فنکشن ترقیب دیا گیا ہے۔ اس کے علاوہ کمپنی کا ضابطہ اخلاق کمپنی کے ملازمین سے توقعات کو بھی واضح کرتا ہے۔ کمپنی اس بات کو سراہتی ہے کہ اس کے ملازمین اور بزنس پارٹنرز کسی بھی قسم کی قانونی خلاف ورزی کے بارے میں کمپنی کو آگاہ کریں۔

مالی سال کے دوران کمپنی بزنس کی نوعیت میں تبدیلی

اس سال کے دوران کمپنی کی بنیادی سرگرمی میں کوئی تبدیلی رونما نہیں ہوئی۔ کمپنی نے ریٹیل اور ایکسپورٹس سیکٹر کیلئے اپنی کوششوں میں اضافہ جاری رکھا اور تاریخ میں پہلی دفعہ ایکسپورٹ سیکلز 2,000 ٹریکٹرز کی حد پار کرتے ہوئے سب سے زیادہ سیکلز میں کامیاب رہی۔

منافع کے مستقبل کے امکانات

روپے کی قدر میں کمی، کووڈ-19 ویکسین لگوانے کی رفتار، لاک ڈاؤن سے بچاؤ میں کامیابی اور دیگر معاشی اعتباریوں کے ساتھ ٹریکٹرز کی فروخت کا رجحان اگلے مالی سال میں بھی اسی طرح رہنے کا امکان ہے۔ سال 2021-2022 کے حالیہ بجٹ کی منظوری کے بعد اس بات کی توقع ہے کہ حکومت کے طے کردہ اہداف تک رسائی کیلئے ٹریکٹر کی فروخت میں اضافہ ہوگا۔

موزوں داخلی مالیاتی کنٹرولز

ملت ٹریکٹرز لمیٹڈ کا بورڈ کمپنی کو پیش آنے والے خطرات سے نمٹنے کے لئے داخلی کنٹرول سسٹم کی تشکیل اور تصحیح کی ذمہ دار ہے۔

اگرچہ حتمی نہیں لیکن سسٹم مناسب ضمانت دیتا ہے کہ:

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

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

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

- روپے کی قدر
- رینج و خرید کی فصل کی پیداوار
- سپلائی چین کی کارکردگی
- ایکسپورٹ مارکیٹ کیلئے افغانستان میں سیکورٹی کی صورتحال
- سی بیک اور دوسرے ترقیاتی منصوبے کی رفتار

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے طے کیا جائے گا جبکہ انحصار نان ایگزیکٹو ڈائریکٹرز کی اضافی کوشش اور اضافی وقت پر ہوگا۔

حقیقی اخراجات کی ادائیگی

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

ڈائریکٹرز کا مجموعی معاوضہ

30 جون، 2021 کو ختم ہونے والے سال کیلئے ڈائریکٹرز کے معاوضہ کی تفصیل حسب ذیل ہے:

ممبران کی تعداد	چیف ایگزیکٹو آفیسر	ایگزیکٹو ڈائریکٹرز	نان ایگزیکٹو ڈائریکٹرز	آزاد ڈائریکٹرز
1	1	1	1	2
روپے				
انتظامی معاوضہ	14,558,177	872,532	1,115,502	-
کاسٹ آف لوگک الاؤنس	-	872,532	1,115,502	-
یونٹس	8,603,175	4,948,317	6,380,362	-
گھر کا کرایہ	6,551,179	392,639	501,976	-
پروویڈنٹ فنڈ میں حصہ	1,457,618	-	-	-
طبی اخراجات	222,000	992,500	1,165,680	-
یوٹیلیٹیز	389,889	834,103	898,835	-
دیگر الاؤنسز اور قابل واپسی اخراجات	2,256,224	686,262	745,501	47,911
فیس	-	-	-	1,800,000

مالیاتی سال 2021 کے دوران کمپنی کی کارکردگی اور کاروبار میں ترقی سے متعلق

نمایاں سرگرمیاں

کمپنی بنیادی طور پر زرعی ٹریڈرز اور فارم کے سامان کی مینوفیکچرنگ اور اسمبلنگ کے ساتھ ساتھ ملٹی ایپلی کیشن پرائڈکٹس جیسا کہ فورک لفٹ ٹرک اور جیٹریز بھی تیار کرتی ہے۔ کمپنی کی مالیاتی تفصیلات اس بات کی عکاسی کرتی ہیں کہ کمپنی کے کاروباری معاملات شفاف نوعیت کے ہیں۔ مجموعی طور پر معیشت بشمول ٹریڈ انڈسٹری میں ترقی دیکھنے میں آئی جو کہ صریحاً مقامی معاشی سرگرمی، زیادہ زرعی پیداوار اور بڑے پیمانے کی مینوفیکچرنگ میں نمایاں بڑھوتری کی بدولت ممکن ہو سکا۔

نتیجتاً کمپنی کے ٹریڈرز کی مجموعی فروخت میں 72 فیصد اضافہ ہوا ہوئی اور گزشتہ سال کے 20,707 یونٹس کے مقابلہ میں 35,515 یونٹس فروخت ہوئے۔ یہ کامیابی کرونا وباء کے دوران ہمارے ایمپلائیز، ڈیلرز، وینڈرز اور ہرسٹیک ہولڈرز کی محنت اور انتھک تعاون سے ممکن ہوئی۔ سیکڑجم میں اضافہ کی وجہ سے مجموعی منافع میں 260 پیسز پوائنٹس کا اضافہ ہوا۔

اس عرصے کے دوران سیکڑجم کا خالص منافع 13.1 فیصد رہا جو گزشتہ سال 9.37 فیصد تھا۔ خالص منافع میں یہ اضافہ سیکڑجم، دیگر آمدن اور سال کے دوران فنانس کاسٹ میں کمی سے ممکن ہے۔

کمپنی کو درپیش خطرات اور غیر یقینی صورتحال

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

ملکی معیشت نے حکومت کی جانب سے کرونا وباء کے منفی اثرات کو کم کرنے کے اقدامات سے مستحکم بحالی کا مظاہرہ کیا۔ سٹیٹ بینک آف پاکستان کی رپورٹ کے مطابق موجودہ اکاؤنٹ خسارے میں انتہائی کمی واقع ہوئی اور یہ گزشتہ 10 سال کی کم ترین سطح پر پہنچ آئی۔ جبکہ غیر ملکی زرمبادلہ کے ذخائر 18 بلین یو ایس ڈالرن تک کی سطح پر عبور کرنے میں کامیاب رہے۔ تاہم موجودہ جاری ویکسین مہم نے مارچ، 2020 کی مانند لگائی گئی سخت پابندیوں کو کافی حد تک کم کیا جو کہ معاشی سرگرمیوں میں رکاوٹ رہیں۔

ڈائریکٹرز کے نام

1- مسٹر سکندر ایم خان۔ چیئرمین۔ (نان ایگزیکٹو ڈائریکٹر)	سید محمد عرفان عقیل	ممبر
2- سید محمد عرفان عقیل۔ سی ای او (ایگزیکٹو ڈائریکٹر)	محترمہ عنبرین وحید	ممبر
3- مسٹر سہیل بشیر رانا۔ (ایگزیکٹو ڈائریکٹر)	مسٹر سہیل بشیر رانا	چیئرمین
4- مسٹر لقیق الدین انصاری۔ (نان ایگزیکٹو ڈائریکٹر)	مسٹر لقیق الدین انصاری	ممبر
5- میاں محمد سلیم۔ (نان ایگزیکٹو ڈائریکٹر)	میاں محمد سلیم	ممبر
6- مسٹر احسن عمران شیخ (نان ایگزیکٹو ڈائریکٹر)	سید محمد عرفان عقیل	ممبر
7- مسٹر سعد اقبال۔ (خود مختار ڈائریکٹر)	4- مارکیٹنگ کمیٹی	
8- محترمہ عنبرین وحید۔ (خود مختار ڈائریکٹر)	مسٹر سہیل بشیر رانا	چیئرمین

گزشتہ رپورٹ کے بعد بورڈ کی ساخت میں تبدیلی ہوئی ہے اور ڈائریکٹر مسٹر لطیف خالد ہاشمی مورخہ 09-02-2021 کو وفات پا گئے اور مسٹر احسن عمران شیخ مورخہ 22 مارچ، 2021 کو بطور ڈائریکٹر مقرر ہوئے۔ موجودہ بورڈ کی تین سالہ مدت 30 اکتوبر، 2021 کو مکمل ہو رہی ہے۔ بورڈ نے اگلی مدت کیلئے 17 ستمبر، 2021 کو منعقدہ میٹنگ میں موجودہ مدت کے اختتام پر آٹھ ڈائریکٹر منتخب کرنے کا فیصلہ کیا ہے جس میں سے دو خود مختار (مرد) اور ایک خاتون (خود مختار ڈائریکٹر) (ڈائریکٹرز کے ڈیٹا بینک سے خود مختار ڈائریکٹرز کے انتخاب اور مطلوبہ معیار پر پورا اترنے پر) تجویز کیے گئے ہیں۔

بورڈ کمیٹی

30 جون، 2021 تک بورڈ کمیٹی کے ممبران کے نام مندرجہ ذیل ہیں۔

1- آڈٹ کمیٹی

مسٹر سعد اقبال	چیئرمین
مسٹر لقیق الدین انصاری	ممبر
میاں محمد سلیم	ممبر
محترمہ عنبرین وحید	ممبر

2- ہیومن ریسورس اینڈ ریمزیشن کمیٹی

مسٹر سعد اقبال	چیئرمین
مسٹر لقیق الدین انصاری	ممبر
میاں محمد سلیم	ممبر

5- گروپ سپرویزن کے لئے بورڈ کمیٹی

مسٹر سکندر مصطفیٰ خان	چیئرمین
مسٹر سہیل بشیر رانا	ممبر
مسٹر لقیق الدین انصاری	ممبر
میاں محمد سلیم	ممبر

ڈائریکٹرز کی معاوضہ پالیسی

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

نان ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز)

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

میٹنگ فیس

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

اضافی خدمات کی انجام دہی

اضافی خدمات کی انجام دہی کے لئے نان ایگزیکٹو ڈائریکٹرز کو پیش کئے جانے والا معاوضہ وقتاً فوقتاً

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹران سال مختتمہ 30 جون، 2021 کیلئے کمپنی کی 58 ویں سالانہ رپورٹ مع مالیاتی گوشوارے پیش کرتے ہوئے انتہائی فخر محسوس کر رہے ہیں

تخصیص

آپ کے ڈائریکٹرز نے حتمی کیش ڈیویڈنڈ 50 روپے فی حصص (500 فیصد) اور بونس شیئرز 20 فیصد کے حساب سے تجویز کیا ہے۔ یہ رقم عبوری کیش ڈیویڈنڈ 50 روپے فی شیئر (500 فیصد) اور 12.50 فی صد بونس شیئرز جو کہ پہلے سے ادا شدہ ہیں کے علاوہ ہے۔ اس طرح بطور کیش ڈیویڈنڈ کل رقم 100.00 روپے فی شیئر (1,000 فیصد) ہوگی اور بونس شیئرز 32.50 فیصد کے حساب سے ہوں گے۔ سال کے دوران رقم کی تخصیص درج ذیل ہے۔

(رقم ہزاروں میں)		
غیر مختص منافع	جزل ریزرو	
997,460	2,278,935	اوپننگ بیلنس:
(1,494,873)	-	منفی: سال 2020 کے حتمی ڈیویڈنڈ 300 فیصد
-	-	جزل ریزرو میں منتقلی
(497,413)	2,278,935	
5,868,525	-	ختم ہونے والے مالی سال 30 جون، 2021 کا منافع
(2,491,456)	-	منفی: سال 2021 کے عبوری ڈیویڈنڈ 500 فیصد
(62,286)	-	منفی: سال 2021 کے بونس شیئرز 12.5 فیصد
2,817,370	2,278,935	غیر مختص منافع کیری فارورڈ

فی حصص آمدن

30 جون، 2021 کو ختم ہونے والے سال میں فی حصص آمدنی 103.12 روپے رہی جو کہ گزشتہ سال میں 38.36 (ری شیڈ) روپے تھی۔

بورڈ آف ڈائریکٹرز

30 جون، 2021 تک بورڈ 8 ڈائریکٹرز پر مشتمل ہے۔

7	(ا) مرد
1	(ب) خاتون

ساخت:

2	i - خود مختار ڈائریکٹرز
4	ii - دیگر نان ایگزیکٹو ڈائریکٹرز
2	iii - ایگزیکٹو ڈائریکٹرز

CORPORATE SOCIAL RESPONSIBILITY REPORT

CORPORATE SUSTAINABILITY

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

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

EDUCATIONAL PATRONAGE

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

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

The Company has donated Rs. 250,000/- to Government High School, Nizampura Lahore. MTL also provided sponsorship to 4 students of Tehzib-ul-Ihlas Schools worth Rs. 900,000/-. Besides, that sponsorship of Rs. 200,000/- was given to a student named Shamsa Riaz for higher studies to Malaysia. Additionally, educational/skill development and training activities were also supported by offering Internship opportunity to 200 students of various disciplines, imparting practical knowledge related to their studies.

ENVIRONMENTAL PROTECTION MEASURES

To combat the looming threat of global warming and its effects on the environment, a tree plantation drive was organized during

the year whereby employees of the Company were facilitated to plant a tree within factory premises and nurture it to sustainable growth. The Company also maintains in-house nurseries and vegetable farms to cultivate organic agricultural products and has also participated in various flower exhibitions throughout the year.

COMMUNITY WELFARE SCHEMES

MTL's CSR program patronizes several measures to protect the environment. One of these measures is active participation in flower shows.

Various sports activities were encouraged by the Company to bring the people together from various communities. A sum of Rs. 1,032,198 has been spent to sponsor Governor Cup Golf and Polo Tournament.

Contribution of Rs. 500,000 a Computer and Printer worth Rs. 43,115 granted to Lahore Hospital Welfare Society. MTL also sponsored Rs.393,665 in Junior National Tennis Championship organized by Punjab Lawn Tennis Association.

CONSUMER PROTECTION

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

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

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

INDUSTRIAL RELATIONS

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

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

EMPLOYMENT OF PEOPLE WITH SPECIAL NEEDS

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

OCCUPATIONAL SAFETY AND HEALTH

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

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

In order to combat with the COVID-19, pandemic, MTL has taken vigorous precautionary steps to protect its employees from COVID-19 and spreading the disease. Around PKR 7.3 Million has been spent on the purchase of PPE's, Masks, Disinfection Spray, and Sanitizers.

ETHICS AND ANTI-CORRUPTION

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

To ensure compliance with professional, ethical and moral code as well as legal measures, the company has a formal Code of Conduct. It is an integral part of the formal governance regime in

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

CORPORATE PHILANTHROPY

Beyond commercial activities, company has also contributed to spread awareness and knowledge in agriculture sector by sponsoring and participating exhibitions including; Farmer's Expo arranged by Bayer.



صنعتی تعلقات

کمپنی اپنے ملازمین کو برابری کی بنیاد پر ملازمت کے مواقع فراہم کرتی ہے اور اس کی انتظامیہ اور کام کرنے والے افراد کے درمیان ایک مضبوط تعلق قائم کئے رکھتی ہے۔ کمپنی کی انتظامیہ لیبر یونین کے لیڈرز سے مستقل بنیادوں پر رابطے میں رہتی ہے اور انہیں کام سے متعلق محفوظ اور بہترین ماحول فراہم کرنے کی ضمانت دیتی ہے۔ کمپنی ملازمین کے بچوں کو تعلیم کی فراہمی یقینی بناتی ہے اور اس کے علاوہ مذہبی فرانسز مثلاً حج وغیرہ کی انجام دہی کیلئے کمپنی کی حج سکیم کے تحت انہیں مالی تعاون بھی فراہم کرتی ہے۔

ملازمین کے اعتماد کو برقرار رکھنے اور ان کی مزید حوصلہ افزائی کے لئے کمپنی سالانہ فیملی ڈنر اور سالانہ گفت اسکیم جیسے اقدامات کا اہتمام کرتی رہتی ہے۔

معذور افراد کیلئے روزگار

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

پیشہ ورانہ تحفظ اور صحت

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

کرونا وائرس وباء کے خلاف جنگ میں ایم ٹی ایل نے اپنے ملازمین کی حفاظت اور وباء کی روک تھام کیلئے انتہائی موثر حفاظتی اقدامات کیے۔ پی پی ایز، ماسک، ڈس انفیکشن سپرے اور سینٹائزنگ وغیرہ کی خریداری کیلئے 7.3 بلین روپے خرچ کیے گئے۔

کرپشن فری ماحول اور بنیادی اخلاقیات

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

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

کارپوریٹ سیکلر سے متعلق مختلف سرگرمیاں

کمیشنل سرگرمیوں کے ساتھ ساتھ کمپنی نے زرعی شعبے میں آگاہی اور معلومات کے فروغ کیلئے بھی اپنا بھرپور کردار ادا کیا ہے۔ اس سلسلے میں کمپنی مختلف نمائشوں میں شرکت کی جس میں Bayer کی جانب سے منعقدہ فارمرز ایکسپو نمایاں ہے۔

سی ایس آر رپورٹ

کارپوریٹ منصوبوں کو برقرار رکھنا

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

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

تعلیمی خدمات

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

کمپنی اس بات پر بھی یقین رکھتی ہے کہ سیکھنے کا مسلسل عمل ملازمین کی تعمیر و ترقی میں اہم کردار ادا کر کے معاشرے کے لئے فائدے مند ثابت ہو سکتا ہے۔ اس لئے کمپنی اپنے ملازمین کے اوقات کار میں نرمی پیدا کر کے تعلیم کے حصول کے لئے انکی مدد کرتی ہے۔

کمپنی نے گورنمنٹ ہائی سکول نظام پورہ لاہور کو -/250,000 روپے عطیہ پیش کیا۔ ایم ٹی ایل نے تہذیب الابلاس سکولز کے چار طالب علموں کو -/900,000 روپے کی سپانسر شپ فراہم کی۔ جبکہ اس کے علاوہ ایک طالبہ شمسہ ریاض کو ملائیشیا میں اعلیٰ تعلیم کے حصول کیلئے -/200,000 روپے کی سپانسر شپ فراہم کی گئی۔ اس کے علاوہ مختلف شعبوں کے تقریباً 200 طالب علموں کو انٹرن شپ کے مواقع فراہم کیے گئے اور انہیں تعلیم/اسکل ڈیولپمنٹ اور تربیتی سرگرمیوں میں شامل کیا گیا جو کہ یقینی طور پر انکی عملی علم میں اضافہ کا باعث بنیں گی۔

ماحولیاتی تحفظ سے متعلق اقدامات

گلوبل وارمنگ کے بڑھتے ہوئے خطرے اور ماحول پر اسکے اثرات کے پیش نظر سال بھر کے دوران کمپنی کی جانب سے درخت لگانے کی مہم کا اہتمام کیا گیا۔ جس کے تحت کمپنی ملازمین کو یہ موقع فراہم

کیا گیا کہ وہ نہ صرف فیکٹری کے احاطہ میں پودے لگائیں بلکہ انکی افزائش کے لئے مکمل دیکھ بھال بھی کر سکیں۔ اسکے ساتھ ساتھ کمپنی نے نامیاتی کاشتکاری کے لئے ان ہاؤس نرسریز اور ویکجیبل فارمز بھی بنائے ہیں جبکہ کمپنی سال بھر کے دوران ماحولیاتی اچھولوں کی نمائش میں بڑھ چڑھ کر حصہ لیتی ہے۔

کمیونٹی ویلفیئر اسکیمز

ایم ٹی ایل اپنے سی ایس آر پروگرام کے تحت ماحولیاتی تحفظ کے لئے کئی مفید اقدامات کو فروغ دیتی ہے۔ اس کا ایک عملی ثبوت پھولوں کی نمائشوں میں فعال شمولیت ہے۔

مختلف کمیونٹیز کے لوگوں کو ایک پلیٹ فارم پر اکٹھا کرنے کیلئے کھیلوں کی مختلف سرگرمیوں کی حوصلہ افزائی کی جاتی ہے۔ اسکے علاوہ کمپنی نے گورنر کپ گالف اینڈ پولو ٹورنامنٹ کو سپانسر کرنے کے لئے 1,032,198 روپے صرف کیے۔

لاہور ہسپتال ویلفیئر سوسائٹی کو 500,000 روپے مالیت کے کمپیوٹر اور 43,115 روپے مالیت کے پرنٹر کیلئے امداد کی گئی۔ ایم ٹی ایل نے پنجاب لان ٹینس ایسوسی ایشن کی جانب سے جوئیئر ٹینس ٹینس چیمپئن شپ کے انعقاد کیلئے 393,665 روپے کی سپانسر شپ فراہم کی۔

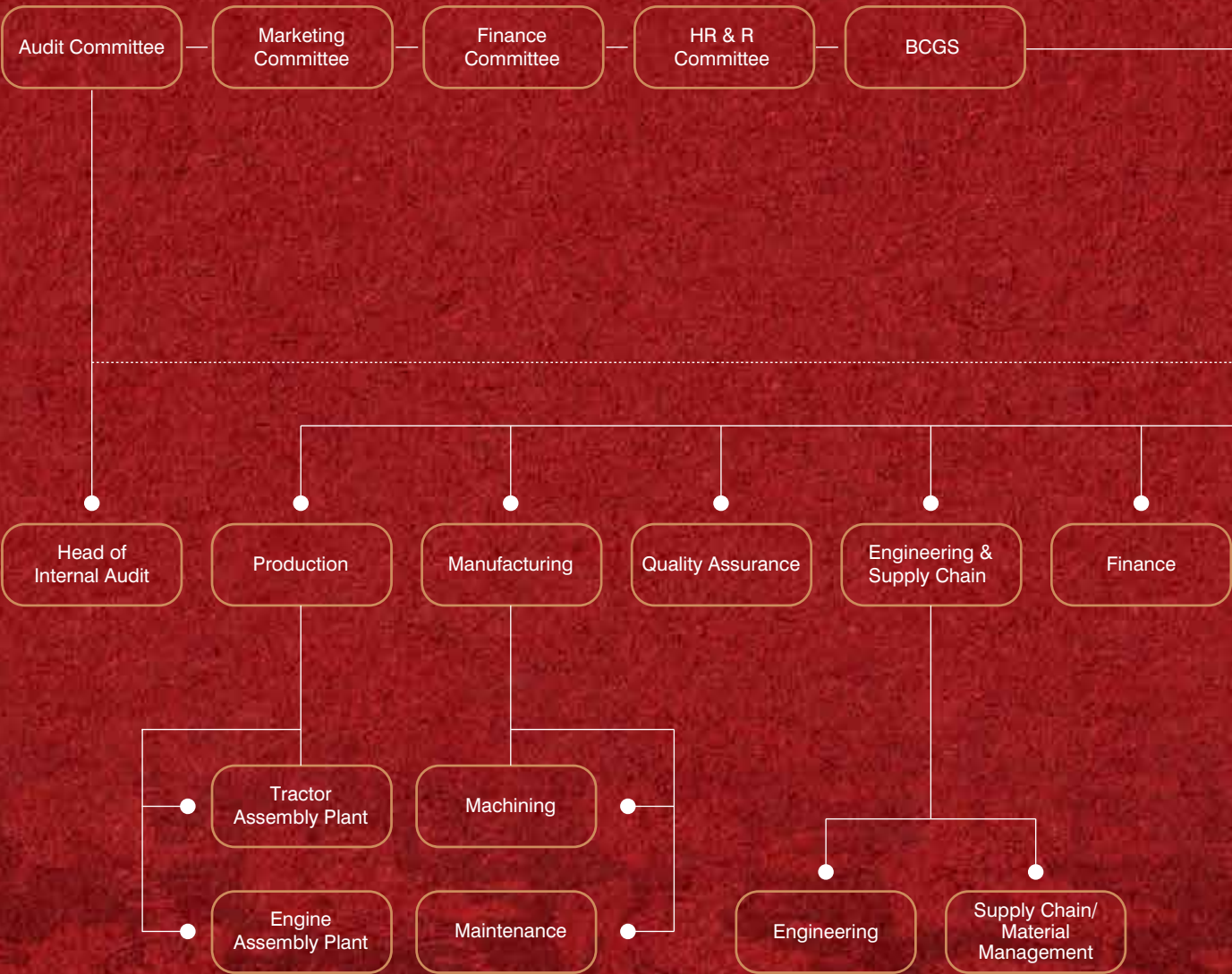
صارف کا تحفظ

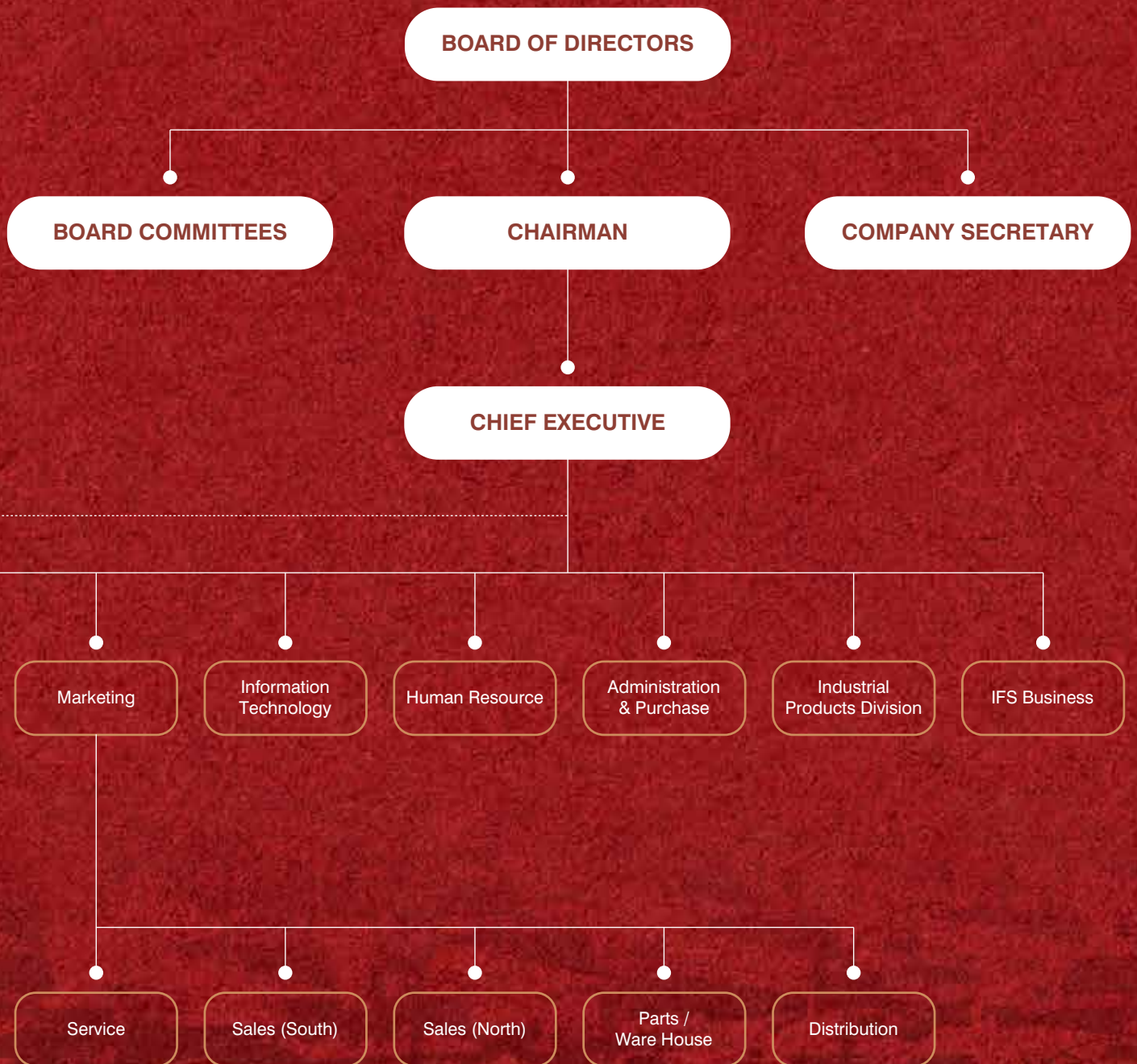
کمپنی مقامی اور بین الاقوامی ضروریات کے مطابق پیداواری صلاحیت کی حامل جدید پروڈکشن کی سہولیات رکھتی ہے۔ کمپنی مسلسل بنیادوں پر اپنے صارفین کو عالمی معیار کے مطابق پراڈکٹس پہنچا رہی ہے جس میں سیلز کے بعد بھی سروسز کی فراہمی کا موثر نظام شامل ہے۔

ایم ٹی ایل مختلف آگہی پروگرامز اور سروسز منعقد کرواتی رہتی ہے تاکہ مارکیٹ سے ملنے والی تقید کی بنیاد پر پراڈکٹس میں مزید بہتری لائی جاسکے۔ اس کے ساتھ ساتھ کسٹمرز کی سہولت کیلئے قوانین کی وضاحت بھی کی جاتی ہے اور انہیں کسی بھی غیر تسلی بخش صورت میں کمپنی سے رابطے کرنے کے بارے میں بھی آگاہ کیا جاتا ہے۔

مزید برآں کمپنی نے صارفین کی توقعات پر پورا اترنے اور سال بھر کے دوران پراڈکٹ میں بہتری کی تداہیر کرنے کے لئے اپنے پرنسپلز M/s AGCO سے بھرپور شراکت داری قائم رکھی۔

ORGANIZATION STRUCTURE





STATEMENT ON COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from March 24, 2020. In the Company's case, the lockdown was subsequently relaxed from March 30, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, i.e. screening of employees including any visitor at the time of entrance, guiding the staff to wear masks and maintain social distancing etc. Company henceforth resumed its operations and has taken all necessary steps to ensure

smooth and adequate continuation of its business in order to maintain business performance.

The measures adopted by the Government helped the economy in lessening the negative impact of the pandemic. As a result, Pakistan economy started witnessing recovery during the first half of FY2021 on the back of continued domestic economic activity. The tractor industry has also followed the overall recovery trend and has shown significant growth as compared to the previous period. Improved liquidity position of farmers and improvement in local demand has led to increase in sales of tractors. Furthermore, despite the prevailing pandemic, the Company has achieved an export sale of over 2,000 tractors for the first time in its history, which depicts your Company's resolve to thrive and set up its footprint globally.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.




CONFLICT OF INTEREST POLICY

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

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.



A close-up photograph of a person in a white shirt writing on a document with a white marker. Another person's hands are visible in the foreground, resting on the document. The scene is dimly lit, with a blueish tint. The text "PERFORMANCE & POSITION" is overlaid in white, bold, sans-serif font.

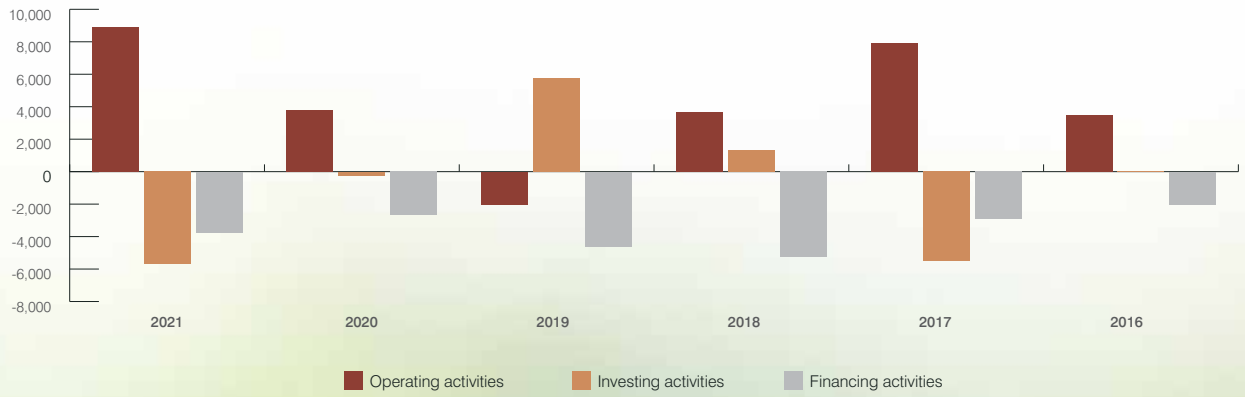
PERFORMANCE & POSITION

SUMMARY OF CASH FLOWS

	2021	2020	2019	2018	2017	2016
						(Rupees in thousand)
Net Cash from / (Used in)						
Operating activities	8,903,236	3,788,057	(2,030,323)	3,655,560	7,900,148	3,468,778
Investing activities	(5,667,833)	(238,376)	5,734,138	1,296,563	(5,483,184)	42,456
Financing activities	(3,755,263)	(2,682,207)	(4,611,967)	(5,252,986)	(2,918,213)	(2,031,152)
Net increase / (decrease) in						
cash and cash equivalent	(519,860)	867,474	(908,152)	(300,863)	(501,249)	1,480,082
Cash and cash equivalent at the beginning of the year	1,719,462	851,988	1,760,140	2,061,003	2,562,252	1,082,170
Cash and cash equivalent at the end of the year	1,199,602	1,719,462	851,988	1,760,140	2,061,003	2,562,252

Cash Flow Analysis

(Rs. in Million)



SIX YEARS AT A GLANCE

		2021	2020	2019	2018	2017	2016
Statement of Profit or Loss Summary							
Revenue from contract with customers	Rs thousand	43,953,778	22,942,275	31,144,057	38,517,147	30,013,921	16,913,832
Gross profit	Rs thousand	9,271,094	4,245,596	5,946,367	8,434,775	7,097,329	3,335,860
Operating profit	Rs thousand	7,888,338	3,187,471	5,124,905	7,782,358	6,244,414	2,636,106
Profit before tax	Rs thousand	7,879,074	2,969,635	5,082,861	7,779,868	6,242,233	2,620,806
Profit after tax	Rs thousand	5,780,927	2,150,548	3,638,045	5,334,362	4,257,533	1,750,298
Earning before interest, tax, depreciation & amortization (EBITDA)	Rs thousand	7,965,475	3,267,847	5,205,787	7,864,556	6,315,879	2,701,146
Statement of Financial Position Summary							
Share capital	Rs thousand	560,578	498,292	442,926	442,926	442,926	442,926
General reserves	Rs thousand	2,278,935	2,278,935	2,278,935	2,278,935	2,278,935	2,895,519
Property, plant & equipment	Rs thousand	777,638	667,980	718,559	700,763	717,873	448,130
Other Non current assets	Rs thousand	6,547,172	2,354,967	1,891,604	994,243	790,395	882,548
Current assets	Rs thousand	17,481,439	7,781,665	7,964,021	14,876,359	15,622,341	8,320,644
Current liabilities	Rs thousand	14,543,064	6,400,770	5,728,286	10,822,231	11,350,121	5,407,391
Net working capital	Rs thousand	2,938,375	1,380,895	2,235,735	4,054,128	4,272,220	2,913,253
Long term / deferred liabilities	Rs thousand	1,170,415	331,766	12,731	94,310	30,635	102,171
Profitability Ratios							
Gross profit	%	21.09	18.51	19.09	21.90	23.65	19.72
Operating profit	%	17.95	13.89	16.46	20.20	20.81	15.59
Profit before tax	%	17.93	12.94	16.32	20.20	20.80	15.50
Net profit after tax	%	13.15	9.37	11.68	13.85	14.19	10.35
EBITDA margin	%	18.12	14.24	16.72	20.42	21.04	15.97
Operating leverage	%	1.61	1.44	1.79	0.87	1.77	1.02
Return on equity	%	63.58	52.81	75.27	94.33	74.05	42.26
Return on capital employed	%	139.45	84.44	107.52	165.35	112.08	65.08
Return on assets	%	31.76	27.48	48.07	46.95	36.44	27.15
Liquidity Ratios							
Current	Times	1.20:1	1.22:1	1.39:1	1.37:1	1.38:1	1.54:1
Quick / Acid test	Times	0.82:1	1.06:1	0.81:1	0.98:1	1.04:1	1.05:1
Cash to current liabilities	Times	0.05:1	0.27:1	0.15:1	0.05:1	0.18:1	0.47:1
Cash flow from operations to sales	Times	0.20:1	0.17:1	0.07:1	0.09:1	0.26:1	0.21:1
Activity / Turnover Ratios							
Inventory turnover ratio	Times	6.62	4.32	6.10	7.36	7.14	5.23
No. of Days in Inventory	Days	55	85	60	50	51	70
Debtor turnover ratio	Times	361.35	308.61	555.08	310.12	127.99	71.00
No. of Days in Receivables	Days	1	1	1	1	3	5
Creditor turnover ratio	Times	14.74	9.61	18.13	32.17	23.44	13.79
No. of Days in Creditors	Days	25	38	20	11	16	26
Total assets turnover ratio	Times	1.77	2.12	2.95	2.32	1.75	1.75
Fixed assets turnover ratio	Times	53.42	34.19	42.58	52.95	41.41	25.12
Operating cycle	Days	31	48	40	39	38	48
Investment / Market Ratios							
Earning per share (after tax)	Rs	103.12	38.36	64.90	120.43	96.12	39.52
Price earning	Times	10.47	18.41	13.29	9.86	14.30	14.43
Price to book value	Times	6.66	8.64	10.00	9.31	10.59	6.10
Dividend yield	%	9.89	7.21	8.96	9.58	9.59	8.61
Dividend payout ratio (after tax)	%	96.97	130.34	130.97	99.64	98.83	126.53
Dividend cover	Times	1.09	0.86	0.97	1.00	1.13	0.79
Cash Dividend per share	Rs	100	50	85	120	95	50
Bonus per share	%	32.50	-	12.50	-	-	-
Market value per share:							
Year end	Rs	1,079.61	706.16	862.38	1,188.06	1,374.44	570.25
During the year:							
Highest	Rs	1,298.75	863.58	1,254.39	1,430.00	1,575.99	705.00
Average	Rs	1,011.30	693.59	948.36	1,253.16	991.10	580.95
Lowest	Rs	698.74	468.49	751.75	1,050.00	538.00	460.00
Break-up value per share (With surplus on revaluation of investments)	Rs	162.20	81.72	86.22	127.67	129.82	93.51
Capital Structure Ratios							
Debt to Equity ratio	Times	0.03 : 100	0.03 : 100	0 : 100	0 : 100	0 : 100	0 : 100
Financial charges coverage	Times	1,943	14	132	149,614	29,726	245

STATEMENT OF VALUE ADDITION & ITS DISTRIBUTION



Employees

2021: **17.20%**
2020: 24.97%



Financial Charges

2021: **0.09%**
2020: 4.90%



Government

2021: **23.00%**
2020: 19.85%



Society

2021: **0.02%**
2020: 0.12%



Shareholders

2021: **55.69%**
2020: 55.99%



Retained in Business

2021: **4.0%**
2020: (5.83%)

VALUE ADDITION	2021 Rs. in ('000)	2020 Rs. in ('000)
Revenue from contract with customers	43,953,778	22,942,275
Material and services	(34,801,064)	(18,746,510)
Other income	667,309	253,694
	9,820,023	4,449,459

VALUE DISTRIBUTION

	2021		2020	
	Rs. ('000)	%	Rs. ('000)	%
Employees				
Salaries wages and amenities	1,265,441	12.89	950,915	21.37
Worker's profit participation fund	423,151	4.31	160,070	3.60
	1,688,592	17.20	1,110,985	24.97
Government				
Tax	2,098,147	21.37	819,087	18.41
Workers welfare fund	160,797	1.64	64,028	1.44
	2,258,944	23.00	883,115	19.85
Share holders				
Cash Dividend	5,294,346	53.91	2,491,455	55.99
Bouns Shares	174,402	1.78	-	-
	5,468,748	55.69	2,491,455	55.99
Financial Charges				
Finance Cost	9,264	0.09	217,836	4.90
	9,264	0.09	217,836	4.90
Society				
Donation	1,893	0.02	5,559	0.12
	1,893	0.02	5,559	0.12
Retained in business				
Depreciation	80,403	0.82	81,416	1.83
Retained profit / (Over Drawn)	312,179	3.18	(340,907)	(7.66)
	392,582	4.00	(259,491)	(5.83)
	9,820,023	100.00	4,449,459	100.00

HORIZONTAL ANALYSIS

	2021		2020	
	Increase/(Decrease) from last year		Increase/(Decrease) from last year	
	Rs. ('000)	%	Rs. ('000)	%
Statement of Financial Position				
Property, plant and equipment	777,638	16.42	667,980	(7.04)
Capital work in progress	45,166	1,433.65	2,945	(77.04)
Right-of-use assets	4,896	(62.14)	12,931	100.00
Intangible assets	39,462	(4.69)	41,405	922.85
Investment property	255,708	-	255,708	-
Long term investments	6,199,458	203.94	2,039,726	47.39
Long term loans	2,482	10.21	2,252	(20.31)
Deferred tax asset - net	-	-	-	(100.00)
Employee benefits	-	-	-	(100.00)
Stores, spares parts and loose tools	161,329	2.50	157,399	4.38
Stock in trade	5,372,584	39.29	3,857,166	22.50
Trade debts	141,234	38.41	102,044	118.80
Loans and advances	56,359	8.66	51,869	(54.45)
Trade deposits and prepayments	65,273	50.46	43,382	(6.63)
Balance with statutory authorities	4,592,169	344.69	1,032,656	(54.11)
Other receivables	108,253	179.65	38,710	(55.52)
Tax refunds due from Government	-	(100.00)	778,977	(38.59)
Short term investments	6,134,636	100.00	-	-
Cash and bank balances	849,602	(50.59)	1,719,462	101.82
Total Assets	24,806,249	129.59	10,804,612	2.18
Share holder's equity	9,092,770	123.30	4,072,076	(15.75)
Non Current Liabilities	1,170,415	252.78	331,766	2,505.97
Current Liabilities	14,543,064	127.21	6,400,770	11.74
Total Liabilities and Equity	24,806,249	129.59	10,804,612	2.18
Statement of Profit or Loss				
Revenue from contract with customers	43,953,778	91.58	22,942,275	(26.33)
Cost of sales	34,682,684	85.50	18,696,679	(25.80)
Gross profit	9,271,094	118.37	4,245,596	(28.60)
Distribution and marketing expenses	854,630	50.51	567,838	(1.93)
Administrative expenses	579,369	29.27	448,178	0.41
Other operating income	667,309	163.04	253,694	(68.31)
Other operating expenses	616,066	108.27	295,803	(50.42)
Operating profit	7,888,338	147.48	3,187,471	(37.80)
Finance costs	9,264	(95.75)	217,836	418.11
Profit before tax	7,879,074	165.32	2,969,635	(41.58)
Taxation	2,098,147	156.16	819,087	(43.31)
Profit after tax	5,780,927	168.81	2,150,548	(40.89)

2019		2018		2017		2016	
Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year	
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
718,559	2.54	700,763	(2.38)	717,873	60.2	448,130	(7.7)
12,827	(51.87)	26,648	282.10	6,974	(96.9)	225,134	7.4
-	-	-	-	-	-	-	-
4,048	100.00	-	(100.00)	897	(72.8)	3,295	(14.8)
255,708	-	255,708	-	255,708	-	255,708	-
1,383,879	95.10	709,300	46.47	484,279	22.0	396,928	7.4
2,826	9.24	2,587	0.47	2,575	73.6	1,483	(22.4)
12,797	100.00	-	-	-	-	-	-
219,519	100.00	-	(100.00)	39,962	100.0	-	(100.0)
150,799	14.88	131,266	10.84	118,431	5.8	111,913	4.5
3,148,589	(24.26)	4,157,062	14.00	3,646,581	43.3	2,545,484	4.8
46,637	(28.88)	65,578	(66.25)	194,311	(32.1)	286,194	55.2
113,876	191.76	39,031	(28.37)	54,488	(24.4)	72,071	4.9
46,461	185.35	16,282	(16.98)	19,611	(19.5)	24,366	7.1
2,250,219	17.83	1,909,792	(24.41)	2,526,588	113.4	1,184,143	54.3
87,023	97.25	44,118	(54.63)	97,246	(7.2)	104,756	70.3
1,268,429	74.85	725,454	290.27	185,886	(70.5)	629,148	(22.8)
-	(100.00)	7,267,636	8.18	6,718,196	739.4	800,317	14.3
851,988	63.80	520,140	(74.76)	2,061,003	(19.6)	2,562,252	136.8
10,574,184	(36.19)	16,571,365	(3.26)	17,130,609	77.5	9,651,322	25.2
4,833,167	(14.53)	5,654,824	(1.65)	5,749,853	38.8	4,141,760	(12.1)
12,731	(86.50)	94,310	207.85	30,635	(70.0)	102,171	391.0
5,728,286	(47.07)	10,822,231	(4.65)	11,350,121	109.9	5,407,391	81.6
10,574,184	(36.19)	16,571,365	(3.26)	17,130,609	77.5	9,651,322	25.2
31,144,057	(19.14)	38,517,147	28.33	30,013,921	77.5	16,913,832	(26.3)
25,197,690	(16.24)	30,082,372	31.27	22,916,592	68.8	13,577,972	(26.8)
5,946,367	(29.50)	8,434,775	18.84	7,097,329	112.8	3,335,860	(24.1)
579,004	(8.06)	629,779	17.38	536,522	53.2	350,155	(32.0)
446,327	(9.33)	492,280	4.40	471,550	10.9	425,327	1.4
800,474	(23.51)	1,046,461	71.53	610,091	124.1	272,249	(32.6)
596,605	3.43	576,819	26.79	454,934	131.5	196,521	(25.7)
5,124,905	(34.15)	7,782,358	24.63	6,244,414	136.9	2,636,106	(26.8)
42,044	1,588.51	2,490	14.17	2,181	(85.7)	15,300	63.5
5,082,861	(34.67)	7,779,868	24.63	6,242,233	138.2	2,620,806	(27.0)
1,444,816	(40.92)	2,445,506	23.22	1,984,700	128.0	870,508	(28.1)
3,638,045	(31.80)	5,334,362	25.29	4,257,533	143.2	1,750,298	(26.5)

VERTICAL ANALYSIS

	2021		2020	
	Rs. ('000)	%	Rs. ('000)	%
Statement of Financial Position				
Property, plant and equipment	777,638	3.1	667,980	6.2
Capital work in progress	45,166	0.2	2,945	0.0
Right-of-use assets	4,896	0.0	12,931	0.1
Intangible assets	39,462	0.2	41,405	0.4
Investment property	255,708	1.0	255,708	2.4
Long term investments	6,199,458	25.0	2,039,726	18.9
Long term loans	2,482	0.0	2,252	0.0
Deferred tax asset - net	-	-	-	-
Employee benefits	-	-	-	-
Stores, spares parts and loose tools	161,329	0.7	157,399	1.5
Stock in trade	5,372,584	21.7	3,857,166	35.7
Trade debts	141,234	0.6	102,044	0.9
Loans and advances	56,359	0.2	51,869	0.5
Trade deposits and prepayments	65,273	0.3	43,382	0.4
Balance with statutory authorities	4,592,169	18.5	1,032,656	9.6
Other receivables	108,253	0.4	38,710	0.4
Tax refunds due from Government	-	-	778,977	7.2
Short term investments	6,134,636	24.7	-	-
Cash and bank balances	849,602	3.4	1,719,462	15.9
Total Assets	24,806,249	100.0	10,804,612	100.0
Share holder's equity	9,092,770	36.7	4,072,076	37.7
Non Current Liabilities	1,170,415	4.7	331,766	3.1
Current Liabilities	14,543,064	58.6	6,400,770	59.2
Total Liabilities and Equity	24,806,249	100.0	10,804,612	100.0
Statement of Profit or Loss				
Revenue from contract with customers	43,953,778	100.0	22,942,275	100.0
Cost of sales	34,682,684	78.9	18,696,679	81.5
Gross profit	9,271,094	21.1	4,245,596	18.5
Distribution and marketing expenses	854,630	1.9	567,838	2.5
Administrative expenses	579,369	1.3	448,178	2.0
Other operating expenses	616,066	1.4	295,803	1.3
Other operating income	667,309	1.5	253,694	1.1
Operating profit	7,888,338	17.9	3,187,471	13.9
Finance costs	9,264	0.0	217,836	0.9
Profit before tax	7,879,074	17.9	2,969,635	12.9
Taxation	2,098,147	4.8	819,087	3.6
Profit after tax	5,780,927	13.2	2,150,548	9.4

2019		2018		2017		2016	
Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%	Rs. ('000)	%
718,559	6.8	700,763	4.2	717,873	4.2	448,130	4.6
12,827	0.1	26,648	0.2	6,974	0.0	225,134	2.3
-	-	-	-	-	-	-	-
4,048	0.0	-	-	897	0.0	3,295	0.0
255,708	2.4	255,708	1.5	255,708	1.5	255,708	2.6
1,383,879	13.1	709,300	4.3	484,279	2.8	396,928	4.1
2,826	0.0	2,587	0.0	2,575	0.0	1,483	0.0
12,797	0.1	-	-	-	-	-	-
219,519	2.1	-	-	39,962	0.2	-	-
150,799	1.4	131,266	0.8	118,431	0.7	111,913	1.2
3,148,589	29.8	4,157,062	25.1	3,646,581	21.3	2,545,484	26.4
46,637	0.4	65,578	0.4	194,311	1.1	286,194	3.0
113,876	1.1	39,031	0.2	54,488	0.3	72,071	0.7
46,461	0.4	16,282	0.1	19,611	0.1	24,366	0.3
2,250,219	21.3	1,909,792	11.5	2,526,588	14.7	1,184,143	12.3
87,023	0.8	44,118	0.3	97,246	0.6	104,756	1.1
1,268,429	12.0	725,454	4.4	185,886	1.1	629,148	6.5
-	-	7,267,636	43.9	6,718,196	39.2	800,317	8.3
851,988	8.1	520,140	3.1	2,061,003	12.0	2,562,252	26.5
10,574,184	100.0	16,571,365	100.0	17,130,609	100.0	9,651,322	100.0
4,833,167	45.7	5,654,824	34.1	5,749,853	33.6	4,141,760	42.9
12,731	0.1	94,310	0.6	30,635	0.2	102,171	1.1
5,728,286	54.2	10,822,231	65.3	11,350,121	66.3	5,407,391	56.0
10,574,184	100.0	16,571,365	100.0	17,130,609	100.0	9,651,322	100.0
31,144,057	100.0	38,517,147	100.0	30,013,921	100.0	16,913,832	100.0
25,197,690	80.9	30,082,372	78.1	22,916,592	76.4	13,577,972	80.3
5,946,367	19.1	8,434,775	21.9	7,097,329	23.6	3,335,860	19.7
579,004	1.9	629,779	1.6	536,522	1.8	350,155	2.1
446,327	1.4	492,280	1.3	471,550	1.6	425,327	2.5
596,605	1.9	576,819	1.5	454,934	1.5	196,521	1.2
800,474	2.6	1,046,461	2.7	610,091	2.0	272,249	1.6
5,124,905	16.5	7,782,358	20.2	6,244,414	20.8	2,636,106	15.6
42,044	0.1	2,490	0.0	2,181	0.0	15,300	0.1
5,082,861	16.3	7,779,868	20.2	6,242,233	20.8	2,620,806	15.5
1,444,816	4.6	2,445,506	6.3	1,984,700	6.6	870,508	5.1
3,638,045	11.7	5,334,362	13.8	4,257,533	14.2	1,750,298	10.3

COMMENTARY ON FINANCIAL RESULTS

PROFITABILITY

Gross profit margin has increased by 258 basis points owing to increase in sales volume, higher HHP model sales and effective management of the production costs.

Increase in operating profit is due to increase in sales volumes and income from short term investments and dividend income.

Resultantly, profit before tax was higher as compared to last year. Finance cost has decreased due to significant increase in liquidity. During the year the Company had surplus funds and did not require any short term borrowing to meet its working capital requirements.

LIQUIDITY

The company's short-term liquidity remained healthy as current ratio remained above one which is a healthy sign. Net operating cycle has decreased by 17 days due to the effective inventory management despite higher activity level. However, Sales tax refunds due from Government has increased during the year and stands at Rs. 4.5 billion at year end due to delay in sales tax refunds. With higher activity level, accumulation of sales tax may create hurdles in the operations of the Company in future.

Overall, the balance sheet remains healthy and no short-term or long-term issues are envisaged.

SOLVENCY

The company relied completely on equity to finance its operations and does not hold any long-term loans except for State Bank of Pakistan (SBP) long term financing facilities of

- Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns and;
- renewable energy finance scheme

These loans carry nominal interest rate which will not impact profitability significantly.

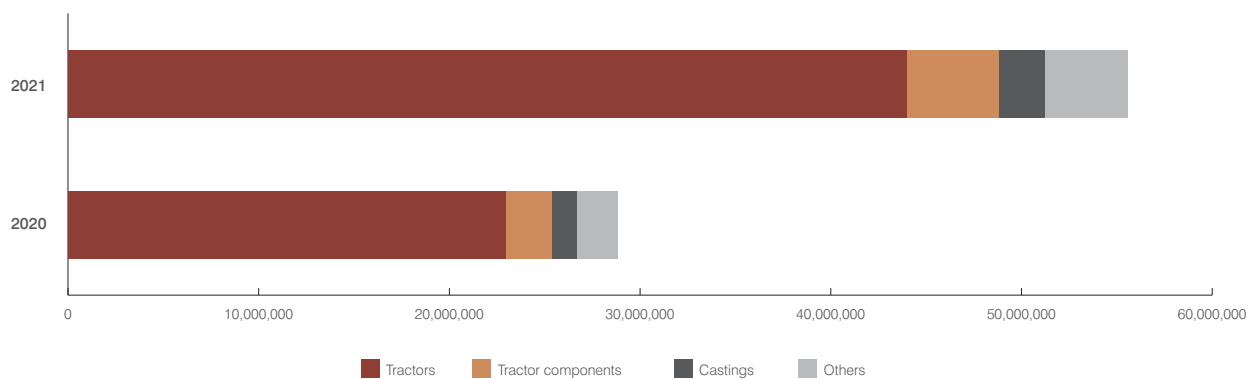
INVESTOR

EPS increased because of increase in net profits. The Company has already disbursed interim payout of Rs.50 per share cash dividend and 12.5% bonus shares. The market price of the share took a hit last year due to the COVID-19 but has recovered quickly after that which showed strong confidence of investors in the Company's Fundamentals.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

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

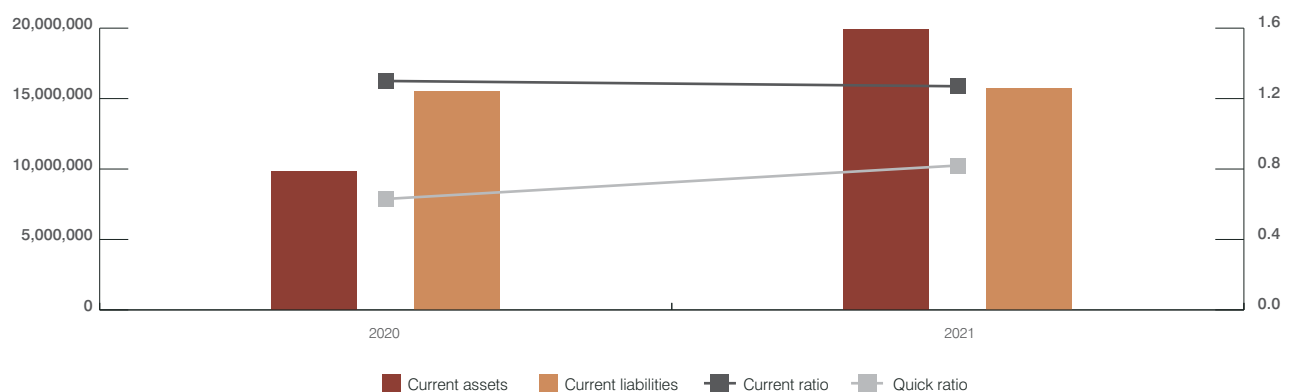
Revenue - Net (Rs in thousand)



Due to increase in tractor sales, other segments also showed increase in revenue earned during the year. Export segment also presented significant growth during the year as export of tractors has crossed 2,000 units mark thanks to aggressive marketing push and co-operation of government of Pakistan.

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

Liquidity - Group (Rs in thousand)



Overall current ratio of the group has remained stable despite significant increase in operations of the Group. This was achieved by effective management of resources which is also depicted by the improvement in quick ratio of the Group. Overall liquidity position of the Group is stable.

DUPONT ANALYSIS

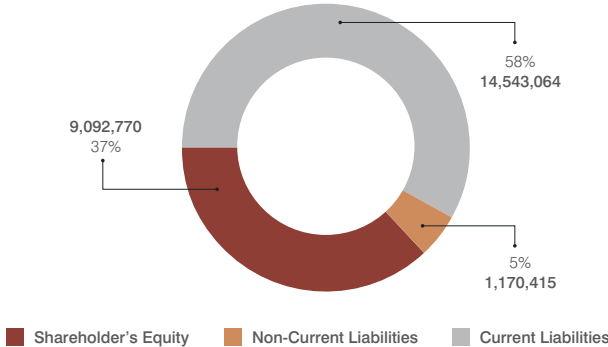


GRAPHICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

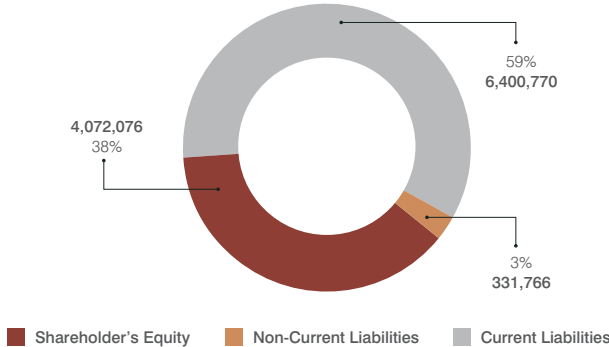
(Rupees in Thousand)

EQUITY AND LIABILITIES

2020-21

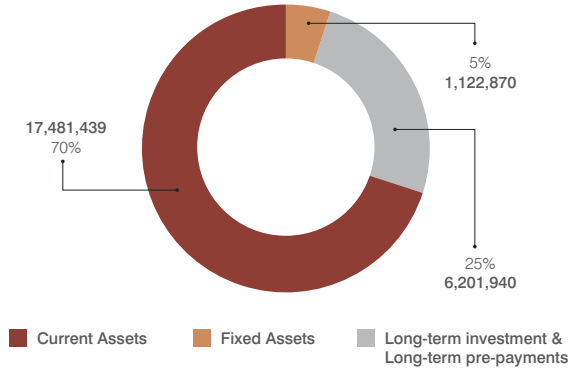


2019-20

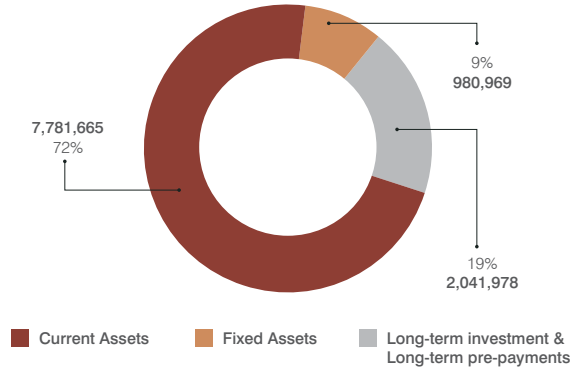


ASSETS

2020-21



2019-20



CORPORATE COMPLIANCE AND FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MILLAT TRACTORS LIMITED

Review Report on the Statement of Compliance Contained in Listed Companies (Code Of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Millat Tractors Limited (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

A. F. Ferguson & Co
Chartered Accountants
Lahore
Date: September 30, 2021

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

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

1. The total number of directors are eight as per the following:

- a. Male: seven
- b. Female: one

2. The composition of board is as follows:

Category	Names
i) Independent Directors	Mr. Saad Iqbal Mrs. Ambreen Waheed (Female Director)
ii) Non-executive Directors	Mr. Sikandar Mustafa Khan Mr. Laeeq Uddin Ansari Mian Muhammad Saleem *Mr. Ahsan Imran Shaikh
iii) Executive Directors	Syed Muhammad Irfan Aqueel, CEO Mr. Sohail Bashir Rana

*the member replaced Mr. Latif Khalid Hashmi in March, 2021.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company; (excluding the listed subsidiaries of listed holding companies)
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board Has ensured that complete record of particulars of significant policies along with the date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;

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

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

9. No Directors' Training program was arranged by the Board during the year. However, all directors have either acquired the prescribed certification in previous years or meet exemption criteria as contained in these regulations except Mr. Ahsan Imran Shaikh who was appointed in March, 2021;

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

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

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

a) Audit Committee

Mr. Saad Iqbal, Chairman- Independent Director
Mr. Laeeq Uddin Ansari, Member
*Mian Muhammad Saleem, Member
Mrs. Ambreen Waheed, Member

b) HR and Remuneration Committee

Mr. Saad Iqbal, Chairman- Independent Director
Mr. Laeeq Uddin Ansari, Member
Mian Muhammad Saleem, Member
Mrs. Ambreen Waheed, Member
Syed Muhammad Irfan Aqueel, Member
*the member replaced Mr. Latif Khalid Hashmi in March, 2021.

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

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

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

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

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

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

18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with, except the fraction rounding up requirement of regulation 6(1) i.e. one third of Board, due to no specific guideline on the matter under the Code of Corporate Governance, 2017 at the time of election of directors. Now consequent to these Regulations the Board will accordingly be reconstituted not later than expiry of its current term to comply with the aforementioned requirements;

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

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



SIKANDAR MUSTAFA KHAN
Chairman

Lahore:
September 17, 2021



INDEPENDENT AUDITOR'S REPORT

To the members of Millat Tractors Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Millat Tractors Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. #	Key audit matter	How the matter was addressed in our audit
1	<p>Revenue recognition</p> <p>(Refer note 4.14 and note 33 to the annexed financial statements)</p> <p>The Company is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products.</p> <p>Revenue from sale of tractors is recognized when the performance obligation is satisfied by transferring control to customer i.e. upon delivery and acknowledgement from the customer. The Company recognizes revenue from the sales of own manufactured goods measured net of discounts and commissions.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> evaluated management controls over revenue and checked their validation; performed verification of sales with underlying documentation including dispatch documents and sales invoices; tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; verified that sales prices are approved by the appropriate authority;

Sr. #	Key audit matter	How the matter was addressed in our audit
	<p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and for the year revenue has increased significantly as compared to the last year. In addition, revenue was also considered as an area of inherent risk of material misstatement and significant audit risk as part of the audit process.</p>	<ul style="list-style-type: none"> performed audit procedures to analyze variation in the price and quantity sold during the year; tested on a sample basis, specific discounts and commission as per Company's policy; and assessed the adequacy of disclosures made in the financial statements related to revenue.
2	<p>Investment measured at Fair Value (Refer note 4.9, note 22.2 and note 48.1 to the annexed financial statements)</p> <p>The Company holds investment in the equity instrument of Hyundai Nishat Motor (Private) Limited ('HNMPL'). Due to HNMPL being a non-listed company, their shares do not have a quoted price in an active market.</p> <p>Therefore, fair value of their shares has been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flow of the business and related discount rate.</p> <p>Due to the significant level of judgment and estimation required to determine the fair value of the investment, we consider it to be a key audit matter.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations; evaluated the cash flow forecast by obtaining an understanding of respective businesses of HNMPL; obtained an understanding of the work performed by the management on the model for the purpose of valuation; obtained corroborating evidence relating to the values as determined by the management by challenging key assumptions for the growth rates in the cash flow forecast by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data; performed sensitivity analysis around key assumptions to ascertain the extent of change individually in the value of the investment; and assessed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

Information Other than the Separate and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the separate and consolidated financial statements and our auditor's reports thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is

a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



A. F. Ferguson & Co

Chartered Accountants

Lahore

Date: September 30, 2021

STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021 (Rupees in thousand)	2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
75,000,000 (2020: 50,000,000) ordinary shares of Rs. 10/- each		750,000	500,000
Issued, subscribed and paid up capital	5	560,578	498,292
Reserves	6	8,532,192	3,573,784
		9,092,770	4,072,076
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term deposits	7	13,433	12,643
Deferred tax liabilities - net	8	962,984	77,664
Employees' defined benefit plan	9	50,256	123,029
Lease liabilities against right-of-use assets	10	1,442	9,881
Long term finance- secured	11	128,815	101,991
Deferred grant	13	13,485	6,558
		1,170,415	331,766
CURRENT LIABILITIES			
Accumulating compensated absences		110,670	104,924
Trade and other payables	14	3,661,499	2,848,238
Contract liabilities	15	9,919,342	3,120,601
Current portion of lease liabilities against right-of-use assets	10	4,386	3,706
Current portion of term finance- secured	11	162,797	26,944
Current portion of deferred grant	13	15,602	9,240
Taxation- net		322,770	-
Unclaimed dividend		271,595	277,113
Unpaid dividend		74,403	10,004
		14,543,064	6,400,770
CONTINGENCIES AND COMMITMENTS			
	16		
		24,806,249	10,804,612

The annexed notes from 1 to 55 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	2021 (Rupees in thousand)	2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	17	777,638	667,980
Capital work in progress	18	45,166	2,945
		822,804	670,925
Right-of-use assets	19	4,896	12,931
Intangible assets	20	39,462	41,405
Investment property	21	255,708	255,708
Long term investments	22	6,199,458	2,039,726
Long term loans	23	2,482	2,252
		7,324,810	3,022,947
CURRENT ASSETS			
Stores, spare parts and loose tools	24	161,329	157,399
Stock in trade	25	5,372,584	3,857,166
Trade debts	26	141,234	102,044
Loans and advances	27	56,359	51,869
Trade deposits and short term prepayments	28	65,273	43,382
Balances with statutory authorities	29	4,592,169	1,032,656
Other receivables	30	108,253	38,710
Tax refunds due from the Government		–	778,977
Short term investments	31	6,134,636	–
Cash and bank balances	32	849,602	1,719,462
		17,481,439	7,781,665
		24,806,249	10,804,612



Chairman

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021 (Rupees in thousand)	2020
Revenue from contracts with customers	33	43,953,778	22,942,275
Cost of sales	34	34,682,684	18,696,679
Gross profit		9,271,094	4,245,596
Distribution and marketing expenses	35	854,630	567,838
Administrative expenses	36	579,369	448,178
Other operating expenses	37	616,066	295,803
		2,050,065	1,311,819
Other income	38	667,309	253,694
Operating profit		7,888,338	3,187,471
Finance cost	39	9,264	217,836
Profit before tax		7,879,074	2,969,635
Taxation	40	2,098,147	819,087
Profit after tax for the year		5,780,927	2,150,548
Other comprehensive income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Unrealized gain on revaluation of investments at fair value through other comprehensive income	22	4,004,349	295,022
Less: Deferred tax		(865,851)	(64,382)
		3,138,498	230,640
Remeasurement gain / (loss) on employees' defined benefit plan		87,598	(373,995)
Total other comprehensive income/ (loss)		3,226,096	(143,355)
Total comprehensive income for the year		9,007,023	2,007,193
Earnings per share - basic and diluted (Rupees)	43	103.12	Restated 38.36

The annexed notes from 1 to 55 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

	Issued, subscribed and paid up capital	Capital reserves	Revenue reserves		Total
			Fair value reserves	General reserves	
(Rupees in thousand)					
Balance as on June 30, 2019	442,926	66,749	2,278,935	2,044,557	4,833,167
Final dividend for the year ended					
June 30, 2019 @ Rs. 40 per share	-	-	-	(1,771,702)	(1,771,702)
Bonus shares issued for the year ended					
June 30, 2019 @ 12.5% per share	55,366	-	-	(55,366)	-
Interim dividend for the year ended					
June 30, 2020 @ Rs. 20 per share	-	-	-	(996,582)	(996,582)
Total comprehensive income for					
the year ended June 30, 2020	-	230,640	-	1,776,553	2,007,193
Balance as on June 30, 2020	498,292	297,389	2,278,935	997,460	4,072,076
Final dividend for the year ended					
June 30, 2020 @ Rs. 30 per share	-	-	-	(1,494,873)	(1,494,873)
Bonus shares issued during the half year ended					
December 31, 2020 @ 12.5% per share	62,286	-	-	(62,286)	-
Interim dividend for the year ended					
June 30, 2021 @ Rs. 50 per share	-	-	-	(2,491,456)	(2,491,456)
Total comprehensive income for					
the year ended June 30, 2021	-	3,138,498	-	5,868,525	9,007,023
Balance as on June 30, 2021	560,578	3,435,887	2,278,935	2,817,370	9,092,770

The annexed notes from 1 to 55 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	44	13,969,033	3,335,800
Finance cost paid		(20,264)	(206,836)
(Increase) / decrease in long term loans to employees		(230)	574
Workers' Profit Participation Fund paid	14.3	(432,070)	(144,149)
Workers' Welfare Fund paid		(60,674)	(92,751)
Taxes (paid) / refunds - net		(4,536,444)	914,007
Employee benefits paid - net		(16,905)	(18,500)
Long term security deposits received / (paid)		790	(88)
		(5,065,797)	452,257
Net cash flows generated from operating activities		8,903,236	3,788,057
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(258,878)	(45,426)
Proceeds from disposal of property, plant and equipment	17.4	23,216	23,675
Payments for intangibles		-	(39,300)
Short term investments (made) / redeemed- net		(5,717,876)	3,889
Long term investments made		(159,403)	(355,500)
Profit on bank deposits received		58,407	20,563
Dividend received		386,701	153,723
Net cash flows used in investing activities		(5,667,833)	(238,376)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,927,448)	(2,824,731)
Principal payment against lease liabilities		(3,781)	(2,209)
Long term financing received - net		175,966	144,733
Net cash used in financing activities		(3,755,263)	(2,682,207)
Net (decrease) / increase in cash and cash equivalents		(519,860)	867,474
Cash and cash equivalents at the beginning of the year		1,719,462	851,988
Cash and cash equivalents at the end of the year	45	1,199,602	1,719,462

The annexed notes from 1 to 55 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

1. Legal status and nature of business

1.1 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 IFS applications in Pakistan.

1.2 Summary of significant transactions and events in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- Revenue from contracts with customers increased by Rs. 21,011,503 thousand (92%) as compared to prior year - refer notes 33;
- Additional long term investment was made by the Company in Hyundai Nishat Motors (Private) Limited (HNMPL) amounting to Rs. 159,403 thousand under the Share Subscription Agreement (SSA) and Shareholders Agreement (SHA) between both parties - refer note 22;
- Fair value remeasurement of long term investment in HNMPL (Level-3), at the reporting date, resulted in an estimated fair value gain of Rs. 3,980,925 thousand. The resulting fair value gain has been recognised in the other comprehensive income in these financial statements - refer note 4.9, 22.2 and 48.1 respectively;
- Short term investments of the Company increased by Rs. 6,134,636 thousand as compared to prior year - refer to note 31;
- During the year, the Company obtained and repaid certain long term financing against the State Bank of Pakistan's (SBP) salary refinance scheme of salaries and wages. Moreover, the Company also availed long term financing against the SBP refinance scheme for renewable energy for setting-up and commissioning a 998KWp solar power system - refer to note 11; and
- Balances with statutory authorities on account of sales tax refunds increased by Rs. 3,559,513 as compared to the prior year - refer to note 29.

1.2.1 Impact of COVID-19 on the financial statements

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from March 24, 2020. In the Company's case, the lockdown was subsequently relaxed from March 30, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

2 Statement of compliance

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

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

3 **Basis of preparation**

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

3.1 **Basis of measurement**

These financial statements have been prepared under the historical cost convention except for valuation of certain financial instruments at fair value or amortised cost and recognition of certain employees' retirement benefit plan at present value.

3.2 **Critical accounting estimates and judgments**

The Company's significant accounting policies are stated in note 4 to these financial statements. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.2.1 **Employees' retirement benefits and other obligations**

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations i.e. employees' defined benefit plan and other obligations. The valuation is based on assumptions as mentioned in note 4.2 to these financial statements.

3.2.2 **Provision for taxation**

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law and the outcome is expected in favor of the Company, are shown as contingent liabilities.

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

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

3.2.4 **Provision for inventories and stores**

The Company regularly reviews the inventories for impairment. Provision for obsolete and slow-moving inventories is based on management's estimate of the condition and usability of inventories and stores.

3.2.5 Impairment of trade receivables

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

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

3.2.6 Fair value of unquoted investments

Fair value of unquoted investments is determined by using valuation techniques. The Company uses its judgment to select an appropriate method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The Company has used discounted cash flow analysis for this purpose as fully explained in note 22.2 to these financial statements.

3.2.7 Lease term of right of use asset and lease liability

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.3 Functional and presentation currency

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

4 Summary of significant accounting policies

The significant accounting policies which have been adopted in the preparation of financial statements of the Company are consistent with previous year except as mentioned in note 4.1 to these financial statements, and which are as follows:

4.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year but are not relevant

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- 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, improvements to accounting standards and interpretations did not have any effect on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation	Effective Date (Annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 01, 2022
Cost of Fulfilling an Onerous Contracts – Amendments to IAS 37	January 01, 2022
Updating a Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 01, 2023
Amended by Definition of Accounting Estimates – Amendments to IAS 8	January 01, 2023

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in previous years. Such improvements are generally effective for accounting periods beginning on or after January 01, 2021 and January 01, 2022 respectively. The Company expects that such improvements to the standards will not have any significant impact on the Company's financial statements in the period of initial application.

4.2 Employees' retirement benefits and other obligations

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

4.2.1 Defined benefit plan

4.2.1.1 Pension

The Company operates a funded defined benefit pension scheme for all its eligible employees. Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Contributions under the scheme are made to this fund on the basis of actuarial recommendation and are charged to profit or loss. The latest actuarial valuation for the scheme was carried out as at June 30, 2021.

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

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

	2021	2020
Expected rate of increase per annum in salary level	9.00%	7.50%
Discount rate per annum used for interest cost in profit or loss	8.50%	14.25%
Discount rate per annum used for year end obligation	10.00%	8.50%
Average expected remaining working life of employees	8 years	8 years

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

4.2.2 Defined contribution plans

4.2.2.1 Gratuity

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

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

4.2.2.2 Provident fund

The Company operates an approved defined contribution provident fund for all permanent employees. Equal contributions are made by employees and the Company at the rate of 10 percent of basic salary per month.

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

4.2.3 Accumulating compensated absences

The Company provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences and are charged to profit or loss.

4.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the profit or loss, except in the case of items credited or charged to other comprehensive income.

4.4 Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

Depreciation on all items of property, plant and equipment is charged to profit or loss applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation is being charged at the rates given in note 17. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

The Company continually assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit or loss for the year. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, and the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

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

4.5 Right-of-use asset and Lease liability

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

The Company applies a practical expedient and, does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets, if any. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

For lease contracts other than the aforementioned, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if

the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the statement of profit and loss account if the carrying amount of right-to-use asset has been reduced to zero.

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

4.6 Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period including advances to suppliers and contractors are carried under this head. These are transferred to specific assets as and when these assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss, if any.

4.7 Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

The Company assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.8 Investment property

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

4.9 Investments and other financial assets

4.9.1 Subsidiary and associated undertakings

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

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not having control or joint control over those policies.

Investments in subsidiary and associated undertakings are carried at cost less impairment loss, if any.

At each reporting date, the Company reviews the carrying amounts of the investments in subsidiary and associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future dividend stream and an estimate of the terminal value of these investments. Impairment losses are recognized as expense in the profit or loss.

4.9.2 Financial assets other than investments in subsidiary and associated undertakings

4.9.2.1 Classification

The Company classifies its financial assets in the following measurement categories:

- at Fair Value through Profit or Loss ("FVPL"),
- at Fair Value through Other Comprehensive Income ("FVOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

4.9.2.2 Recognition and derecognition

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

4.9.2.3 Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are Solely Payment of Principal and Interest (SPPI).

a) Debt instruments

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

i) Financial assets at amortised cost

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

ii) Financial assets at Fair Value through Other Comprehensive Income

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

iii) Financial assets at Fair Value through Profit or Loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income/(operating expenses) in the period in which it arises.

b) Equity instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

4.9.2.4 Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and fair value through other comprehensive income, trade receivables, contract assets recognised and measured under IFRS 15 and that are not measured at fair value through profit or loss.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company therefore concludes that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

A distinction is made between, financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1). Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2). Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Company considers that there is evidence of impairment, if any, of the indicators were present i.e. significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or late payments.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments past due date. Impairment losses on trade receivables and contract assets are presented as net impairment losses in the profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

4.10 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of net realizable value or moving average cost. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon.

Provision for obsolete and slow-moving stores, spare parts and loose tools is based on management estimate of the condition and usability of such stores.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision for obsolete and slow moving stores and spares is based on management estimate.

4.11 Stock in trade

Stock of raw materials, except for those in transit, work in process and finished goods are valued principally at the lower of moving average cost and net realizable value.

Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

Cost of raw materials and trading stock comprises the invoice value plus other charges paid thereon.

Cost of work in process and finished goods include direct material, labor and appropriate portion of manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision for obsolete and slow-moving stock in trade is based on management estimate.

4.12 Trade debts

Trade debts are carried at original invoice amount less any expected credit losses based on review of outstanding amounts at the year end in accordance with the simplified approach as mentioned in note 4.9.2.4. Bad debts are written off when identified.

4.13 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are stated at cost and comprise of cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

4.14 Revenue recognition

4.14.1 Revenue from sale of tractors, implements and multi-application products, along with the provision of after market services. Revenue is recognized when performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements

4.14.2 a) Sale of goods

Revenue from contracts for sale of tractors, implements, multi-application products and trading goods is recognized upon delivery and acknowledgement of the good by the customer i.e. point in time when the performance obligation of the Company is satisfied. Since there is only one performance obligation the revenue is recognized at full amount. Payments for sale of tractors are received in advance from customers, while in the case of implements and multi-application products credit periods are provided as per Company policy on a case to case basis. There are no returns or refunds against sales, once acknowledged by the customer.

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For the year ended June 30, 2021

b) Sale of service warranties

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

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

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

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

Others

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

4.15 Research cost

These costs are charged to profit or loss when incurred.

4.16 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.17 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.18 Provisions

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

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

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

4.19 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. Foreign exchange gains and losses on translation are recognized in the profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.20 Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the obligation specified in the contract is discharged, cancelled or expired. The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

All financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial liabilities are subsequently measured at Fair Value through Profit and Loss ("FVPL") or at amortised cost, as the case may be. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVPL. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVPL.

The accounting policy for financial assets other than investments in subsidiary and associated undertakings is disclosed in note 4.9.2 to the financial statements above.

4.21 Off-setting of financial assets and liabilities

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

4.22 Reserves

Reserve are classified into two categories as follows:

4.22.1 Revenue reserve

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

4.22.2 Capital reserve

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

4.23 Earning per share

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

	2021	2020
	(Rupees in thousand)	
6 Reserves		
Capital reserve		
Fair value reserve - Investments measured at FVOCI	3,435,887	297,389
	3,435,887	297,389
Revenue reserve		
General reserve	2,278,935	2,278,935
Unappropriated profit	2,817,370	997,460
	5,096,305	3,276,395
	8,532,192	3,573,784

7 Long term deposits

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

	Note	2021	2020
		(Rupees in thousand)	
8 Deferred tax liabilities - net			
The liability for deferred tax comprises temporary differences relating to:			
Taxable temporary differences:			
Accelerated tax depreciation		63,247	56,014
Changes in fair value of investments		930,976	64,382
		994,223	120,396
Deductible temporary differences:			
Unused tax losses	8.1	(20,615)	(29,886)
Provision for impaired / doubtful receivables		(10,624)	(12,846)
		(31,239)	(42,732)
Net deferred tax liability at the year end		962,984	77,664

8.1 Deferred tax asset on unused tax losses represents the minimum tax available for carry forward under the Income Tax Ordinance, 2001 and is recognised to the extent that the realization of related tax benefits through future taxable profits of the Company is probable. The projections are based on management's best estimates of key production, sales and economic assumptions. Accordingly, the management anticipates that it would be able to realize that unused tax losses arising on disposal of short term investments within the period allowed under the Income Tax Ordinance, 2001.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

8.2 Reconciliation of deferred tax liabilities - net

	Deferred tax liability		Deferred tax asset			Net liability / (asset)
	Accelerated tax depreciation	Change in fair value of investments	Unused tax losses	Accumulating compensated absences	Provision for impaired/doubtful receivables	
	(Rupees in thousand)					
Balance as at June 30, 2019	60,758	–	(30,063)	(32,868)	(10,624)	(12,797)
Tax (income) / expense during the year recognised in profit or loss	(4,744)	64,382	177	32,868	(2,222)	90,461
Balance as at June 30, 2020	56,014	64,382	(29,886)	–	(12,846)	77,664
Tax expense during the year recognised in profit or loss	7,233	866,594	9,271	–	2,222	885,320
Balance as at June 30, 2021	63,247	930,976	(20,615)	–	(10,624)	962,984

8.3 Under the Finance Act, 2020 and upheld by Finance Act 2021, a corporate tax rate of 29% has been fixed. Therefore, deferred tax assets and liabilities have been recognized accordingly using the expected applicable rate i.e. 29%.

	Note	2021	2020
		(Rupees in thousand)	
9 Employees' defined benefit plan			
9.1 Present value of defined benefit obligation	9.3	1,160,998	1,232,563
Fair value of plan assets	9.4	(1,110,743)	(1,109,534)
Liability recognized in the statement of financial position		50,255	123,029
9.2 For the year			
Salaries, wages and amenities include the following in respect of employees' pension scheme:			
Current service cost		13,387	10,471
Interest cost		100,667	114,711
Expected return on plan assets		(90,577)	(146,700)
		23,477	(21,518)
9.3 The movement in present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of year		1,232,563	848,495
Current service cost		13,387	10,471
Interest cost		100,667	114,711
Benefits paid		(96,491)	(87,014)
Actuarial gain		(89,128)	345,900
Present value of defined benefit obligation at end of year		1,160,998	1,232,563

	2021	2020
	(Rupees in thousand)	
9.4 The movement in fair value of plan assets is as follows:		
Fair value of plan assets at beginning of year	1,109,534	1,068,014
Expected return on assets	90,577	146,700
Contributions	8,653	9,929
Benefits paid	(96,491)	(87,014)
Return on plan assets	(1,530)	(28,095)
Fair value of plan assets at end of year	1,110,743	1,109,534
Actual return on plan assets	89,047	118,605
9.5 Plan assets comprise of :		
Term Deposit Receipts:		
United Bank Limited	295,500	320,000
Bank Alfalah Limited	–	441,191
Zarai Taraqiati Bank Limited	421,129	–
Special Bank account:		
NAFA Capital Protected Fund	353,747	318,655
Accrued interest and bank balance:		
Bank balances	38,604	27,913
Advance income tax	1,777	1,777
Less: payables	(14)	(3)
	1,110,743	1,109,533

Investments out of fund have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

9.6 Comparison of present value of defined benefit obligation, the fair value of plan assets and the resulting surplus or deficit of pension fund is as follows:

	2021	2020	2019	2018	2017
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	1,160,998	1,232,563	848,495	1,109,824	1,105,684
Less: Fair value of plan assets	1,110,743	1,109,534	1,068,014	1,085,220	1,145,646
(Deficit) / surplus	(50,255)	(123,029)	219,519	(24,604)	39,962
Experience adjustment on obligation	(89,128)	345,900	(292,128)	(23,087)	(72,804)
Experience adjustment on plan assets	(1,530)	(28,095)	(41,191)	(85,687)	69,538

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

Sensitivity analysis

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase as disclosed in note 4.2.1.1. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2021	2020
	(Rupees in thousand)	
Discount rate + 100 bps	1,079	1,137
Discount rate - 100 bps	1,255	1,344
Salary increase + 100 bps	1,172	1,246
Salary increase - 100 bps	1,151	1,220
Indexation rate + 100 bps	1,258	1,345

9.7 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

Final Salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in risk free investments of Term deposit Certificates. However, instruments in Open-ended Mutual Funds is subject to adverse fluctuation as a result of change of market price.

Discount rate fluctuation - The plan liabilities are calculated using discount rate set with reference to market yields on government bonds. A decrease in market yields on government bonds will increase plan liabilities, although this will be partially offset by increase in the value of the current plan's bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contribution to the fund as advised by the actuary.

9.8 In case of the funded plans, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the Retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2021 and 2020 consists of government bonds and mutual funds. The Company believes that government bonds and mutual funds offer the best returns over the long term with an acceptable level of risk.

9.9 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The Company's contribution to the pension fund for the year ending June 30, 2022 is expected to be Rs. 15,838 thousand.

Expense of the defined benefit plan is calculated by the actuary.

	Note	2021	2020
(Rupees in thousand)			
10	Lease liabilities against right-of-use assets		
	Lease liabilities at year end	5,828	13,587
	Less: current portion of lease liabilities	(4,386)	(3,706)
	Non current lease liabilities	1,442	9,881

10.1 Commitments in relations to finance leases recognised under IFRS 16 are payable as follows:

	Note	2021	2020
(Rupees in thousand)			
	Payable not later than one year	4,667	3,485
	Payable later than one year but not later than five years	1,634	11,139
	Payable later than five years	–	1,244
		6,301	15,868
	Future finance charges	(473)	(2,281)
	Total lease liabilities	5,828	13,587

11 Long term finance- secured

	Long term loan	291,612	128,935
	Less: Current portion shown under current liabilities	(162,797)	(26,944)
		128,815	101,991

11.1 The reconciliation of carrying amount is as follows

	Opening balance	128,935	–
	Loan received during the year	262,042	144,733
	Repayments during the year	(87,007)	–
	Transferred to deferred grant	(35,315)	(15,798)
	Unwinding of interest cost	22,957	–
		291,612	128,935
	less: Current portion shown under current liabilities	(162,797)	(26,944)
		128,815	101,991

11.2 This represents amount of loan against facility of Rs 400,000 thousand (2020: Rs 200,000 thousand) under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan (SBP) to mitigate the effect of COVID-19 on employment in Pakistan. The loan is repayable in 8 equal quarterly installments commencing from January 31, 2021 and carry markup from the range of 0.15% to 0.4% per annum which is 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 ranges from 7.41% to 7.66% per annum. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant. This facility is secured by first charge on plant and machinery and joint pari passu hypothecation charge over current assets and book debts of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

11.3 This represent amount of loan against facility of Rs 100,000 thousand (2020: Rs Nil) 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 7.95% per annum. The amount is repayable in 40 equal quarterly installments starting from September 30, 2021 and carry markup of 2.5% per annum which is payable quarterly. This facility is secured by specific and exclusive charge on the purchased machinery and ranking charge over current assets of the Company.

12 Short term borrowing facilities

12.1 The Company has obtained short term borrowing facilities from various banks against aggregate sanctioned limit of Rs. 5,305,000 thousand (2020: Rs. 5,300,000 thousand). The rates of mark up range from KIBOR plus 0.04% to KIBOR plus 0.25% (2020: KIBOR plus 0.04% to KIBOR plus 0.5%) per annum.

12.2 Out of the above mentioned authorized limit, an amount of Rs. 500,000 thousand (2020: Rs. 500,000 thousand) has been obtained under Islamic mode of financing.

12.3 The Company has facilities for opening of letters of credit and guarantees aggregating to Rs. 5,082,433 thousand (2020: Rs. 4,750,000 thousand) out of which Rs. 400,000 thousand (2020: Rs. 400,000 thousand) has been obtained under Islamic mode of financing.

12.4 Out of the authorized limited of letter of credit and guarantees Rs. 2,211,403 thousand (2020: Rs. 3,621,197 thousand) remained unutilized at the end of the year.

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

	Note	2021 (Rupees in thousand)	2020
13			
Deferred grant			
At start of year		15,798	–
Received during the year		35,315	15,798
Transferred to profit or loss during the year	39	(22,026)	–
At end of year	13.1	29,087	15,798
Represented by:			
Non-current portion		13,485	6,558
Current portion		15,602	9,240
		29,087	15,798

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

	Note	2021	2020
		(Rupees in thousand)	
14	Trade and other payables		
	Trade creditors	2,744,914	1,960,192
	Accrued liabilities	232,546	211,865
	Bills payable	366,805	297,291
	Security deposits	16,420	91,501
	Trademark fee payable	58,918	126,751
	Workers' Profit Participation Fund	5,151	14,070
	Workers' Welfare Fund	123,202	23,079
	Others	113,543	123,489
		3,661,499	2,848,238

14.1 These include balances due to related parties amounting Rs. 552,612 thousand (2020: Rs.458,690 thousand).

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

	Note	2021	2020
		(Rupees in thousand)	
14.3	Workers' Profit Participation Fund		
	Balance (payable) / receivable at start of year	(14,070)	1,851
	Payments made during the year	432,070	144,149
		418,000	146,000
	Charge for the year	37	(160,070)
	Balance (payable) / receivable at end of year	(5,151)	(14,070)

14.4 These include deposits by employees under car and motorcycle scheme amounting to Rs. 38,224 thousand (2020: Rs. 25,726 thousand) and carry no markup.

15 Contract liabilities

15.1 These represent amount received in advance from customers against performance obligations / sales made in subsequent periods i.e. sale of tractors, and carry no mark-up and are unsecured. This includes advances received from related parties of Rs.44,126 thousand (2020: Rs 31,316 thousand). Further, as referred in note 32 to these financial statements, these also include an amount of Rs. 144,720 thousand (2020: Rs.109,438 thousand) representing cheques in hand at the reporting date.

15.2 Revenue recognised during the year that was included in the contract liability balance at the beginning of the year amounted to Rs. 3,094,220 thousand (2020: Rs.2,735,205 thousand).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

16 Contingencies and commitments

16.1 Contingencies

16.1.1 The Company has provided guarantee amounting to Rs. 5,000 thousand (2020: Rs.5,000 thousand) to banks for repayment of loan by employees. An amount of Rs. 1,133 thousand (2020: Rs. 1,133 thousand) was utilized by employees as at June 30, 2021.

16.1.2 Guarantees issued by the banks on behalf of the Company in the normal course of business amount to Rs. 1,039,465 thousand (2020: Rs.524,559 thousand).

16.1.3 Income tax returns for the years from 2007 to 2020 have been filed by the Company under the provisions of section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

The Income tax department has disputed with the Company's treatment on certain tax matters for the tax years 2013, 2015 and 2016, entailing an additional tax liability of Rs. 678,595 thousand. Of these the only significant tax matter, amounting to Rs. 507,588 thousand, relates to disallowances made by tax authorities in respect of consumption of stock and consequently value of closing stock claimed by the Company in its income tax returns for the tax year 2015. Both the Company and Income tax department are currently in appeal at the Commissioner Inland Revenue Appeals and Appellate tribunal level regarding the tax matters, decisions of which are pending. The management in consultation with their tax advisor is confident that all the tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements accordingly.

16.1.4 The Company is defending a demand of Rs 289,430 thousand from the Additional Commissioner Inland Revenue, Lahore and later upheld by the Deputy Commissioner Inland Revenue (Appeals) against the Company regarding the reduced payment of sales tax on sale of tractors by the Company to its customers in the period June 2016.

The Company filed the appeal in 2017 against the aforementioned orders, to the Appellate Tribunal Inland Revenue (ATIR) which was ruled in favor of the Company and later challenged by the Commissioner Inland Revenue, Lahore in the High Court, Lahore. During the current year the High Court, Lahore remanded back the case to the ATIR. Hence, the matter is currently pending in ATIR.

The management and the legal advisor are confident that outcome of the case would be in the Company's favor and no payment in this regard would be required, hence no provision there against has been made in these financial statements.

16.1.5 During the current year the Income tax department has disputed the Company's payment against Workers' Welfare Fund for years 2014 to 2020 and thereby created a demand of Rs. 657,509 thousand under section 4(9) of Workers Welfare Fund Ordinance, 1971.

The Company has submitted its response on the aforementioned order to the Income tax department which is currently pending a response. The management in consultation with their tax advisor is confident that the matter will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

- 16.1.6** The Deputy Commission Inland Revenue has issued withholding tax assessment orders u/s 161/205 of the Ordinance for the tax year 2011 creating an initial demand of Rs. 176,000 thousand. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIR(A)). The CIR(A) passed an order dated January 21, 2015 remanding back the issue to Deputy Commissioner. Reassessment proceedings after being finalized on January 25, 2016 reduced the demand to Rs. 51,000 thousand. The Company is in the process of filing appeal against reassessment proceedings with CIR(A). Furthermore, the tax authorities have filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). The management in consultation with their tax advisor are confident that the above matter will eventually be decided in favor of the Company; therefore no provision has been created in these financial statements.
- 16.1.7** The Company is defending a suit for Rs. 19,579 thousand, filed in previous years by an ex-vendor on account of damages and inconvenience. Previously, the case was pending before the Civil Court, Lahore. However during the last year it was held by the Civil Court that the damages of Rs. 15,000 thousand has been awarded in favor of vendor for the aforementioned inconvenience. In addition to that the Company is also required to pay the amount of parts already supplied by the vendor which amounts to Rs 4,579 thousand along with mark up @ 7% per annum till its realization. However the Company has filed an appeal in the Honorable High Court, Lahore against the aforesaid order of Civil Court. The management and the legal advisor are confident that outcome of the case would be in the Company's favor and no payment in this regard would be required, hence no provision there against has been made in these financial statements.
- 16.1.8** The Company is defending a demand of Rs. 3,944 thousand from the Additional Commissioner Inland Revenue, Lahore, regarding non payment of sales tax on replacements of warranty parts supplied by the Company to its customers. The Company filed the appeal in 2010 against the aforementioned order passed, to Commissioner of Inland Revenue, Lahore. Which held that the Company is liable to pay the amount of sales tax on warranty parts which amounts to Rs 3,944 thousand along with default surcharge and penalty @ 5% under section 33 of Sales Tax Act, 1990. The Company has filed an appeal against the aforementioned order in the Honorable High Court, Lahore. The management and the legal advisor are confident of favorable outcome of the case, hence no provision in this regard has been made in these financial statements.
- 16.1.9** The Company is defending a demand of Rs. 31,869 thousand from the Customs Authorities (Authorities), alleging the Company for non payment of custom duty and other additional duties. The demand is on account of purchase of certain starter motors and alternators to be used for the manufacture of the tractors. The Company filed an appeal against the said demand and the order passed by Additional Collector, Lahore and Collector Appeals, Lahore before the Customs Appellate Tribunal, Lahore and the said tribunal passed order in favor of the Company. The Custom department has filed reference against the decision in Honorable High Court, Lahore, judgment of which is pending. The Company made payment of Rs. 8,000 thousand under protest in response to demand notice served and obtained stay order from Honorable High Court, Lahore against further recovery action of Authorities. The management are confident that the outcome of the case would be decided in their favor hence no provision relating to aforesaid demand has been made in these financial statements.

16.2 Commitments

Commitments in respect of outstanding letters of credit for import of raw material amounting to Rs. 1,831,565 thousand (2020: Rs. 604,243 thousand) at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

17 Operating fixed assets

	Note	Land		Buildings		Owned				Total	
		Freehold	Leasehold	On freehold land	On leasehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment		Computers
Net book value basis											
Year ended June 30, 2021											
Opening net book value	17.2 & 17.3	58,307	8	233,430	-	175,879	36,220	122,625	27,415	14,096	667,980
Additions (at cost)		-	-	851	-	83,537	3,077	120,460	5,324	3,408	216,657
Disposals (at NBV)	17.4	-	-	-	-	-	-	(22,637)	-	(360)	(23,197)
Adjustments		-	-	-	-	-	-	(355)	-	(1)	(356)
Write offs		-	-	-	-	(1,583)	(964)	-	(341)	(155)	(3,043)
Depreciation charge	17.1	-	-	(12,387)	-	(18,276)	(4,732)	(35,260)	(4,611)	(5,137)	(80,403)
Closing net book value		58,307	8	221,894	-	239,557	33,601	184,633	27,787	11,851	777,638
Gross book value basis											
As at June 30, 2021											
Cost		58,307	8	441,480	2,900	620,557	83,808	352,212	103,162	56,028	1,718,462
Accumulated depreciation		-	-	(219,586)	(2,900)	(381,000)	(50,207)	(167,579)	(75,375)	(44,177)	(940,824)
Net book value		58,307	8	221,894	-	239,557	33,601	184,633	27,787	11,851	777,638
Depreciation rate % per annum		-	-	5-10	5	10	10-20	20	10-15	33	
Net book value basis											
Year ended June 30, 2020											
Opening net book value	17.2 & 17.3	58,307	8	219,218	-	186,230	67,557	148,138	25,724	13,377	718,559
Additions (at cost)		-	-	-	-	12,108	2,280	25,825	7,973	7,122	55,308
Disposals (at NBV)	17.4	-	-	-	-	(252)	(325)	(20,779)	(2,173)	(146)	(23,675)
Adjustments		-	-	26,339	-	(3,529)	(23,951)	930	697	(976)	(490)
Write offs		-	-	-	-	-	(142)	(161)	-	(3)	(306)
Depreciation charge	17.1	-	-	(12,127)	-	(18,678)	(9,199)	(31,328)	(4,806)	(5,278)	(81,416)
Closing net book value		58,307	8	233,430	-	175,879	36,220	122,625	27,415	14,096	667,980
Gross book value basis											
As at June 30, 2020											
Cost		58,307	8	440,630	2,900	552,580	91,501	293,484	100,312	57,465	1,597,187
Accumulated depreciation		-	-	(207,200)	(2,900)	(376,701)	(55,281)	(170,859)	(72,897)	(43,369)	(929,207)
Net book value		58,307	8	233,430	-	175,879	36,220	122,625	27,415	14,096	667,980
Depreciation rate % per annum		-	-	5-10	5	10	10-20	20	10-15	33	

	Note	2021	2020
		(Rupees in thousand)	
17.1	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	34	33,649
	Distribution and marketing expenses	35	6,942
	Administrative expenses	36	40,825
			81,416
		80,403	

17.2 Freehold land and building on owned land represents 202,343 square meters of factory land situated at Sheikhpura Road; Sheikhpura, 759 square meters at Khara Gali District Abbottabad; 697 square meters in sector F-6/1 Islamabad; and Corporate office floors in Tricon Corporate Centre Lahore.

17.3 Leasehold property represents Igloo hanger / godown measuring total area of 6,662 square meters situated near Brooke Bond factory site area, Karachi.

17.4 Disposal of operating fixed assets

Particulars of asset	Sold to	Cost	Book value	Sale proceeds	Gain / (Loss) on disposal	Mode of disposal
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(Rupees in thousand)

Fixed assets sold having book value greater than Rs. 500,000

Directors :						
Vehicle	Mr. Laeeq Uddin Ansari - a related party	7,500	1,504	1,504	-	As approved by the BOD

Employees :						
Vehicle	Mr. Ayaz Khurshid	2,993	1,937	1,937	-	Company car scheme
Vehicle	Mr. Ayaz Khurshid	2,758	2,482	2,482	-	Company car scheme
Vehicle	Mr. Waseem Bhatti	1,910	1,188	1,188	-	Company car scheme
Vehicle	Mr. Waseem Bhatti	1,846	514	514	-	Company car scheme
Vehicle	Mr. Khurram Shahzad Toor	1,846	578	578	-	Company car scheme
Vehicle	Mr. Muhammad Qayyum	1,398	1,212	1,212	-	Company car scheme
Vehicle	Mr. Muhammad Bilal	1,250	578	578	-	Company car scheme
Vehicle	Mr. Muhammad Shafique	1,078	763	763	-	Company car scheme
Vehicle	Mr. Muhammad Siddique	1,078	793	793	-	Company car scheme
Vehicle	Mr. Muhammad Wasim	1,078	853	853	-	Company car scheme

Fixed assets sold having book value less than Rs. 500,000

		37,899	10,795	10,814	19	
Year ended: June 30, 2021		62,634	23,197	23,216	19	
Year ended: June 30, 2020		54,338	23,675	23,675	-	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousand)	2020
18 Capital work in progress			
Plant and machinery		21,146	1,332
Office equipment		154	–
Advance for tools and equipment		1,613	1,613
Advance for vehicles		22,253	–
		45,166	2,945
18.1 Movement in capital work in progress is as follows:			
Opening balance		2,945	12,827
Additions during the year		124,898	4,857
Capitalized during the year		(82,677)	(14,739)
		45,166	2,945
19 Right-of-use assets			
Opening net book value		12,931	–
Impact of initial adoption - IFRS 16		–	4,829
Additions during the year		–	11,327
Derecognition during the year		(3,978)	–
Depreciation charged during the year	35	(4,057)	(3,225)
Closing net book value		4,896	12,931

	Note	Software with definite life	Licenses with indefinite life - Note 20.1	Total
20 Intangible assets				
Net carrying value basis:				
Opening net book value as at June 30, 2020		2,105	39,300	41,405
Additions		–	–	–
Amortization charge	36	(1,943)	–	(1,943)
As at June 30, 2021		162	39,300	39,462
Gross carrying value basis:				
As at June 30, 2021				
Cost		5,992	39,300	45,292
Accumulated amortization		(5,830)	–	(5,830)
		162	39,300	39,462

	Note	Software with definite life	Licenses with indefinite life - Note 20.1	Total
Opening net book value as at June 30, 2019		4,048	–	4,048
Additions		–	39,300	39,300
Amortization charge	36	(1,943)	–	(1,943)
As at June 30, 2020		2,105	39,300	41,405
Gross carrying value basis:				
As at June 30, 2020				
Cost		5,992	39,300	45,292
Accumulated amortization		(3,887)	–	(3,887)
		2,105	39,300	41,405
Rate of amortization		33%	0%	

20.1 Intangible asset with indefinite useful life

Intangible asset with indefinite life having carrying value of Rs. 39,300 thousand (2020: 39,300 thousand) represents lifetime Oracle based user licenses for functioning of Company's ERP system. The Company has performed its annual impairment review for these licenses with indefinite life and noted no indicator of impairment. Moreover, these licenses are also covered with upgradation over time and are not susceptible to technological obsolescence in near future.

	Note	2021 (Rupees in thousand)	2020
21 Investment property			
Land		258,444	258,444
Provision for impairment	21.5	(2,736)	(2,736)
		255,708	255,708

21.1 This represents residential plots stated at cost. As at June 30, 2021 and June 30, 2020, the fair values of these properties were Rs.355,200 thousand and Rs. 355,200 thousand, respectively. The valuations were performed by an independent valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that considers sales of similar properties that have been transacted in open market.

21.2 The valuation method used by the independent valuer was based on market approach method.

21.3 The level of hierarchy for fair value disclosed falls in level 2 i.e. inputs other than quoted prices included within level 1 that are observable for real estate properties either directly or indirectly.

21.4 Management of the Company believes that holding on to these properties for appreciation in their market value is the highest and best use of these investment properties.

21.5 This represents provision for impairment against land measuring 12 kanals and 14.5 marlas located at Raiwind Road having gross value of Rs. 2,736 thousand (2020: 2,736 thousand) at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021		2020	
	Equity % held	Amount	Equity % held	Amount
	(Rupees in thousand)			
22 Long term investments				
Investment in related parties				
In subsidiary undertaking - at cost				
Unquoted				
Millat Industrial Products Limited				
5,737,500 (2020: 5,737,500) fully paid ordinary shares of Rs.10/- each	64.09	57,375	64.09	57,375
TIPEG Intertrade DMCC				
1,500 (2020: 1,500) fully paid ordinary shares of AED 1,000/- each	75.00	64,905	75.00	68,925
Millat Equipment Limited				
11,700,000 (2020: 11,700,000) fully paid ordinary shares of Rs. 10/- each	45.00	117,000	45.00	117,000
Quoted				
Bolan Castings Limited				
5,306,979 (2020: 5,306,979) fully paid ordinary shares of Rs. 10/- each	46.26	76,610	46.26	76,610
Other investment - at FVOCI				
Unquoted				
Arabian Sea Country Club Limited				
500,000 (2020: 500,000) fully paid ordinary shares of Rs. 10/- each Less: Impairment loss	6.45	5,000	6.45	5,000
		(5,000)		(5,000)
		-		-
Hyundai Nishat Motors (Private) Limited				
150,490,300 (2020: 134,550,000) fully paid ordinary shares of Rs. 10/- each	15.86	1,504,903	18.00	1,345,500
Surplus on fair valuation of investment		4,276,935		296,010
- note 22.2 & 48.1 (Level -3)		5,781,838		1,641,510
Investment other than related parties- at FVOCI				
Quoted				
Baluchistan Wheels Limited				
1,282,825 (2020: 1,282,825) fully paid ordinary shares of Rs. 10/- each		12,145		12,145
Surplus on fair valuation of investment				
- note 48.1 (Level -1)		89,185		65,761
		101,330		77,906
Unquoted				
TCC Management Services (Private) Limited				
40,000 (2020: 40,000) fully paid ordinary shares of Rs. 10/- each		400		400
		6,199,458		2,039,726

Investments in associated companies or undertakings have been made in compliance with the requirements of the Companies Act, 2017.

22.1 Subsidiaries incorporated outside Pakistan

Information about the related party incorporated outside the Pakistan in which the Company has a long term investment and/ or with whom the company had entered into transactions during the year is as follows:

- Name of Company:	TIPEG Intertrade DMCC
- Registered office of the Company (location):	Unit No. 705, Fortune Executive Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates
- Company of incorporation:	United Arab Emirates
- Basis of association:	Subsidiary
- Aggregate percentage of shareholding:	75%
- Managing Director / Principal Officer:	Mr. Sohail Bashir Rana
- Operational status:	Operational
- Details of litigation status (as on June 30, 2021):	None
- Auditors opinion on latest financial statements (December 31, 2020):	Unmodified opinion
- Default / breach relating to foreign investment:	None

- The unconditional amount of equity investment in the foreign subsidiary is AED 1,500 thousand which is equivalent to Rs. 64,905 thousand as on June 30, 2021 (2020: Rs. 68,925 thousand), as disclosed in note 22 to these financial statements.
- The foreign subsidiary has remitted back dividend / return of Rs. 56,902 thousand (2020: Rs. 34,158 thousand) during the year.

22.2 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs 38.4 per ordinary share as at June 30, 2021 (2020: Rs.12.2 per ordinary share) through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 48.1 to these financial statements. The fair value gain of Rs 3,980,925 thousand (2020: Rs. 296,010 thousand) is included in the fair value gain recognised during the year in other comprehensive income.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.
- Long term growth rate is estimated based on historical performance of HNMPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 16.56% per annum.
- Long term growth rate of 4% per annum for computation of terminal value; and
- Annual growth in costs are linked to Inflation and currency devaluation at 5 % per annum and revenues are linked to currency devaluation at 5% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows, with all other variables held constant as at June 30, 2021:

	Impact on fair value gain	
	Increased by 1%	Decreased by 1%
	(Rupees in thousand)	
Significant assumptions		
- Discount rate	(439,432)	507,152
- Long term growth rate	266,368	(227,240)
- Inflation rate per annum	(773,520)	788,569

	Note	2021	2020
		(Rupees in thousand)	
23 Long term loans - considered good			
Loan to employees:			
company loan	23.1	6,241	4,197
motor cycle loan	23.2	1,104	1,647
	23.3	7,345	5,844
Less: current portion included in current assets	27	(4,863)	(3,592)
		2,482	2,252

23.1 These represent interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly installments over a period of twenty four months for executive and thirty six months for workers.

23.2 These represent interest free loans to employees for purchase of motor cycles secured by joint registration of motor cycles in the name of the Company and employees. These loans are repayable in monthly installments over a period of sixty months.

23.3 Reconciliation of carrying amount of long term loans is:

	2021	2020
	(Rupees in thousand)	
Opening balance	5,844	6,817
Disbursement during the year	7,535	3,995
Repayments during the year	(6,034)	(4,968)
Closing balance	7,345	5,844

23.4 The above loans were provided for personal use of the executives in accordance with approved Human Resource policy and employment terms.

		2021	2020
		(Rupees in thousand)	
24	Stores, spare parts and loose tools		
	Stores, spare parts and loose tools	161,329	165,060
	less: provision for obsolescence	–	(7,661)
		161,329	157,399

24.1 Most of the items of stores, spare parts and loose tools are of inter-changeable nature and can be consumed as stores or used as machine spares against capital expenditure. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

	Note	2021	2020
		(Rupees in thousand)	
25	Stock in trade		
	Raw material	4,844,926	3,276,661
	Work-in-process	15,661	30
	Finished goods:		
	Manufacturing	333,558	420,195
	Trading	178,439	160,280
		511,997	580,475
		5,372,584	3,857,166

25.1 This includes stock in transit amounting to Rs. 678,678 thousand (2020: Rs. 373,837 thousand).

25.2 This includes raw materials and components held with third parties amounting to Rs. 32,031 thousand (2020: Rs. 80,145 thousand).

	Note	2021	2020
		(Rupees in thousand)	
26	Trade debts		
26.1	Trade debts from contracts with customers		
	- considered good	141,234	102,044

26.2 The maximum aggregate amount of trade debts / receivable from related parties at the end of any month during the year was Rs.10,654 thousand (2020: Rs.11,115 thousand).

		2021	2020
		(Rupees in thousand)	
26.3	This includes amount due from following related parties:		
	- Millat Equipment Limited	–	4,631
	- Millat Industrial Products Limited	–	6,127
	- Hyundai Nishat Motors (Private) Limited	525	357
		525	11,115

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021	2020
(Rupees in thousand)			
27	Loans and advances		
	Current portion of long term loans to employees	23	4,863
	Advances to employees - considered good	27.1	1,930
	Advances to suppliers - considered good	27.2	49,566
			56,359
	Advances to suppliers - considered doubtful		2,485
	Less: provision for doubtful advances		(2,485)
			-
	Letter of credit opening charges		-
			1,678
			56,359
			51,869

27.1 These represent interest free advances to employees for the purpose of the expenses, tour and salary as per company's approved Human resource policy.

27.2 These represent interest free advances given to suppliers as per mutually agreed terms.

	Note	2021	2020
(Rupees in thousand)			
28	Trade deposits and short term prepayments		
	Security deposits	28.1	16,371
	Prepayments		48,902
			65,273
			43,382

28.1 These represents interest free security deposits made for tender placement.

	Note	2021	2020
(Rupees in thousand)			
29	Balances with statutory authorities		
	Excise duties receivable		1,637
	Sales tax recoverable		4,624,679
	Less: provision for doubtful claims		(34,147)
			4,590,532
			4,592,169
			1,032,656
			1,032,656
30	Other receivables		
	Claims receivable from suppliers	30.1	107,648
	Interest accrued		605
			108,253
			38,343
			367
			108,253
			38,710
30.1	This includes amount due from following related parties:		
	- Millat Equipment Limited		4,795
	- Millat Industrial Products Limited		65
	- Bolan Casting Limited		18,217
			23,077
			115
			-
			2,238
			2,353

	Note	2021	2020
(Rupees in thousand)			
31 Short term investments			
Mutual funds - at FVPL	31.1&31.2	5,784,636	–
Term Deposit Receipt	31.3	350,000	–
		6,134,636	–

31.1 This represents Company's investment in mutual funds as on June 30, 2021 (2020: Rs Nil).

June 30, 2021				
	Note	Number of units	Fair value per unit	Total
ABL Cash Fund		94,949	10.18	966,673
Atlas Money Market Fund		2,001	505.88	1,012,093
Faysal Money Market Fund		982	101.94	100,117
HBL Money Market Fund		4,412	102.60	452,654
JS Cash Fund		1,474	102.03	150,390
Lakson Money Market Fund		10,026	100.80	1,010,667
MCB Cash Management Optimizer Fund		10,261	100.96	1,035,981
UBL Liquidity Plus Fund		10,454	101.02	1,056,061
	31 & 48.1			5,784,636

31.2 Fair value per unit has been rounded off to 2 decimal places.

31.3 The term deposits are made under conventional mode and carry profit at the rate of 6.8% per annum (2020: Nil).

	Note	2021	2020
(Rupees in thousand)			
32 Cash and bank balances			
In hand:			
cash		2,343	7,027
cheques	15.1	144,720	109,438
		147,063	116,465
At banks:			
current accounts		320,932	459,140
deposit accounts	32.1 & 32.2	381,607	1,143,857
		702,539	1,602,997
		849,602	1,719,462

32.1 This includes deposits amounting to Rs. Nil thousand (2020: Rs. Nil) placed with Islamic banks under Islamic mode.

32.2 These deposits are made under conventional arrangements and carry mark-up at the rate ranging from 6% to 6.8% (2020: 7.3% to 10.8%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
33	Revenue from contracts with customers		
	Local:		
	Tractors	42,610,262	22,149,422
	Implements	171,293	134,496
	Multi-application products	381,948	326,654
	Trading goods	1,034,654	629,520
	IFS implementation services	5,453	10,611
		44,203,610	23,250,703
	Less:		
	- Trade discount	(99,772)	(62,324)
	- Sales tax and special excise duty	(2,552,413)	(1,202,892)
	- Provincial sales tax on services	(603)	(2,072)
		(2,652,788)	(1,267,288)
		41,550,822	21,983,415
	Export:		
	Tractors	2,863,256	1,120,145
	Trading goods	109,041	141,430
	Multi-application products	-	2,344
	IFS services	7,642	4,290
		2,979,939	1,268,209
		44,530,761	23,251,624
	Less: Commission	(576,983)	(309,349)
		43,953,778	22,942,275
	33.1		

33.1 This represents revenue earned from Shariah compliant business segments.

	Note	2021	2020
		(Rupees in thousand)	
34	Cost of sales		
	Components consumed	32,729,316	17,471,708
	Salaries, wages and amenities	34.1	373,257
	Contract services	367,036	282,110
	Fuel and power	124,099	103,652
	Communication	140	206
	Travelling and vehicle running	10,479	13,224
	Printing and stationery	5,146	4,422
	Insurance	25,984	22,118
	Repairs and maintenance	68,445	54,380
	Stores and spares consumed	121,405	75,970
	Depreciation	17.1	34,576
	Other expenses	31,850	25,153
		33,891,733	18,364,968
	Add: opening work-in-process	30	17,782
	Less: closing work-in-process	(15,661)	(30)
		(15,631)	17,752
	Cost of goods manufactured	33,876,102	18,382,720
	Add: opening finished goods	420,195	246,003
	Less: closing finished goods	(333,558)	(420,195)
		86,637	(174,192)
	Cost of sales - manufactured	33,962,739	18,208,528
	Cost of sales - trading	34.2	719,945
		34,682,684	18,696,679

	Note	2021	2020
		(Rupees in thousand)	
34.1 This includes the following staff retirement benefit (income) / expense:			
Defined benefit plan - pension		8,921	(8,176)
Defined contribution plan - gratuity		3,537	4,326
Defined contribution plan - provident fund		7,447	7,454
Provision for compensated absences		2,241	(3,281)
		22,146	323
34.2 Cost of sales - trading			
Opening stock		160,280	160,738
Purchases		738,104	487,693
		898,384	648,431
Closing stock		(178,439)	(160,280)
		719,945	488,151
35 Distribution and marketing expenses			
Salaries and amenities	35.1	136,455	106,466
Contract services		46,272	36,142
Fuel and power		9,861	8,600
Communication		857	744
Travelling and vehicle running		23,517	35,551
Printing and stationery		4,701	3,379
Insurance		13,946	15,176
Trademark fee	35.2	372,513	248,712
Advertisement and sales promotion		8,084	9,678
Depreciation	17.1	7,574	6,942
Depreciation charge for the right-of-use assets	19	4,057	3,225
Meeting / convention		–	8,095
After sales support		42,343	31,121
Carriage , sea freight and wharfage		159,589	36,227
Other expenses		24,861	17,780
		854,630	567,838
35.1 This includes the following staff retirement benefit (income) / expense:			
Defined benefit plan - pension		5,634	(5,164)
Defined contribution plan - gratuity		2,919	2,833
Defined contribution plan - provident fund		3,750	3,792
Provision for compensated absences		804	(1,178)
		13,107	283

35.2 Trademark fee is incurred under a trademark agreement between the Company and M/S Massey Ferguson Corp., having its registered office situated at 4205 River Green Parkway, Duluth, Georgia 30096, United States of America.

Under the trademark agreement M/S Massey Ferguson grants exclusive rights to the Company for use of its brand name with certain terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
36 Administrative expenses			
Salaries and amenities	36.1	283,172	197,383
Contract services		59,249	50,438
Fuel and power		16,823	15,628
Communication		3,410	3,694
Travelling and vehicle running		19,819	20,468
Insurance		8,843	7,463
Repairs and maintenance		21,719	13,236
Security		20,788	18,473
Legal and professional	36.2	17,153	11,342
Depreciation	17.1	38,253	40,825
Amortization of intangible asset	20	1,943	1,943
Rent, rates and taxes		20,025	6,741
Fee and subscription		4,999	4,023
Entertainment		6,019	5,232
Property, plant and equipment written off		504	294
Other expenses		56,650	50,995
		579,369	448,178
36.1 This includes the following staff retirement benefit (income) / expense:			
Defined benefit plan - pension		8,921	(8,176)
Defined contribution plan - gratuity		1,797	1,412
Defined contribution plan - provident fund		8,276	7,837
Provision for compensated absences		2,701	(3,954)
		21,695	(2,881)
36.2 Legal and professional expenses include following in respect of auditors' services:			
Statutory audit		1,890	1,709
Half year review		197	179
Special reports and sundry certifications		377	341
Out of pocket expenses		105	100
		2,569	2,329
37 Other operating expenses			
Workers' Profit Participation Fund	14.3	423,151	160,070
Workers' Welfare Fund		160,797	64,028
Loss on translation of foreign investment - TIPEG Intertrade DMCC		4,020	–
Donations	37.1 & 37.2	1,893	5,559
Bad debts written off		3,932	–
Provision for obsolescence of stores and spares		–	7,661
Exchange loss		22,273	58,485
		616,066	295,803

37.1 The particulars of the donation exceeding Rs 1,000 thousand are as follows:

	Note	2021 (Rupees in thousand)	2020
Name of donee			
Namal Education Foundation	37.2	–	4,809

37.2 Donation includes the following in which a director or his spouse is interested:

Name of director	Name of Donee	Interest in Donee	2021 (Rupees in thousand)	2020
Mr. Sikandar Mustafa Khan	Namal Education Foundation	Vice Chairperson	–	4,809

	Note	2021 (Rupees in thousand)	2020
38 Other income			
Income from financial assets			
Dividend income from Baluchistan Wheels Limited	38.1	1,924	2,565
Return on bank deposits and TDRs	38.2	58,645	20,465
Gain on sale of short term investments net- at FVPL	38.3	61,807	1,178
Fair value gain on short term investments - at FVPL	38.4	4,953	–
Dividend income from short term investments - at FVPL	38.5	70,475	2,711
Gain on translation of foreign investment - TIPEG Intertrade DMCC		–	5,325
Interest received on early payments and advances		70,370	26,953
		268,174	59,197
Income from investment in subsidiary			
Dividend income from Millat Equipment Limited		257,400	117,000
Dividend income from TIPEG Intertrade DMCC		56,902	34,158
	38.1	314,302	151,158
Income from assets other than financial assets			
Rental income		27,174	15,758
Scrap sales		43,769	13,236
Gain on disposal of property, plant and equipment	17.4	19	–
Sundry income	38.6	9,716	10,830
Multiapp products service income		3,988	3,408
Lab income		167	107
		84,833	43,339
		667,309	253,694

38.1 Dividend income is earned from investments in non-Shariah-compliant companies.

38.2 This includes profit of Rs.Nil thousand (2021: Rs.Nil) earned on deposits made under Islamic mode.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021	2020
	(Rupees in thousand)	
38.3 Gain / (loss) on sale of short term investments - at FVPL		
ABL Cash Fund	7,747	-
ABL Islamic Income Fund	709	-
Alfalah GHP Money Market Fund	2,466	-
Atlas Money Market Fund	1,413	1,178
HBL Money Market Fund	13,882	-
Lakson Money Market Fund	12,044	-
MCB Cash Management Optimizer Fund	23,754	-
NIT Government Bond Fund	(835)	-
UBL Liquidity Income Plus Fund	627	-
	61,807	1,178
38.4 Fair value gain on short term investments - at FVPL		
ABL Cash Fund	199	-
Atlas Money Market Fund	1,902	-
Faysal Money Market Fund	25	-
HBL Money Market Fund	793	-
JS Cash Fund	29	-
Lakson Money Market Fund	501	-
MCB Cash Management Optimizer Fund	1,057	-
UBL Liquidity Plus Fund	447	-
	4,953	-
38.5 Dividend income from short term investments - at FVPL		
ABL Cash Fund	17,788	-
Atlas Money Market Fund	11,332	2,711
Faysal Money Market Fund	108	-
HBL Money Market Fund	2,189	-
JS Cash Fund	425	-
Lakson Money Market Fund	11,032	-
MCB Cash Management Optimizer Fund	20,139	-
UBL Liquidity Plus Fund	7,462	-
	70,475	2,711

38.6 This includes income received as tender money in case of auctions and late delivery charges from suppliers.

	Note	2021	2020
		(Rupees in thousand)	
39	Finance cost		
	Bank charges and mark-up on short term borrowings - secured		
	39.1 & 39.2	367	213,498
	Interest expense on long term financing		
	39.3	2,427	–
	Interest expense against lease liability	1,261	1,355
	Mark-up on Workers Profit Participation Fund	1,359	–
	Bank charges	3,850	2,983
		<u>9,264</u>	<u>217,836</u>

39.1 This represents markup paid under conventional mode of financing arrangements having mark up rates ranging from KIBOR plus 0.04% to KIBOR plus 0.25% (2020: KIBOR plus 0.04% to KIBOR plus 0.5%) per annum.

39.2 This includes an amount of Rs. 46 thousand (2020: Rs 7,167 thousand) paid as markup under Islamic mode of financing.

39.3 This represents interest expense against long term financing net of unwinding of Government grant income for the year recognised as per IAS-20, amounting to Rs. 22,026 thousand (2020: Rs.Nil).

	Note	2021	2020
		(Rupees in thousand)	
40	Taxation		
	For the year charge / (income / reversal):		
	current	2,066,556	800,075
	deferred	19,470	26,079
		<u>2,086,026</u>	<u>826,154</u>
	Prior years:		
	current	12,121	(7,067)
	40.1	<u>2,098,147</u>	<u>819,087</u>

	2021	2020	
		%	%
40.1	Numerical reconciliation between average effective tax rate and the applicable tax rate.		
	29.00	29.00	
	0.15	(0.24)	
	(2.49)	(2.35)	
	(0.03)	1.17	
	<u>(2.37)</u>	<u>(1.42)</u>	
	26.63	27.58	

40.2 The current tax expense has been computed using the tax rate enacted for the tax year 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

40.3 Management's assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

	2020	2019 (Rupees in thousand)	2018
Tax assessed as per most recent tax assessment	812,196	1,524,849	2,361,733
Provision in accounts for income tax	812,196	1,524,849	2,361,733

The tax assessed as per most recent tax assessment for the year 2020, 2019 and 2018 is based on "deemed assessment" as per income tax return filed for respective years.

As at June 30, 2021, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

41 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate remuneration recognized in these financial statements including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Directors				Executives	
	2021	2020	2021		2020		2021	2020
			Non Executive Director	Executive Director	Non Executive Director	Executive Director		
Number of persons	1	1	1	1	1	1	35	34
	(Rupees in thousand)							
Managerial remuneration	14,558	12,778	1,116	873	2,571	1,416	73,601	66,145
Cost of living allowance	–	–	1,116	873	2,571	1,416	24,693	22,098
Bonus	8,603	3,534	6,380	4,948	762	591	49,754	5,197
House rent	6,551	5,750	502	393	1,157	637	30,824	26,830
Contribution to provident fund and gratuity funds	1,458	1,280	–	–	–	–	11,483	10,345
Pension contribution	–	–	–	–	–	–	4,154	3,757
Medical expenses	222	276	1,166	993	298	790	5,817	4,655
Utilities	390	347	899	834	607	744	8,216	7,451
Other allowances and reimbursable expenses	2,256	2,163	746	686	1,195	897	12,666	8,263
	34,038	26,128	11,925	9,600	9,161	6,491	221,208	154,741

41.1 The Company has also provided the Chief Executive Officer, Directors and certain employees with free use of Company maintained cars and residential utilities.

41.2 Aggregate amount charged to profit or loss for the year in respect of meeting fee to two directors (2020: two directors) was Rs. 1,800 thousand (2020: Rs. 1,150 thousand) and travelling expenses Rs. 48 thousand (2020: Rs. 334 thousand).

42 Transactions with related parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Amounts due from and to related parties are shown under respective notes to the financial statements. Amounts of operating assets sold during the year are mentioned in note 17.4 Amounts due from Directors and key management personnel are shown under receivables and remuneration of Directors and key management personnel is disclosed in note 41. Other significant transactions with related parties are as follows:

Relation with undertaking	Nature of transaction	2021 (Rupees in thousand)	2020
Subsidiaries	Sale of goods	1,966,482	650,941
	Sale of services	–	6,614
	Purchase of components	7,936,266	4,069,335
	Payment of compensation to staff	18,779	22,654
	Dividend income	314,302	151,158
Associates	Sale of services	4,850	1,925
	Purchase of fixed assets	14,608	–
	Investment made	159,403	355,500
Key Management Personnel	Sale of assets	1,573	116
	Employees' defined benefit plan	Contribution to employees' defined benefit plan	8,653
Defined contribution plans	Contribution to defined contribution plan	8,253	8,570
	Provident Fund	Amount contributed	19,473

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

42.3 The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the year:

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

43 Earnings per share - Basic and diluted

43.1 Basic earnings per share

Earnings per share are calculated by dividing the profit after tax for the year by weighted average number of shares outstanding during the year as follows:

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Profit after tax for the year		5,780,927	2,150,548
		(Number of shares in thousand)	
Weighted average number of ordinary shares outstanding during the year		56,058	56,058
		(Rupees)	
Earnings per share	43.2	103.12	38.36 restated

43.2 During the year, a 12.5% issue of bonus shares in the ratio of one bonus share for every eight shares held by the shareholders was proposed in the Board of Directors meeting held on February 19, 2021. The effect of the issue of 6,228 thousand bonus shares of Rs. 10 each has been accounted for in these financial statements and the prior year EPS has been restated as per requirements of the applicable financial reporting framework.

43.3 Diluted earnings per share

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	Note	2021	2020
		(Rupees in thousand)	
44	Cash generated from operations		
	Profit before taxation	7,879,074	2,969,635
	Adjustment for:		
	Depreciation on property, plant and equipment	80,403	81,416
	Depreciation charged to related parties	356	490
	Depreciation charge for the right-of-use assets	4,057	3,225
	Amortization of intangible assets	1,943	1,943
	Bad debts written off	3,932	–
	Provision for accumulating compensated absences	5,746	(8,413)
	Profit on bank deposits	(58,645)	(20,465)
	Dividend income from long term investments	(316,226)	(153,723)
	Dividend income from short term investments	(70,475)	(2,711)
	Charged to employees' defined benefit plan	23,477	(21,517)
	Provision for gratuity	8,253	8,570
	Gain on disposal of property, plant and equipment	(19)	–
	Property, plant and equipment written off	3,043	306
	Gain on sale of short term investments - at FVPL	(61,807)	(1,178)
	Fair value gain on short term investments - at FVPL	(4,953)	–
	Loss / (Gain) on translation of foreign investment	4,020	(5,325)
	Finance costs	9,264	217,836
	Exchange loss	22,273	58,485
	Provision for Workers' Profit Participation Fund	423,151	160,070
	Provision for Workers' Welfare Fund	160,797	64,028
	Provision for obsolescence of stores and spares	–	7,661
	Working capital changes	5,851,369	(24,533)
		13,969,033	3,335,800
44.1	Working capital changes		
	(Increase) / decrease in current assets		
	Stores and spares	(3,930)	(14,261)
	Stock in trade	(1,515,418)	(708,577)
	Trade debts	(43,122)	(55,407)
	Loans and advances	(4,490)	62,007
	Trade deposits and short term prepayments	(21,891)	2,719
	Other receivables	(69,305)	48,215
		(1,658,156)	(665,304)
	Increase/ (decrease) in current liabilities:		
	Trade and other payables	710,784	293,157
	Contract liabilities	6,798,741	347,614
	Net working capital changes	5,851,369	(24,533)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
45	Cash and cash equivalents		
	Cash and bank balances	849,602	1,719,462
	Short term investments - Term Deposit Receipt (TDR)	350,000	-
		<u>1,199,602</u>	<u>1,719,462</u>

46 Operating segments

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

46.2 Revenue from contracts with customers relating to sale of tractors represents 96% (June 30, 2020: 96%) of the gross revenue from contracts with customers of the Company.

46.3 93% (June 30, 2020: 94%) of the revenue from contracts with customers of the Company relates to customers in Pakistan.

46.4 All non-current assets of the Company at the respective reporting dates are located in Pakistan.

47 Financial risk management

Financial instruments comprise loans and advances, trade deposits, trade debts, other receivables, short term investments, cash and bank balances, short term borrowings, long term deposits, interest/mark-up accrued on short term borrowings, long term loans, lease liabilities and trade and other payables.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

47.1 Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit or loss. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from/payable to the foreign entities. The Company's exposure to currency risk is as follows:

	Currency	2021	2020
(FCY in thousand)			
Receivables	GBP	1	5
	USD	110	117
	EUR	31	31
	CNY	19	–
Trade and other payables	GBP	521	1,297
	USD	1,414	1,352
	EUR	–	467
	CNY	780	983

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

	Changes in rate	Effects on profit before tax	Effects on profit before tax
(Rupees in thousand)			
		2021	2020
Receivables/ (Trade and other payables) - GBP	+1	(520)	(1,293)
	-1	520	1,293
Receivables/ (Trade and other payables) - USD	+1	(1,304)	(1,235)
	-1	1,304	1,235
Receivables/ (Trade and other payables) - EUR	+1	31	(436)
	-1	(31)	436
Trade and other payables - CNY	+1	(761)	(983)
	-1	761	983

	2021	2020
(Rupees)		
Reporting date rate per:		
GBP to PKR	219.28	207.68
USD to PKR	158.30	168.75
EUR to PKR	188.71	189.73
CNY to PKR	24.76	24.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

(b) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers. The long-term equity instrument held by the Company does not trade on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Pakistan Stock Exchange (PSX). Therefore, it is not possible to measure the impact of increase / decrease in the PSX Index on the Company's profit after taxation for the year and on equity (fair value reserve).

Short-term investments pertain to investment in mutual funds. These investment are carefully managed and observed on the basis of duly approved policy by Board of Directors. The underlying composition of these mutual funds does not involve equity instruments therefore it does not have any co-relation with stock market. Hence, the Company is not exposed to other price risk in this avenue as well.

(c) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term and long term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	Note	2021 (Rupees in thousand)	2020
Fixed rate instruments			
Financial liabilities			
Long term finance- secured	11	291,612	128,935
Financial assets			
Term Deposit Receipt	31	350,000	-
Floating rate instruments			
Financial assets			
Bank balances - deposit accounts	32.2	381,607	1,143,857

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

		Changes in interest rate	Effects on profit before tax
(Rupees in thousand)			
Bank balances - deposit accounts	2021	+1%	3,816
		-1%	(3,816)
	2020	+1%	1,761
		-1%	(1,761)

47.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 13,142,939 thousand (2020: Rs.3,618,776 thousand), the unsecured financial assets which are subject to credit risk amounted to Rs. 7,247,753 thousand (2020: Rs. 1,871,149 thousand).

For trade receivables, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. Further the Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2021 (Rupees in thousand)	2020
47.2.1			
Trade debts	47.2.2	141,234	102,044
Trade deposits		16,371	17,960
Other receivables		108,253	38,710
Short term investments		6,134,636	–
Bank balances and cheques in hand		847,259	1,712,435
		7,247,753	1,871,149
47.2.2 The aging of trade receivables at the reporting date is:			
Past due 1 - 3 Months		107,338	77,553
Past due 4 - 6 Months		26,834	19,388
Past due one year		7,062	5,103
		141,234	102,044

NOTES TO THE FINANCIAL STATEMENTS

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Based on management's assessment of the expected credit loss no material impairment is necessary in respect of trade receivables past due, as some receivables have been recovered subsequent to the year end and for other receivables, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and short term investment held with some major counterparties at the reporting date:

Balances with banks	Rating			2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
Allied Bank Limited	A1+	AAA	PACRA	4,613	21,883
Bank Alfalah Limited	A-1+	AA+	VIS	19,423	1,120,008
Habib Bank Limited	A-1+	AAA	VIS	221,188	294,729
MCB Bank Limited	A1+	AAA	PACRA	317,231	72,182
Meezan Bank Limited	A-1+	AAA	VIS	3,840	3,392
MCB Islamic Bank Limited	A1	A	PACRA	1,492	492
National Bank of Pakistan	A-1+	AAA	VIS	5,000	313
Sindh Bank Limited	A-1	A+	VIS	2,058	2,289
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,587	7,639
United Bank Limited	A-1+	AAA	VIS	98,178	66,673
Zarai Taraqati Bank Limited	A-1+	AAA	VIS	23,929	13,397
				702,539	1,602,997

Short term investments	Rating	Agency	2021	2020
			(Rupees in thousand)	
a) Mutual funds				
ABL Cash Fund	AA+(f)	VIS	966,673	-
Atlas Money Market Fund	AA+(f)	PACRA	1,012,093	-
Faysal Money Market Fund	AA(f)	PACRA	100,117	-
HBL Money Market Fund	AA+(f)	VIS	452,654	-
JS Cash Fund	AA+(f)	PACRA	150,390	-
Lakson Money Market Fund	AA+(f)	PACRA	1,010,667	-
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	1,035,981	-
UBL Liquidity Plus Fund	AA+(f)	JCR-VIS	1,056,061	-
b) Term Deposit Receipts				
MCB Bank Limited	AAA	PACRA	350,000	-
	(long term)		6,134,636	-

47.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2021, the Company had Rs. 5,305,000 thousand (2020: Rs.5,300,000 thousand) available borrowing limits from financial institutions and Rs. 849,602 thousand (2020: Rs. 1,719,462 thousand) cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2021:

	Carrying amount	Less than one year	More than one year
(Rupees in thousand)			
Trade and other payables	3,527,703	3,527,703	–
Unclaimed dividend	271,595	271,595	–
Unpaid dividend	74,403	74,403	–
Long term finance- secured	329,332	180,441	148,891
Lease liabilities against right-of-use assets	5,828	4,386	1,442
Long term deposits	13,433	–	13,433
	4,222,294	4,058,528	163,766

The following are the contractual maturities of financial liabilities as at June 30, 2020:

	Carrying amount	Less than one year	More than one year
(Rupees in thousand)			
Trade and other payables	2,805,646	2,805,646	–
Unclaimed dividend	277,113	277,113	–
Unpaid dividend	10,004	10,004	–
Long term finance- secured	128,935	26,944	101,991
Lease liabilities against right-of-use assets	13,587	3,706	9,881
Long term deposits	12,643	–	12,643
	3,247,928	3,123,413	124,515

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

47.4 Financial instruments by categories

	At fair value through other comprehensive income		At fair value through profit or loss		At amortised cost		Total
	2021	2020	2021	2020	2021	2020	
	(Rupees in thousand)						
Financial assets							
Long term investments	5,883,568	1,719,816	-	-	-	-	5,883,568
Loans and advances	-	-	-	-	9,275	20,784	9,275
Trade debits	-	-	-	-	141,234	102,044	141,234
Trade deposits	-	-	-	-	16,371	17,960	16,371
Other receivables	-	-	-	-	108,253	38,710	108,253
Short term investments	-	-	-	-	350,000	-	6,134,636
Cash and bank balances	-	-	-	-	849,602	1,719,462	849,602
Total current	5,883,568	1,719,816	5,784,636	-	1,474,735	1,898,960	13,142,939
Total non-current	-	-	-	-	-	-	7,256,889
							5,886,050
							1,722,068

	At fair value through other comprehensive income		At fair value through profit or loss		At amortised cost		Total
	2021	2020	2021	2020	2021	2020	
	(Rupees in thousand)						
Financial liabilities							
Trade and other payables	-	-	-	-	3,527,703	2,805,646	3,527,703
Unclaimed dividend	-	-	-	-	271,595	277,113	271,595
Unpaid dividend	-	-	-	-	74,403	10,004	74,403
Term finance	-	-	-	-	291,612	128,935	291,612
Lease liabilities against right-of-use assets	-	-	-	-	5,828	13,587	5,828
Long term deposits	-	-	-	-	13,433	12,643	13,433
Total current	-	-	-	-	4,184,574	3,247,928	4,184,574
Total non-current	-	-	-	-	-	-	4,020,808
							163,766
							124,515

47.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders. The capital structure of the Company is equity based with minimal long term financing. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or other measures commensuration to the circumstances.

48 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of the fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

48.1 Fair value hierarchy

IFRS 13 "Fair Value Measurement requires the Company to classify fair value measurement and fair value hierarchy that reflects the significance of the inputs used in making the measurement of fair value hierarchy, which has the following levels:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable.

Level 3: If one or more of the significant inputs is not based on observable market data. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest Rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying values of all financial and liabilities reflected in the financial statements approximate their fair values.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred, if any. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes between various levels of fair value hierarchy are analyzed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the management of investee company. As part of this discussion, the investee company presents a report that explains the reason for the fair value movement, if any. There have been no transfers between various levels of the fair value hierarchy during the respective reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

As at June 30, 2021, the Company held the following financial instruments carried at fair value:

	Note	2021	Level 1	Level 2	Level 3
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long term investments - Equity shares	22	5,883,568	101,330	-	5,782,238
Financial assets measured - FVPL					
Investment in mutual funds	31	5,784,636	5,784,636	-	-
		11,668,204	5,885,966	-	5,782,238

Date of valuation : June 30, 2021

There were no financial liabilities measured at fair value as at June 30, 2021.

As at June 30, 2020, the Company held the following financial instruments carried at fair value:

	Note	2020	Level 1	Level 2	Level 3
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FVOCI					
Long term investments - Equity shares	22	1,719,816	77,906	-	1,641,910
		1,719,816	77,906	-	1,641,910

Date of valuation : June 30, 2020

There were no financial liabilities measured at fair value as at June 30, 2020.

Movement / reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

	Note	2021	2020
(Rupees in thousand)			
Opening balance		1,641,910	990,400
Investment made during the year		159,403	355,500
Surplus on fair valuation of investment		3,980,925	296,010
	22	5,782,238	1,641,910

49 Provident fund trust

49.1 The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder. Details regarding investments of the provident fund trust are as follows:

	Note	2021 (Rupees in thousand)	2020
Size of the fund		577,083	610,856
Cost of investment made	49.2	432,728	484,211
Percentage of investment made		75%	79%
Fair value of investment		589,193	618,686

	2021		2020	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
49.2 Breakup of investment - cost				
Investment in shares (listed securities)	1,975	0%	2,656	0%
Term Deposit Receipts (TDR)	430,753	75%	481,555	79%
	432,728	75%	484,211	79%

49.3 The above information is based on audited financial statements of the provident fund.

49.4 Cost of ordinary shares of the Company held by the provident fund trust as at year end amounts to Rs. 1,975 thousand (2020: Rs. 2,656 thousand).

	2021	2020
	Units per annum	
50 Capacity and production		
Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	35,529	20,760

The Company has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the excess production over normal capacity is due to working on overtime schedules to meet the higher demand.

	2021	2020
51 Number of employees		
Total number of employees at the end of the year	346	360
Total number of factory employees at the end of the year	119	135
Average number of employees during the year	353	374
Average number of factory employees during the year	127	145

The number of employees mentioned above does not include third party contractual employees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

52 Subsequent events

The Board of Directors of the Company in its meeting held on September 17, 2021 has proposed a final cash dividend of Rs. 50/- per share (2020: Rs. 30 per share) and 20% bonus shares (2020: Nil) in respect of the year ended June 30, 2021. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

53 Date of authorization for issue

These financial statements were authorized for issue by Board of Directors of the Company in the meeting held on September 17, 2021.

54 Corresponding figures

Other than as disclosed in note 43.2, there has been no significant re-classifications or rearrangement of corresponding figures in these financial statements.

55 General

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



Chief Financial Officer



Chief Executive Officer



Chairman

CONSOLIDATED FINANCIAL STATEMENTS

GROUP DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited Group Consolidated Financial Statements for the year ended June 30, 2021.

THE GROUP

The Group comprises Millat Tractors Limited (MTL) (Holding Company) and its subsidiaries i.e., Millat Industrial Products Limited (MIPL), TIPEG INTERTRADE DMCC, Dubai, U.A.E., Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL).

MILLAT INDUSTRIAL PRODUCTS LIMITED

a. BOARD OF DIRECTORS

The present Board consists of seven directors of which six directors were elected in the 19th Annual General Meeting of the Company held on October 30, 2020. During the year a casual vacancy was created due to death of Mr. Latif Khalid Hashmi which was filled by appointment of Mr. Sohail Ahmed Nisar. The Directors of the company are: M/s. Sikandar Mustafa Khan, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, Ahsan Imran Shaikh, Javed Aslam and Sohail Ahmad Nisar.

b. PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS

The Company is engaged in the business of manufacture and sale of vehicular, industrial and domestic batteries. Sales during the year were Rs. 1,716.362 million and net profit after tax was Rs. 76.550 million. Earning per share for the year was Rs. 8.55.

Solar batteries with enhanced backup time are being made to meet the requirement of solar customers. Sale of deep cycle batteries also increased during the year. Keeping in view the market requirement, maintenance free battery will be marketed in near future.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The major risks and uncertainties being faced by the Company are fluctuation in prices of raw material, increased cost of imported raw material due to unprecedented devaluation of Rupee, low demand of batteries for UPS in view of improved electricity supply and entry of new competitors in the market. During

the year, increase in prices in both local and imported raw materials has adversely affected the profit margin. No changes have occurred during the financial year concerning the nature of the business of the company.

d. FUTURE PROSPECTS OF PROFIT

The Company aims to increase profit by setting a challenging sales target in the next financial year. New entrant and changing market dynamics will be countered by quality and cost control.

e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place and are being meticulously observed by concerned personals and being monitored by internal audit department on regular basis.

TIPEG INTERTRADE DMCC

a. BOARD OF DIRECTORS

The Directors of the Company are: M/s. Sikandar Mustafa Khan, Sohail Bashir Rana, Laeeq Uddin Ansari and Mian Muhammad Saleem. During the year a casual vacancy was created due to death of Mr. Latif Khalid Hashmi.

b. PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS

TIPEG Intertrade DMCC, Dubai, U.A.E is a Limited Liability Company registered with Dubai Multi Commodities Centre Authority. Millat Tractors Limited has a holding of 75% in the equity of the Company. The principal activity of the Company is trading in machinery and heavy equipment and parts thereof. The principal place of business of the Company is located at Jumeirah Lake Towers, Dubai, UAE. TIPEG earned a net profit of AED 1.025 million and registered sale of AED 42.268 million for the period. Earnings per share were AED 512.50. So far performance of the Company has been satisfactory and business will further expand after higher exports of tractors from Pakistan.

c. PRINCIPAL RISKS AND UNCERTAINTIES

Currently no apparent risk or uncertainty is likely to affect the performance of the Company. No changes have occurred during the financial year concerning the nature of the business of the company

d. FUTURE PROSPECTS OF PROFIT

The Company aims to enhance its revenue by marketing products of MTL and other group companies in African and other international markets.

e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place and are being observed.

BOLAN CASTINGS LIMITED

a. BOARD OF DIRECTORS

The present Board consists of seven directors who were elected in the Annual General Meeting of the Company held on October 28, 2020. During the year a casual vacancy was created due to death of Mr. Latif Khalid Hashmi which was filled by appointment of Mian Muhammad Saleem. The Directors of the company are: M/s. Sikandar Mustafa Khan, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, Aamir Amin, Tabassum Rana, Abdul Hamid Ahmed Dagia.

b. PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS

BCL is a public limited company listed on Pakistan Stock Exchange. BCL manufactures intricate tractor components i.e., major tractor castings for MTL. MTL holds 46.26% shares of the total paid up capital of the Company. 10,674 M.T of casting has been produced during the year against 6,623 M.T of last year resulting in an increase of 61.16%, while 9,634 M.T of casting has been sold against 6,839 M.T sold last year i.e., an increase of 40.86%.

Unlike other economies across the world, Pakistan's economy began to revive at a faster pace during the current financial year, owing to significant rise in domestic economic activity. The tractors industry also showed a robust sign of growth in the current financial year and have witnessed the hike in tractors sale due to high local as well as foreign demand which have resulted the vendors also to gear-up their efforts in providing parts and accessories at a fast space in spite of challenges due to inflation and devaluation of Pakistani Rupees against foreign currencies which resulted increase in cost of production.

The sales revenues of the company for the year amounted to Rs.2,418.8 million against Rs. 1,332.56 million of last year. The gross profit was Rs. 303.30 million against gross loss of Rs. 88.13 million of last year. Profit before tax was Rs. 223.91 million against loss before tax Rs. 259.61 million of last year. The profit after tax was Rs. 132.38 million against loss after tax Rs. 271.68 million of last year.

c. PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management is the key to sustainable business. Risk management framework, coupled with internal control policies have helped the company to maintain focus and mitigating principle risks affecting the company. However, overall risks arising from the Company's financial instruments are limited as there is no significant exposure to market risk in respect of such instruments. Internal Audit department provides independent report to Board of Directors on the effectiveness of risk management and control processes.

d. FUTURE PROSPECTS OF PROFIT

The economic is steadily progressing towards more sustainable and inclusive growth and it depends on government economic policies to facilitate the industries to overcome the economic challenges due to Covid-19 and devaluation in Pakistani Rupees. As the government has given economic stimulus packages for agriculture and initiative for Kissan programs. It is believed that the tractors and its vending industry will experience a boost in terms of economic performance due to recent economic development. Additionally, BCL is also endeavoring for new sales avenues and at the same time adopting cost-cutting measures.

e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

BCL maintains a system of internal controls, which is designed to identify, evaluate and manage risks that may affect the achievement of business objectives rather than to eliminate these risks and can, therefore, provide only reasonable assurance against material misstatement or loss. Audit Committee is responsible for reviewing the effectiveness of the system of internal controls.

MILLAT EQUIPMENT LIMITED

a. BOARD OF DIRECTORS

The Directors of the Company are: M/s. Sikandar Mustafa Khan, Laeeq Uddin Ansari, Muhammad Mustafa Khan, Muhammad Mustafa Sohail, Murad Naseer uddin Ansari, Qaiser Saleem and Syed Muhammad Irfan Aqueel. They were elected in EOGM held on June 30, 2021. Mr. Ahsan Imran Shaikh is CEO of the company who was appointed on July 01, 2021.

b. PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS

MEL is a non listed public limited company and is engaged in manufacturing of gears, shafts and other related parts for MTL. The shareholding of MTL in the paid up capital of MEL is 45%. The Company's principal activities are producing a range of transmission shafts and gears for the various models of Massey Ferguson tractors in Pakistan. Financial performance of the company during the year was exceptional. MEL earned an after tax profit of Rs. 787.03 million and registered sale of Rs. 4,859.64 million for the year. Earnings per share were Rs. 30.27.

c. PRINCIPAL RISKS AND UNCERTAINTIES

In an apparent view, other than being a single customer company and risk associated with it there appears no odd that may have any material adverse effect on Company's business in a foreseeable future. No changes have occurred during the financial year concerning the nature of the business of the company.

d. FUTURE PROSPECTS OF PROFIT

Despite the current economic hardships along with pandemic situation being faced, the tractor demand will increase significantly as economic activity in the country has geared up during current year. Therefore, profitability of company is expected to improve in the upcoming financial year.

e. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are already in place and Board's Audit Committee ensures complete and satisfactory implementation of the same

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Group Companies have occurred between the end of the financial year of the Companies and the date of this report except as disclosed in their respective annual reports.

CHANGE IN NATURE OF BUSINESS

During the year there has been no major change in the nature of business of any group company.

AUDITOR'S OBSERVATIONS

No adverse remark, observation was given by the auditors' of any group company in their reports for the year/period ended June 30, 2021.

FUTURE PROSPECTS

There is no significant doubt about the group companies' ability to continue as going concerns and therefore future prospects are positive.

PATTERN OF SHAREHOLDING

The pattern of shareholding of MTL is annexed to the Directors' Report and the shareholding pattern of MIPL, TIPEG, BCL and MEL is enclosed.

EARNINGS PER SHARE

Earnings per share of the group for the year ended June 30, 2021 was Rs. 117.13 as against Rs. 35.04 (restated) of the preceding year.



Chief Executive Officer
Lahore:
September 17, 2021



Chairman

ایل کی اس سال کی رجسٹرڈ سٹیز 4,859.64 ملین روپے رہی جبکہ منافع بعد از ٹیکس 787.03 ملین روپے رہا۔ فی حصص آمدنی 30.27 روپے رہی۔

شراکت داری کا طریقہ

ایم ٹی ایل کی شراکت داری کے طریقے کو ڈائریکٹرز رپورٹ کے ساتھ منسلک کیا گیا ہے جبکہ ایم آئی پی ایل، ٹائی پیگ، بی سی ایل اور ایم ای ایل کی شراکت داری کا طریقہ بھی منسلک ہے۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

ظاہری طور پر ایک سنگل کسٹمر کمپنی اور اس سے منسلک خدشات کے علاوہ اور کوئی دیگر وجوہات نہیں جو مستقبل میں کمپنی کا روبرو متاثر کریں۔ کمپنی کے کاروبار کی نوعیت کے حوالے سے مالیاتی سال کے دوران کوئی تبدیلی نہیں آئی۔

فی حصص آمدنی

سال تختہ 30 جون، 2021 کیلئے گروپ کی فی حصص آمدنی 117.13 روپے رہی جو گزشتہ سال میں 35.04 (ری سٹیٹڈ) روپے تھی۔

ج۔ مستقبل میں منافع کے امکانات

حالیہ معاشی مشکلات، کردنا و با سے پیدا ہونے والی صورتحال کے باوجود رواں سال ٹریڈنگ کی طلب میں اضافہ ہوگا کیونکہ ملک میں معاشی سرگرمیوں میں اضافہ ہو رہا ہے۔ اس لیے آنے والے مالی سال میں کمپنی کے منافع میں اضافہ کا امکان ہے۔



چیئر مین



چیف ایگزیکٹو آفیسر

لاہور: 17 ستمبر، 2021

د۔ موزوں داخلی مالیاتی کنٹرولز

موزوں داخلی مالیاتی کنٹرولز پہلے سے اپنی جگہ پر ہیں جبکہ بورڈ کی آڈٹ کمیٹی انکے مکمل اور تسلی بخش عملدرآمد کا یقین دلاتی ہے۔

بعد میں پیش آنے والے واقعات

کمپنی کے مالیاتی سال تختہ اور اس رپورٹ کی تاریخ کے درمیان نہ ہی کوئی عزم کئے گئے اور نہ ہی کوئی واضح تبدیلی ہوئی جس سے گروپ کمپنیز کی مالیاتی پوزیشن اثر انداز ہو ماسوائے جن کو متعلقہ سالانہ رپورٹس میں بیان کیا گیا ہے۔

کاروبار کی نوعیت میں تبدیلی

سال کے دوران کسی بھی گروپ کمپنی کے کاروبار کی نوعیت میں کوئی اہم تبدیلی نہیں ہوئی۔

آڈیٹرز کا مشاہدہ

سال تختہ 30 جون، 2021 کی سالانہ آڈٹ رپورٹ میں کسی بھی گروپ کمپنی کے بارے میں آڈیٹرز نے اپنی رپورٹ میں کسی قسم کی منفی رائے نہیں دی۔

مستقبل کے امکانات

گروپ کمپنیز کی صلاحیتوں پر کسی کو کوئی بھی شک نہیں اس لئے مستقبل میں ترقی کے امکانات روشن ہیں۔

د۔ موزوں داخلی مالیاتی کنٹرولز

موزوں داخلی مالیاتی کنٹرولز موجود ہیں اور ان کا مشاہدہ کیا جاتا ہے۔

بولان کاسٹنگ لمیٹڈ

ا۔ بورڈ آف ڈائریکٹرز

موجودہ بورڈ 7 ڈائریکٹرز پر مشتمل ہے جن کا انتخاب 28 اکتوبر، 2020 کو ہونے والی کمپنی کی سالانہ جنرل میٹنگ میں کیا گیا۔ سال کے دوران مسٹر لطیف خالد ہاشمی کی وفات کے بعد ایک اتفاقاً آسانی پیدا ہوئی جو میاں محمد سلیم کی تعیناتی سے پُر کی گئی۔ کمپنی کے ڈائریکٹرز درج ذیل ہیں: مسٹر سکندر مصطفیٰ خان، سہیل بشیر رانا، لیتیق الدین انصاری، میاں محمد سلیم، عامر امین، تبسم رانا، عبدالحمید احمد ڈاگہ۔

ب۔ کمپنی کاروبار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

بی سی ایل پاکستان اسٹاک ایکسچینج میں لسٹڈ ایک پبلک لمیٹڈ کمپنی ہے۔ بی سی ایل ٹریڈنگ کے پیچیدہ پرزہ جات بناتی ہے جیسا کہ ایم ٹی ایل کیلئے ٹریڈنگ کاسٹنگ وغیرہ۔ ایم ٹی ایل کمپنی کے کل ادا شدہ سرمائے میں 46.26 فیصد کے شیئرز رکھتی ہے۔ اس مالیاتی سال کے دوران کمپنی نے 10,674 ایم ٹی کاسٹنگز بنائی ہیں جو گزشتہ سال 6,623 ایم ٹی تھیں۔ یوں اس میں 61.16 فیصد اضافہ ہوا۔ جبکہ اس سال 19,634 ایم ٹی کاسٹنگ سیلز کی گئیں جبکہ گزشتہ سال یہ مقدار 16,839 ایم ٹی تھیں یوں اس میں 40.86 فیصد اضافہ ہوا۔

دنیا کی دیگر معیشتوں کے برعکس موجودہ مالی سال کے دوران پاکستان کی معیشت زیادہ تیزی سے بحالی کی جانب گامزن ہوئی، جس کی بنیادی وجہ مقامی معاشی سرگرمی میں نمایاں اضافہ تھا۔ اس مالی سال کے دوران ٹریڈنگ انڈسٹری میں نمایاں ترقی دیکھنے میں آئی۔ مقامی و بین الاقوامی سطح پر طلب میں اضافہ کی بدولت ٹریڈنگ فروخت میں بھراؤ نظر آیا، نتیجتاً مہنگائی میں اضافہ اور غیر ملکی کرنسیوں کے مقابلہ میں پاکستانی روپے کی قدر میں کمی جیسے چیلنجز کے باوجود وینڈرز پارٹس اور ایسیریز کی فروقت فراہمی کیلئے کمر بستہ رہے۔

سال کیلئے کمپنی کا سیلز ریویو 2,418.8 ملین روپے رہا جبکہ گزشتہ سال یہ سیلز 1,332.56 ملین روپے رہے۔ مجموعی منافع 303.30 ملین روپے تھا جبکہ گزشتہ سال یہ 88.13 ملین روپے نقصان کی صورت میں تھا۔ قبل از ٹیکس منافع 223.91 ملین روپے تھا جبکہ گزشتہ سال یہ نقصان کی صورت میں 259.61 ملین روپے تھا۔ رواں سال منافع بعد از ٹیکس 132.38 ملین روپے تھا جبکہ گزشتہ سال یہ 271.68 ملین روپے کے نقصان کی صورت میں تھا۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

مؤثر رسک مینجمنٹ کاروباری استحکام کیلئے انتہائی لازم و ملزوم ہے۔ بی سی ایل کے انتظامی فریم ورک (جو داخلی کنٹرول پالیسیز سے منسلک ہے) سے بنیادی خطرات کم کرنے اور توجہ مرکوز رکھنے میں کافی مدد ملتی ہے۔ تاہم مجموعی طور پر کمپنی کو مالیاتی اعتبار سے محدود خطرات کا سامنا کرنا پڑ سکتا ہے کیونکہ مارکیٹ میں اس طرح کی صورتحال میں خطرے کا اندیشہ کم رہتا ہے۔ انٹرنل آڈٹ ڈیپارٹمنٹ بورڈ آف ڈائریکٹرز کو رسک مینجمنٹ اور کنٹرول کے طریقہ کار کے مؤثر ہونے کی آزاد اندر رپورٹ پیش کرتا ہے۔

ج۔ مستقبل میں منافع کے امکانات

معیشت بتدریج پائیداری اور ترقی کی جانب گامزن ہے اور اس کا انحصار کرونا وباء اور پاکستانی روپے کی قدر میں کمی کی وجہ سے پیدا ہونے والے حالات پر تقابلاً پانے کیلئے بنائی گئی حکومتی معاشی پالیسیوں پر ہے۔ جیسا کہ حکومت نے زراعت کیلئے معاشی محرک پیکیجز اور کسان پروگرامز کیلئے اقدامات اٹھائے ہیں۔ یہ یقینی امر ہے کہ حالیہ معاشی ڈویلپمنٹ کی وجہ سے ٹریڈنگ اور اس کی وینڈنگ انڈسٹری میں معاشی کارکردگی کے حوالے سے بہتری کی اُمید نظر آ رہی ہے۔ اس کے علاوہ بی سی ایل نئے سیلز ایویونز کیلئے جدوجہد کر رہی ہے اور اس کے ساتھ ساتھ لاگت میں کمی کیلئے اقدامات اٹھا رہی ہے۔

د۔ موزوں داخلی مالیاتی کنٹرولز

بی سی ایل کے پاس داخلی کنٹرولز کا ایک منظم سسٹم ہے جسے ایسے خطرات کی شناخت اور نشاندہی کے لئے تیار کیا گیا ہے جو کمپنی کے کاروباری اہداف میں رکاوٹ بن سکتے ہیں۔ اس لئے یہ سسٹم کسی بنیادی غلط بیانی یا نقصان کے حوالے سے ایک معقول اور یقینی حل پیش کرتا ہے۔ آڈٹ کمیٹی داخلی کنٹرول سسٹم کی افادیت کو جانچنے کی ذمہ دار ہے۔

ملت ایکویٹیٹ لمیٹڈ

الف۔ بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز مسٹر سکندر مصطفیٰ خان، لیتیق الدین انصاری، محمد مصطفیٰ خان، محمد مصطفیٰ سہیل، مراد نصیر الدین انصاری، فیصل سلیم اور سید محمد عرفان عقیل ہیں جو 30 جون، 2021 کو منعقد ہونے والی EOGM میں منتخب ہوئے تھے۔ مسٹر احسن عمران شیخ کمپنی کے سی ای او ہیں جن کو 01 جولائی، 2021 کو تعینات کیا گیا۔

ب۔ کمپنی کاروبار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

ایم ای ایل ایک نان لسٹڈ پبلک لمیٹڈ کمپنی ہے جو ایم ٹی ایل کے لئے گنیر، شافٹس اور دیگر متعلقہ پارٹس بناتی ہے۔ ایم ای ایل کے کل ادا شدہ سرمائے میں ایم ٹی ایل 45% شیئرز رکھتی ہے۔ کمپنی کی بنیادی سرگرمیاں پچھلے سال کی طرح رہیں جیسا کہ پاکستان میں بیسی فرگوسن ٹریڈنگ کے مختلف ماڈلز کے گیزر اور شافٹس کی تیاری۔ رواں سال کے دوران کمپنی کی کارکردگی انتہائی شاندار رہی۔ ایم ای

گروپ ڈائریکٹرز رپورٹ

ڈائریکٹرز کی جانب سے گروپ کی 30 جون، 2021 کو ختم ہونے والی سال کی رپورٹ ہمراہ گروپ کی آڈٹ شدہ مجموعی فنانشل سٹیٹمنٹس بخوشی پیش کی جاتی ہیں۔

گروپ

گروپ جو کہ ملت ٹریڈرز لمیٹڈ (ایم ٹی ایل) (ہولڈنگ کمپنی) اور اس کی ذیلی کمپنیاں جیسے کہ ملت انڈسٹریل پراڈکٹس لمیٹڈ (ایم آئی پی ایل)، ٹائی پیگ انڈسٹریڈ ڈی ایم سی سی، دئی، یو اے ای، بولان کاسٹنگ لمیٹڈ (بی سی ایل) اور ملت ایکوپمٹ لمیٹڈ (ایم ای ایل) پر مشتمل ہے۔

ملت انڈسٹریل پراڈکٹس لمیٹڈ

الف۔ بورڈ آف ڈائریکٹرز

موجودہ بورڈ 7 ڈائریکٹرز پر مشتمل ہے جن میں سے چھ ڈائریکٹرز کا انتخاب 30 اکتوبر، 2020 کو ہونے والی کمپنی کی 19 ویں جنرل میٹنگ میں کیا گیا۔ سال کے دوران مسٹر لطیف خالد ہاشمی کی وفات کے بعد ایک اتفاقیہ آسامی پیدا ہوئی جو کہ مسٹر سہیل احمد شاکر کی تعیناتی سے پُر کی گئی۔ کمپنی کے ڈائریکٹرز درج ذیل ہیں: مسٹر سکندر مصطفیٰ خان، سہیل بشیر رانا، لیتیق الدین انصاری، میاں محمد سلیم، احسن عمران شیخ، جاوید اسلم اور سہیل احمد شاکر۔

ب۔ بنیادی سرگرمیاں، کمپنی کا روبار کی کارکردگی اور ترقی

کمپنی گاڑیوں، فیکٹریوں اور گھروں میں استعمال ہونے والی بیٹریاں بنانے کے کام سے وابستہ ہے۔ کمپنی نے موجودہ سال کے دوران 1,716,362 ملین روپے کی سیلز کیس اور خالص منافع بعد از ٹیکس 76,550 ملین روپے رہا۔ مجموعی منافع فی شیئر کے حساب سے (8.55 روپے) رہا۔

کمپنی سٹشی ٹوانائی استعمال کرنے والے صارفین کے لیے زیادہ سے زیادہ بیک اپ ٹائم کی حامل سولر بیٹریز بنانی ہے۔ ڈیپ سائیکل بیٹریز کی فروخت میں بھی اضافہ ہوا۔ مارکیٹ پر نظر رکھتے ہوئے کمپنی مرمت سے آزاد (Maintenance Free) بیٹریاں بھی بہت جلد متعارف کروائی جائیں گی۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو درپیش اہم مسائل اور خطرات میں خام مال کی قیمتوں میں تبدیلی، روپے کی غیر معمولی گراوٹ کی وجہ سے درآمد شدہ خام مال کی لاگت میں اضافہ، بجلی کی رسد میں بہتری کے سبب یو پی ایس کی بیٹریز کی طلب میں کمی اور مارکیٹ میں نئے مقابلہ وروں کی آمد شامل ہیں۔ اس سال کے دوران مقامی اور بین الاقوامی سطح پر خام مال کی قیمتوں میں اضافے نے منافع کی شرح کو بے حد متاثر کیا۔ کمپنی کے کاروبار کی نوعیت کے حوالے سے اس مالی سال میں کوئی تبدیلی وقوع پذیر نہیں ہوئی۔

ج۔ مستقبل میں منافع کے امکانات

کمپنی آئندہ مالی سال فروخت کے نئے اہداف مقرر کر کے اپنے منافع میں اضافہ کرنے کے لئے پرعزم ہے۔ اسکے ساتھ ساتھ کواٹی اور کاسٹ کنٹرول کے ذریعے مارکیٹ میں رومنا ہونے والی تبدیلیوں اور نئے رجحانات کا ڈٹ کر مقابلہ کیا جائے گا۔

د۔ موزوں داخلی مالیاتی کنٹریولز

داخلی مالیاتی کنٹریولز اپنی جگہ پر ہیں اور انٹرنل آڈٹ ڈیپارٹمنٹ کے متعلقہ افراد کی جانب سے ان کا مستقل بنیادوں پر باریک بینی سے مشاہدہ کیا جاتا ہے۔

ٹائی پیگ انڈسٹریڈ ڈی ایم سی سی

ا۔ بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز مسٹر سکندر مصطفیٰ خان، سہیل بشیر رانا، لیتیق الدین انصاری اور میاں محمد سلیم ہیں۔ سال کے دوران مسٹر لطیف خالد ہاشمی کی وفات کے بعد ایک اتفاقیہ آسامی پیدا ہوئی۔

ب۔ کمپنی کے کاروبار کی کارکردگی، ترقی اور بنیادی سرگرمیاں

ٹائی پیگ انڈسٹریڈ ڈی ایم سی سی، دئی، یو اے ای میں ایک لمیٹڈ لائیو کمپنی ہے جو کہ دئی لائیو کموڈوٹیز سینٹر اتھارٹی کے ساتھ رجسٹرڈ ہے۔ ملت ٹریڈرز لمیٹڈ کمپنی کی ایکویٹی میں 75% کا ملکیتی حصہ رکھتی ہے۔ کمپنی کی بنیادی سرگرمیوں میں مشینری اور بھاری ایکوپمٹ اور پارٹس کی ٹریڈنگ شامل ہے۔ کمپنی کے کاروبار کی جگہ جو میرہ لیک ٹاورز (Jumeirah Lake Towers) دئی، یو اے ای میں واقع ہے۔ ٹائی پیگ کی اس عرصہ کے دوران خالص منافع 1.025 ملین (اے ای ڈی) رہا اور رجسٹرڈ سیلز 42,268 ملین (اے ای ڈی) رہی۔ فی حصص آمدنی 512.50 (اے ای ڈی) رہی۔ اب تک کمپنی کی کارکردگی اطمینان بخش رہی اور پاکستان سے ٹریڈرز کی زیادہ برآمدات کے بعد بزنس کو مزید فروغ ملے گا۔

پ۔ بنیادی خطرات اور غیر یقینی صورتحال

نی اوقت کمپنی کو ایسے کسی بھی خطرے یا غیر یقینی صورتحال کا سامنا نہیں ہے جو کمپنی کی کارکردگی کو متاثر کرے۔ کمپنی کے کاروبار کی نوعیت کے حوالے سے مالیاتی سال میں کوئی تبدیلی نہیں آئی۔

ج۔ مستقبل میں منافع کے امکانات

کمپنی کا یہ عزم ہے کہ ایم ٹی ایل اور دیگر گروپ کمپنی کی مارکیٹنگ پراڈکٹس کو افریقہ اور دیگر بین الاقوامی مارکیٹس تک رسائی دے کر سیلز میں اضافہ کیا جائے۔

INDEPENDENT AUDITOR'S REPORT

To the members of Millat Tractors Limited

Opinion

We have audited the annexed consolidated financial statements of Millat Tractors Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. #	Key audit matter	How the matter was addressed in our audit
1	<p>Revenue recognition</p> <p>(Refer note 4.16, note 35 to the annexed consolidated financial statements)</p> <p>The Group is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products.</p> <p>Revenue from sale of tractors is recognized when the performance obligation is satisfied by transferring control to customer i.e. upon delivery and acknowledgement from the customer. The Group recognizes revenue from the sales of own manufactured goods measured net of discounts and commissions.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> evaluated management controls over revenue and checked their validation; performed verification of sales with underlying documentation including dispatch documents and sales invoices; tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; verified that sales prices are approved by the appropriate authority;

Sr. #	Key audit matter	How the matter was addressed in our audit
	<p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group and for the year revenue has increased significantly as compared to the last year. In addition, revenue was also considered as an area of inherent risk of material misstatement and significant audit risk as part of the audit process.</p>	<ul style="list-style-type: none"> • performed audit procedures to analyze variation in the price and quantity sold during the year; • tested on a sample basis, specific discounts and commission as per Group's policy; and • assessed the adequacy of disclosures made in the consolidated financial statements related to revenue.
2	<p>Investment measured at Fair Value</p> <p>(Refer note 4.11, note 22.2 and note 49.1 to the annexed consolidated financial statements)</p> <p>The Group holds investment in the equity instrument of Hyundai Nishat Motor (Private) Limited ('HNMPL'). Due to HNMPL being a non-listed company, their shares do not have a quoted price in an active market.</p> <p>Therefore, fair value of their shares has been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flow of the business and related discount rate.</p> <p>Due to the significant level of judgment and estimation required to determine the fair value of the investment, we consider it to be a key audit matter.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> • understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations; • evaluated the cash flow forecast by obtaining an understanding of respective businesses of HNMPL; • obtained an understanding of the work performed by the management on the model for the purpose of valuation; • obtained corroborating evidence relating to the values as determined by the management by challenging key assumptions for the growth rates in the cash flow forecast by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data; • performed sensitivity analysis around key assumptions to ascertain the extent of change individually in the value of the investment; and • assessed the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards.

Information Other than the Consolidated and Separate Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and our auditor's reports thereon.

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

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

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

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



A. F. Ferguson & Co
Chartered Accountants
Lahore
Date: September 30, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
75,000,000 (2020: 50,000,000) ordinary shares of Rs. 10/- each		750,000	500,000
Issued, subscribed and paid up capital	5	560,578	498,292
Reserves	6	9,471,014	4,286,481
		10,031,592	4,784,773
Non-controlling interest		1,049,532	851,210
Total equity		11,081,124	5,635,983
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term deposits	7	30,025	26,465
Deferred tax liabilities - net	8	938,586	56,876
Employees' defined benefit plan	9	85,072	212,988
Lease liabilities against right-of-use assets	10	1,442	9,881
Long term finance- secured	11	227,511	162,283
Deferred grant	12	21,085	14,281
		1,303,721	482,774
CURRENT LIABILITIES			
Accumulating compensated absences		146,256	141,791
Trade and other payables	13	4,064,135	2,978,371
Contract liabilities	14	9,920,662	3,179,725
Current portion of lease liabilities against right-of-use assets	10	4,386	3,706
Current portion of long term finance- secured	11	280,925	61,151
Current portion of deferred grant	12	26,424	13,263
Current portion of long term deposits	7	1,572	806
Short term borrowings	15	530,655	899,181
Taxation - net		372,038	-
Unclaimed dividend		284,291	287,923
Unpaid dividend		78,297	10,004
		15,709,641	7,575,921
CONTINGENCIES AND COMMITMENTS			
	16		
		28,094,486	13,694,678

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	17	1,793,993	1,645,923
Capital work in progress	18	49,828	34,425
		1,843,821	1,680,348
Right-of-use assets	19	4,896	12,931
Intangible assets	20	63,838	62,897
Goodwill		18,572	18,572
Investment property	21	255,708	255,708
Long term investments	22	5,906,278	1,794,719
Long term loans	23	3,347	3,081
Long term deposits	24	49,644	11,232
Employees' defined benefit plan	9	13,384	25,301
		8,159,488	3,864,789
CURRENT ASSETS			
Stores, spare parts and loose tools	25	585,931	494,972
Stock in trade	26	6,489,318	4,589,238
Trade debts	27	307,921	221,150
Loans and advances	28	198,623	110,503
Trade deposits and short term prepayments	29	77,120	49,972
Balances with statutory authorities	30	4,612,098	1,048,254
Other receivables	31	89,378	36,767
Tax refunds due from the Government		73,299	1,178,960
Short term investments	32	6,368,491	143,855
Cash and bank balances	33	1,132,819	1,955,126
		19,934,998	9,828,797
Non-current assets classified as held for sale	34	–	1,092
		28,094,486	13,694,678



Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Revenue from contracts with customers	35	45,665,237	23,896,549
Cost of sales	36	34,323,267	19,004,725
Gross profit		11,341,970	4,891,824
Distribution and marketing expenses	37	1,079,163	670,672
Administrative expenses	38	953,373	766,864
Other operating expenses	39	722,035	333,299
		2,754,571	1,770,835
Other income	40	567,434	148,703
Operating profit		9,154,833	3,269,692
Finance cost	41	79,287	359,413
Profit before tax		9,075,546	2,910,279
Taxation	42	2,509,419	946,089
Profit after tax for the year		6,566,127	1,964,190
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(7,936)	20,836
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain / (loss) on employees' defined benefit plan - net of tax		63,098	(389,595)
Unrealized gain on revaluation of investments at fair value through other comprehensive income		4,009,599	294,901
Less: Deferred tax		(865,851)	(64,382)
		3,206,846	(159,076)
Total other comprehensive income / (loss)		3,198,910	(138,240)
Total comprehensive income for the year		9,765,037	1,825,950
Attributable to:			
- Equity holders of the holding Company			
Profit after tax		6,021,909	1,995,056
Total comprehensive income / (loss) for the year		3,211,239	(135,001)
		9,233,148	1,860,055
- Non-controlling interests			
Profit after tax / (loss)		544,218	(30,866)
Total comprehensive loss for the year		(12,329)	(3,239)
		531,889	(34,105)
		9,765,037	1,825,950
Earnings per share - basic and diluted (Rupees)	45	117.13	Restated 35.04

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

	Issued, subscribed and paid up capital	Capital reserves		Revenue reserves		Total	Non- controlling interest	Total equity
		Exchange translation reserve	Fair value reserve	General reserves	Unappropri- ated profit			
(Rupees in thousand)								
Balance as on June 30, 2019	442,926	45,158	110,459	2,475,309	2,619,150	5,693,002	1,038,347	6,731,349
Final dividend for the year ended June 30, 2019 @ Rs. 40 per share	-	-	-	-	(1,771,702)	(1,771,702)	-	(1,771,702)
Bonus shares issued for the year ended June 30, 2019 @ 12.5% per share	55,366	-	-	-	(55,366)	-	-	-
Interim dividend for the year ended June 30, 2020 @ Rs. 20 per share	-	-	-	-	(996,582)	(996,582)	-	(996,582)
Dividend payment to non controlling interest	-	-	-	-	-	-	(153,032)	(153,032)
Net profit / (loss) for the year	-	-	-	-	1,995,056	1,995,056	(30,866)	1,964,190
Other comprehensive (loss) / income for the year	-	15,627	230,584	-	(381,212)	(135,001)	(3,239)	(138,240)
Total comprehensive income / (loss)	-	15,627	230,584	-	1,613,844	1,860,055	(34,105)	1,825,950
Balance as on June 30, 2020	498,292	60,785	341,043	2,475,309	1,409,344	4,784,773	851,210	5,635,983
Final dividend for the year ended June 30, 2020 @ Rs. 30 per share	-	-	-	-	(1,494,873)	(1,494,873)	-	(1,494,873)
Bonus shares issued during the half year ended December 31, 2020 @ 12.5% per share	62,286	-	-	-	(62,286)	-	-	-
Interim dividend for the year ended June 30, 2021 @ Rs. 50 per share	-	-	-	-	(2,491,456)	(2,491,456)	-	(2,491,456)
Dividend payment to non controlling interest	-	-	-	-	-	-	(333,567)	(333,567)
Net profit for the year	-	-	-	-	6,021,909	6,021,909	544,218	6,566,127
Other comprehensive income / (loss) for the year	-	(5,952)	3,140,927	-	76,264	3,211,239	(12,329)	3,198,910
Total comprehensive income / (loss)	-	(5,952)	3,140,927	-	6,098,173	9,233,148	531,889	9,765,037
Balance as on June 30, 2021	560,578	54,833	3,481,970	2,475,309	3,458,902	10,031,592	1,049,532	11,081,124

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousand)	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	46	15,316,759	4,168,658
Finance cost paid		(104,207)	(352,920)
(Increase) / decrease in long term loans to employees - net		(266)	581
Workers' Profit Participation Fund paid	13.2	(448,228)	(179,739)
Workers' Welfare Fund paid		(66,844)	(104,953)
Taxes (paid) / refunds - net		(4,579,705)	725,453
Retirement benefits paid - net		(93,325)	(14,136)
Long term security deposits (paid) / received		(34,086)	11,485
		(5,326,661)	85,771
Net cash flows generated from operating activities		9,990,098	4,254,429
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		(388,912)	(154,761)
Proceeds from disposal of property, plant and equipment		38,920	35,165
Payments for intangibles		(13,908)	-
Short term investments - net		(5,717,876)	3,901
Long term investments made - net		(101,960)	(412,943)
Profit on bank deposits received		69,013	22,161
Dividend received	46	72,829	3,140
Net cash flows used in from investing activities		(6,041,894)	(503,337)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to non controlling interests		(333,567)	(153,032)
Principal payment against lease liabilities		(3,781)	(2,209)
Long term financing received- net		304,967	250,978
Dividends paid to equity holders of the holding company		(3,921,668)	(2,824,567)
Net cash used in financing activities		(3,954,049)	(2,728,830)
Net (decrease) / increase in cash and cash equivalents		(5,845)	1,022,262
Cash and cash equivalents at the beginning of the year		1,199,800	156,702
Foreign exchange difference		(7,936)	20,836
Cash and cash equivalents at the end of the year	47	1,186,019	1,199,800

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

1 Legal status and nature of business

1.1 Holding company:

Millat Tractors Limited - (MTL)

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

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

Subsidiary companies:

a) Millat Industrial Products Limited (MIPL)

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

- The registered office of MIPL is situated at 8.8 km, Lahore- Sheikhupura Road, Shahdara, Lahore

- The manufacturing facility of MIPL is located at 49 km., off Multan Road, Bhai Pheru, Distt. Kasur.

b) Tipeg Intertrade DMCC

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

c) Millat Equipment Limited (MEL)

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

d) Bolan Castings Limited (BCL)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

1.2 Summary of significant transactions and events in the current reporting period

The Group's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- Revenue of the Group increased by Rs. 21,768,688 thousand (91%) as compared to prior year due to increase in volumes - refer notes 35.
- Additional long term investment were made by the Group in Hyundai Nishat Motors (Private) Limited (HNMPL) amounting to Rs. 159,403 thousand under the Share Subscription Agreement (SSA) and Shareholders Agreement (SHA) between both parties - refer note 22.
- Investments in HNMPL (level-3) have been remeasured, using a valuation technique based on discounted cash flow analysis, at the reporting date resulting in an estimated fair value gain of Rs. 3,980,925 thousand. - refer note 22.2 and 49.1. The resulting fair value gain has been recognised in the other comprehensive income in these consolidated financial statements.
- Short term investments of the Group has increased by Rs. 6,224,636 thousand as compared to prior year - refer to note 32;
- During the year, the Group has obtained and repaid certain long term financing against the State Bank of Pakistan's (SBP) salary refinance scheme of salaries and wages. Moreover, the Group also availed long term financing against the SBP refinance scheme for renewable energy for setting-up and commissioning solar power system - refer to note 11.
- Balances with statutory authorities on account of sales tax refunds increased by Rs. 3,563,844 as compared to the prior year - refer to note 30; and
- During the year, the BCL terminated a funded pension scheme which was operating for all its permanent employees by distributing plan assets amounting to Rs 115,857 thousand among current employees and pensioners - refer to note 9.

1.3 Impact of COVID-19 on the consolidated financial statements

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Group temporarily suspended its operations from March 24, 2020. In the Group's case, the lockdown was subsequently relaxed from March 30, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these consolidated financial statements.

2 Statement of compliance

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

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

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

3 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value or amortised cost and recognition of certain employee's retirement benefit plan at present value.

3.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value or amortised cost and recognition of certain employee retirement benefits at present value.

3.2 Critical accounting estimates and judgments

The Group's significant accounting policies are stated in note 4 to these consolidated financial statements. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

3.2.1 Employees' retirement benefits and other obligations

The Group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations i.e. employees' defined benefit plan and other obligations. The valuation is based on assumptions as mentioned in note 4.4 to these consolidated financial statements.

3.2.2 Provision for taxation

The Group takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature are in accordance with law and the outcome is expected in favour of the Group are shown as contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

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

3.2.4 Provision for inventories and stores

The Group regularly reviews the inventories for impairment. Provision for obsolete and slow-moving inventories is based on management's estimate of the condition and usability of inventories and stores.

3.2.5 Impairment of trade receivables

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

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

3.2.6 Fair value of unquoted investments

Fair value of unquoted investments is determined by using valuation techniques. The Group uses its judgment to select an appropriate method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flow analysis for this purpose as fully explained in note 22.2 to these consolidated financial statements.

3.2.7 Recording and impairment of goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss account.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash-Generating Units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.2.8 Lease term of right of use asset and lease liability

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.3 Functional and presentation currency

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

4 Summary of significant accounting policies

The significant accounting policies which have been adopted in the preparation of these consolidated financial statements of the Group are consistent with previous year except as discussed in Note 4.1 and are as follows:

4.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year but are not relevant

The Group has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- 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, improvements to accounting standards and interpretations did not have any effect on the consolidated financial statements of the Group.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation	Effective Date (Annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 01, 2022
Cost of Fulfilling an Onerous Contracts – Amendments to IAS 37	January 01, 2022
Updating a Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 01, 2023
Amended by Definition of Accounting Estimates – Amendments to IAS 8	January 01, 2023

The management is in the process of assessing the impact of changes laid down by these standards on its consolidated financial statements.

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In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in previous years. Such improvements are generally effective for accounting periods beginning on or after January 01, 2021 and January 01, 2022 respectively. The Group expects that such improvements to the standards will not have any significant impact on the Group's consolidated financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	IASB effective date (Annual periods beginning on or after)
IFRS 17 – Insurance Contracts	January 01, 2023

4.2 Principles of consolidation

4.2.1 Subsidiaries

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss. The assets, liabilities, income and expenses of subsidiaries are consolidated on a line by line basis and the carrying amount of investments held by the holding company is eliminated against the subsidiaries' shareholders' equity in the consolidated financials statements. Inter-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies used in preparation of consolidated financial statements of the holding company are consistent with accounting policies of its subsidiaries. When necessary, adjustments are made to bring the accounting policies in line with that of the holding company.

All significant intra-group transactions and balances between Group enterprises, and unrealised profits are eliminated on consolidation.

4.2.2 Non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the profit or loss. Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets on fair value.

4.3 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (the CEO) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Accordingly, for reporting purposes, the Group has been organised into business units based on its products and services and has three separate reportable segments, as follows:

The "tractors segment", which deals with assembling and manufacturing of agricultural tractors, implements and multi-application products.

The "tractor components segment" i.e. equipment and parts, which is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles parts and components thereof.

The "castings segment", which is engaged in the business of manufacturing of castings for tractors and automotive parts thereof.

Other business activities of the Group have been presented under "others segment". Accordingly, no operating segments have been aggregated to form the above reportable operating segments.

4.4 Employees' retirement benefits and other obligations

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

4.4.1 Defined benefit plan

4.4.1.1 Pension

MTL operates, while BCL previously operated a funded defined benefit pension scheme for all eligible employees. A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Contributions under the scheme are made to this fund on the basis of actuarial recommendation and are charged to profit or loss. The latest actuarial valuation for the scheme was carried out as at June 30, 2021.

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

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

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	Pension scheme			
	Millat Tractors Limited		Boln Casting Limited	
	2021	2020	2021	2020
Expected rate of increase in salary level	9.00%	7.50%	N/A	8.50%
Discount rate used for interest cost in profit and loss	8.50%	14.25%	N/A	8.50%
Discount rate used for year end obligation	10.00%	8.50%	N/A	8.50%
Average expected remaining working life of employees	8 years	8 years	N/A	7.99 years

4.4.2 Defined contribution plans

4.4.2.1 Gratuity

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

BCL operates an approved funded defined benefit executives' gratuity scheme for all eligible executive employees and unfunded defined benefit non-executive gratuity scheme for all eligible non-executive employees.

4.4.2.2 Provident fund

The Group operates an approved defined contribution provident funds for all permanent employees. Equal contributions are made by employees and the Group at the rate of 10 percent of basic salary per month and charged to profit or loss account.

4.4.3 Accumulating compensated absences

MTL, BCL and MEL provide for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences and are charged to profit and loss.

4.5 Taxation

4.5.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

4.5.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit or loss, except in the case of items credited or charged to other comprehensive income in which case it is included in equity.

4.6 Property, plant and equipment

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

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

Depreciation on all items of property, plant and equipment except for leasehold office building is charged to profit or loss applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation on leasehold office building is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the asset. Depreciation is being charged at the rates given in note 17. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

The Group continually assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit or loss for the year. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, and the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

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

4.7 Right-of-use asset and Lease liability

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

The Group applies a practical expedient and, does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets, if any. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

For lease contracts other than the aforementioned, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

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

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

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

4.8 Capital work-in-progress

All expenditure connected with specific assets i.e. property, plant and equipment or intangible assets incurred during installation and construction period including advances to suppliers and contractors are carried under this head. These are transferred to specific assets as and when these assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss, if any.

4.9 Intangible assets

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method over a period of three years.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

The Group assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.10 Investment property

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

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

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

4.11 Investments and other financial assets

4.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- at Fair Value through Profit or Loss ("FVPL"),
- at Fair Value through Other Comprehensive Income ("FVOCI"), or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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

4.11.2 Recognition and derecognition

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

4.11.3 Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are Solely Payment of Principal and Interest (SPPI).

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a) Debt instruments

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

i) Financial assets at amortized cost

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

ii) Financial assets at fair value through other comprehensive income

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

iii) Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income/(operating expenses) in the period in which it arises.

b) Equity instruments

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

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

4.11.4 Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and fair value through other comprehensive income, trade receivables, contract assets recognised and measured under IFRS 15 and that are not measured at fair value through profit or loss.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group therefore concludes that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract

assets. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

A distinction is made between, financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1). Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2). Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment, if any, of the indicators were present i.e. significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or late payments.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments past due date. Impairment losses on trade receivables and contract assets are presented as net impairment losses in the profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

4.12 Stores, spare parts and loose tools

Stores and spares are valued at lower of net realizable value or moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon.

Provision for obsolete and slow-moving stores, spare parts and loose tools is based on management estimate of the condition and usability of such stores.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision for obsolete and slow-moving stores and spares is based on management estimate as to the condition and usability of such stores, spare parts and loose tools.

4.13 Stock in trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued principally at the lower of moving average cost and net realizable value.

Cost of raw materials and trading stock comprises the invoice value plus other charges paid thereon.

Cost of work-in-process and finished goods include direct material, labour and appropriate portion of manufacturing overheads.

Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

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Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision for obsolete and slow-moving stock-in-trade is based on management estimate.

4.14 Trade debts

Trade debts are carried at original invoice amount less any expected credit losses based on review of outstanding amounts at the year end in accordance with the simplified approach as mentioned in note 4.10.4. Bad debts are written off when identified.

4.15 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are stated at cost and comprise of cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

4.16 Revenue recognition

Revenue from the sale of goods along with provisions of after market services is recognised when performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements

4.16.1 a) Sale of goods

Revenue from contracts for tractors, implements and tractor components, multi-application products, trading goods, batteries and casting is recognized upon delivery and acknowledgement of the good by the customer i.e. point in time when the performance obligation of the Group is satisfied. Since there is only one performance obligation the revenue is recognized at full amount. Payments for sale of goods are either received in advance or made with credit terms as per Group policy on a case to case basis.

b) Sale of service warranties

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

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

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

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

Others

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

4.17 Research cost

These costs are charged to profit and loss when incurred.

4.18 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.19 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

4.20 Provisions

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

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

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

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4.21 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. Foreign exchange gains and losses on translation are recognized in the profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

On consolidation, the assets and liabilities of foreign operations are translated into Pak Rupees at the rate of exchange prevailing at the reporting date and their profit or loss are translated at average rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

4.22 Financial liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument and de-recognized when the obligation specified in the contract is discharged, cancelled or expired. The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

All financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial liabilities are subsequently measured at fair value through profit and loss ("FVPL") or at amortised cost, as the case may be. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVPL. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Where management has opted to recognise a financial liability at FVPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVPL.

4.23 Offsetting of financial assets and liabilities

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

4.24 Reserves

Reserve are classified into two categories as follows:

4.24.1 Revenue reserve

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

4.24.2 Capital reserve

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

4.25 Earning per share

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

4.26 Contingent liabilities

Contingent liability is disclosed when:

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

4.27 Dividend and appropriations

Dividend distribution to the Group's shareholders is recognized as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the consolidated financial statements are authorized for issue, they are disclosed in the notes to the consolidated financial statements.

4.28 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

In subsequent periods, the grant shall be recognized in statement of profit or loss , in line with the recognition of interest expense the grant is compensating.

4.29 Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The criteria for held for sale classification is regarded as met only when:

- i) When the sale is highly probable.
- ii) The asset is available for immediate sale in its present condition.
- iii) Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.
- iv) Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

5 Issued, subscribed and paid up capital

2021 (Number of shares in thousand)		2020		2021 (Rupees in thousand)		2020 (Rupees in thousand)	
2,543	2,543			25,429		25,429	
47,286	41,750			472,863		417,497	
6,228	5,536			62,286		55,366	
53,514	47,286			535,149		472,863	
56,057	49,829			560,578		498,292	

2021		2020	
(Rupees in thousand)		(Rupees in thousand)	
6 Reserves			
Capital reserve			
Fair value reserve - Investments measured at FVOCI	3,481,970		341,043
Exchange translation reserve	54,833		60,785
	3,536,803		401,828
Revenue reserve			
General reserve	2,475,309		2,475,309
Unappropriated profit	3,458,902		1,409,344
	5,934,211		3,884,653
	9,471,014		4,286,481

7 Long term deposits

This includes security deposits received from dealers amounting to Rs. 13,433 thousand (2020: Rs. 12,643 thousand) which, by virtue of agreement, are interest free. These are repayable on cancellation of dealership contract with dealers and cannot be utilized for the purpose of the business. These have been kept in separate bank account in accordance with the requirements of the section 217 of the Companies Act, 2017.

	Note	2021	2020
(Rupees in thousand)			
8	Deferred tax liabilities - net		
	The liabilities / (asset) for deferred tax comprises temporary differences relating to:		
	Taxable temporary differences:		
	Accelerated tax depreciation	173,643	171,380
	Change in fair value of investments	930,976	64,382
		1,104,619	235,762
	Deductible temporary differences:		
	Accumulating compensated absences	(10,318)	(10,687)
	Provision for impaired / doubtful receivables	(10,624)	(12,846)
	Non current assets classified as held for sale held for sale	-	(182)
	Provision for warranty	(3,985)	(2,890)
	Unused tax losses	(117,803)	(127,931)
	8.1		
	Provision for impairment of intangible	(2,367)	-
	Provision for retirement benefit obligations	(20,581)	(24,350)
	Provision for slow moving stores	(355)	-
		(166,033)	(178,886)
	Net deferred tax liability at the year end	938,586	56,876

8.1 Deferred tax asset on unused tax losses represents the minimum tax available for carry forward under the Income Tax Ordinance, 2001 and is recognised to the extent that the realization of related tax benefits through future taxable profits of the Company is probable. The projections are based on management's best estimates of key production, sales and economic assumptions. Accordingly, the management anticipates that it would be able to realize that unused tax losses arising on disposal of short term investments, carried forward minimum tax and carried forward business losses within the period allowed under the Income Tax Ordinance, 2001.

8.2 Under the Finance Act, 2020 and upheld by Finance Act 2021, a corporate tax rate of 29% has been fixed. Therefore, deferred tax assets and liabilities have been recognized accordingly using the expected applicable rate i.e. 29%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2021	2020
		(Rupees in thousand)	
9	Employees' defined benefit plan		
	Staff retirements benefit plan- Liability		
	Holding company	50,255	123,029
	Subsidiary	34,817	89,959
		85,072	212,988
	Staff retirements benefit plan - Asset		
	Holding company	-	-
	Subsidiary	(13,384)	(25,301)
		(13,384)	(25,301)
9.1	Present value of defined benefit obligation	1,160,998	1,232,563
	Fair value of plan assets	(1,110,743)	(1,109,534)
	Liability / (asset) recognized in the statement of financial position	50,255	123,029
9.1.1	For the year		
	Salaries, wages and amenities include the following in respect of employees' pension scheme:		
	Current service cost	13,387	10,471
	Interest cost	100,667	114,711
	Expected return on plan assets	(90,577)	(146,700)
		23,477	(21,518)
9.1.2	The movement in present value of defined benefit obligation is as follows:		
	Present value of defined benefit obligation at beginning of year	1,232,563	848,495
	Current service cost	13,387	10,471
	Interest cost	100,667	114,711
	Benefits paid	(96,491)	(87,014)
	Actuarial gain	(89,128)	345,900
	Present value of defined benefit obligation at end of year	1,160,998	1,232,563
9.1.3	The movement in fair value of plan assets is as follows:		
	Fair value of plan assets at beginning of year	1,109,534	1,068,014
	Expected return on assets	90,577	146,700
	Contributions	8,653	9,929
	Benefits paid	(96,491)	(87,014)
	Return on plan assets	(1,530)	(28,095)
	Fair value of plan assets at end of year	1,110,743	1,109,534
	Actual return on plan assets	89,047	118,605

	2021	2020
	(Rupees in thousand)	
9.1.4 Plan assets comprise of :		
Term deposit receipts :		
United Bank Limited	295,500	320,000
Meezan Bank Limited	–	–
Bank Alfiah Limited	–	441,191
Zarai Taraqiyati Bank Limited	421,129	–
Special Bank account:		
NAFA Capital proceeds	353,747	318,655
Accrued interest and bank balance:		
Bank balances	38,604	27,913
Advance income tax	1,777	1,777
Less: payables	(14)	(3)
	1,110,743	1,109,533

Investments out of funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

9.1.5 Comparison of present value of defined benefit obligation, the fair value of plan assets and the resulting surplus or deficit of pension fund is as follows:

	2021	2020	2019	2018	2017
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	1,160,998	1,232,563	848,495	1,109,824	1,105,684
Less: Fair value of plan assets	1,110,743	1,109,534	1,068,014	1,085,220	1,145,646
(Deficit) / Surplus	(50,255)	(123,029)	219,519	(24,604)	39,962
Experience adjustment on obligation	(89,128)	345,900	(292,128)	(23,087)	(72,804)
Experience adjustment on plan assets	(1,530)	(28,095)	(41,191)	(85,687)	69,538

Sensitivity analysis

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase and disclosed in note 4.4.1.1. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021	2020
	(Rupees in thousand)	
Discount rate + 100 bps	1,079	1,137
Discount rate - 100 bps	1,255	1,344
Salary increase + 100 bps	1,172	1,246
Salary increase - 100 bps	1,151	1,220
Indexation rate + 100 bps	1,258	1,345

9.2 Subsidiary staff retirement benefit plan - BCL

Employees' defined benefit plan- liability	34,817	89,959
Employees' defined benefit plan- asset	(13,384)	(25,301)

	2021			2020		
	Funded		Un-funded	Funded		Un-funded
	Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity
	(Rupees in thousand)					
Balance sheet reconciliation						
Present value of defined benefit obligation at end of year	-	26,205	34,817	187,627	25,978	29,840
Less: Fair value of plan assets at end of year	-	39,589		127,508	51,279	-
Deficit / (surplus)	-	(13,384)	34,817	60,119	(25,301)	29,840
Movement in the present value of defined benefit obligation						
Balances at beginning of year	187,627	25,978	29,840	131,839	45,691	32,196
Benefits paid by the plan	(12,804)	(3,042)	(3,694)	(11,937)	(18,963)	(2,641)
Settlement paid	(115,857)	-	-	-	-	-
Current service costs	1,342	937	1,360	1,753	1,773	1,580
Past service cost	-	-	-	-	-	-
Interest cost	11,960	2,078	2,379	17,937	5,142	4,400
Remeasurement	(7,114)	254	4,932	47,137	(7,665)	(5,694)
Employee contributions	652	-	-	898	-	-
Gain on curtailment & settlement	(65,806)	-	-	-	-	-
Balance at end of year	-	26,205	34,817	187,627	25,978	29,841
Movement in the fair value of plan assets						
Balance at beginning of year	127,507	51,279	-	114,416	57,523	-
Contributions paid into the plan	1,448	417	-	1,993	508	-
Benefits paid by the plan	(12,804)	(3,042)	-	(11,937)	(18,963)	-
Settlement paid	(115,857)	-	-	-	-	-
Interest income	8,259	4,376	-	15,660	6,882	-
Remeasurement	(9,205)	(13,441)	-	6,478	5,329	-
Employee contributions	652	-	-	898	-	-
Balance at end of year	-	39,589	-	127,508	51,279	-

	2021			2020		
	Funded		Un-funded	Funded		Un-funded
	Pension	Executives' Gratuity	Non-Executives' Gratuity	Pension	Executives' Gratuity	Non-Executives' Gratuity
	(Rupees in thousand)					
Expense / (Income) recognised in profit and loss account						
Current service costs	1,342	936	1,360	1,753	1,774	1,580
Gain on curtailment & settlement	(65,806)	-	-	-	-	-
Net Interest (income) / cost	3,702	(2,298)	2,379	2,277	(1,740)	4,400
Expense / (Income) recognised in in profit or loss	(60,762)	(1,362)	3,739	4,030	34	5,980
Remeasurement recognised in other comprehensive income						
Experience (gains) / losses	(7,114)	254	4,932	47,137	(7,665)	(5,694)
Remeasurement of fair value of plan assets	9,205	13,441	-	(6,478)	(5,329)	-
Remeasurements	2,091	13,695	4,932	40,659	(12,994)	(5,694)
Net recognised liability / (asset)						
Net recognised liability / (asset) at beginning of year	60,119	(25,300)	29,840	17,423	(11,833)	32,195
(Income) / expense recognised in profit or loss	(60,762)	(1,362)	3,739	4,030	34	5,980
Contribution made during the year to the Fund	(1,448)	(415)	(3,693)	(1,993)	(507)	(2,641)
Remeasurements recognised in other comprehensive (loss) / income	2,091	13,695	4,932	40,659	(12,994)	(5,694)
Recognised liability / (asset) at end of year	-	(13,382)	34,818	60,119	(25,300)	29,840
Plan assets comprise of following:						
Debt instruments	-	39,000	-	118,011	50,038	-
Equity and mutual funds	-	-	-	2,777	-	-
Cash at Bank	-	589	-	6,720	1,242	-
Total as at June 30	-	39,589	-	127,508	51,280	-
Actuarial assumptions						
Discount rate at June 30		10.00%	10.00%	8.50%	8.50%	8.50%
Future salary increases		10.00%	10.00%	8.50%	8.50%	8.50%

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	Impact on defined benefit obligation				
	Change in assumption	Increase in assumption	Decrease in assumption		
Sensitivity analysis for actuarial assumptions					
Discount rate at June 30	1.00%	(2,352)			2,640
Future salary increases	1.00%	3,181			(2,893)
	2021	2020	2019	2018	2017
	(Rupees in thousand)				
Pension fund					
Fair value of plan assets	–	127,508	114,416	114,262	114,369
Present value of the defined benefit obligation	–	(187,627)	(131,839)	(165,840)	(167,462)
(Surplus) / deficit	–	(60,119)	(17,423)	(51,578)	(53,093)
Experience adjustments on plan liabilities	(7,114)	47,137	(42,401)	(10,757)	(1,798)
Experience adjustments on plan assets	(9,205)	6,478	(3,845)	(4,719)	(4,198)
Executives' gratuity fund					
Fair value of plan assets	39,589	51,279	57,523	63,883	73,274
Present value of the defined benefit obligation	(26,205)	(25,978)	(45,690)	(48,175)	(56,002)
Surplus / (Deficit)	13,384	25,301	11,833	15,708	17,272
Experience adjustments on plan liabilities	254	(7,665)	4,148	1,776	(490)
Experience adjustments on plan assets	(13,441)	5,329	(207)	(331)	28,169
Non-Executives' gratuity fund					
Present value of the defined benefit obligations	(34,817)	(29,840)	(32,196)	(26,229)	(28,119)
Experience adjustments on plan obligations	4,932	(5,694)	4,528	(1,709)	3,720

	2021	2020
	Number of years	
The weighted average duration of the plans are as follows:		
Pension fund	Not applicable	7.99
Executives' gratuity fund	2.5	7.99
Non-executives' gratuity	6.98	7.99

Amounts in this note are based on the latest actuarial valuation carried out as at June 30, 2021.

9.3 Risks on account of defined benefit plan

The Group faces the following risks on account of defined benefit plan:

Final Salary risk - The risk that the final salary at the time of cessation of service is greater than what the Group has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in risk free investments of Term deposit Certificates. However, instruments in Open-ended Mutual Funds is subject to adverse fluctuation as a result of change of market price.

Discount rate fluctuation - The plan liabilities are calculated using discount rate set with reference to market yields on government bonds. A decrease in market yields on government bonds will Increase plan liabilities, although this will be partially offset by increase in the value of the current plan's bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contribution to the fund as advised by the actuary.

9.4 In case of the funded plans, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the Retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2021 and 2020 consists of government bonds and mutual funds. The Company believes that government bonds and mutual funds offer the best returns over the long term with an acceptable level of risk.

9.5 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The Group's contribution to the pension fund for the year ending June 30, 2022 is expected to be Rs. 15,838 thousand.

Expense of the defined benefit plan is calculated by the actuary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021	2020
	(Rupees in thousand)	
10 Lease liabilities against right-of-use assets		
Lease liabilities at year end	5,828	13,587
Less: current portion of lease liabilities	(4,386)	(3,706)
Non current lease liabilities	1,442	9,881

10.1 Commitments in relations to finance leases recognised under IFRS 16 are payable as follows:

	Note	2021	2020
		(Rupees in thousand)	
Payable not later than one year		4,667	3,485
Payable later than one year but not later than five years		1,634	11,139
Payable later than five years		–	1,244
		6,301	15,868
Future finance charges		(473)	(2,281)
Total lease liabilities		5,828	13,587

11 Long term finance- secured

Long term loan	11.1	508,436	223,434
Less: Current portion shown under current liabilities	11.1	(280,925)	(61,151)
		227,511	162,283

11.1 The reconciliation of carrying amount is as follows

Opening balance		223,434	–
Loan received during the year	11.2 & 11.3	436,535	250,978
Repayments during the year		(137,909)	–
Transferred to deferred grant	12	(53,252)	(27,544)
Unwinding of interest cost		39,628	–
	11	508,436	223,434
less: Current portion shown under current liabilities		(280,925)	(61,151)
		227,511	162,283

11.2 This represents amount of loan against facility of Rs 637,500 thousand (2020: Rs 317,500 thousand) under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan (SBP) to mitigate the effect of COVID-19 on employment in Pakistan. The loan is repayable in 8 equal quarterly installments commencing from January 31, 2021 and carry markup from the range of 0.4% to 1% per annum which is 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 ranges from 7.41% to 7.66% per annum. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant.

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

- 11.3** This represent amount of loan against facility of Rs 160,000 thousand (2020: Rs Nil) 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 7.95% per annum. The amount is repayable ranging from 20 to 40 equal quarterly installments starting from September 30, 2021 and carry markup of 2.5% per annum which is payable quarterly. 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.

	2021	2020
	(Rupees in thousand)	
12 Deferred grant		
At start of year	27,544	–
Received during the year	53,252	27,544
Transferred to profit or loss during the year	(33,287)	–
At end of year	47,509	27,544
Represented by:		
Non-current	21,085	14,281
Current	26,424	13,263
	47,509	27,544

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

	Note	2021	2020
		(Rupees in thousand)	
13 Trade and other payables			
Trade creditors		2,868,328	1,972,026
Accrued liabilities		333,946	285,803
Bills payable		366,805	263,345
Security deposits	13.1	18,020	93,131
Trademark fee payable		58,918	126,751
Income tax deducted at source		552	2,715
Sales tax payable		30,452	14,675
Workers' Profit Participation Fund	13.2	80,815	30,231
Workers' Welfare Fund		153,527	29,266
Others	13.3	152,772	160,428
		4,064,135	2,978,371

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

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	Note	2021 (Rupees in thousand)	2020
13.2 Workers' Profit Participation Fund			
Opening balance		30,231	33,742
Allocation for the year	39	498,812	176,228
		529,043	209,970
Payments made during the year		(448,228)	(179,739)
Closing balance		80,815	30,231

13.3 These include deposits by employees under car and motorcycle scheme amounting to Rs. 40,930 thousand (2020: Rs. 27,727 thousand) and carry no markup.

14 Contract liabilities

14.1 These represent amount received in advance from customers against performance obligations / sales made in subsequent periods and carry no mark-up and are unsecured. Further, as referred in note 33 to these consolidated financial statements, these also include an amount of Rs. 144,720 thousand (2020: Rs. 109,438 thousand) representing cheques in hand at the reporting date.

14.2 Revenue recognised during the year that was included in the contract liability balance at the beginning of the year amounted to Rs. 3,182,935 thousand (2020: 2,735,205 thousand).

	Note	2021 (Rupees in thousand)	2020
15 Short term borrowings			
Short Term Running Finance (STRF) - secured			
STRF under mark-up arrangement	15.1	455,655	824,181
Istisna Cum Wakala arrangement	15.2	75,000	75,000
		530,655	899,181

15.1 The Group has obtained short term borrowing facilities from various banks having an aggregate sanctioned limit of Rs. 6,545,000 thousand (2020: Rs. 6,600,000 thousand) out of which Rs. 500,000 thousand (2020: Rs. 500,000 thousand) represents facilities obtained under Islamic mode of financing. The rates of mark up range from KIBOR plus 0.04% to KIBOR plus 1.6% (2020: KIBOR plus 0.4% to KIBOR plus 1.6%) per annum. At year end, the unutilized facility aggregated to Rs. 6,014,345 thousand (2020: Rs. 5,700,819 thousand). Facilities amounting to Rs. 100,000 thousand (2020: Rs. 100,000 thousand) are secured against first charge of PKR 133,400 thousand on land, building, plant & machinery and current assets of the Group. While facilities amounting to Rs. 400,000 thousand (2020: Rs. 400,000 thousand) are secured by way of hypothecation over plant and machinery and current assets of the Group. The remaining portion of the borrowing facilities is secured by pari passu hypothecation charge over current assets and book debts of the Group, lien over import documents and counter guarantees.

15.2 The Group has also obtained Istisna Cum Wakala arrangement from Dubai Islamic Bank Pakistan Limited amounting to Rs. 75,000 thousand (2020: Rs. 75,000 thousand). The profit rate on this facility is 6 months KIBOR plus 2% (2020: 6 months KIBOR plus 2%). It is secured by way of hypothecation charge over fixed assets and current assets of the subsidiary company. Amount utilised as at June 30, 2021 is Rs. 75,000 thousand (2020: Rs.75,000 thousand).

15.3 The Group has facilities for opening of letters of credit and guarantees aggregating to Rs. 5,786,293 thousand (2020: Rs. 5,653,860 thousand) out of which Rs. 400,000 thousand (2020: Rs. 400,000 thousand) has been obtained under Islamic mode of financing. This include a facility for opening letter of credits of Rs. 840,000 thousand that is

a sub-facility of the short term borrowings facilities as disclosed in note 16. At year end, the unutilized portion of the group-wide facilities for opening of letters of credit and guarantees aggregated to Rs. 2,437,563 thousand (2020: Rs. 4,532,279 thousand). These facilities are secured by pari passu hypothecation charge over current assets and book debts of the respective subsidiary company, lien over import documents and counter guarantees.

16 Contingencies and commitments

16.1 Contingencies

16.1.1 The Group has given guarantee amounting to Rs. 5,000 thousand (2020: Rs. 5,000) to bank for repayment of loan by employees. An amount of Rs.1,133 thousand (2020: Rs. 1,133) was utilized by employees as at June 30, 2021.

16.1.2 Guarantees issued by various banks on behalf of the Group in the normal course of business amount to Rs. 1,115,633 thousand (2020: Rs.540,970 thousand).

16.1.3 Holding company

16.1.3.1 Income tax returns for the years from 2007 to 2020 have been filed by the Company under the provisions of section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

The Income tax department has disputed with the Company's treatment on certain tax matters for the tax years 2013, 2015 and 2016, entailing an additional tax liability of Rs. 678,595 thousand. Of these the only significant tax matter, amounting to Rs. 507,588 thousand, relates to disallowances made by tax authorities in respect of consumption of stock and consequently value of closing stock claimed by the Company in its income tax returns for the tax year 2015. Both the Company and Income tax department are currently in appeal at the Commissioner Inland Revenue Appeals and Appellate tribunal level regarding the tax matters, decisions of which are pending. The management in consultation with their tax advisor is confident that all the tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements accordingly.

16.1.3.2 The Deputy Commission Inland Revenue has issued withholding tax assessment orders u/s 161/205 of the Ordinance for the tax year 2011 creating an initial demand of Rs. 176,000 thousand. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIR(A)). The CIR(A) passed an order dated January 21, 2015 remanding back the issue to Deputy Commissioner. Reassessment proceedings after being finalized on January 25, 2016 reduced the demand to Rs. 51,000 thousand. The Company is in the process of filing appeal against reassessment proceedings with CIR(A). Furthermore, the tax authorities have filed an appeal before Appellate Tribunal (ATIR) against the order passes by CIR(A). The management in consultation with their tax advisor are confident that the above matter will eventually be decided in favor of the Company; therefore no provision has been created in these financial statements accordingly.

16.1.3.3 The Company is defending a demand of Rs 289,430 thousand from the Additional Commissioner Inland Revenue, Lahore and later upheld by the Deputy Commissioner Inland Revenue (Appeals) against the Company regarding the reduced payment of sales tax on sale of tractors by the Company to its customers in the period June 2016.

The Company filed the appeal in 2017 against the aforementioned orders, to the Appellate Tribunal Inland Revenue (ATIR) which was ruled in favor of the Company and later challenged by the Commissioner Inland Revenue, Lahore in the High Court, Lahore. During the current year the High Court, Lahore remanded back the case to the ATIR. Hence, the matter is currently pending in ATIR.

The management and the legal advisor are confident that outcome of the case would be in the Company's favor and no payment in this regard would be required, hence no provision there against has been made in these financial statements.

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

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

16.1.3.6 During the current year the Income tax department has disputed the Company's payment against Workers' Welfare Fund for years 2014 to 2020 and thereby created a demand of Rs. 657,509 thousand under section 4(9) of Workers Welfare Fund Ordinance, 1971.

The Company has submitted its response on the aforementioned order to the Income tax department which is currently pending a response. The management in consultation with their tax advisor is confident that the matter will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

Subsidiaries

16.1.4 a) Bolan Casting Limited

16.1.4.1 In 2014, the Company received a reassessment order dated 26 June 2014, from the Income Tax Department, in respect of return filed for the tax year 2008. The Department had revised the return filed by the Company and reduced the income tax refund claimed by the Company by Rs. 6,020 thousand. The said order was challenged before the Commissioner (Appeals) who declared the order in original as time barred and annulled it. Subsequently, the Income Tax Department filed appeal against the order before the Appellate Tribunal Inland Revenue which has not been heard yet. The management of the Company, based on the views of its tax consultant, is confident that the final decision will be given in favour of the Company and therefore, no provision has been made in these financial statements for this amount.

16.1.4.2 In a suit filed against the Company before the Senior Civil Judge at Hub Balochistan, Altaf Hussain Agha (the Plaintiff) claims that in the year 2004 the Company allegedly encroached upon the land measuring 5 acres - 2 roads - 34 poles belonging to him that he purchased in year 2003. The Plaintiff has also sought mesne profits from the Company for such alleged encroachment. The Company claims ownership to the said piece of land and disputes the alleged encroachment claim whatsoever. The written statement of the Company was filed, the issues were framed and the Plaintiff had produced his witnesses. However, suit was decreed against the Company by the Senior Civil Judge. The original order was challenged by the Company before Balochistan High Court, which suspended the said order. In November, 2019, the Government of Balochistan enhanced the limit of session courts from claims of Rs. 5,000

thousand to Rs. 100,000 thousand. Hence, the case of the Company was transferred to Session Court, Hub on November 21, 2019. The Company's appeal was dismissed by Senior Civil Judge on August 18, 2020. The Company decided to file an appeal against the order in Balochistan High Court Quetta on September 08, 2020 for revision and suspension of the order. The case is pending for hearing. The exposure on account of profits claimed under the suit amounts to Rs. 48,000 thousand (2020: Rs. 48,000 thousand). The management of the Company based on the views of its legal advisor is confident that decision will be given in favour of the Company and therefore, no provision has been made in these financial statements.

16.1.5 b) Millat Industrial Products Limited

16.1.5.1 Withholding tax proceedings u/s 161/205 were finalized for tax year 2011 vide order dated August 18, 2014 creating demand of Rs. 11,408 thousand. Out of total demand, department has adjusted the demand of Rs. 3,341 thousand against refunds available from previous tax years.

Consequently, company filed appeal and stay application to CIR(A) against the outstanding demand of Rs. 8,067 thousand. Stay was granted by CIR(A) subject to payment of Rs. 2,000 thousand. In the appellant order, CIR(A) confirmed the demand of Rs. 13 thousand while remaining issues were remanded back with direction for fresh assessment. On this instance, the company is under appeal before ATIR and appeal has not been heard till date.

Re-assessment proceedings u/s 124/129 read with 161/2015 were finalized for tax year 2011 vide order dated June 30, 2016 creating demand of Rs 5,927 thousand. Company had filed appeal to CIR(A) which was finalized vide order dated September 9, 2016 granting relief of Rs. 5,904 thousand. After appeal effect, company shall have net tax payable of Rs. 13 thousand. Department is under appeal before ATIR and the appeal has not been fixed for hearing till date.

16.1.5.2 Audit proceedings has been finalized u/s 122(5A), for tax years 2013,2015, 2016 and 2017 by Additional Commissioner creating additional demand of Rs.381,648,695 thousand. The Company has filed appeal to CIR(A) against the order which is yet to be heard. The Company has secured stay of demand against recovery notice. On the basis of available records and history of assessment, prima facie the case lies in favor of the company. No tax liability is anticipated.

16.1.5.3 The Company received notice from the Directorate of Intelligence and Investigation – Federal Board of Revenue (FBR), Karachi on April 28, 2017. In the said notice it was alleged that the Company had purchased goods from a dummy / fake supplier who got registered with the Regional Tax Officers at Karachi and issued fake sales tax invoices to the Company and accordingly the Company has claimed illegal / inadmissible input tax adjustment amounting to Rs 2,439 thousand.

As a result the name of the Company was included in the First Information Report (FIR) No. 678(931)/I&I/IR/KHI(AB-521)/2016/3617 dated April 28, 2017 registered by the Additional Director, Intelligence and Investigation - FBR, Karachi. Total demand raised against the company is Rs. 2,439 thousand which the FBR allowed to deposit in two equal instalments of which first instalment of Rs. 1,219 thousand was deposited on June 16, 2017 and second Instalment of Rs. 1,219 thousand was deposited on September 25, 2017 by the company. The legal advisor of the company has stated that the company has "Good case & chances of success are very bright".

16.1.5.4 Sales tax audit u/s 25 of the Sales Tax Act, 1990 has been initiated by FBR on dated May 3, 2018. Proceedings are in process hence, no tax liability can be anticipated at this stage. Proceeding was finalized vide order dated March 22, 2019 creating demand of Rs. 939 thousand. Company filled appeal to CIR(A) dated April 4, 2019 and appeal has been discharged. Company has filed appeal to the Appellate Tribunal Inland Revenue u/s 46 of the Sales Tax Act, 1990.

The legal advisor of the company has stated that the company has "Good case & chances of success are bright".

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16.1.5.5 The Competition Commission of Pakistan has imposed a penalty of Rs 1,000 thousand on the company for being purportedly involved in deceptive marketing practice vide its order dated March 30, 2018. The company challenged the same before the competition Appellate Tribunal Islamabad submitting, "That the petitioner is not involved in any deceptive marketing practice". The Appellate Tribunal has admitted the case for hearing and during the pendency of appeal, the operation of impugned order dated, March 30, 2018 is suspended till the final decision of the order.

16.1.5.6 During the current year the Income tax department has disputed the Company's payment against Workers' Welfare Fund for years 2014 to 2020 and thereby created a demand of Rs. 15,101 thousand under section 4(9) of Workers Welfare Fund Ordinance, 1971.

The Company has submitted its response on the aforementioned order to the Income tax department which is currently pending a response. The management in consultation with their tax advisor is confident that the matter will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

16.1.6 c) Millat Equipment Limited

16.1.6.1 The Assistant Commissioner Inland Revenue (ACIR) passed an order u/s 122(5A) dated 21 June 2019, creating a demand of Rs. 29,600 thousand. The Company filed an appeal to Commissioner Inland Revenue-Appeals (CIR-A) against the order of ACIR, who remanded the case back to ACIR for reassessment. The ACIR finalized the proceedings by reducing the demand to Rs. 4,900 thousand. Being aggrieved by the order, the Company has filed a second appeal to CIR-A, which is pending adjudication. The management, based upon the opinion of the Company's tax counsel, is confident that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

16.1.6.2 The Additional Commissioner Inland Revenue (ACIR) passed an order u/s 122(5A) dated 13 April 2021, creating a demand of Rs. 63,200 thousand. The Company filed application for stay of demand to Commissioner Inland Revenue-Appeals (CIR-A) dated 22 June 2021. Stay of demand for a period of 30 days was provided by the Commissioner Inland Revenue vide order dated 23 July 2021. The management, based upon the opinion of the Company's tax counsel, is confident that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

16.1.6.3 The Additional Commissioner Inland Revenue (ACIR) passed an order u/s 122(1) dated 29 October 2020, creating a demand of Rs. 109.08 million. The Company filed appeal before Commissioner Inland Revenue-Appeals (CIR-A) dated 27 November 2020. Further, the Company filed application for stay of demand to Commissioner Inland Revenue-Appeals (CIR-A) dated 08 February 2021, which was rejected by CIR-A on the grounds that stay order for more than sixty days cannot be awarded by that forum. Being aggrieved on the decision, the Company filed request for stay of demand before Appellate Tribunal Inland Revenue (ATIR), which was granted to the Company vide order dated 27 July 2021. The management, based upon the opinion of the Company's tax counsel, is confident that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

16.2 Commitments

16.2.1 Commitments in respect of outstanding letters of credit amounting to Rs. 2,374,237 thousand (2020: Rs. 709,571 thousand) at the reporting date.

16.2.2 The aggregate commitments in respect of capital expenditure as at June 30, 2021 amount to Rs. Nil thousand (June 30, 2020: 650 thousand).

	Note	2021	2020
		(Rupees in thousand)	
17 Operating fixed assets			
Operating property, plant and equipment	17.1	1,793,993	1,645,923

17.1 Operating property, plant and equipment

	Land (Note 17.3)		Buildings		Owned					Total
	Freehold	Leasehold	On freehold land	On leasehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	
(Rupees in thousand)										
Net book value basis										
Year ended June 30, 2021										
Opening net book value	158,551	8	391,872	-	692,931	52,969	172,562	161,702	15,328	1,645,923
Additions (at cost)	-	-	4,423	-	110,561	5,764	164,988	84,970	4,251	374,957
Disposals (at NBV)	-	-	(182)	-	(1,917)	(316)	(32,304)	(115)	(366)	(35,200)
Adjustments	-	-	-	-	-	-	(355)	-	(1)	(356)
Write offs	-	-	-	-	(1,583)	(964)	-	(341)	(155)	(3,043)
Depreciation charge	-	-	(27,546)	-	(72,291)	(7,424)	(48,468)	(26,884)	(5,675)	(188,288)
Closing net book value	158,551	8	368,567	-	727,701	50,029	256,423	219,332	13,382	1,793,993
Gross book value basis										
As at June 30, 2021										
Cost	158,551	8	795,535	2,900	2,051,748	137,151	478,998	471,872	64,230	4,160,993
Accumulated depreciation	-	-	(426,968)	(2,900)	(1,324,047)	(87,122)	(222,575)	(252,540)	(50,848)	(2,367,000)
Net book value	158,551	8	368,567	-	727,701	50,029	256,423	219,332	13,382	1,793,993
Depreciation rate % per annum										
	-	-	5-10	5	10	10-33	20	10-20	30-33	
Net book value basis										
Year ended June 30, 2020										
Opening net book value	158,551	8	393,596	-	747,434	85,601	212,684	175,570	14,988	1,788,432
Additions (at cost)	-	-	-	-	32,989	5,161	34,044	24,249	7,258	103,701
Disposals (at NBV)	-	-	-	-	(252)	(325)	(29,775)	(2,173)	(146)	(32,671)
Adjustments - Note 17.7	-	-	26,339	-	(9,951)	(25,104)	930	(4,136)	(976)	(12,900)
Write offs	-	-	-	-	-	(142)	(161)	-	(3)	(306)
Depreciation charge	-	-	(28,063)	-	(77,289)	(12,222)	(45,160)	(31,806)	(5,793)	(200,333)
Closing net book value	158,551	8	391,872	-	692,931	52,969	172,562	161,702	15,328	1,645,923
Gross book value basis										
As at June 30, 2020										
Cost	158,551	8	791,487	2,900	1,966,161	144,014	392,470	389,836	65,373	3,910,800
Accumulated depreciation	-	-	(399,615)	(2,900)	(1,273,230)	(91,045)	(219,908)	(228,134)	(50,045)	(2,264,877)
Net book value	158,551	8	391,872	-	692,931	52,969	172,562	161,702	15,328	1,645,923
Depreciation rate % per annum										
	-	-	5-10	5	10	10-33	20	10-20	30-33	

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	Note	2021	2020
		(Rupees in thousand)	
17.2	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	125,122	134,808
	Distribution and marketing expenses	8,642	8,107
	Administrative expenses	54,524	57,418
		<u>188,288</u>	<u>200,333</u>

17.3 The freehold land and building on owned land of the Group are as follows:

- 202,343 square meters of factory land situated at Sheikhpura Road, Sheikhpura - MTL;
- 759 square meters of land at Khera Gali District Abbottabad - MTL;
- 697 square meters of land in sector F-6/1 Islamabad - MTL;
- Corporate office floors in Tricon Corporate Centre Lahore - MTL;
- 113 Kanal and 12.5 Marlas of land, situated at Mauza Bhoptian, tehsil and district Lahore - MEL;
- 52 Kanals and 10 Marlas is located at 49-K.M., off Multan Road, Bhai Pheru, Distt. Kasur - MIPL; and
- 22.93 acres of factory land situated at Main RCD Highway, Hub chowki, Tehsil Hub, District Lasbella, Balochistan - BCL

17.4 Leasehold property represents Igloo Hanger Godown measuring total area of 6,662 square meters situated near Brooke Bond factory site area, Karachi.

17.5 Tools and equipment includes dies and moulds having book value of Rs 2,207 thousand (2020: 2,597 thousand) which are in possession of vendors and these dies and moulds are used by the vendors for producing certain parts for supply to the Group.

17.6 Disposal of operating property, plant and equipment

Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (Loss) on disposal	Mode of disposal
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(Rupees in thousand)

Fixed assets sold having book value greater than Rs. 500,000

Directors :						
Vehicle	Mr. Laeeq Uddin Ansari - a related party	7,500	1,504	1,504	-	As approved by the BOD
Employees :						
Vehicle	Mr. Ayaz Khurshid	2,993	1,937	1,937	-	Company car scheme
Vehicle	Mr. Ayaz Khurshid	2,758	2,482	2,482	-	Company car scheme
Vehicle	Mr. Waseem Bhatti	1,910	1,188	1,188	-	Company car scheme
Vehicle	Mr. Waseem Bhatti	1,846	514	514	-	Company car scheme
Vehicle	Mr. Khurram Shahzad Toor	1,846	578	578	-	Company car scheme
Vehicle	Mr. Muhammad Qayyum	1,398	1,212	1,212	-	Company car scheme
Vehicle	Mr. Muhammad Bilal	1,250	578	578	-	Company car scheme

Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (Loss) on disposal	Mode of disposal
(Rupees in thousand)						
Vehicle	Mr. Muhammad Shafique	1,078	763	763	-	Company car scheme
Vehicle	Mr. Muhammad Siddique	1,078	793	793	-	Company car scheme
Vehicle	Mr. Muhammad Wasim	1,078	853	853	-	Company car scheme
Vehicle	Mr. Humayun Shoukat	1,308	1,078	1,078	-	Company car scheme
Vehicle	Mr. Khizar Mahmood	1,780	1,721	1,721	-	Company car scheme
Vehicle	Mr. Rana Zaghama Ali	1,250	612	612	-	Company car scheme
Vehicle	Mr. Muhammad Ramzan	1,078	698	698	-	Company car scheme
Vehicle	Mr. Fahim Azhar	1,613	932	932	-	Company car scheme
Vehicle	Mr. Ali Hassan	708	637	637	-	Company car scheme
Third Parties						
Plant and machinery	M/S Adamjee insurance company & M/S East West Insurance Company	6,920	1,573	1,717	144	Insurance Claim
Fixed assets sold having book value less than Rs. 500,000		52,856	15,547	19,123	3,576	
Year ended: June 30, 2021		92,248	35,200	38,920	3,720	
Year ended: June 30, 2020		76,264	32,671	35,165	2,494	

17.7 Assets written-off include several low value equipment, having written down value of Rs. Nil (2020: Rs. 7,684 thousand), which are assessed redundant by the management as result of survey conducted during the previous year.

	2021	2020
	(Rupees in thousand)	
18 Capital work in progress		
Plant and machinery	22,678	1,332
Office equipment	154	-
Advance for tools and equipment	1,613	1,613
Advance for factory building	-	29,980
Advance for vehicles	25,383	1,500
	49,828	34,425
18.1 Movement in capital work in progress is as follows:		
Opening balance	34,425	30,912
Additions during the year	188,093	20,909
Capitalized / disposed off during the year	(172,690)	(17,396)
	49,828	34,425

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	Note	2021 (Rupees in thousand)	2020
19 Right-of-use assets			
Opening net book value		12,931	–
Impact of initial adoption - IFRS 16		–	4,829
Additions during the year		–	11,327
Derecognition during the year		(3,978)	–
Depreciation charged during the year	37	(4,057)	(3,225)
Closing net book value		4,896	12,931
20 Intangible assets			
Software and licenses	20.1	63,838	41,465
Capital work-in-progress		8,160	21,432
Provision for impairment of intangibles		(8,160)	–
		63,838	62,897

	Note	Software with definite life	Licenses with indefinite life - Note 20.2	Total
20.1 Software and licenses				
Net carrying value basis:				
Opening net book value as at June 30, 2020		2,165	39,300	41,465
Additions		27,180	–	27,180
Amortization charge		(4,807)	–	(4,807)
As at June 30, 2021		24,538	39,300	63,838
Gross carrying value basis:				
As on June 30, 2021				
Cost		6,677	39,300	45,977
Additions		27,180	–	27,180
Accumulated amortization		(9,319)	–	(9,319)
		24,538	39,300	63,838
Net carrying value basis:				
Opening net book value as at June 30, 2019		4,138	–	4,138
Additions		–	39,300	39,300
Amortization charge	38, 39 & 40	(1,973)	–	(1,973)
As at June 30, 2020		2,165	39,300	41,465
Gross carrying value basis:				
As on June 30, 2020				
Cost		6,678	–	6,678
Additions		–	39,300	39,300
Accumulated amortization		(4,513)	–	(4,513)
		2,165	39,300	41,465
Rate of amortization		33%	0%	

20.2 Intangible asset with indefinite useful life

Intangible asset with indefinite life having carrying value of Rs. 39,300 thousand (2020: 39,300 thousand) represents lifetime Oracle based user licenses for functioning of Holding Company's ERP system. The Group has performed its annual impairment review for these licenses with indefinite life and noted no indicator of impairment. Moreover, these licenses are also covered with upgradation over time and are not susceptible to technological obsolescence in near future.

	Note	2021	2020
		(Rupees in thousand)	
21 Investment property			
Land		258,444	258,444
Provision for impairment	21.5	(2,736)	(2,736)
		<u>255,708</u>	<u>255,708</u>

21.1 This represents residential plots stated at cost. As at June 30, 2021 and June 30, 2020, the fair values of these properties were Rs.355,200 thousand and Rs. 355,200 thousand, respectively. The valuations were performed by an independent valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that considers sales of similar properties that have been transacted in open market.

21.2 The valuation method used by the independent valuer was based on market approach method.

21.3 The level of hierarchy for fair value disclosed falls in level 2 i.e. inputs other than quoted prices included within level 1 that are observable for real estate properties either directly or indirectly.

21.4 Management of the Group believes that holding on to these properties for appreciation in their market value is the highest and best use of these investment properties.

21.5 This represents provision for impairment against land measuring 12 kanals and 14.5 marlas located at Raiwind Road having gross value of Rs. 2,736 thousand (2020: 2,736 thousand) at the reporting date.

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	2021	2020
	(Rupees in thousand)	
22 Long term investments		
Investment in related parties - at FVOCI		
Unquoted		
Arabian Sea Country Club Limited		
500,000 (2020: 500,000) fully paid ordinary shares of Rs. 10/- each	5,000	5,000
Equity held 6.45% (2020: 6.45%)		
Less: Impairment loss	(5,000)	(5,000)
	-	-
Hyundai Nishat Motors (Private) Limited		
150,490,300 (2020: 134,550,000) fully paid ordinary shares of Rs. 10/- each	1,504,903	1,345,500
Equity held 15.86% (2020: 18%)		
Surplus on fair valuation of investment - note 22.2 & 49.1 (Level -3)	4,276,935	296,010
	5,781,838	1,641,510
Investment other than related parties- at FVOCI		
Quoted		
Baluchistan Wheels Limited		
1,570,325 (2020: 1,570,325) fully paid ordinary shares of Rs. 10/- each	24,364	24,364
Surplus on revaluation of investment - note 49.1 (Level -1)	99,676	71,002
	124,040	95,366
Unquoted		
TCC Management Services (Private) Limited		
40,000 (2020: 40,000) fully paid ordinary shares of Rs. 10/- each	400	400
Kaheel Agriculture LLC.		
Advance against share subscription	-	57,443
	5,906,278	1,794,719

22.1 Investments in associated companies or undertakings have been made in compliance with the requirements of the Companies Act, 2017.

22.2 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs 38.4 per ordinary share as at June 30, 2021 (2020: Rs.12.2 per ordinary share) through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 49.1 to these consolidated financial statements. The fair value gain of Rs 3,980,925 thousand (2020: Rs. 296,010 thousand) is included in the fair value gain recognised during the year in other comprehensive income.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.
- Long term growth rate is estimated based on expected future performance of HNMPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 16.56% per annum.
- Long term growth rate of 4% per annum for computation of terminal value; and
- Annual growth in costs are linked to inflation and currency devaluation at 5% per annum and revenues are linked to currency devaluation at 5% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows, with all other variables held constant as at June 30, 2021:

	Impact on fair value gain	
	Increased by 1%	Decreased by 1%
	(Rupees in thousand)	
- Discount rate	(439,432)	507,152
- Long term growth rate	266,368	(227,240)
- Inflation rate per annum	(773,520)	788,569

	Note	2021	2020
		(Rupees in thousand)	
23	Long term loans - considered good		
	Loan to employees:		
	Company loan	23.1	6,241
	Motor cycle loan	23.2	2,599
		23.3	8,840
	Less: Current portion included in current assets	28	(5,493)
			3,347
			3,081

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23.1 These represent interest free loans to employees secured against their gratuity and provident fund balances. These loans are repayable in monthly installments over a period of twenty four months for executive and thirty six months for workers.

23.2 This represents interest free loans to employees for purchase of motor cycles secured by joint registration of motor cycles in the name of the Group and employees. These loans are repayable in monthly instalments over a period of fifty to sixty months.

23.3 Reconciliation of carrying amount of long term loans is:

	2021	2020
	(Rupees in thousand)	
Opening balance	7,358	8,319
Disbursement during the year	8,535	4,995
Repayments during the year	(7,053)	(5,956)
Closing balance	8,840	7,358

23.4 The above loans were provided for personal use of the Executives in accordance with approved Human Resource policy and employment terms.

24 Long term deposits

These represent security deposits given to Companies against provision of utilities and services and carry no mark-up.

	Note	2021	2020
		(Rupees in thousand)	
25 Stores, spare parts and loose tools			
Stores, spare parts and loose tools	25.1 & 25.2	587,156	502,633
less: provision for obsolescence		(1,225)	(7,661)
		585,931	494,972

25.1 Most of the items of stores, spare parts and loose tools are of inter-changeable nature and can be consumed as stores or used as machine spares against capital expenditure. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

25.2 This includes stock in transit amounting to Rs. 21,770 thousand (2020: Rs. 18,430 thousand).

	Note	2021	2020
(Rupees in thousand)			
26	Stock in trade		
	Raw material	5,366,543	3,553,486
	Work in process	400,644	236,406
	Finished goods:		
	Manufacturing	543,692	599,327
	Trading	178,439	200,019
		722,131	799,346
		6,489,318	4,589,238

26.1 This includes stock in transit amounting to Rs. 754,748 thousand (2020: Rs. 419,247 thousand).

26.2 Finished goods include inventories which have been written-down to net realisable value by Rs. 2,160 thousand (2020: Rs. 11,690 thousand).

26.3 Included in stocks are raw materials and components held with third parties amounting to Rs.97,736 thousand (2020: Rs. 144,492 thousand).

	Note	2021	2020
(Rupees in thousand)			
27	Trade debts		
	Trade debts - considered good	307,921	221,150

27.1 This includes amount of Rs. 525 thousand (2020: 357 thousand) due from related party Hyundai Nishat Motors (Private) Limited.

27.2 Age analysis of these trade debts is given in note 48.2 of these consolidated financial statements.

	Note	2021	2020
(Rupees in thousand)			
28	Loans and advances		
	Current portion of long term loans to employees	5,493	4,277
	Advances to employees - considered good	5,731	22,742
	Advances to suppliers - considered good	184,038	81,774
		195,262	108,793
	Advances to suppliers - considered doubtful	2,485	2,485
	Less: Provision for doubtful advances	(2,485)	(2,485)
		-	-
	Letter of credit opening charges	3,361	1,710
		198,623	110,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

28.1 These represent interest free advances to employees for the purpose of the expenses, travel and salary as per Group's Human resource policy.

28.2 These represent interest free advances given to suppliers as per mutually agreed terms.

	2021	2020
	(Rupees in thousand)	
29 Trade deposits and short term prepayments		
Security deposits	19,098	20,687
Prepayments	58,022	29,285
	<u>77,120</u>	<u>49,972</u>

29.1 These represents interest free security deposits made for tender placement.

	Note	2021	2020
		(Rupees in thousand)	
30 Balances with statutory authorities			
Excise duties receivable		1,637	-
Sales tax recoverable		4,644,608	1,082,401
Less: provision for doubtful claims		(34,147)	(34,147)
		<u>4,610,461</u>	<u>1,048,254</u>
		<u>4,612,098</u>	<u>1,048,254</u>
31 Other receivables			
Claims receivable from suppliers		88,773	36,400
Profit / interest accrued		605	367
		<u>89,378</u>	<u>36,767</u>
32 Short term investments			
Mutual funds - at FVPL	32.1	5,784,636	-
Term Deposit Receipt	32.2 & 32.3	583,855	143,855
		<u>6,368,491</u>	<u>143,855</u>

32.1 This represents investment in mutual funds as follows:

	June 30, 2021			June 30, 2020		
	Number of units	Fair value per unit	Total	Number of units	Fair value per unit	Total
	(Number in thousand)	(Rupees)	(Rupees in thousand)	(Number in thousand)	(Rupees)	(Rupees in thousand)
Mutual Funds						
ABL Cash Fund	94,949	10.18	966,673	–	–	–
Atlas Money Market Fund	2,001	505.88	1,012,093	–	–	–
Faysal Money Market Fund	982	101.94	100,117	–	–	–
HBL Money Market Fund	4,412	102.60	452,654	–	–	–
JS Cash Fund	1,474	102.03	150,390	–	–	–
Lakson Money Market Fund	10,026	100.80	1,010,667	–	–	–
MCB Cash Management Optimizer Fund	10,261	100.96	1,035,981	–	–	–
UBL Liquidity Plus Fund	10,454	101.02	1,056,061	–	–	–
			5,784,636			–

32.2 These carry mark-up/ profit mainly at the rate 6.2% to 6.8% (2020: 6% to 10%) and having tenures ranging from 7 days to 60 days. The said TDRs may be encashed any time before maturity.

32.3 These include TDRs amounting to Rs. 3,856 thousand (2020: Rs. 3,856 thousand) under lien with respect to bank guarantee issued by a commercial bank.

32.4 Fair value per unit has been rounded off to 2 decimal places.

	Note	2021	2020
		(Rupees in thousand)	
33 Cash and bank balances			
In hand:			
cash		3,432	7,927
cheques		144,720	109,438
		148,152	117,365
At banks:			
current accounts		587,241	686,207
deposit accounts	33.1	397,426	1,151,554
		984,667	1,837,761
		1,132,819	1,955,126

33.1 These carry mark-up ranging from 2.96% to 7.5% (2020: 6% to 10.8%) per annum.

33.2 This includes deposits amounting to Rs.Nil (2020: Rs.Nil thousand) placed with Islamic banks under Islamic mode.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021	2020
	(Rupees in thousand)	
34 Non-current assets classified as held for sale		
Plant and machinery	–	1,092

34.1 This represented machines having written down value amounting to Rs. 4,720 thousand as June 30, 2020. On classification of these machines as held for sale, these were recognized at the lower of written down value and net recoverable value and an impairment loss of Rs. 3,710 thousand had been recognized. The sale of these assets has been completed during the current year.

	Note	2021	2020
		(Rupees in thousand)	
35 Revenue from contracts with customers			
Local:			
Tractors		42,610,262	22,149,422
Implements and tractor components		1,047,298	547,978
Multi-application products		381,948	326,654
Trading goods		1,034,347	629,223
Batteries		1,666,227	975,705
Castings		564,103	310,417
IFS implementation services		5,453	3,997
		47,309,638	24,943,396
Less:			
Trade discount		(262,346)	(166,025)
Sales tax and special excise duty		(4,108,426)	(2,026,402)
Provincial Sales tax on services		(603)	(2,072)
		(4,371,375)	(2,194,499)
		42,938,263	22,748,897
Export:			
Tractors		3,029,975	1,123,037
Trading goods and tractor components		109,161	141,430
Multi-application products		–	2,344
IFS services		7,642	4,290
Batteries		157,179	185,900
		3,303,957	1,457,001
		46,242,220	24,205,898
Less: Commission		(576,983)	(309,349)
	35.1	45,665,237	23,896,549

35.1 This represents revenue earned from Shariah compliant business segments.

	Note	2021	2020
		(Rupees in thousand)	
36	Cost of sales		
	Components consumed	30,469,921	16,232,974
	Salaries, wages and amenities	36.1	1,042,501
	Contract services	521,323	282,110
	Fuel and power	490,527	402,669
	Oil and lubricants	251,999	155,846
	Communication	384	446
	Travelling and vehicle running	61,720	53,507
	Printing and stationery	5,146	7,497
	Insurance	42,851	38,930
	Repairs and maintenance	183,721	105,670
	Stores and spares consumed	424,016	248,051
	Packing material consumed	10,589	4,225
	Depreciation	17.2	125,122
	Amortization	20.1	20
	Other expenses	82,085	188,701
		33,711,925	18,612,505
	Add: opening work-in-process	236,406	244,314
	Less: closing work-in-process	(400,644)	(236,407)
		(164,238)	7,907
	Cost of goods manufactured	33,547,687	18,620,412
	Add: Opening finished goods	599,327	506,466
	Less: Closing finished goods	(543,692)	(610,304)
		55,635	(103,838)
		33,603,322	18,516,574
	Cost of sales - trading	36.2	719,945
		34,323,267	19,004,725
36.1	It includes the following staff retirement benefits expense / (income):		
	Defined benefit plan - pension	16,141	1,064
	Defined contribution plan - gratuity	3,537	4,326
	Defined contribution plan - provident fund	16,165	15,676
	Provision for compensated absences	2,241	(3,281)
		38,084	17,785
36.2	Cost of sales - trading		
	Opening stock	160,280	160,738
	Purchases	738,104	487,693
		898,384	648,431
	Closing stock	(178,439)	(160,280)
		719,945	488,151

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For the year ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
37	Distribution and marketing expenses		
	Salaries and amenities	162,805	125,539
	Contract services	46,272	36,142
	Fuel and power	11,807	10,166
	Communication	1,071	915
	Travelling and vehicle running	28,647	41,626
	Carriage and freight	226,863	45,552
	Printing and stationery	5,331	5,034
	Insurance	18,603	18,071
	Trademark fee	452,025	248,712
	Advertisement and sales promotion	10,571	10,438
	Depreciation	8,642	8,107
	Amortization	-	-
	Depreciation charge for the right-of-use assets	4,057	3,225
	Meeting / convention	-	8,095
	After sales support	73,601	52,007
	Other expenses	28,868	57,043
		1,079,163	670,672
37.1	It includes the following staff retirement benefits expense / (income):		
	Defined benefit plan - pension	5,638	(5,039)
	Defined contribution plan - gratuity	2,919	2,833
	Defined contribution plan - provident fund	4,329	4,241
	Provision for compensated absences	804	(1,178)
		13,690	857

37.2 Trademark fee is incurred under a trademark agreement between the Group and M/S Massey Ferguson Corp., having its registered office situated at 4205 River Green Parkway, Duluth, Georgia 30096, United States of America.

Under the trademark agreement M/S Massey Ferguson grants exclusive rights to the Group for use of its brand name with certain terms and conditions.

	Note	2021	2020
(Rupees in thousand)			
38	Administrative expenses		
	Salaries and amenities	532,199	437,580
	Contract services	61,699	50,438
	Fuel and power	25,699	22,262
	Communication	6,122	7,285
	Travelling and vehicle running	33,418	32,819
	Insurance	13,439	12,059
	Repairs and maintenance	23,170	13,767
	Security	24,292	22,101
	Legal and professional	54,099	21,216
	Depreciation	54,524	57,418
	Amortization of intangible asset	4,787	1,943
	Rent, rates and taxes	22,135	7,459
	Fee and subscription	12,326	5,659
	Entertainment	8,786	8,523
	Provision for impairment of intangibles	8,160	–
	Property, plant and equipment written off	504	294
	Other expenses	68,014	66,041
		953,373	766,864
38.1	It includes the following staff retirement benefits expense / (income):		
	Defined benefit plan - pension	9,111	(7,496)
	Defined contribution plan - gratuity	1,797	1,412
	Defined contribution plan - provident fund	11,296	10,982
	Provision for compensated absences	2,701	(3,954)
		24,905	944

38.2 Legal and professional expenses include following in respect of auditors' services:

	2021	2020
(Rupees in thousand)		
Statutory audit	3,888	3,588
Half year review	676	372
Special reports and sundry certifications	377	475
Out of pocket expenses	518	502
	5,459	4,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousand)	2020
39 Other operating expenses			
Workers' Profit Participation Fund	13.2	498,812	176,228
Workers' Welfare Fund		191,105	70,215
Loss on translation of foreign investment		4,020	–
Donations	39.1	1,893	5,559
Operating fixed assets written off		–	7,684
Bad debts written off		3,932	–
Impairment loss		–	4,455
Loss on exchange rate and price		22,273	61,497
Provision for obsolescence of stores and spares		–	7,661
		722,035	333,299

39.1 The particulars of the donation exceeding Rs 1,000 thousand are as follows

	2021 (Rupees in thousand)	2020
Name of donee		
Namal Education Foundation	–	4,809

39.2 Donation includes the following in which a director or his spouse is interested:

Name of director	Name of Donee	Interest in Donee	2021 (Rupees in thousand)	2020
Mr. Sikandar Mustafa Khan	Namal Education Foundation	Vice Chairperson	–	4,809

	Note	2021 (Rupees in thousand)	2020
40 Other income			
Income from financial assets			
Dividend income from Baluchistan Wheels Limited	40.1	2,354	3,140
Return on bank deposits and TDRs	40.2	69,013	22,161
Gain on sale of short term investments	40.3	61,807	1,190
Change in fair value of short term investments at FVPL	40.4	4,953	–
Dividend income from short term investments	40.5	70,475	2,711
Gain on translation of foreign investment		–	5,325
Interest charged on early payments and advances		70,370	26,953
		278,972	61,480
Income from assets other than financial assets			
Rental income		27,174	15,758
Scrap sales		170,628	42,564
Gain on disposal of property, plant and equipment		3,720	2,494
Gain on curtailment and settlement of pension fund scheme		65,806	–
Laboratory testing		167	107
Multiapp products service income		3,988	3,408
Others	40.6	16,979	22,892
		288,462	87,223
		567,434	148,703

40.1 Dividend income earned from investments from non Shariah-compliant companies.

40.2 This includes profit of Rs.Nil thousand (2020: Rs.Nil thousand) earned on term deposits with Islamic bank.

	2021	2020
	(Rupees in thousand)	
40.3 Gain / (loss) on sale of short term investments - at FVPL		
ABL Cash Fund	7,747	6
ABL Islamic Income Fund	709	-
Alfalah GHP Money Market Fund	2,466	-
Atlas Money Market Fund	1,413	1,178
HBL Money Market Fund	13,882	6
Lakson Money Market Fund	12,044	-
MCB Cash Management Optimizer Fund	23,754	-
NIT Government Bond Fund	(835)	-
UBL Liquidity Plus Fund	627	-
	61,807	1,190
40.4 Fair value gain on short term investments - at FVPL		
ABL Cash Fund	199	-
Atlas Money Market Fund	1,902	-
Faysal Money Market Fund	25	-
HBL Money Market Fund	793	-
JS Cash Fund	29	-
Lakson Money Market Fund	501	-
MCB Cash Management Optimizer Fund	1,057	-
UBL Liquidity Plus Fund	447	-
	4,953	-
40.5 Dividend income from short term investments:		
ABL Cash Fund	17,788	-
Atlas Money Market Fund	11,332	2,711
Faysal Money Market Fund	108	-
HBL Money Market Fund	2,189	-
JS Cash Fund	425	-
Lakson Money Market Fund	11,032	-
MCB Cash Management Optimizer Fund	20,139	-
UBL Liquidity Plus Fund	7,462	-
	70,475	2,711

40.6 This includes sundry income from forfeiture of security deposit, lab delivery charges, tender money and late payment surcharge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021	2020
(Rupees in thousand)			
41	Finance cost		
	Mark-up on short term borrowings - secured	57,010	347,866
	Interest expense on long term financing	8,698	–
	Mark-up on Workers' Profit Participation Fund	1,359	–
	Interest expense against lease liability	1,261	1,355
	Bank charges and commission	10,959	10,192
		<u>79,287</u>	<u>359,413</u>

41.1 This represents markup paid under conventional mode of financing arrangements having mark up rates ranging from KIBOR plus 0.04% to KIBOR plus 1.6% (2020: KIBOR plus 0.4% to KIBOR plus 1.6%) per annum.

41.2 This includes Rs.21,425 thousand (2020: Rs.49,358 thousand) mark-up paid on Islamic mode of financing.

41.3 This represents finance cost against long term financing net of unwinding of Government grant income for the year recognised as per IAS-20 amounting to Rs. 33,287 thousand (2020: Rs.Nil).

	2021	2020
(Rupees in thousand)		
42	Taxation	
	For the year charge:	
	current	927,130
	deferred	12,501
		<u>939,631</u>
	Prior years:	
	current	6,458
	deferred	–
		<u>6,458</u>
		<u>946,089</u>

42.1 Numerical reconciliation between average effective tax rate and the applicable tax rate is as follows:

	2021	2020
(Rupees in thousand)		
Applicable tax rate	29.00	29.00
- Effect of change in prior year	0.38	(0.24)
- Unutilized tax losses	(0.38)	0.36
- Income chargeable to tax at different rates	(1.04)	1.10
- Others	(0.31)	2.20
	<u>(1.35)</u>	<u>3.42</u>
Average effective tax rate	<u>27.65</u>	<u>32.42</u>

42.2 The group of companies do not opt for the group taxation and are taxed and assessed individually therefore assessment of sufficiency of provision of taxation is carried out in each individual company.

43 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive Officers, Directors and Executives of the Group are as follows:

	Chief Executive Officer		Directors				Executives	
	2021	2020	2021		2020		2021	2020
			Non Executive Director	Executive Director	Non Executive Director	Executive Director		
Number of persons	4	4	1	5*	1	4	45	45
	(Rupees in thousand)							
Managerial remuneration	39,798	36,618	1,116	37,266	2,571	42,810	100,216	90,197
Cost of living allowance	–	–	1,116	873	2,571	1,416	24,693	22,098
Bonus	14,100	4,601	6,380	14,719	762	2,147	57,708	7,488
House rent	7,371	6,486	502	1,236	1,157	3,216	33,679	29,409
Contribution to provident fund and gratuity funds	1,458	1,280	–	–	–	–	12,963	11,824
Pension contribution	–	–	–	–	–	–	4,154	3,757
Medical expenses	960	1,686	1,166	2,351	298	2,303	7,065	5,589
Utilities	2,630	2,428	899	4,134	607	4,540	12,019	9,984
Other reimbursable expenses	3,804	5,047	746	4,087	1,195	5,036	13,447	10,361
	70,121	58,146	11,925	64,666	9,161	61,468	265,944	190,707

* 1 Director was retired on February 01, 2021.

43.1 The Group also provides the Chief Executive Officer, Directors and certain employees with free use of Company maintained cars and residential telephones.

43.2 Aggregate amount charged to profit and loss account for the year in respect of meeting fee to five Directors (2020: four Directors) was Rs. 2,350 thousand (2020: Rs. 1,525 thousand) and travelling expenses Rs. 48 thousand (2020: Rs. 334 thousand).

44 Transactions with related parties

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Amounts due from and to related parties are shown under receivables and payables. Amount of assets sold to related parties during the year are shown in Note 17.6. Amounts due from Directors and key management personnel are shown under receivables and remuneration of Directors and key management personnel is disclosed in Note 43. Other significant transactions with related parties are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

Relation with undertaking	Nature of transaction	2021 (Rupees in thousand)	2020
Associates	Sale of services	4,850	1,925
	Investment made	159,403	355,500
	Purchase of fixed assets	14,608	–
Employees' defined benefit plan	Contribution to staff retirement benefit plan	10,101	11,922
Defined contribution plan	Contribution to defined contribution plan	8,669	9,078
Executives' Gratuity fund	Benefits paid on behalf of the fund	6,797	18,963
Provident Fund	Amount Contributed	31,785	30,897
Key Management Personnel	Sale of assets	1,573	116

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

44.1 The names of related parties with whom the Group has entered into transactions or had agreements / arrangements in place during the year and whose names have not been disclosed elsewhere in these consolidated financial statements are as follows:

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

45 Earnings per share - Basic and diluted

45.1 Combined basic earnings per share

Earnings per share are calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

	2021 (Rupees in thousand)	2020
Profit for the year after tax	6,566,127	1,964,190
	(Number of shares in thousand)	
Weighted average number of ordinary shares outstanding during the year	56,057	56,057
	(Rupees)	
Earnings per share	117.13	restated 35.04

45.2 During the year, a 12.5% issue of bonus shares in the ratio of one bonus share for every eight shares held by the shareholders was proposed in the Board of Directors meeting held on February 19, 2021. The effect of the issue of 6,228 thousand bonus shares of Rs. 10 each has been accounted for in these consolidated financial statements and the prior year EPS has been restated as per requirements of the applicable financial reporting framework.

45.3 Combined diluted earnings per share

No figure for diluted earnings per share has been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	Note	2021 (Rupees in thousand)	2020
46 Cash generated from operations			
Profit before taxation		9,075,546	2,910,279
Adjustment for:			
Depreciation on property, plant and equipment	17.2	188,288	200,333
Depreciation charge for the right-of-use assets	19	4,057	3,225
Amortization of intangible assets	20.1	4,807	1,973
Bad debts written off	39	3,932	–
Provision for impairment of intangibles	38	8,160	–
Provision for accumulating compensated absences		5,746	(8,413)
Provision for obsolescence of stores and spares	39	–	7,661
Profit on bank deposits	40	(69,013)	(22,161)
Dividend income	40	(2,354)	(3,140)
Charged to employees' defined benefit plan		30,890	(11,471)
Provision for gratuity		8,253	8,571
Property, plant and equipment written off	17.1	3,043	306
Exchange loss	39	22,273	61,497
Dividend income from mutual funds	40	(70,475)	(2,711)
Gain on disposal of property, plant and equipment	40	(3,720)	(2,494)
Gain on sale of short term investments	40	(61,807)	(1,190)
Gain on change in fair value of investments at FVPL		(4,953)	–
Finance cost	41	79,287	359,413
Provision for Workers' Profit Participation Fund	39	498,812	176,228
Provision for Workers' Welfare Fund	39	191,105	70,215
Working capital changes	46.1	5,404,882	420,537
		15,316,759	4,168,658
46.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(90,959)	(14,700)
Stock in trade		(1,900,080)	(665,202)
Trade debts		(90,703)	136,812
Loans and advances		(88,120)	105,223
Trade deposits and short term prepayments		(27,148)	11,531
Other receivables		(52,611)	49,146
		(2,249,621)	(377,190)
Increase/ (decrease) in current liabilities:			
Trade and other payables		913,566	425,034
Contract liabilities		6,740,937	372,693
		5,404,882	420,537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2021	2020
		(Rupees in thousand)	
47	Cash and cash equivalents		
	Cash and bank balances	1,132,819	1,955,126
	Short term investments	583,855	143,855
	Short term borrowings	(530,655)	(899,181)
		<u>1,186,019</u>	<u>1,199,800</u>

48 Financial risk management

Financial instruments comprise loans and advances, trade deposits, trade debts, other receivables, short term investments, cash and bank balances, short term borrowings, long term deposits, interest/mark-up accrued on short term borrowings, long term loans, lease liabilities and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group's activities.

48.1 Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss. However, the Group has limited exposure for currency risk and considered not material to the Group.

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax.

	Change in rate	Effects on profit before tax	Effects on profit before tax
		2021 (Rupees in thousand)	2020
Receivables/ (Trade and other payables) - GBP	+1	(520)	(1,318)
	-1	520	1,318
Receivables/ (Trade and other payables) - USD	+1	(62)	443
	-1	62	(443)
Receivables/ (Trade and other payables) - EUR	+1	(93)	465
	-1	93	(465)
Receivables/ (Trade and other payables) - CNY	+1	(761)	983
	-1	761	(983)
		2021	2020
		(Rupees)	
Reporting date rate per:			
GBP to PKR		219.28	207.68
USD to PKR		158.30	168.75
EUR to PKR		188.71	189.73
CNY to PKR		24.76	24.00

(b) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers. The long-term equity instrument held by the Group does not trade on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Pakistan Stock Exchange (PSX). Therefore, it is not possible to measure the impact of increase / decrease in the PSX Index on the Group's profit after taxation for the year and on equity (fair value reserve).

Short-term investments pertain to investment in mutual funds. These investment are carefully managed and observed on the basis of duly approved policy by Board of Directors. The underlying composition of these mutual funds does not involve equity instruments therefore it does not have any co-relation with stock market. Hence, the Group is not exposed to other price risk in this avenue as well.

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(c) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no significant long-term interest-bearing instruments. The Group's interest rate risk arises from short term and long term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. The Group mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Note	2021 (Rupees in thousand)	2020
Fixed rate instruments			
Financial assets			
Investment in Term Deposit Receipt	32	583,855	143,855
Financial liabilities			
Long term financing	11	508,436	223,434
Floating rate instruments			
Financial assets			
Bank balances - deposit accounts	33	397,426	1,151,554
Financial liabilities			
Short term borrowings	15	530,655	899,181

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Group's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

		Changes in interest rate	Effects on profit before tax
(Rupees in thousand)			
Bank balances - deposit accounts	2021	+1	3,974
		-1	(3,974)
	2020	+1	11,516
		-1	(11,516)

		Changes in interest rate	Effects on profit before tax
(Rupees in thousand)			
Short term borrowings	2021	+1	5,307
		-1	(5,307)
	2020	+1	8,992
		-1	(8,992)

48.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 13,869,102 thousand (2020: Rs. 4,192,949 thousand), the financial assets which are subject to credit risk amounted to Rs. 8,021,941 thousand (2020: Rs. 2,410,175 thousand). The Group is not exposed to major concentration of credit risk.

For trade receivables, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. Further the Group believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2021	2020
(Rupees in thousand)			
Trade debts	27	307,921	221,150
Trade deposits	29	77,120	49,972
Other receivables	31	89,378	36,767
Short term investments	32	6,368,491	143,855
Bank balances and cheques in hand		1,129,387	1,947,199
Long term deposits	24	49,644	11,232
		8,021,941	2,410,175
The aging of trade receivables at the reporting date is:			
Past due 1 - 3 Months		267,891	192,400
Past due 4 - 6 Months		9,238	6,635
Past due to above one year		30,792	22,115
		307,921	221,150

Based on past experience the management believes that no impairment is necessary in respect of trade receivables past due, as some receivables have been recovered subsequent to the year end and for other receivables, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

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The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the reporting date:

	Rating			2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Allied Bank Limited	A1+	AAA	PACRA	4,613	21,883
Askari Bank Limited	A1+	AA+	PACRA	1,601	1,774
Bank Al Habib Limited	A1+	AAA	PACRA	7,561	–
Bank Alfalah Limited	A-1+	AA+	VIS	26,734	1,126,635
Dubai Islamic Bank	A1+	AA	VIS	347	–
Emirates NBD	F1	A+	FITCH	19,707	58,140
Faysal Bank Limited	A1+	AA	PACRA	2,860	5,833
Habib Bank Limited	A-1+	AAA	VIS	227,536	355,222
JS Bank Limited	A1+	AA-	PACRA	4	4
MCB Bahrain	A1+	AAA	PACRA	168	177
MCB Dubai	A1+	AAA	PACRA	187,577	92,356
MCB Bank Limited	A1+	AAA	PACRA	358,863	72,809
MCB Islamic Bank Limited	A1	A	PACRA	1,492	492
Meezan Bank Limited	A-1+	AAA	VIS	4,980	3,470
National Bank of Pakistan	A-1+	AAA	VIS	5,011	324
Sindh Bank	A-1	A+	VIS	2,057	2,289
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,587	7,639
United Bank Limited	A-1+	AAA	VIS	104,040	75,317
Zarai Taraqjati Bank Limited	A-1+	AAA	VIS	23,929	13,397
				984,667	1,837,761

Balances with banks	Rating	Agency	2021	2020
			(Rupees in thousand)	
a) Mutual funds				
ABL Cash Fund	AA+(f)	VIS	966,673	–
Atlas Money Market Fund	AA+(f)	PACRA	1,012,093	–
Faysal Money Market Fund	AA(f)	PACRA	100,117	–
HBL Money Market Fund	AA+(f)	VIS	452,654	–
JS Cash Fund	AA+(f)	PACRA	150,390	–
Lakson Money Market Fund	AA+(f)	PACRA	1,010,667	–
MCB Cash Management Optimizer Fund	AA+(f)	PACRA	1,035,981	–
UBL Liquidity Plus Fund	AA+(f)	VIS	1,056,061	–
b) Term Deposit Receipts				
MCB Bank Limited (long term)	AAA	PACRA	350,000	–
Bank Alfalah Limited (long term)	AA+	VIS	173,856	83,855
United Bank Limited (long term)	AAA	VIS	60,000	60,000
			6,368,492	143,855

48.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2021, the Group had short term borrowing facilities available from financial institutions as disclosed in note 15 and, cash and bank balances as disclosed in note 33 to these consolidated financial statements.

The following are the contractual maturities of financial liabilities as at June 30, 2021:

	Carrying amount	Less than one year	More than one year
(Rupees in thousand)			
Trade and other payables	3,829,793	3,829,793	–
Long term finance- secured	508,436	280,925	227,511
Lease liabilities against right-of-use assets	5,828	4,386	1,442
Short term borrowings	530,655	530,655	–
Unclaimed dividend	284,291	284,291	–
Unpaid dividend	78,297	78,297	–
Long term deposits	31,597	1,572	30,025
	5,268,897	5,009,919	258,978

The following are the contractual maturities of financial liabilities as at June 30, 2020:

	Carrying amount	Less than one year	More than one year
(Rupees in thousand)			
Trade and other payables	2,918,874	2,918,874	–
Long term finance- secured	223,434	162,283	61,151
Lease liabilities against right-of-use assets	13,587	9,881	3,706
Short term borrowings	899,181	899,181	–
Unclaimed dividend	287,923	287,923	–
Unpaid dividend	10,004	10,004	–
Long term deposits	26,465	806	25,659
	4,379,468	4,288,952	90,516

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48.4 Financial instruments by categories

	At fair value through other comprehensive income		At fair value through profit or loss		At amortised cost		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
(Rupees in thousand)								
Financial assets								
Long term investments	5,906,278	1,794,719	-	-	-	-	5,906,278	1,794,719
Long term loans	-	-	-	-	3,347	3,081	3,347	3,081
Long term deposits	-	-	-	-	49,644	11,232	49,644	11,232
Loans to employees	-	-	-	-	11,224	27,019	11,224	27,019
Trade debits	-	-	-	-	307,921	221,150	307,921	221,150
Other receivables	-	-	-	-	89,378	36,767	89,378	36,767
Short term investments	-	-	5,784,636	-	583,855	143,855	6,368,491	143,855
Cash and bank balances	-	-	-	-	1,132,819	1,955,126	1,132,819	1,955,126
Total current	5,906,278	1,794,719	5,784,636	-	2,178,188	2,398,230	13,869,102	4,192,949
Total non-current	-	-	-	-	-	-	7,909,833	2,383,917
							5,959,269	1,809,032

	At fair value through other comprehensive income		At fair value through profit or loss		At amortised cost		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
(Rupees in thousand)								
Financial liabilities								
Trade and other payables	-	-	-	-	3,829,793	2,918,874	3,829,793	2,918,874
Short term borrowings	-	-	-	-	530,655	899,181	530,655	899,181
Unclaimed dividend	-	-	-	-	284,291	287,923	284,291	287,923
Unpaid dividend	-	-	-	-	78,297	10,004	78,297	10,004
Long term finance	-	-	-	-	508,436	223,434	508,436	223,434
Lease liabilities against right-of-use assets	-	-	-	-	5,828	13,587	5,828	13,587
Long term deposits	-	-	-	-	31,597	26,465	31,597	26,465
Total current	-	-	-	-	5,268,897	4,379,468	5,268,897	4,379,468
Total non-current	-	-	-	-	-	-	5,009,919	4,180,839
							258,978	198,629

48.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders. The capital structure of the Group is equity based with minimal long term financing. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or other measures commensuration to the circumstances.

49 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of the fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

The carrying values of other financial assets and financial liabilities reflected in the consolidated financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

49.1 Fair value hierarchy

IFRS 13 "Fair Value Measurement requires the Group to classify fair value measurement and fair value hierarchy that reflects the significance of the inputs used in making the measurement of fair value hierarchy, which has the following levels:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable.

Level 3: If one or more of the significant inputs is not based on observable market data. Specific valuation techniques used to value financial instruments include

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest Rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying values of all financial and liabilities reflected in the financial statements approximate their fair values.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred, if any. Furthermore, there have been no transfers between various levels of the fair value hierarchy. The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes between various levels of fair value hierarchy are analyzed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the management of investee Company. As part of this discussion, the investee company presents a report that explains the reason for the fair value movement, if any.

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As at June 30, 2021, the Group held the following financial instruments carried at fair value:

	Note	2021	Level 1	Level 2	Level 3
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FV OCI					
Long term investments - Equity shares	22	5,906,278	124,040	–	5,782,238
Financial assets measured - FVPL					
Investment in mutual funds	32.1	5,784,636	5,784,636	–	–
		11,690,914	5,908,676	–	5,782,238

Date of valuation : June 30, 2021

There were no financial liabilities measured at fair value as at June 30, 2021.

As at June 30, 2020, the Group held the following financial instruments carried at fair value:

	Note	2020	Level 1	Level 2	Level 3
(Rupees in thousand)					
Recurring fair value measurements					
Financial assets measured - FV OCI					
Long term investments - Equity shares	22	1,794,719	95,366	–	1,699,353

Date of valuation : June 30, 2020

There were no financial liabilities measured at fair value as at June 30, 2020.

49.2 Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

	2021	2020
(Rupees in thousand)		
Opening balance	1,699,353	990,400
Investment made during the year	101,960	412,943
Surplus on fair valuation of investment	3,980,925	296,010
	5,782,238	1,699,353

Operating segment information Business segments

For management and reporting purposes, the Group has been organised into three separate reportable segments based on the products and services as follows:

- Tractors
- Tractor components
- Castings

Other business activities of the Group have been presented under "others segment". Accordingly, no operating segments have been aggregated to form the above reportable operating segments.

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

	Tractors		Tractor components		Castings		Others		Inter-segment / group eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)											
Revenue from contracts with customers	43,953,778	22,942,275	4,859,641	2,421,542	2,418,800	1,332,568	4,351,567	2,130,129	(9,918,549)	(4,929,965)	45,665,237	23,896,549
Cost of sales	34,682,684	18,696,679	3,594,712	1,919,846	2,115,499	1,420,700	3,880,179	1,894,113	(9,949,807)	(4,926,613)	34,323,267	19,004,725
Gross profit	9,271,094	4,245,596	1,264,929	501,696	303,301	(88,132)	471,388	236,016	31,258	(3,352)	11,341,970	4,891,824
Distribution and marketing expenses	854,630	567,838	3,357	2,413	57,129	38,176	132,789	41,359	31,258	20,886	1,079,163	670,672
Administrative expenses	579,369	448,178	152,871	147,524	93,739	65,347	127,394	105,815	-	-	953,373	766,864
Other operating expenses	616,066	295,803	84,599	36,465	13,253	579	8,117	451	-	-	722,035	333,299
Other income	2,050,065	1,311,819	240,827	186,402	164,121	104,102	268,300	147,625	31,258	20,886	2,754,571	1,770,835
	667,309	253,694	127,655	35,537	84,733	10,368	13,300	262	(325,563)	(151,158)	567,434	148,703
Operating profit	7,888,338	3,187,471	1,151,757	350,831	223,913	(181,866)	216,388	88,653	(325,563)	(175,396)	9,154,833	3,269,692
Finance cost	9,264	217,836	25,776	55,736	52,822	77,751	2,685	8,090	(11,260)	-	79,287	359,413
Profit before taxation	7,879,074	2,969,635	1,125,981	295,095	171,091	(259,617)	213,703	80,563	(314,303)	(175,396)	9,075,546	2,910,279
Taxation	2,098,147	819,087	338,951	95,717	38,712	12,071	33,609	19,215	-	-	2,509,419	946,089
Profit after tax for the year	5,780,927	2,150,548	787,030	199,378	132,379	(271,688)	180,094	61,348	(314,303)	(175,396)	6,566,127	1,964,190

50.1 Inter-segment / group transactions have been eliminated for the purpose of consolidation.

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50.2 Allocation of assets and liabilities

	Tractors		Tractor components		Castings		Others		Inter-segment / group eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Segment operating assets	(Rupees in thousand)											
Non-current assets												
Operating fixed assets	777,638	667,980	687,080	623,298	203,611	219,242	137,115	146,854	(11,451)	(11,451)	1,793,993	1,645,923
Capital work in progress	45,166	2,945	-	41,248	3,130	9,660	1,532	8,618	(28,046)	-	49,828	34,425
Right-of-use assets	4,896	12,931	-	-	-	-	-	-	-	-	4,896	12,931
Intangible assets	39,462	41,405	25,216	60	-	-	5,774	-	(6,614)	21,432	63,838	62,897
Goodwill	-	-	-	-	-	-	-	-	18,572	18,572	18,572	18,572
Investment property	255,708	255,708	-	-	-	-	-	-	-	-	255,708	255,708
Long term investments	6,199,458	2,039,726	-	-	22,710	17,460	-	57,443	(315,890)	(319,910)	5,906,278	1,794,719
Long term loans	2,482	2,252	-	-	865	829	-	-	-	-	3,347	3,081
Long term deposits	-	-	42,069	3,627	4,048	4,078	3,527	3,527	-	-	49,644	11,232
Deferred tax asset - net	-	-	-	-	95,525	95,525	-	-	(95,525)	(95,525)	-	-
Employees' defined benefit plan	-	-	-	-	13,384	25,301	-	-	-	-	13,384	25,301
Current assets												
Stores, spare parts and loose tools	161,329	157,399	273,479	199,231	131,120	123,844	20,003	14,498	-	-	585,931	494,972
Stock in trade	5,372,584	3,857,166	485,392	353,113	359,077	172,158	272,265	167,062	-	39,739	6,489,318	4,589,238
Trade debts	141,234	102,044	525,621	429,774	47,914	28,228	198,077	268,374	(604,925)	(607,270)	307,921	221,150
Loans and advances	56,359	51,869	121,747	46,543	9,762	8,327	10,755	3,764	-	-	198,623	110,503
Trade deposits and short term prepayments	65,273	43,382	7,169	626	330	722	4,348	5,242	-	-	77,120	49,972
Balances with statutory authorities	4,592,169	1,032,656	-	-	6,376	152	13,553	15,446	-	-	4,612,098	1,048,254
Other receivables	108,253	38,710	-	-	1,371	348	2,831	62	(23,077)	(2,353)	89,378	36,767
Tax refunds due from/ (due to) the Government*	-	778,978	-	142,796	53,622	220,834	19,677	36,352	-	-	73,299	1,178,960
Short term investments	6,134,636	-	-	-	3,855	3,855	230,000	140,000	-	-	6,368,491	143,855
Cash and bank balances	849,602	1,719,462	10,619	67,601	54,893	2,553	217,705	165,510	-	-	1,132,819	1,955,126
Non-current assets held for sale	-	-	-	1,092	-	-	-	-	-	-	-	1,092
Total operating assets	24,806,249	10,804,613	2,178,392	1,909,009	1,011,593	933,116	1,137,162	1,032,752	(1,038,910)	(984,812)	28,094,486	13,694,678

	Tractors		Tractor components		Castings		Others		Inter-segment / group eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Segment operating liabilities												
Non-current liabilities												
Long term deposits	13,433	12,643	12,884	8,590	3,708	5,232	-	-	-	-	30,025	26,465
Deferred tax liabilities/ (asset)*	962,984	77,664	64,493	66,522	-	-	6,634	8,215	(95,525)	(95,525)	938,586	56,876
Employees' defined benefit plan	50,256	123,029	-	-	34,816	89,959	-	-	-	-	85,072	212,988
Lease liabilities against right-of-use assets	1,442	9,881	-	-	-	-	-	-	-	-	1,442	9,881
Long term finance- secured	128,815	101,991	73,792	42,403	24,904	17,889	-	-	-	-	227,511	162,283
Deferred grant	13,485	6,558	7,040	5,029	560	2,694	-	-	-	-	21,085	14,281
Current liabilities												
Accumulating compensated absences	110,670	104,924	23,605	25,668	11,981	11,199	-	-	-	-	146,256	141,791
Trade and other payables	3,661,499	2,848,238	477,633	286,163	275,959	201,197	232,920	174,370	(583,876)	(531,597)	4,064,135	2,978,371
Contract liabilities	9,919,342	3,120,601	4,388	3,504	3,365	6,752	37,693	80,184	(44,126)	(31,316)	9,920,662	3,179,725
Current portion of lease liabilities against right-of-use assets	4,386	3,706	-	-	-	-	-	-	-	-	4,386	3,706
Current portion of long term finance-secured	162,797	26,944	80,072	28,545	38,056	5,662	-	-	-	-	280,925	61,151
Current portion of deferred grant	15,602	9,240	7,577	4,023	3,245	-	-	-	-	-	26,424	13,263
Current portion of long term deposits	-	-	-	-	1,572	806	-	-	-	-	1,572	806
Short term borrowings	-	-	128,195	405,336	402,460	493,846	-	-	-	-	530,655	899,182
Taxation- net	322,770	-	48,520	-	-	-	-	-	748	-	372,038	-
Unclaimed dividend	271,595	277,113	8,908	6,977	3,442	3,487	346	346	-	-	284,291	287,923
Unpaid dividend	74,403	10,004	-	-	-	-	3,894	-	-	-	78,297	10,004
Total operating liabilities	15,713,479	6,732,536	937,107	882,760	804,068	838,723	281,487	263,115	(722,779)	(658,438)	17,013,362	8,058,696

* Inter-segment / group balances have been eliminated for the purpose of consolidation.

51 Listing of subsidiary companies

Name of subsidiary	Group shareholding (%)	NCI shareholding (%)	Country of incorporation	Financial year end
Millat Equipment Limited (MEL)	45%	55.00%	Pakistan	June 30
Millat Industrial Products Limited (MIPL)	64.09%	35.91%	Pakistan	June 30
Bolan Castings Limited (BCL)	46.26%	53.74%	Pakistan	June 30
TIPEG Intertrade DMCC (TIPEG)	75%	25.00%	Dubai	December 31

TIPEG Intertrade DMCC has year-end according to the applicable law of the country of its incorporation.

51.1 Set out below is summarized financial information for each subsidiary that has Non Controlling Interest (NCI). The amounts disclosed for each subsidiary are before inter company eliminations:

	MEL	MIPL	BCL	TIPEG
	(Rupees in thousand)			
Total assets	2,178,392	810,295	1,011,593	326,867
Total liabilities	937,107	243,582	804,068	37,906
Total comprehensive income	787,034	76,550	107,879	103,544
Total comprehensive income allocated to NCI	432,869	27,489	57,974	25,886
Accumulated NCI	682,706	203,506	91,079	72,241
Cash and bank balances	10,619	10,253	54,893	207,452
Cash generated from / (used in):				
Operating activities	757,272	98,537	104,371	102,919
Investing activities	(145,266)	(103,121)	(954)	(14,081)
Financing activities	(668,986)	–	40,308	(76,760)

52 Provident fund trust(s)

52.1 The Group has maintained employee provident fund trusts and investments out of provident funds have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder other than Bolan Castings Limited (BCL). The salient information of the funds is as follows:

	Note	2021	2020
Size of the funds (Rupees in thousand)		763,801	794,966
Cost of investment made (Rupees in thousand)	52.2	565,336	610,640
Percentage of investment made		74.02%	76.81%
Fair value of investment (Rupees in thousand)		753,250	753,730

	2021		2020	
	(Rupees in thousand)	Percentage of total fund	(Rupees in thousand)	Percentage of total fund
52.2 Breakup of investment - amount				
Investment in shares (listed securities)	23,116	3.03%	23,477	2.95%
Term Deposit Receipts (TDR)	442,253	57.90%	515,955	64.90%
Special Saving Certificate (SSC)	99,967	13.09%	71,208	8.96%
	565,336	74.02%	610,640	76.81%

52.3 Cost of ordinary shares of the Group held by the provident fund trust as at year end amounts to Rs. 23,116 thousand (2020: Rs. 23,477 thousand).

	2021	2020
	(Units per annum)	
53 Capacity and production		
a) Tractors		
Plant capacity (double shift)	30,000	30,000
Actual production	35,529	20,760

The Group has a normal capacity of producing 30,000 tractors per annum on double shift basis. However, the excess production over normal capacity is due to working on overtime schedules to meet the higher demand.

b) Batteries

The actual production capacity of the plant cannot be determined as it depends on the proportion of different types of batteries produced which varies in relation to the consumers' demand. The actual production during the year was according to market demand. During the year, the actual production capacity attained was 280,177 batteries {Standard 15 plates 233,469 batteries compared with (2020: 194,462 standard 15 plates 157,431 batteries} against annual manufacturing capacity of 300,000 standard 15 plates batteries (2020: 300,000).

There has been low market demand of batteries which lead to under utilization of our production capacity.

c) Tractors components

Normal capacity and production is not determinable due to interchangeable components having different cycle times of production on same machines.

d) Castings

	2021	2020
	(Metric tons)	
Installed capacity (single shift without overtime)	13,200	13,200
Actual production	10,674	6,623
Capacity utilisation	80.86%	50.17%

Production during the year was as per the market demand.

	2021	2020
54 Number of employees		
Number of employees at the end of the year	659	685
Average number of employees during the year	668	709
Total number of factory employees at the end of the year	395	420
Average number of factory employees during the year	404	440

The number of employees mentioned above does not include third party contractual employees.

55 Subsequent events

The Board of Directors of the Group in its meeting held on September 17, 2021 has proposed a final cash dividend of Rs.50/- per share (2020: Rs. 30 per share) and 20% bonus shares (2020: Nil) in respect of the year ended June 30, 2021. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These consolidated financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

56 Corresponding figures

Other than as disclosed in note 45.2, there has been no significant re-classifications or rearrangement of corresponding figures in these consolidated financial statements.

57 Date of authorization for issue

These consolidated financial statements have been approved for issue by Board of Directors of the Group in their board meeting held on September 17, 2021.

58 General

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



Chief Financial Officer



Chief Executive Officer



Chairman

PATTERN OF SHAREHOLDING

As on June 30, 2021

No. of share Holders	Shareholding From	Shareholding To	Number of Shares Held	% of Capital
1391	1	100	44,345	0.08
1146	101	500	285,224	0.51
536	501	1000	382,903	0.68
961	1001	5000	2,195,026	3.92
296	5001	10000	2,111,355	3.77
129	10001	15000	1,564,534	2.79
56	15001	20000	958,627	1.71
41	20001	25000	914,251	1.63
40	25001	30000	1,086,618	1.94
27	30001	35000	877,112	1.56
11	35001	40000	406,830	0.73
25	40001	45000	1,074,183	1.92
7	45001	50000	335,183	0.60
12	50001	55000	626,567	1.12
7	55001	60000	402,437	0.72
8	60001	65000	497,132	0.89
6	65001	70000	404,703	0.72
5	70001	75000	360,660	0.64
9	75001	80000	693,349	1.24
5	80001	85000	407,448	0.73
4	85001	90000	353,825	0.63
1	95001	100000	96,548	0.17
4	100001	105000	410,762	0.73
5	105001	110000	539,175	0.96
3	110001	115000	334,595	0.60
3	115001	120000	353,001	0.63
2	120001	125000	244,317	0.44
2	125001	130000	253,117	0.45
3	130001	135000	401,973	0.72
3	135001	140000	410,440	0.73
1	140001	145000	143,750	0.26
3	145001	150000	447,336	0.80
1	155001	160000	156,881	0.28
1	165001	170000	169,592	0.30
1	170001	175000	173,052	0.31
2	185001	190000	372,265	0.66
2	190001	195000	382,823	0.68
1	195001	200000	196,875	0.35
1	205001	210000	206,043	0.37
1	210001	215000	210,055	0.37
3	220001	225000	675,000	1.20
1	230001	235000	230,293	0.41
1	245001	250000	250,000	0.45
1	255001	260000	258,116	0.46
1	260001	265000	261,016	0.47
1	280001	285000	280,803	0.50
1	290001	295000	293,047	0.52
1	320001	325000	324,391	0.58
1	340001	345000	344,362	0.61
1	355001	360000	358,371	0.64
1	365001	370000	369,815	0.66
1	375001	380000	376,168	0.67
2	390001	395000	782,558	1.40
1	400001	405000	403,120	0.72
2	435001	440000	876,439	1.56
1	505001	510000	509,470	0.91
1	560001	565000	560,361	1.00
1	590001	595000	590,110	1.05
1	670001	675000	674,228	1.20
1	675001	680000	676,384	1.21
1	685001	690000	689,144	1.23
1	745001	750000	747,805	1.33
1	820001	825000	823,163	1.47
1	835001	840000	836,767	1.49
1	860001	865000	860,704	1.54
2	940001	945000	1,888,146	3.37
1	955001	960000	956,435	1.71
1	975001	980000	977,691	1.74
1	1075001	1080000	1,078,639	1.92
1	1270001	1275000	1,270,836	2.27
1	1380001	1385000	1,382,309	2.47
1	2590001	2595000	2,590,479	4.62
1	2985001	2990000	2,986,421	5.33
1	3665001	3670000	3,665,004	6.54
1	4725001	4730000	4,725,244	8.43
4,802	Total	56,057,751	100.00	

CATEGORIES OF SHAREHOLDING

As on June 30, 2021

Categories of Shareholders		No. of Shareholders	Shares Held	Percentage
1	Directors, CEO and their spouse & minor children	11	14,538,120	25.93
	Mr. Sikandar Mustafa Khan	1	4,725,244	8.43
	Mr. Sohail Bashir Rana	1	3,063,986	5.47
	Mr. Laeeq Uddin Ansari	1	5,047,313	9.00
	Mian Muhammad Saleem	1	2,884	0.01
	Mr. Saad Iqbal	1	977,691	1.74
	Syed Muhammad Irfan Aqueel	1	191,398	0.34
	Mrs. Ambreen Waheed	1	697	0.00
	Mr. Ahsan Imran Shaikh	1	33,504	0.06
	Mrs. Cyma Khan (Spouse of Mr. Sikandar Mustafa Khan)	1	74,237	0.13
	Mrs. Ayesha Sohail (Spouse of Mr. Sohail Bashir Rana)	1	388,050	0.69
	Mrs. Shireen Shah Aqueel (Spouse of Syed Muhammad Irfan Aqueel)	1	33,116	0.06
2	Associated Companies, Undertakings and Related parties	52	8,295,914	14.80
a	Associated Companies	0	0	0.00
b	Associated Undertakings	3	359,928	0.64
c	Related Parties	49	7,935,986	14.16
3	NIT and ICP	4	707,352	1.26
4	Banks, Development Financial Institutions , Non-Banking Financial Institutions & Pension Funds	12	1,564,305	2.79
5	Insurance Companies	12	3,640,820	6.49
6	Modarabas & Mutual Funds	31	1,933,326	3.45
7	Shareholders Holding 10% or more Voting Interest	-	-	-
8	General Public	4,558	22,402,768	39.96
	a-Local	4,494	19,949,963	35.59
	b-Foreign	64	2,452,805	4.38
9	Others	122	2,975,146	5.31
	Joint Stock Companies	49	147,386	0.26
	Trusts	44	2,368,950	4.23
	Others	29	458,810	0.82
	Total	4,802	56,057,751	100.00

MILLAT GROUP OF COMPANIES CONSOLIDATED PATTERN OF SHAREHOLDING

As on June 30, 2021

Pattern of Shareholding of Millat Industrial Products Limited As on 30-06-2021

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
6	1	100	447
31	101	500	8,233
59	501	1,000	46,842
49	1,001	1,500	59,396
37	1,501	2,000	66,223
23	2,001	3,000	55,426
21	3,001	5,000	77,639
51	5,001	40,000	847,537
5	40,001	100,000	251,347
4	100,001	400,000	1,261,000
1	400,001	600,000	541,250
1	600,001	6,000,000	5,737,500
288			8,952,840

Pattern of Shareholding of Tipeq Intertrade DMCC As on 30-06-2021

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
5	1	100	500
1	101	1,500	1,500
6			2,000

Pattern of Shareholding of Bolan Castings Limited As on 30-06-2020

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
201	1	100	9,908
513	101	500	132,205
155	501	1000	133,556
222	1001	5000	538,466
33	5001	10000	248,912
8	10001	15000	105,692
4	15001	20000	75,436
3	20001	25000	67,763
2	25001	30000	54,000
1	30001	35000	32,270
2	40001	45000	89,794
2	45001	50000	96,278
1	65001	70000	83,500
1	140001	145000	144,359
1	165001	170000	166,369
1	255001	260000	258,266
1	295001	300000	300,000
2	485001	490000	973,776
1	570001	575000	575,000
1	945001	950000	950,000
1	1125001	1130000	1,130,000
1	5305001	5310000	5,306,979
1157			11,472,529

Pattern of Shareholding of Millat Equipment Limited As on 30-06-2020

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
41	1	1000	24,886
35	1001	2000	57,663
43	2001	3000	114,134
48	3001	4000	169,694
51	4001	5000	241,427
79	5001	10000	593,917
32	10001	15000	400,713
26	15001	20000	456,047
11	20001	25000	250,725
12	25001	30000	343,600
4	30001	35000	129,300
10	35001	40000	380,029
7	40001	45000	294,101
6	45001	50000	290,125
2	50001	55000	107,000
3	55001	60000	174,450
2	60001	65000	125,500
5	65001	75000	353,859
3	75001	100000	278,125
2	100001	120000	239,200
4	120001	150000	559,050
1	150001	200000	170,800
2	200001	300000	543,200
2	300001	700000	1,001,800
4	700001	2005000	7,000,662
1	2005001	11700000	11,699,993
436	Total		26,000,000

CONSOLIDATED CATEGORIES OF SHAREHOLDING

As on June 30, 2021

Categories of Shareholders	MIPL	%	TIPEG	%	BCL	%	MEL	%
1- Directors, CEO's, spouse & minor children								
Mr. Sikandar Mustafa Khan	541,250	6.05	100	5.00	166,369	1.45	1,622,859	6.24
Mr. Sohail Bashir Rana (Not a Director in MEL)	361,500	4.04	100	5.00	144,359	1.26	1,705,001	6.56
Mr. Laeeq Uddin Ansari	339,500	3.79	100	5.00	3,120	0.03	2,047,801	7.88
Mian Muhammad Saleem (Not a Director in MEL)	2,499	0.03	100	5.00	2,993	0.03	2,500	0.01
Mr. Ahsan Imran Shaikh	33,650	0.38	-	-	-	-	132,450	0.51
Syed Muhammad Irfan Aqueel(CEO-MTL) (Not a Director in BCL)	-	-	-	-	2,500	0.02	100,000	0.38
Mr. Sohail Ahmad Nisar (MIPL Director only)	1.00	0.00	-	-	-	-	-	-
Mr. Javed Aslam (CEO-MIPL)	20,000	0.22	-	-	-	-	1.00	0.00
Mr. Abdul Hamid Ahmed Dagia (BCL Director only)	-	-	-	-	2,500	0.02	-	-
Mrs.Tabassum Rana (BCL Director only)	-	-	-	-	80	0.00	-	-
Mr. Nisar Ahmed Mirani (CEO-BCL)	-	-	-	-	-	-	3,000	0.01
Mr. Muhammad Mustafa Khan(MEL Director Only)	2,500	0.03	-	-	-	-	2,142	0.01
Mr. Muhammad Mustafa Sohail (MEL Director only)	1,000	0.01	-	-	-	-	3,950	0.02
Mr. Muraad Naseer Uddin Ansari(MEL Director only)	-	-	-	-	-	-	5,000	0.02
Mr. Qaiser Saleem(MEL Director only)	197,500	2.21	-	-	-	-	601,550	2.31
	1,499,400	16.75	400	20.00	321,921	2.81	6,226,254	23.95
2- Associated Companies, Undertakings and related parties								
a) Millat Tractors Limited	5,737,500	64.09	1,500	75.00	5,306,979	46.26	11,699,993	45.00
b) Associated Undertakings	-	-	46,278	0.40	-	-	-	-
c) Related Parties	-	-	-	-	-	-	-	-
3- NIT and ICP	-	-	488,716	4.26	-	-	-	-
4- Banks, Development Financial Institutions , Non-Banking Financial Institutions & Pensions Funds	-	-	-	-	575,273	5.01	-	-
5- Insurance Companies	-	-	-	0.00	-	-	-	-
6- Modarabas & Mutual Funds	-	-	-	-	-	-	-	-
7- Shareholders Holding 10% or more Voting Interest (Detail as per 2 (a) above								
8- General Public								
a-Local	-	-	4,259,863	37.13	-	-	-	-
b-Foreign	-	-	-	-	21,905	0.19	-	-
9- Others								
Joint Stock Companies	-	-	-	-	0	0.00	-	-
Trust -	-	-	-	-	-	-	-	-
Public	1,715,940	19.17	-	-	-	-	8,073,753	31.05
Miscellaneous	-	-	100	5.00	451,594	3.94	-	-
	8,952,840	100.00	2,000	100.00	11,472,529	100.00	26,000,000	100.00

ELECTRONIC TRANSMISSION CONSENT



Pursuant to the allowance granted through SRO 787(I)/2014 of September 8, 2014, by the Securities Exchange Commission of Pakistan, the Company can circulate its annual balance sheet and profit and loss accounts, auditor's report and directors' report etc. ("Audited Financial Statements") along with the Company's Notice of Annual General Meeting through email to its shareholders. Those shareholders who wish to receive the Company's Annual Report via email are requested to provide a completed consent form to the Company's Share Registrar, M/s. Hameed Majeed Associates (Pvt.) Ltd.

PLEASE NOTE THAT RECEIPT OF THE ANNUAL REPORT VIA EMAIL IS OPTIONAL AND NOT COMPULSORY.

ELECTRONIC TRANSMISSION CONSENT FORM

The Share Registrar

Date: _____

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

Pursuant to the directions given by the Securities Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I, Mr./Ms. _____ S/o, D/o, W/o _____ hereby consent to have Millat Tractors Ltd., Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Name of Member/ Shareholder _____

Folio/ CDC Account Number _____

Email Address: _____

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of Annual General Meeting.

Signature of the Member/ Shareholder



MILLAT TRACTORS LIMITED

اظہار رضامندی بابت ترسیل برق روی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2014/787(1) مورخہ 8 ستمبر 2014 کے بموجب سہولت مہیا کی گئی ہے کہ کمپنی اپنی سالانہ بیلنس شیٹ اور نفع و نقصان کے گوشوارے محاسب و نظمہ کی مرتب کردہ اطلاقی معلومات (پڑتال شدہ مالیاتی حسابات) بشمول سالانہ اجلاس عام کی اطلاع اپنے حصص یافتگان کو بذریعہ ای میل ارسال کر سکتی ہے۔ وہ تمام حصص داران جو کمپنی کی سالانہ رپورٹ بذریعہ ای میل حاصل کرنے کے خواہشمند ہیں ان سے التماس ہے کہ تکمیل شدہ رضامندی کے فارم کمپنی کے شیئرز رجسٹرار میسرز جمید مجید ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو مہیا کریں۔

یاد دہانی رہے کہ سالانہ رپورٹ کی بذریعہ ای میل وصولی اختیاری ہے لازمی نہیں ہے۔

اظہار رضامندی بابت ترسیل برق روی فارم

شیئرز رجسٹرار

میسرز جمید مجید ایسوسی ایٹس (پرائیوٹ) لمیٹڈ

فسٹ فلور، ایچ۔ ایم ہاؤس،

7- بینک اسکوائر، لاہور

تاریخ:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2014/787(1) مورخہ 8 ستمبر 2014 کی تعمیل کرتے ہوئے میں منشی / مسماہ

ولدیت / زوجیت

ملت ٹریکٹرز ولیمینٹڈ کے پڑتال شدہ مالیاتی گوشوارے اور سالانہ اجلاس عام کی اطلاع بذریعہ ای میل مندرجہ ذیل ای میل پتے پر حاصل کرنا چاہتا/ چاہتی ہوں

ممبر / حصص دار نام:

فولیوسی ڈی سی اکاؤنٹ نمبر:

ای میل ایڈریس:

ہر گاہ اقرار کیا جاتا ہے کہ مندرجہ بالا معلومات صحیح اور درست ہیں اور یہ کہ میں کمپنی اور اس کے شیئرز رجسٹرار کو تحریری طور پر ای میل ایڈریس میں تبدیلی یا بذریعہ ای میل کمپنی کے پڑتال شدہ حسابات اور سالانہ اجلاس عام کی اطلاع کی وصولی یا منسوخی کے بارے میں مطلع کروں گا۔

ممبر / حصص دار کے دستخط:

PROXY FORM

58th Annual General Meeting



I / We _____
of _____ being a member of Millat Tractors Limited and
holder of _____ Ordinary shares as per Shares Register Folio No _____
and / or CDC Participant I.D. No. _____ and Sub Account No. _____
hereby appoint _____ of _____ or failing him / her _____
of _____ or failing him / her _____ of _____ as my proxy to vote for me and
on my behalf at the Annual General Meeting of the Company to be held on Saturday, October 30, 2021 at 11:30am
at Company's Registered Office, 9 K.M. Sheikhpura Road, Shahdara, Lahore and at any adjournment thereof.

Signed this _____ day of _____ 2021

Signature

Please affix
Rupees fifty
revenue stamp

(Signature should
agree with the
specimen signature
registered with the
Company)

Important

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company except that a corporation may appoint a person who is not member.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to the instrument.
3. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, 9 K, Sheikhpura Road, Lahore, not less than 48 hours before the time of holding of the meeting

تشکیل نیابت داری

58 واں سالانہ اجلاس عام



MILLAT TRACTORS LIMITED

میں / ہم _____ ساکن
ملت ٹریکٹرز لمیٹڈ _____

رکن و حاصل _____ عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر _____

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____

ساکن _____ یا بصورت دیگر _____ ساکن _____

کو اپنی جگہ بروز ہفتہ مورخہ 30 اکتوبر، 2021ء وقت 11:30 بجے دوپہر، بمقام کمپنی کے رجسٹرڈ آفس: 9- کلومیٹر شیخوپورہ روڈ شاہدرہ لاہور میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط کئے گئے مورخہ _____، 2021ء

براہ کرم پچاس روپے مالیت
کے ریونیوٹکٹ چسپاں کریں۔

دستخط

(دستخط کمپنی میں درج نمونہ کے
دستخط کے مطابق ہونے چاہئے)

نوٹس:

1. کمپنی کی سالانہ جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کا حق دار رکن اپنی بجائے دوسرے کو شرکت کرنے اور ووٹ دینے کا حق دے سکتا ہے۔ جو کمپنی کلارکن نہیں ہے کوئی بھی شخص پراکسی کے طور پر کام نہیں کرے گا سوائے اس کے کہ ایک کارپوریشن کسی ایسے شخص کو مقرر کرے جو رکن نہیں ہے۔
2. پراکسی کا تقرر کرنے والے پراکسی پر رکن (ممبران) یا اس کے وکیل کی طرف سے تحریری طور پر مجاز ہونا چاہیے۔ اگر ممبر ایک کارپوریشن ہے تو، اس کی عام مہر کو پراکسی پر چسپاں کیا جانا چاہیے۔
3. یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس 9- کلومیٹر، شیخوپورہ روڈ، لاہور میں اجلاس کے انعقاد سے 48 گھنٹے پہلے وصول ہو جانی چاہیے۔

www.millat.com.pk

Registered Office:
Sheikhupura Road, Lahore - Pakistan
Tel: +92 42 37911021 - 25
UAN: 111 200 786

