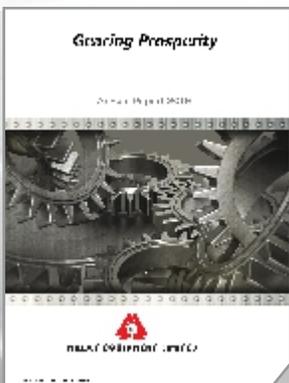
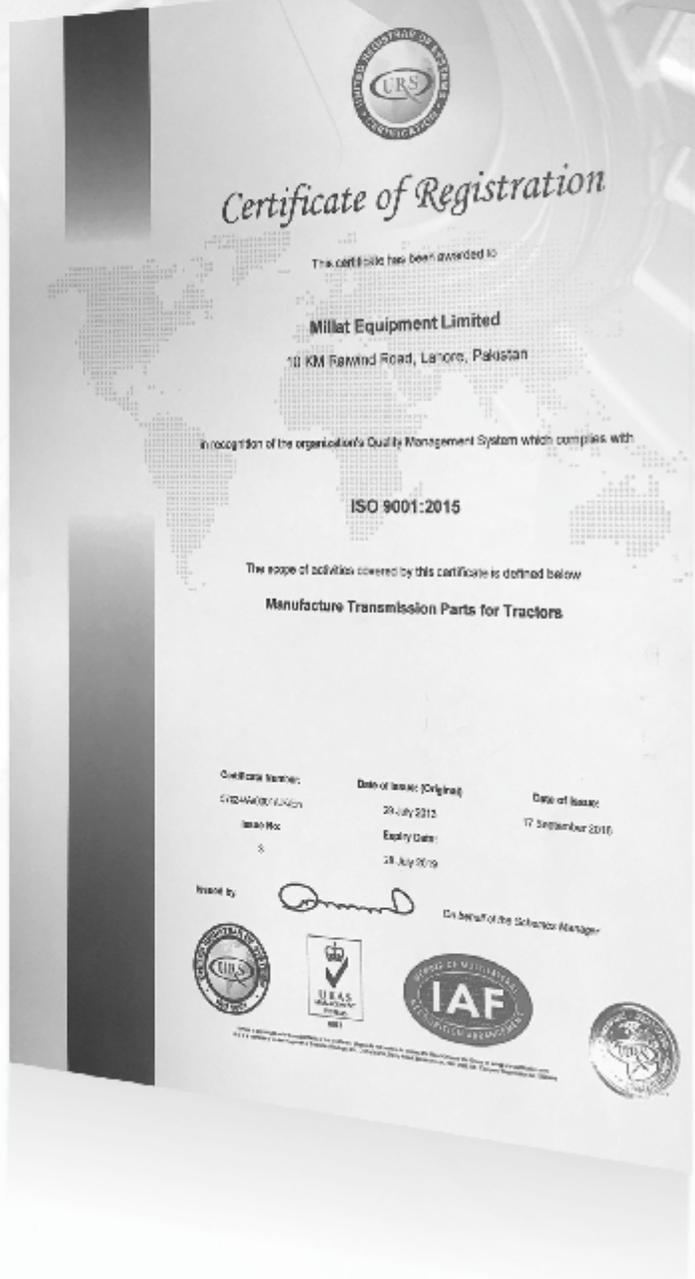


Gearing Prosperity

Annual Report 2019



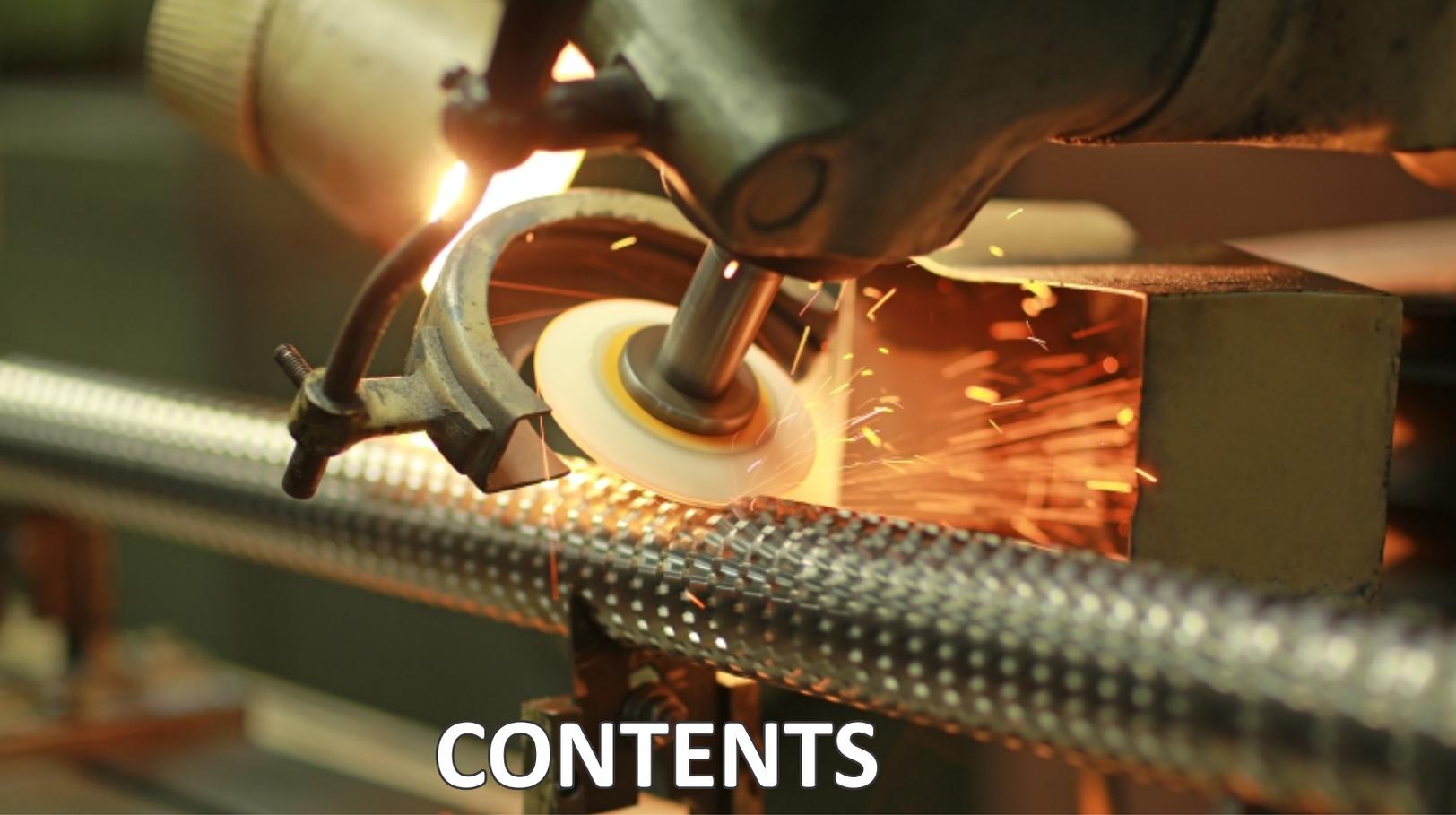
MILLAT EQUIPMENT LIMITED



Gearing Prosperity

Processing from raw to powerful transmission components exhibits the maximum energy. Agri-auto Industry is always important and the role of transmission component for the development of economy is vital. Millat Equipment Limited is well built for transmission components with clear vision & engaging modern technologies. We are committed to serve our customers by providing best services.

Our journey of growth through gearing prosperity is continuous.....



CONTENTS

02	VISION
03	MISSION
04	COMPANY INFORMATION
06	BOARD OF DIRECTORS
08	NOTICE OF ANNUAL GENERAL MEETING
13	SIX YEARS AT A GLANCE
14	DIRECTORS' REPORT TO THE SHAREHOLDERS
28	PATTERN OF SHAREHOLDING
31	INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLAT EQUIPMENT LIMITED
34	STATEMENT OF FINANCIAL POSITION
36	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
37	STATEMENT OF CHANGES IN EQUITY
38	STATEMENT OF CASH FLOWS
39	NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
67	PROXY FORM
69	ELECTRONIC TRANSMISSION CONSENT



Vision

Aspired to reach and sustain
at ultimate heights of value and
excellence in engineering.



Mission

To be a preferred choice for customers and suppliers, competing in the domestic and overseas markets by continuously delivering value on a long term basis through a high performance team driven by innovation and adherence to health, safety and environmental standards benefitting all stakeholders.



Company Information

BOARD OF DIRECTORS

Sikandar Mustafa Khan (Chairman)
Ahsan Imran Shaikh (Chief Executive)
Latif Khalid Hashmi
Sohail Bashir Rana
Laeq Uddin Ansari
Mian Muhammad Saleem
Syed Muhammad Irfan Aqueel

BOARD AUDIT COMMITTEE

Latif Khalid Hashmi	(Chairman)
Laeq Uddin Ansari	(Member)
Sohail Bashir Rana	(Member)

CHIEF FINANCIAL OFFICER/COMPANY SECRETARY

Mudassar Siddique - ACA

AUDITORS

EY Ford Rhodes
Chartered Accountants

LEGAL ADVISORS

Chaudhry Associates Law Inn
Advocates & Legal Consultants



REGISTERED ADDRESS

8.8 km Lahore Sheikhpura Road,
Shahdara, Lahore.

WEBSITE

www.millatgears.com

E-MAIL ADDRESS

info@millatgears.com

PLANT SITE

10 km Raiwind Road, Lahore.

PRINCIPAL BANKERS

Habib Bank Limited
MCB Bank Limited
United Bank Limited
Faysal Bank Limited
Meezan Bank Limited
Bank Alfalah Limited

Board of Directors



Mr. Sikandar Mustafa Khan
Chairman



Mr. Latif Khalid Hashmi
Director



Mr. Sohail Bashir Rana
Director



Mian Muhammad Saleem
Director



Mr. Laeeq Uddin Ansari
Director



Syed Muhammad Irfan Aqueel
Director



Mr. Ahsan Imran Shaikh
CEO



NOTICE OF 27th ANNUAL GENERAL MEETING

Notice is hereby given that 27th Annual General Meeting of Millat Equipment Limited will be held at the Registered Office of the Company at 8.8 k.m. Sheikhpura Road, Shahdara, Lahore, on Friday, October 25, 2019 at 03:30 p.m to transact the following business:

A. ORDINARY BUSINESS

- 1) To confirm minutes of 26th Annual General Meeting held on October 26, 2018.
- 2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2019 together with the Directors' and Auditor's Reports thereon.
- 3) To approve final cash dividend of Rs. 10.00 per share i.e., 100% in addition to the interim dividend of Rs. 10.00 per share i.e., 100% already paid making a total cash dividend of Rs. 20.00 per share i.e., 200%.
- 4) To appoint auditors and fix their remuneration for the year ending June 30, 2020.

B. SPECIAL BUSINESS

- 5) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2019 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, 2019 be and are hereby ratified, approved and confirmed."



Name of the Related Party	Nature and Description of Related Party Transaction	2019 (AMOUNTS IN RUPEES)
Millat Tractors Limited	Sale of components against confirmed orders Services Purchase of components against confirmed orders	3,311,976,255 7,550,650 2,241,430
Bolan Castings Limited	Purchase of components against confirmed orders	5,589,980
Millat Industrial Products Limited	Purchase of components against confirmed orders	32,568
TIPEG Intertrade DMCC	Sale of components against confirmed orders	1,878,007

- 6) To authorize Chief Executive of the Company to approve transactions with Related Parties for the year ending June 30, 2020 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, 2019 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.”

C. ANY OTHER BUSINESS

- 7) To transact any other business with the permission of the Chair.

By order of the Board

Mudassar Siddique
Company Secretary

Lahore:
October 04, 2019

NOTES

- The share transfer books of the Company will remain closed from October 19, 2019 to October 25, 2019 (both days inclusive) and no transfer will be accepted during this period. The members whose names appear in the Register of Members as at the close of business on October 18, 2019 will qualify for the payment of cash dividend.
- A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
- 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 Company at 10 k.m Raiwind Road, Lahore. This will assist in prompt receipt of dividend.
- As per directive of Securities and Exchange Commission of Pakistan (SECP) contained in SRO No. 831(I) / 2012 dated July 05, 2012 read with SRO No. 19 (I) / 2014 dated January 10, 2014, the dividend warrants should bear the Computerized National Identity Card (CNIC) numbers of the registered members or the authorized person except in the case of minor(s) and corporate members. CNIC numbers of the members are, therefore, mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld. Therefore, the members who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) to the Company.
- The Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend



paid by the companies. These rates are as follows:

- (a) For filers of income tax returns = 15.00%
- (b) For non-filers of income tax returns = 30.00%

To enable the Company to make tax deduction from cash dividend @15.00% instead of 30.00% all the shareholders 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 the cash dividend, otherwise tax on their cash dividend will be deducted @30.00% instead of 15.00%.

For shareholders 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 Company as follows.

Company Name	Folio #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (# of Shares)	Name and CNIC #	Shareholding Proportion (# of Shares)

The above/required information must be provided to the Company Secretary, 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 Representative at 10 k.m Raiwind Road, Lahore. Phone: +92-42-35322717, e-mail address: mudassar@millatgears.com
Fax: +92-42-35322714.

- 6. The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated September 08, 2014 has, allowed companies to circulate annual balance sheet, profit & loss account, auditor's report and directors report along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility may give their consent to the Company Secretary.

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 25, 2019.

- 1. Approval/Ratification of Related Party Transactions(RPTs) conducted during Financial year ended on June 30, 2019

Pursuant to newly promulgated Companies Act, the transactions conducted with group companies are to be approved/ratified by the shareholders in general meeting as 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. Now the transactions with group companies for the year ended June 30, 2019 are being placed before the shareholders for their consideration and approval/ratification.

It may be noted that principal activity of the company is manufacture of intricate tractor components i.e., major tractor gears & shafts etc respectively for which limited sources are available in the country. The commercial reasons for entering into RPTs are the following:

- i) Availability of state of the art production facilities
- ii) Advanced technical know how
- iii) Dedicated production facilities
- iv) Elaborated testing facilities for MTL

v) Smooth supply chain

Information required under S.R.O. 1194 (I)/2018 dated 2nd October, 2018 is as under;

Sr. No.	Description	Remarks																			
a)	Name of Related Party	Millat Tractors Limited, Bolan Castings Limited, Millat Industrial Products Limited & TIPEG Intertrade DMCC																			
b)	Names of Interested or concerned persons or directors	Mr. Sikandar Mustafa Khan, Mr. Latif Khalid Hashmi, Mr. Sohail Bashir Rana, Mr. Laeeq Uddin Ansari, Mian Muhammad Saleem and Syed Muhammad Irfan Aqueel.																			
c)	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 the related party	The Directors are interested to the extent of their common directorships and shareholding in the group companies.																			
d)	Detail, description, terms and conditions of transactions	Sale / Purchase of components against confirmed order.																			
e)	Amount of transactions	<table border="1"> <thead> <tr> <th>Name of the Related Party</th> <th>Nature and Description of Related Party Transaction</th> <th>2019 (AMOUNTS IN RUPEES)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Millat Tractors Limited</td> <td>Sale of components against confirmed orders</td> <td>3,311,976,255</td> </tr> <tr> <td>Services</td> <td>7,550,650</td> </tr> <tr> <td rowspan="2">Bolan Castings Limited</td> <td>Purchase of components against confirmed orders</td> <td>2,241,430</td> </tr> <tr> <td></td> <td>5,589,980</td> </tr> <tr> <td>Millat Industrial Products Limited</td> <td>Purchase of components against confirmed orders</td> <td>32,568</td> </tr> <tr> <td>TIPEG Intertrade DMCC</td> <td>Sale of components against confirmed orders</td> <td>1,878,007</td> </tr> </tbody> </table>	Name of the Related Party	Nature and Description of Related Party Transaction	2019 (AMOUNTS IN RUPEES)	Millat Tractors Limited	Sale of components against confirmed orders	3,311,976,255	Services	7,550,650	Bolan Castings Limited	Purchase of components against confirmed orders	2,241,430		5,589,980	Millat Industrial Products Limited	Purchase of components against confirmed orders	32,568	TIPEG Intertrade DMCC	Sale of components against confirmed orders	1,878,007
Name of the Related Party	Nature and Description of Related Party Transaction	2019 (AMOUNTS IN RUPEES)																			
Millat Tractors Limited	Sale of components against confirmed orders	3,311,976,255																			
	Services	7,550,650																			
Bolan Castings Limited	Purchase of components against confirmed orders	2,241,430																			
		5,589,980																			
Millat Industrial Products Limited	Purchase of components against confirmed orders	32,568																			
TIPEG Intertrade DMCC	Sale of components against confirmed orders	1,878,007																			
f)	Time frame or duration of the transactions or contracts or arrangements	From 01 st July 2018 to 30 th June 2019																			
g)	Pricing policy	Mutually Agreed Price																			

2. Authorization to CEO For Related Party Transactions(RPTs)

The Company shall be conducting Related Party Transactions (RPTs) with group companies during the year ending June 30, 2020 in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the group companies. Therefore these transactions with group 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 group on case to case basis period from July 01, 2019 till the next Annual General Meeting of the company. 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 group companies.



Inauguration of 350 kw Twin Spindle Induction Hardening Machine



A capture of IFS kick off ceremony



Six Years at a Glance

(Rupees in thousand)

Trading Results		2019	2018	2017	2016	2015	2014
Sales-Net		3,312,662	4,244,660	3,303,592	1,899,206	2,490,837	1,889,855
Gross profit		831,572	1,436,728	1,041,655	384,523	663,050	444,802
Operating profit		657,211	1,240,463	898,430	300,129	560,846	363,252
Profit/ (Loss) before tax		663,672	1,278,246	946,599	318,288	585,267	375,980
Net profit/(Loss) after tax		488,829	868,353	624,217	220,262	390,404	263,218
Balance Sheet							
Share capital		260,000	260,000	260,000	260,000	260,000	260,000
Reserves		826,871	1,066,042	977,688	821,472	809,210	808,806
Property, plant and equipment		677,755	618,596	623,906	504,531	526,874	559,660
Non current assets		17,716	3,654	3,721	3,820	3,969	3,705
Long term liabilities		29,869	6,680	6,372	4,839	3,948	3,736
Deferred liabilities		70,147	65,103	62,103	64,737	72,037	81,817
Investor Information							
Sales growth	%	(22)	28	74	(24)	32	(27)
Gross profit growth	%	(42)	38	171	(42)	49	(37)
Pre tax profit growth	%	(48)	35	197	(46)	56	(40)
Net profit after tax growth	%	(44)	39	183	(44)	48	(38)
Gross profit ratio	%	25	34	32	20	27	24
Operating profit ratio	%	20	29	27	16	23	19
Profit before tax ratio	%	20	30	29	17	23	20
Profit after tax ratio	%	15	20	19	12	16	14
Return on capital employed	%	63	96	77	30	55	36
Inventory turnover	Times	12.68	9.09	12.29	9.21	8.89	5.21
Total assets turnover	Times	2.01	2.47	2.08	1.45	1.80	1.27
Fixed assets turnover	Times	4.76	6.82	5.26	3.74	4.69	3.35
Return on assets	%	29.64	50.60	39.24	16.81	28.28	17.70
Long term debts: Equity ratio		-	-	-	-	-	-
Current ratio		2.06 : 1	3.44 : 1	3.38 : 1	5.03 : 1	3.61 : 1	2.78 : 1
Financial charges coverage	Times	30.49	1161.39	1106.99	226.84	350.22	37.18
Pay out							
Dividend Rs. per share	Rs.	20.00	33.00	23.00	10.00	13.00	10.00
Earning per share (after tax)	Rs.	18.80	33.40	24.01	8.47	15.02	10.12
Breakup value	Rs.	41.80	51.00	47.60	41.60	41.12	41.11
Return on equity	%	44.98	65.48	50.43	20.37	36.51	24.63
Dividend cover	%	106.38	98.80	95.79	118.06	86.55	98.78



Directors' Report To The Shareholders for the Year Ended June 30, 2019

The Directors feel pleasure in presenting their 27th Annual Report together with the Audited Accounts of the Company for the year ended June 30, 2019.

ACCOUNTS / APPROPRIATIONS

Financial results for the year are as follows:

Accumulated profit brought forward	Rs. 1,066,041,741
Profit before taxation for the year	Rs. 663,671,890
Less: final dividend (Year 2018 @ 180%)	Rs. 468,000,000
Less: interim dividend (Year 2019 @ 100%)	Rs. 260,000,000
Less: current taxation	Rs. 174,842,781
Appropriations	Rs. NIL
Profit carried forward	Rs. 826,870,850

Your Directors recommended payment of cash dividend @ Rs. 10 per share (100%) in addition to the interim dividend of Rs. 10 per share (100%) already paid.



PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2019 is annexed.

EARNING PER SHARE

The earning per share for the year was Rs. 18.80 compared to Rs. 33.40 for the prior year.

DIRECTORS

The Board comprises of seven directors namely Mr. Sikandar Mustafa Khan (Chairman), Mr. Latif Khalid Hashmi, Mr. Sohail Bashir Rana, Mr. Laeeq Uddin Ansari, Mian Muhammad Saleem, Syed Muhammad Irfan Aqueel and Mr. Ahsan Imran Shaikh (CEO). Since the last report, there has been no change in its composition.

Board Audit Committee

The audit committee comprises of the following directors:

Mr. Latif Khalid Hashmi, Director	Chairman
Mr. Laeeq Uddin Ansari, Director	Member
Mr. Sohail Bashir Rana, Director	Member

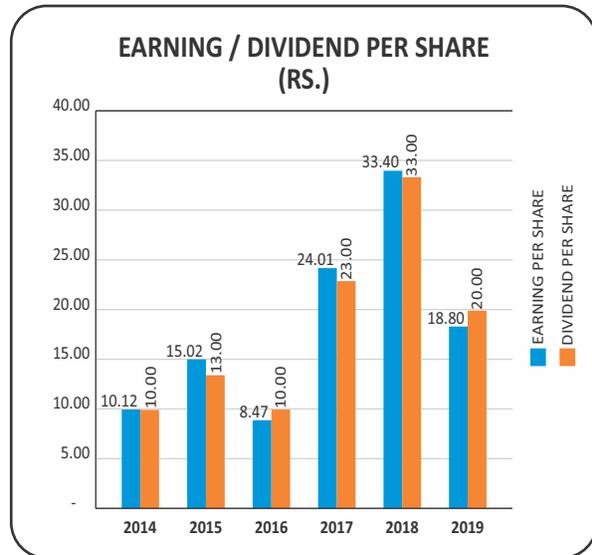
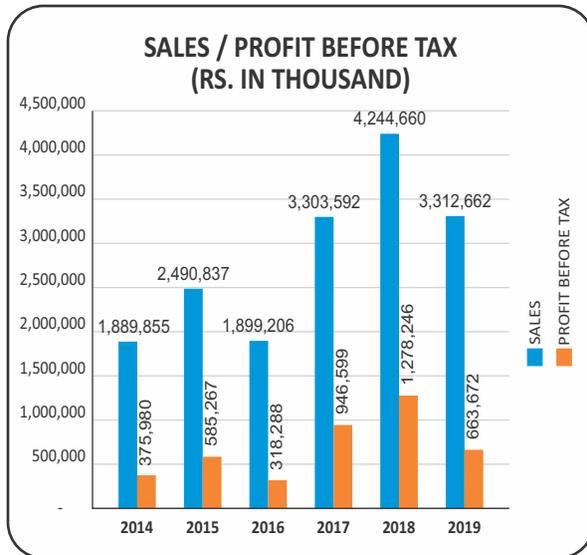
The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board. The Audit Committee also reviewed internal audit findings.

DUTY & TAXES

Information relating to duty & taxes has been given in the respective notes to the accounts.

PRINCIPAL ACTIVITIES, DEVELOPMENTS & PERFORMANCE

The company's principal activities remain same as previous years i.e., producing a range of transmission shafts and gears for the various models of Massey Ferguson tractors in Pakistan. Furthermore, the financial



performance of the company during the year was satisfactory despite of sharp decline in tractor demand due to recent economic condition.

FUTURE PROSPECTS OF PROFIT

Despite the current financial / economic hardship being faced by the Pakistani economy as a whole, we foresee the tractor demand to be consistent with the financial year 2018-2019. Therefore, profitability of company is expected to be maintained at current level in the upcoming financial year.

INTERNAL FINANCIAL CONTROLS

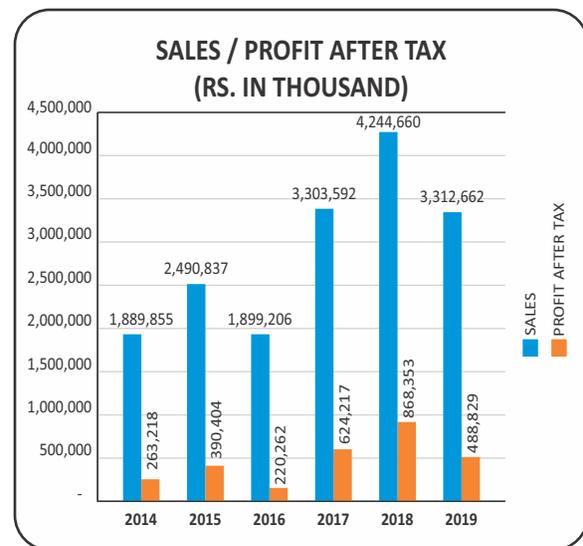
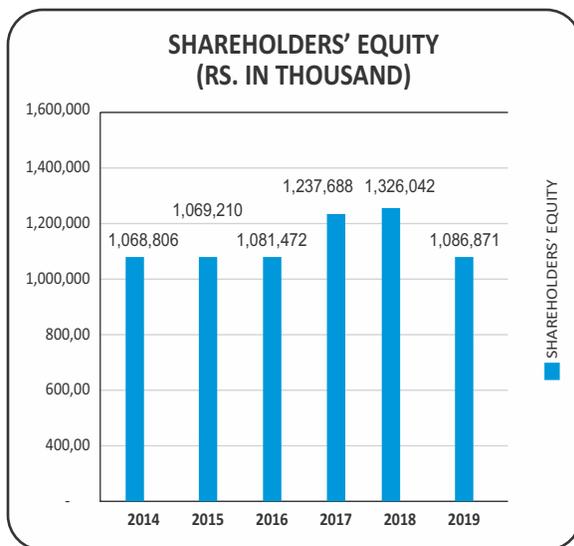
Adequate internal financial controls are already operational and the Board Audit Committee is there to make sure the complete implementation of these controls.

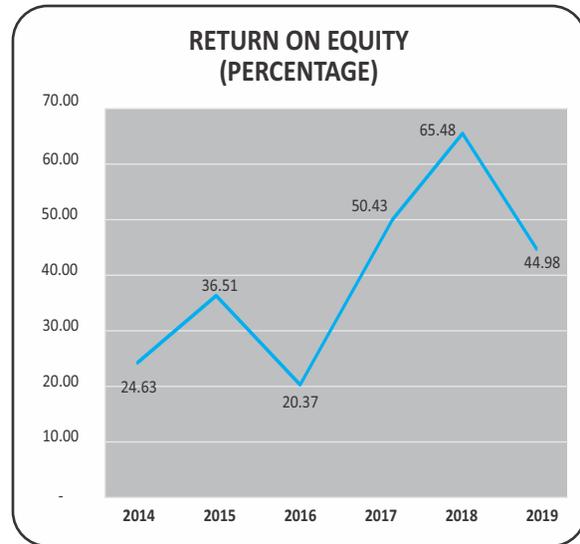
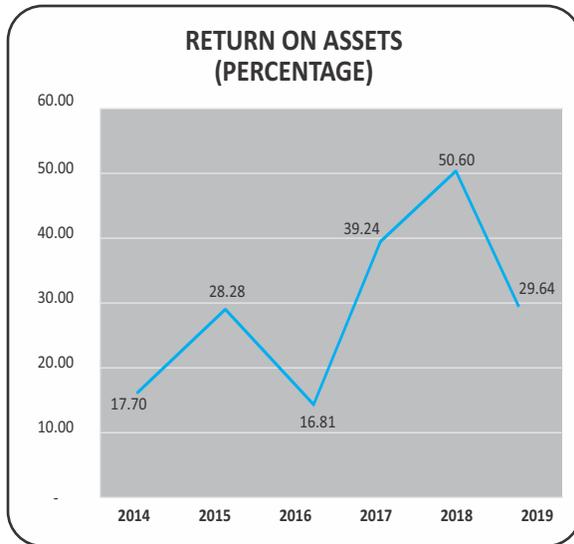
RISK & UNCERTAINTIES

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.

AUDITORS

The present Auditors, M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants retire and offer themselves for re-appointment for the year ending June 30, 2020. The Board of Directors of the Company has





endorsed their appointment for shareholders' consideration at the forthcoming Annual General Meeting. The external auditors have been given satisfactory rating under the Quality Control Review of the Institute of Chartered Accountants of Pakistan and being eligible, have offered themselves for re-appointment.

NUMBER OF EMPLOYEES

There were 148 of employees as on June 30, 2019 compared to 146 employees as on June 30, 2018.

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.



Millat Group participation in Automechanika 2019 held in Turkey



Corporate Social Responsibility

I. CORPORATE PHILANTHROPY

The Company has not contributed towards corporate philanthropy.

II. ENERGY CONSERVATION

The Company has successfully completed energy audit of ISO 50001 and MEL is only the 3rd energy certified company in Pakistan. SCADA systems over air compressors and furnaces to monitor and control efficient usage of energy have also been implemented. A compliance of detailed energy conservation policy adopted previously is being ensured. New methods of energy conservation are also being explored. The Company makes a conscious effort to conserve energy at our offices, including a voluntary shut down of air conditioners and excessive lights during idle hours

III. ENVIRONMENTAL PROTECTION MEASURES

The Company has initiated plantation and horticulture drive within its premises and outside. Moreover, employees are encouraged to participate in tree plantation activities.

IV. COMMUNITY INVESTMENT AND WELFARE SCHEMES

The Company did not invest any amount for community investment & welfare schemes.

V. CONSUMER PROTECTION MEASURES

The Company manufactures its products for OEMs only and does not manufacture any consumer product.

VI. WELFARE SPENDING FOR UNDER-PRIVILEGED CLASSES

The Company did not spend any money for under-privileged classes yet.

VII. INDUSTRIAL RELATIONS

MEL is discharging all liabilities stipulated in all applicable Laws. The Company also ensures that all legal dues and liabilities are being met by its labour contractors.

VIII. EMPLOYMENT OF SPECIAL PERSONS

The Company has not employed any special person during the year.



MEL employee demonstrating his fire fighting skills

IX. OCCUPATIONAL SAFETY & HEALTH

All employees at Millat Equipment Limited are fully committed to maintain their personal safety & health and ensure to prevent harm to their fellow colleagues as well as to the environment. A fume extraction system was installed at our factory site which has directly reduced the hazard levels in the factory and made the area safer for work.

To accomplish and enhance our safety program, all possible steps have been taken to recognize and eliminate occurrence of unsafe acts and conditions through training and development of people along with providing them the required safety gadgets. Management at all levels recognizes the responsibility of preventing injuries, occupational illnesses, property loss, and harm to the environment and of providing a safe and healthful workplace.

X. BUSINESS ETHICS AND ANTI CORRUPTION MEASURES

The Company abides by all business ethics and discourages every type of corruption and every corrupt practice.



Millat Group participation in Pakistan Auto Parts Show 2019

XI. NATIONAL CAUSE DONATIONS

The Company has not yet allocated any budget towards national cause donations owing to cash flow constraints during the year.

State of the Art Manufacturing and Testing Equipments





A Capture of Tug of War



Annual Dinner 2018-2019



Annual Sports 2018-2019

XII. CONTRIBUTION TO NATIONAL EXCHEQUER

Millat Equipment Limited has contributed Rs. 533.56 million to the National Exchequer in the shape of direct and indirect taxes.

XIII. RURAL DEVELOPMENT PROGRAMS

The Company carries out all its operations in urban areas therefore the Company has not made any contribution towards rural development programs.

For and on behalf of the Board



CHIEF EXECUTIVE
Lahore:
August 20, 2019



DIRECTOR



۱۳۔ دیہی ترقیاتی پروگرام:

کمپنی کے تمام تر آپریشنز شہری علاقوں سے متعلقہ ہیں۔ اس لئے کمپنی نے کسی بھی دیہی ترقیاتی پروگرام میں حصہ نہیں لیا۔

Sd/-
Aussade
ڈائریکٹر

Ansehil

چیف ایگزیکٹو

لاہور

20 اگست، 2019

۵۔ صارفین کے تحفظ کے لئے اقدامات:

کمپنی صرف اور صرف OEMs کے لئے اپنی مصنوعات تیار کرتی ہے جبکہ ایسی کوئی بھی مصنوعات تیار نہیں کرتی جس کا تعلق صارف کے ساتھ ہو۔

۶۔ ضرورت مند طبقے اور مستحق افراد کے لئے فلاحی اخراجات:

کمپنی نے ضرورت مند طبقے کی فلاح و بہبود کے لئے ابھی تک کوئی پیسہ خرچ نہیں کیا۔

۷۔ صنعتی تعلقات:

ملٹ ایکویپمنٹ لمیٹڈ تمام قابل اطلاق قوانین کی مکمل پاسداری کرتی ہے۔ اس کے ساتھ ساتھ کمپنی اس بات کو بھی یقینی بناتی ہے کہ اس کے لیبر کے ٹھیکیدار تمام قانونی واجبات اور ذمہ داریاں لیبر قوانین کے عین مطابق ادا کر رہے ہیں۔

۸۔ معذور افراد کی بھرتی:

کمپنی نے سال بھر کے دوران کسی بھی معذور شخص کو ملازمت نہیں دی۔

۹۔ پیشہ ورانہ تحفظ اور صحت:

ملٹ ایکویپمنٹ لمیٹڈ کے تمام ملازمین نہ صرف ذاتی تحفظ اور صحت کو یقینی بناتے ہیں بلکہ اپنے ساتھی ملازمین اور ارد گرد کے ماحول کے تحفظ کے لئے بھی پرعزم رہتے ہیں۔ اس حوالے سے فیکٹری کے اندر فیوم ایکسٹریکشن سسٹم نصب کیا گیا ہے جس کے باعث کام کے دوران کوئی خطرہ پیش آنے کے خدشے میں خاطر خواہ کمی آئی ہے اور کام کرنے کی جگہوں کو بھی محفوظ بنا دیا گیا ہے۔

مختلف تربیتی پروگراموں کے ذریعے سیفٹی پروگرام کو مزید فعال بنایا جاتا ہے تاکہ نقصان دہ حالات سے بچاؤ ممکن ہو سکے۔ اس کے ساتھ ساتھ ملازمین کو حفاظتی آلات فراہم کر کے ان کے تحفظ کو یقینی بنایا جاتا ہے۔ کمپنی مینجمنٹ تمام سطحوں پر اپنی ذمہ داریاں بخوبی نبھاتی ہے اور ملازمین کو کسی بھی بیماری، حادثے یا نقصان سے دور رکھتے ہوئے کام کے لئے محفوظ اور صحت افزا ماحول مہیا کرتی ہے۔

۱۰۔ کاروباری اخلاقیات اور ردِ بدعنوانی کے خلاف اقدامات:

کمپنی تمام تر کاروباری اخلاقیات کی مکمل پاسداری کرتی ہے اور کسی بھی قسم کی بدعنوانی اور بُرے عمل کی ممانعت کرتی ہے۔

۱۱۔ عطیات برائے قومی مقاصد:

کمپنی کی جانب سے سال بھر کے دوران قومی عطیے کی مد میں کوئی رقم خرچ نہیں کی گئی۔

۱۲۔ قومی خزانے میں جمع کروائی گئی رقم:

ملٹ ایکویپمنٹ لمیٹڈ نے بلواسطہ یا بلاواسطہ ٹیکسز کی مد میں قومی خزانے میں 533.56 ملین روپے جمع کروائے ہیں۔

ریٹائر ہو چکے ہیں اور خود کو سالِ مختتمہ 30 جون 2020 کے لئے دوبارہ تقرر ہونے کے لئے پیش کرتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز ان کی تقرری کو آنے والے سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی نظر ثانی کے لیے پیش کرتے ہیں۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو کے تحت بیرونی آڈیٹرز کی تسلی بخش درجہ بندی کی گئی ہے، اور اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔

ملازمین کی تعداد:

30 جون 2019 کو ختم ہونے والے سال پر ملازمین کی تعداد 148 تھی جبکہ 30 جون 2018 کو یہ تعداد 146 تھی۔

بعد میں رونما ہونے والے واقعات:

مالیاتی سالِ مختتمہ اور اس رپورٹ کی تاریخ کے درمیان کوئی ایسی واضح تبدیلی نہیں ہوئی جس سے مالیاتی پوزیشن میں کوئی فرق آیا ہو۔

کارپوریٹ سماجی ذمہ داری

۱۔ کارپوریٹ فلاح و بہبود

کمپنی نے کسی بھی قسم کی کارپوریٹ فلاح و بہبود میں حصہ نہیں لیا۔

۲۔ توانائی کی بچت:

کمپنی نے ISO 50001 کے انرجی آڈٹ کو کامیابی سے مکمل کر لیا ہے، اور اس حوالے سے ملت ایکویپمنٹ لمیٹڈ پاکستان میں تیسری مستند کمپنی ہے۔ توانائی کے موثر استعمال اور بہتر جانچ پڑتال کے لئے کمپیوٹریز اور فرنسز پر SCADA سسٹمز نافذ کر دیے گئے ہیں۔ توانائی بچاؤ حکمت عملی پر عملدرآمد کو یقینی بنایا جا رہا ہے۔ اس کے ساتھ ساتھ توانائی کو محفوظ کرنے کے نئے طریقے اپنائے جا رہے ہیں۔ اس ضمن میں کمپنی اپنے آفسز میں موثر اقدامات اٹھاتی رہی ہے جیسا کہ رضا کارانہ طور پر ایئر کنڈیشنڈ بند کرنا اور فارغ اوقات میں زیادہ لائٹس کے استعمال سے گریز کرنا۔

۳۔ اقدامات برائے ماحولیاتی تحفظ:

کمپنی نے اندرونی و بیرونی احاطہ میں باغبانی اور شجرکاری مہم کا آغاز کیا ہے۔ مزید برآں شجرکاری مہم میں حصہ لینے والے ملازمین کی حوصلہ افزائی بھی کی جاتی ہے۔

۴۔ اجتماعی سرمایہ کاری اور فلاحی اسکیمیں:

کمپنی نے کسی بھی قسم کی اجتماعی سرمایہ کاری اور فلاحی اسکیم میں حصہ نہیں لیا۔

بورڈ آڈٹ کمیٹی

آڈٹ کمیٹی مندرجہ ذیل ڈائریکٹر حضرات پر مشتمل ہے۔

چیئرمین

جناب لطیف خالد ہاشمی

ممبر

جناب لئیق الدین انصاری

ممبر

جناب سہیل بشیر رانا

آڈٹ کمیٹی نے بورڈ میں پیشگی سے قبل سہ ماہی، ششماہی اور سالانہ مالیاتی گوشواروں کا جائزہ لیا۔ مزید برآں آڈٹ کمیٹی کی جانب سے آڈٹ کے اندرونی نتائج کا جائزہ بھی لیا گیا۔

ڈیوٹی اینڈ ٹیکسز

ڈیوٹی اور ٹیکسز سے متعلقہ معلومات بلحاظ حوالہ جات اکاؤنٹس میں فراہم کر دی گئی ہیں۔

رہنما سرگرمیاں، اقدامات اور کارکردگی:

کمپنی کی بنیادی سرگرمیاں گزشتہ سال جیسی ہی ہیں یعنی پاکستان میں بیسی فرگوسن ٹریڈرز کے مختلف ماڈلز کے لئے ٹرانسمیشن سٹافٹس اور گیسز کی پیداوار۔ مزید برآں سال بھر کے دوران کمپنی کی مالی کارکردگی اطمینان بخش رہی ٹریڈرز کی طلب میں خاطر خواہ کمی کے باوجود۔

مستقبل میں منافع کے امکانات:

پاکستانی معیشت کو درپیش حالیہ مالی / اقتصادی مشکلات کے باوجود ہم ٹریڈرز کی مانگ کو مالی سال 2018-2019 کے مقابلے میں یکساں رہنے کی توقع کرتے ہیں۔ چنانچہ توقع کی جاتی ہے کہ آئندہ سال کمپنی کا منافع موجودہ سال کی سطح کے برابر برقرار رہے گا۔

اندرونی مالیاتی کنٹرولز:

کمپنی کے اندرونی مالیاتی کنٹرولز پہلے ہی فعال طور پر اپنا کردار ادا کر رہے ہیں جبکہ بورڈ آڈٹ کمیٹی ان کنٹرولز کے مؤثر نفاذ کو یقینی بنانے کے لئے کاربند ہے۔

بے یقینی اور بنیادی خطرات:

ظاہری طور پر واحد کسٹمر کمپنی اور اس سے منسلک خطرات کے علاوہ کوئی دیگر وجوہات نہیں جو مستقبل میں کمپنی کا روبرو متاثر کریں۔

آڈیٹرز:

موجودہ آڈیٹرز M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants

ڈائریکٹرز رپورٹ برائے حصص داران

برائے سال ختمہ 30 جون 2019

ڈائریکٹر حضرات کی جانب سے کمپنی کی سٹائیسویں سالانہ رپورٹ ہمراہ کمپنی آڈیٹڈ اکاؤنٹس برائے سال ختمہ 30 جون 2019 بصد خوشی پیش کی جاتی ہے۔

اکاؤنٹس / تخصیص

سال بھر کے مالیاتی نتائج مندرجہ ذیل ہیں۔

سال کے آغاز پر جمع شدہ منافع:	1,066,041,741 روپے
سال بھر کے لئے قبل از ٹیکسیشن منافع:	663,671,890 روپے
کمی: جتنی ڈیویڈنڈ (برائے سال 2018 @ 180%)	468,000,000 روپے
کمی: عبوری ڈیویڈنڈ (برائے سال 2019 @ 100%)	260,000,000 روپے
کمی: موجودہ ٹیکسیشن	174,842,781 روپے
تخصیص:	صفر
منافع کیری فارورڈ:	826,870,850 روپے

آپ کے ڈائریکٹرز نے جتنی کیش ڈیویڈنڈ 10 روپے فی حصص (100%) کے حساب سے تجویز کیا۔ جبکہ یہ ادائیگی پہلے سے ادا شدہ عبوری ڈیویڈنڈ 10 روپے فی حصص (100%) کے علاوہ ہوگی۔

شیر ہولڈنگ کا تناسب:

شیر ہولڈنگ کا تناسب 30 جون 2019 کے حساب سے منسلک کیا گیا ہے۔

فی حصص آمدنی:

30 جون 2019 کو ختم ہونے والے سال پر فی حصص آمدنی 18.80 روپے رہی جبکہ گزشتہ سال فی حصص آمدنی 33.40 روپے تھی۔

ڈائریکٹرز

بورڈ سات ڈائریکٹر حضرات پر مشتمل ہے یعنی جناب سکندر مصطفیٰ خان (چیرمین)، جناب لطیف خالد ہاشمی، جناب سہیل بشیر رانا، جناب لیتق الدین انصاری، میاں محمد سلیم، سید محمد عرفان عقیل اور جناب احسن عمران شیخ (چیف ایگزیکٹو)۔ پچھلی رپورٹ کے بعد سے بورڈ کی تشکیل میں کوئی تبدیلی نہیں کی گئی۔





PATTERN OF SHAREHOLDING

as at 30 June, 2019

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
46	1	1000	29,335
32	1001	2000	53,371
46	2001	3000	123,815
49	3001	4000	171,600
49	4001	5000	231,750
82	5001	10000	620,033
29	10001	15000	358,622
23	15001	20000	413,237
12	20001	25000	268,225
13	25001	30000	373,200
3	30001	35000	100,550
11	35001	40000	423,229
7	40001	45000	298,701
5	45001	50000	243,400
4	50001	55000	211,700
3	55001	60000	174,450
1	60001	65000	63,000
6	65001	75000	426,984
3	75001	100000	300,000
2	100001	120000	239,200
4	120001	150000	557,200
1	150001	200000	170,800
2	200001	300000	484,400
2	300001	700000	1,000,251
4	700001	2005000	6,962,954
1	2005001	11700000	11,699,993
440		Total	26,000,000



CATEGORIES OF SHAREHOLDERS

Particulars	Number of Shareholders	Shares held	Percentage of issued capital
1. Directors, CEO and their spouses and minor children			
Mr. Sikandar Mustafa Khan	1	1,625,001	6.25
Mr. Latif Khalid Hashmi	1	1,625,001	6.25
Mr. Sohail Bashir Rana	1	1,708,951	6.57
Mr. Laeeq Uddin Ansari	1	2,004,001	7.71
Mian Muhammad Saleem	1	600,001	2.31
Syed Muhammad Irfan Aqueel	1	100,000	0.38
Mr. Ahsan Imran Shaikh	1	130,600	0.50
Mrs. Qurat ul Ain (Spouse of Mr. Latif Khalid Hashmi)	1	3,700	0.01
2. Associated Companies, Undertakings & Related Parties			
a) Millat Tractors Limited	1	11,699,993	45
b) Associated Undertakings	-	-	-
c) Related Parties	6	63,450	0.24
3. NIT & ICP	-	-	-
4. Banks, Development Financial Institutions, Non-Banking Financial Institutions & Pension Funds	-	-	-
5. Insurance Companies	-	-	-
6. Modarabas & Mutual Funds	-	-	-
7. Shareholders holding 10% or more voting interest (detail as per 2(a) above)	-	-	-
8. General Public			
a) Local	-	-	-
b) Foreign	-	-	-
9. Others			
a) Joint Stock Companies	-	-	-
b) Trusts	-	-	-
c) Public	425	6,439,302	24.77
d) Miscellaneous	-	-	-
Total	440	26,000,000	100.00



FINANCIAL STATEMENTS

For The Year Ended 30 June, 2019



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLAT EQUIPMENT LIMITED ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Millat Equipment Limited, which comprise the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and 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, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 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.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report 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.

Report on Other Legal and Regulatory Requirements

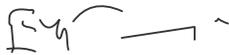
Based on our audit, we further report that in our opinion:

- 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.

Other Matter

The financial statements of the Company for the year ended 30 June 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 12 September 2018.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sajjad Hussain Gill.



Chartered Accountants
Lahore: 05 September 2019



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE, 2019

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
30,000,000 (2018: 30,000,000) ordinary shares of Rs. 10 each		300,000,000	300,000,000
Issued, subscribed and paid up share capital			
26,000,000 (2018: 26,000,000) ordinary shares of Rs. 10 each fully paid in cash	5	260,000,000	260,000,000
Revenue reserve - Unappropriated profit		826,870,850	1,066,041,741
		1,086,870,850	1,326,041,741
NON-CURRENT LIABILITIES			
Long term advances	6	7,228,288	6,679,656
Deferred taxation	7	70,147,439	65,103,179
Accumulating compensated absences	8	22,640,988	21,178,480
		100,016,715	92,961,315
CURRENT LIABILITIES			
Trade and other payables	9	177,643,825	272,183,487
Mark-up accrued on secured loans		11,669,364	218,404
Short term borrowings - secured	10	266,003,160	-
Unclaimed dividend		6,756,277	2,650,890
Provision for income tax		-	21,935,413
		462,072,626	296,988,194
CONTINGENCIES AND COMMITMENTS			
	11	-	-
		1,648,960,191	1,715,991,250

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE, 2019

	Note	2019 Rupees	2018 Rupees
Revenue from contracts with customers	21	3,312,661,844	4,244,660,314
Cost of sales	22	(2,481,090,030)	(2,807,932,760)
Gross profit		831,571,814	1,436,727,554
Selling and distribution expenses	23	(2,735,051)	(3,216,600)
Administrative expenses	24	(123,822,182)	(98,536,874)
Other operating expenses	25	(47,803,619)	(94,511,321)
Operating profit		657,210,962	1,240,462,759
Finance cost	26	(22,503,852)	(1,101,569)
Other income	27	28,964,780	38,884,318
Profit before tax		663,671,890	1,278,245,508
Taxation	28	(174,842,781)	(409,892,130)
Profit after tax		488,829,109	868,353,378
Other comprehensive income		-	-
Total comprehensive income for the year		488,829,109	868,353,378
Earnings per share - basic and diluted	30	18.80	33.40

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE, 2019

	Issued, subscribed and paid up share capital	Revenue reserve- Unappropriated profit	Total
	-----Rupees-----		
Balance as on 01 July 2017	260,000,000	977,688,363	1,237,688,363
Final dividend for the year ended 30 June 2017 (Rs. 15 per share)	-	(390,000,000)	(390,000,000)
Interim dividend for the year ended 30 June 2018 (Rs. 15 per share)	-	(390,000,000)	(390,000,000)
Total comprehensive income for the year	-	868,353,378	868,353,378
Balance as on 30 June 2018	260,000,000	1,066,041,741	1,326,041,741
Final dividend for the year ended 30 June 2018 (Rs. 18 per share)	-	(468,000,000)	(468,000,000)
Interim dividend for the year ended 30 June 2019 (Rs. 10 per share)	-	(260,000,000)	(260,000,000)
Total comprehensive income for the year	-	488,829,109	488,829,109
Balance as on 30 June 2019	260,000,000	826,870,850	1,086,870,850

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE, 2019

	Note	2019 Rupees	2018 Rupees
Cash flows from operating activities			
Cash generated from operations	29	701,823,354	1,167,059,541
Employee benefits paid	8	(1,510,615)	(147,092)
Workers' Profit Participation Fund paid	9.3	(68,635,170)	(50,641,128)
Workers' Welfare Fund paid	9.4	(25,859,289)	(19,934,092)
Finance cost paid		(11,052,892)	(1,071,630)
Taxes paid		(308,816,184)	(413,659,444)
Net cash inflow from operating activities		285,949,204	681,606,155
Cash flows from investing activities			
Purchase of property, plant and equipment		(144,312,652)	(46,592,627)
Proceeds from sale of property, plant and equipment		8,215,567	2,039,577
Profit on bank deposits received	27	3,278,613	6,644,818
Investments made during the year		(120,000,000)	(650,000,000)
Investments disposed off during the year		276,122,474	912,750,441
Net cash inflow from investing activities		23,304,002	224,842,209
Cash flows from financing activities			
Dividend paid		(723,894,613)	(780,222,312)
Increase in short term borrowings		266,003,160	-
Increase in long term advances		548,632	308,047
Net cash used in financing activities		(457,342,821)	(779,914,265)
Net (decrease) / increase in cash and cash equivalents		(148,089,615)	126,534,099
Cash and cash equivalents at the beginning of the year		170,119,036	43,584,937
Cash and cash equivalents at the end of the year	20	22,029,421	170,119,036

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

Notes to and forming part of the Financial Statements FOR THE YEAR ENDED 30 JUNE, 2019

1. Corporate and general information

Millat Equipment Limited (the Company) was incorporated as a private limited company under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on 30 May 2017), and was converted into an unlisted public limited company on 20 April 2004. The Company is engaged in the business of manufacturing of parts and components of automotive, agricultural and industrial vehicles.

The geographical location and address of the Company's business units, including plant is as under:

- The registered office of the Company is situated at Sheikhpura Road, Lahore.
- The manufacturing facility of the Company is situated at 10 km Raiwind Road, Lahore.

The Company is a subsidiary of Millat Tractors Limited (the parent company) a listed public company in Pakistan, in accordance with the provision of International Financial Reporting Standard (IFRS) 10- Consolidated Financial Statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provision of and directive issued under the Companies Act, 2017 differ from the IFRS standards, the provision of and directive issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise stated.

2.3 Standard, interpretations and amendments to approved published accounting standards that became effective in 2019

The Company has adopted the following revised standards, amendments and interpretation of IFRS which became effective for the current year.

Standard or Interpretation

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations
 Amendments to IAS 40 Transfers of Investment Property
 Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
 Annual Improvements to IFRS 2014 – 2016 Cycle amending IFRS 1 and IAS 28
 IFRS 9 Financial Instruments
 IFRS 15 Revenue from Contracts with Customers



Impact of IFRS 9

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The application of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

The management reviewed and assessed the Company's existing financial assets for impairment in accordance with the guidance included in IFRS 9, to determine the credit risk associated with the respective financial assets and concluded that there is no material impact on the Company's financial assets with regards to impairment requirements of IFRS 9.

Impact of IFRS 15

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures. The management reviewed and assessed the Company's existing contracts with the customers in accordance with the guidance included in IFRS 15 and concluded that there is no material impact on the revenue recognition of the Company.

2.4 Standard, interpretations and amendments to approved published 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)
IFRS 3 Definition of a Business (Amendments)	1 January 2020
IFRS 16 Leases	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9 Prepayment Features with Negative Compensation — (Amendments)	1 January 2019
IAS 19 Plan Amendment, Curtailment or Settlement — (Amendments)	1 January 2019
IFRS 3 Business Combinations - Previously held Interests in a joint operation — (Amendments)	1 January 2019
IFRS 11 Joint Arrangements - Previously held Interests in a joint operation	1 January 2019
IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity	1 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization	1 January 2019
IAS 28 Long-term interests in Associates and Joint Ventures (Amendments)	1 January 2019
IAS 1 Presentation of Financial Statements — (Amendments)	1 January 2020



Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — (Amendments)	1 January 2020
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 17 Insurance Contracts	1 January 2021
IFRS 1 First-time Adoption of IFRS	1 January 2013

3. **Critical accounting estimates and judgements**

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

a) **Provision for taxation and deferred tax**

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 is in accordance with law, the amounts are shown as contingent liabilities.

Deferred tax is recognized for all temporary differences. The amount of deferred tax asset is recognized based upon the likely timing and level of future taxable profits expected to be available against which the deferred tax asset can be utilized.

b) **Useful life and residual values of property, plant and equipment**

The Company 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 the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.



c) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated and impairment losses are recognized in the statement of profit or loss and other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Taxation

4.1.1 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.

4.1.2 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 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 for 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 statement of profit or loss and other comprehensive income, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

4.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any), except freehold land and capital work in progress. Land has been stated at cost and capital work in process has been stated at cost less accumulated impairment loss, if any. Cost includes purchase price and all incidental expenses incurred up to the date of operation.

Depreciation is charged to statement of profit or loss and other comprehensive income on reducing balance method over the estimated useful life of an asset so as to write off the historical cost of an asset at the rates specified in note 12.1. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

4.3 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that the cost of asset can also be measured reliably. Intangible assets are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to statement of profit or loss and other comprehensive income on reducing balance method over the estimated useful life of an asset so as to write off the historical cost of an asset at the rates specified in note 13. Amortization on additions 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.

4.4 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Capital work in progress is transferred to operating fixed assets when assets are available for intended use. All expenses including borrowing costs are capitalized at the time of commencement of commercial operations of relevant assets of the Company.

4.5 Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that property, plant and equipment and 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 amounts. Where carrying values exceed recoverable amounts, assets are written down to their recoverable amounts and the differences are recognized in statement of profit or loss and other comprehensive income.

4.6 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 qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use. Such borrowing costs are capitalized as part of the cost of the qualifying asset. Financial charges, apart from borrowing cost, are charged to profit or loss and other comprehensive income on accrual basis.

4.7 Stores, spares and loose tools

These are measured at lower of net realizable value and moving weighted average cost except items in transit which are valued at cost comprising invoice value plus other charges incurred till reporting date.

Major stores, spares and loose tools are treated as property, plant and equipment when they are expected to be used for more than one period.

4.8 Stock in trade

Raw materials are measured at lower of moving weighted average cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. Raw material in transit is stated at cost comprising invoice value plus other charges incurred till reporting date. Work in process and finished goods are measured at lower of cost and net realizable value. Cost comprises of direct materials, labour and



appropriate manufacturing overheads.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks in current and savings accounts, and short term highly liquid investments that are readily convertible into known amounts and which are subject to insignificant risk in change in value and short term finances.

4.10 Trade debts

Trade debts are carried at original invoice amount less an estimate made for expected credit loss based on a review of all outstanding amounts at year end.

4.11 Trade and other payables

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

4.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.13 Employees Retirement Benefits

4.13.1 Provident fund scheme

The Company operates a recognized provident fund scheme that is a defined contribution plan for all of its employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 10% of basic salary.

4.13.2 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to statement of profit or loss and other comprehensive income.

4.14 Foreign currency transactions and translations

4.14.1 Functional and presentation currency

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

4.14.2 Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss and other comprehensive income.

4.15 Financial assets and financial liabilities

4.15.1 Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at fair value through statement of profit or loss and other comprehensive income. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- i) Financial assets at amortised cost (debt instruments).
- ii) Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables.

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or



- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) the Company has transferred substantially all the risks and rewards of the asset, or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

4.15.2 Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

b) Subsequent measurement

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 is satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on

substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.16 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.17 Revenue recognition

The Company recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

- i) Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- ii) Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- iii) Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- iv) Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- v) Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The Company's performance does not create an asset with an alternate use to the Company and the Company has as an enforceable right to payment for performance completed to date.
- b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.



Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

4.18 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

5. Issued, subscribed and paid up capital

2019	2018		2019	2018
No. of shares	No. of shares	Note	Rupees	Rupees
		Ordinary shares of Rs. 10		
26,000,000	26,000,000	each fully paid in cash	260,000,000	260,000,000
6.	Long term advances	6.1	7,228,288	6,679,656
6.1	This represents the amounts received from employees of the Company for purchase of Company's vehicles in future as per the terms of the Company policy. It also includes Rs. 650,287 (2018: Rs. 613,509) due to the related parties of the Company.			
7.	Deferred taxation			
	The liability for deferred taxation comprises temporary differences relating to:			
	- Accelerated tax depreciation and amortization		76,485,014	71,232,317
	- Accumulating compensated absences		(6,337,575)	(6,129,138)
			70,147,439	65,103,179
8.	Accumulating compensated absences			
	Opening balance		21,178,480	17,433,507
	Provision for the year		2,973,123	3,892,065
			24,151,603	21,325,572
	Less: Payments made during the year		(1,510,615)	(147,092)
	Closing balance		22,640,988	21,178,480
9.	Trade and other payables			
	Trade creditors	9.1	90,419,036	163,065,772
	Accrued and other liabilities		15,312,281	8,618,507
	Advances from customers	9.2	12,041,176	5,707,063
	Withholding tax payable		169,867	263,524
	Retention money payable		70,731	70,731
	Sales tax payable		11,863,684	-
	Workers' Profit Participation Fund	9.3	35,571,947	68,635,170
	Workers' Welfare Fund	9.4	12,195,103	25,822,720
			177,643,825	272,183,487

9.1 Trade creditors include amount of Rs. nil (2018: Rs. 3,718,793) due to related parties.

9.2 These represent advances and security deposits received from customers against scrap sales, which by virtue of agreement are interest free and are repayable on demand or on the cancellation of agreement.



	Note	2019 Rupees	2018 Rupees
9.3 Workers' Profit Participation Fund			
Opening balance		68,635,170	50,641,128
Provision for the year	25	35,571,947	68,635,170
		104,207,117	119,276,298
Less: Payments made during the year		(68,635,170)	(50,641,128)
		35,571,947	68,635,170
9.4 Workers' Welfare Fund			
Opening balance		25,822,720	19,880,661
Provision for the year	25	12,231,672	25,876,151
		38,054,392	45,756,812
Less: Payments made during the year		(25,859,289)	(19,934,092)
		12,195,103	25,822,720
10. Short term borrowings - secured		266,003,160	-
Short term borrowing facilities from commercial banks under mark-up arrangements amount to Rs. 800 million (2018: Rs. 800 million). The rates of mark-up on short term borrowing facilities range from 7.43% to 13.55% per annum (2018: 6.61% to 7.32% per annum) on the balance outstanding and mark-up is payable quarterly.			
Out of the aggregate facility of Rs. 650 million (2018: Rs. 650 million) for letters of credit, the amount utilized as at year end was Rs. 32.288 million (2018: Rs. 74.933 million). The facility for opening letter of credits of Rs. 650 million is a sub-facility of the short term borrowings obtained i.e. Rs. 800 million. The aggregate short term borrowings are secured by way of pari passu hypothecation charge over current assets of the Company and lien over import documents.			
11 Contingencies and commitments			
11.1 Contingencies			
Guarantees issued by banks on behalf of the Company in the normal course of business amount to Rs. 10,892,100 (2018: Rs. 8,633,100).			
11.2 Commitments			
Commitments in respect of outstanding letters of credit amount to Rs. 32.288 million (2018: Rs. 74.933 million).			
12 Property, plant and equipment			
Operating property, plant and equipment	12.1	666,452,912	569,944,473
Capital work in progress	12.2	9,925,301	8,317,355
Major stores, spares and loose tools	12.3	1,376,778	1,701,773
		677,754,991	579,963,601

12.1 Operating property, plant and equipment

Note	Rupees								Total
	Freehold land	Building on freehold land	Plant and machinery	Electric equipment and installations	Office equipment	Tools and equipment	Furniture, fittings and equipment	Vehicles	
Net Carrying Value Basis									
Year ended June 30, 2019									
	87,109,570	80,639,056	296,694,786	15,763,388	4,474,743	46,786,830	9,114,779	29,361,321	569,944,473
Opening net book value (NBV)	-	1,217,792	56,379,069	76,730,453	490,900	16,816,361	7,689	16,116,000	167,758,264
Additions (at cost)	-	-	-	-	(142,140)	-	-	(5,977,998)	(6,120,138)
Disposals (at NBV)	-	(4,047,175)	(33,791,979)	(9,726,286)	(1,479,235)	(8,153,899)	(912,183)	(7,018,930)	(65,129,687)
Depreciation charge	-	-	-	-	-	-	-	-	-
Closing net book value (NBV)	87,109,570	77,809,673	319,281,876	82,767,555	3,344,268	55,449,292	8,210,285	32,480,393	666,452,912
Gross carrying value basis									
As at June 30, 2019									
Cost	87,109,570	142,482,712	712,898,515	147,299,160	13,701,902	127,754,222	23,823,711	52,217,838	1,307,287,630
Accumulated depreciation	-	(64,673,039)	(393,616,639)	(64,531,605)	(10,357,634)	(72,304,930)	(15,613,426)	(19,737,445)	(640,834,718)
Net book value (NBV)	87,109,570	77,809,673	319,281,876	82,767,555	3,344,268	55,449,292	8,210,285	32,480,393	666,452,912
Depreciation rate % per annum									
	-	5%	10%	10% - 20%	20% - 33%	15%	10%	20%	
Net Carrying Value Basis									
Year ended June 30, 2018									
	87,109,570	81,488,844	228,975,771	13,343,611	3,535,468	40,299,180	9,373,505	26,369,213	490,495,162
Opening net book value (NBV)	-	3,262,367	94,357,803	5,355,994	2,607,336	13,574,471	694,878	11,500,000	131,352,849
Additions (at cost)	-	-	-	-	(41,266)	-	-	(1,998,311)	(2,039,577)
Disposals (at NBV)	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(4,112,155)	(26,638,788)	(2,936,217)	(1,626,795)	(7,086,821)	(953,604)	(6,509,581)	(49,863,961)
Closing net book value (NBV)	87,109,570	80,639,056	296,694,786	15,763,388	4,474,743	46,786,830	9,114,779	29,361,321	569,944,473
Gross carrying value basis									
As at June 30, 2018									
Cost	87,109,570	141,264,920	656,519,446	70,568,707	15,119,438	110,937,861	23,816,022	51,361,838	1,156,697,802
Accumulated depreciation	-	(60,625,864)	(359,824,660)	(54,805,319)	(10,644,695)	(64,151,031)	(14,701,243)	(22,000,517)	(586,753,329)
Net book value (NBV)	87,109,570	80,639,056	296,694,786	15,763,388	4,474,743	46,786,830	9,114,779	29,361,321	569,944,473
Depreciation rate % per annum									
	-	5%	10%	10% - 20%	20% - 33%	15%	10%	20%	
12.1.1 Depreciation charge for the year has been allocated as follows:									
								2019	2018
								Rupees	Rupees
Cost of sales								55,719,339	40,773,981
Administrative expenses								9,410,348	9,089,980
								65,129,687	49,863,961
12.1.2 The freehold land represents 113 Kanal and 12.5 Marlas of land, situated at Mauza Bhoptian, tehsil and district Lahore.									

12.1.3 Disposal of Property, plant and equipment
30 June 2019

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale / Insurance Proceeds	Gain / (loss)	Mode of disposal
Vehicles							
Executives							
Mercedes Benz	Mr. Ahsan Imran Shaikh	3,500,000	(2,571,028)	928,972	928,972	-	Company Policy
Suzuki Cultus VXR	Mr. Muzammil Hassan	862,000	(636,032)	225,968	225,968	-	Company Policy
Suzuki Cultus VXR	Mr. Muhammad Ramzan	862,000	(636,032)	225,968	225,968	-	Company Policy
Toyota Corolla - GLI	Mr. Arif Ahmad Abbasi	1,845,500	(1,067,536)	777,964	777,964	-	Company Policy
Honda City Aspire	Mr. Arif Ahmad Abbasi	1,660,500	(831,578)	828,922	828,922	-	Company Policy
Honda City Aspire	Mr. Shehbaz Ahmad	1,558,000	(1,149,580)	408,420	408,420	-	Company Policy
Total		10,288,000	(6,891,786)	3,396,214	3,396,214	-	
Outsiders / Third Parties							
Isuzu Mini Truck - Pool Vehicle	M/s East West Insurance Co. Ltd.	1,795,000	(566,422)	1,228,578	1,750,000	521,422	Insurance claim
Toyota Corolla - Altis	M/s East West Insurance Co. Ltd.	1,250,000	(256,250)	993,750	1,223,000	229,250	Insurance claim
Suzuki Mehran VXR - Pool Vehicle	Mr. Muhammad Altaf	658,000	(467,092)	190,908	513,636	322,728	Auction
Toyota Corolla XLI - Pool Vehicle	Mr. Muhammad Altaf	1,269,000	(1,100,452)	168,548	1,027,273	858,725	Auction
Total		4,972,000	(2,390,216)	2,581,784	4,513,909	1,932,125	
Office equipment							
Apple MacBook Air	Mr. Mudassar Siddique	102,703	(71,431)	31,272	31,272	-	Company Policy
HP Envy	Mr. Shehbaz Ahmad	108,108	(75,189)	32,919	32,919	-	Company Policy
HP Envy	Mr. Arif Ahmad Abbasi	108,108	(75,189)	32,919	32,919	-	Company Policy
Misc. laptops, servers, monitors & printers etc.	Mr. Muhammad Irfan Akhtar	1,589,517	(1,544,487)	45,030	208,334	163,304	Auction
Total		1,908,436	(1,766,296)	142,140	305,444	163,304	
30 June 2018							
Particulars of assets							
Sold to							
Cost							
Accumulated depreciation							
Book value							
Sale / Proceeds							
Gain / (loss)							
Mode of disposal							
(Rupees)							
Vehicles							
Executives							
Toyota Corolla - Gli	Mr. Shehbaz Ahmad	1,374,000	(1,013,814)	360,186	360,186	-	Company Policy
Suzuki WagonR	Mr. Asif Mehmood	862,000	(71,833)	790,167	790,167	-	Company Policy
Suzuki Swift	Mr. Abdullah Haroon	862,000	(636,032)	225,968	225,968	-	Company Policy
Suzuki Alto	Mr. Abdul Mannan	742,000	(547,489)	194,511	194,511	-	Company Policy
Total		3,840,000	(2,269,168)	1,570,832	1,570,832	-	
Vehicles							
Related Party							
Toyota Corolla - Altis	Millat Tractors Limited	1,624,500	(1,197,021)	427,479	427,479	-	Company Policy



	Note	2019 Rupees	2018 Rupees
12.2 Capital work in progress			
Movement in capital work in progress (plant and machinery) is as follows:			
Opening balance		8,317,355	2,657,288
Additions during the year		62,494,252	5,660,067
Capitalized during the year		(60,886,306)	-
Closing balance		<u>9,925,301</u>	<u>8,317,355</u>
12.3 Major stores, spares and loose tools			
Opening balance		1,701,773	978,230
Additions during the year		14,403,818	13,461,602
Transfers-in during the year		202,934	800
Capitalized during the year		(14,931,747)	(12,738,859)
Closing balance		<u>1,376,778</u>	<u>1,701,773</u>
13. Intangible Asseets			Amount Rupees
Net carrying value basis			
Year ended 30 June 2019			
Opening net book value			135,609
Amortization charge	22		(44,751)
Closing net book value			<u>90,858</u>
Gross carrying value basis			
As at 30 June 2019			
Cost			686,109
Accumulated amortization			(595,251)
Net book value			<u>90,858</u>
Amortization rate (%) per annum			33%
Net carrying value basis			
Year ended 30 June 2018			
Opening net book value			202,402
Amortization charge	22		(66,793)
Closing net book value			<u>135,609</u>



	Note	2019 Rupees	2018 Rupees
Gross carrying value basis			
As at 30 June 2018			
Cost			686,109
Accumulated amortization			(550,500)
Net book value			<u>135,609</u>
Amortization rate (%) per annum			33%
14. Long term advances and deposits			
Advances to suppliers against non-current assets		14,106,956	38,632,585
Long term security deposits	14.1	3,518,330	3,518,330
		<u>17,625,286</u>	<u>42,150,915</u>
14.1	These represent long term security deposits given to utilities companies against provision of utilities and services.		
15. Stores, spares and loose tools			
Stores		195,826,955	160,122,543
Spares and loose tools		651,375	667,864
		<u>196,478,330</u>	<u>160,790,407</u>
Less : Provision for obsolescence of stores, spares and loose tools	15.1	-	(614,903)
		<u>196,478,330</u>	<u>160,175,504</u>
15.1 Provision for obsolescence of stores, spares and loose tools			
Opening balance		614,903	-
Charge for the year		-	614,903
Reversals		(614,903)	-
Closing balance		<u>-</u>	<u>614,903</u>
16. Stock in trade			
Raw materials		74,341,218	197,361,594
Work in process	16.1	94,584,419	150,212,313
Finished goods		92,383,908	119,159,342
		<u>261,309,545</u>	<u>466,733,249</u>
16.1	This includes work in process amounting to Rs. 25,931,150 (2018: Rs. 55,201,019) held with third parties.		



	Note	2019 Rupees	2018 Rupees
17. Trade debts - Considered good			
Unsecured trade debts:			
- Related Parties	17.1	280,274,677	57,090,348
- Others		30,455	28,738
		<u>280,305,132</u>	<u>57,119,086</u>

17.1 The age analysis of balances due from related party, Millat Tractors Limited, is as follows:

Upto 30 days		276,696,820	46,589,719
31 to 60 days		821,963	7,744,735
61 to 90 days		-	-
91 to 180 days		-	-
More than 180 days		2,755,894	2,755,894
		<u>280,274,677</u>	<u>57,090,348</u>

The management believes that no reserve for expected credit loss is necessary in respect of trade debts as there are reasonable grounds to believe that amount will be recovered in the future.

17.2 The maximum amount outstanding from related parties at any month end during the year is as follows:

Millat Tractors Limited		367,756,126	238,849,603
-------------------------	--	-------------	-------------

18 Loans, advances and short term prepayments

Advances - considered good			
Advance to suppliers	18.1	73,910,139	84,398,987
Advance to employees			
- Executives		585,457	1,614,940
- Non-Executives		840,252	246,080
	18.1	1,425,709	1,861,020
Sales tax recoverable		-	1,401,536
Prepaid expenses		622,640	592,444
		<u>75,958,488</u>	<u>88,253,987</u>

18.1 These are unsecured and are considered good by the management.

19. Short term investments

Investments at fair value through profit or loss	19.1	325,890	151,340,263
--	------	---------	-------------



			2019 Rupees	2018 Rupees
	2019	2018	No of Units	
19.1 Breakup of investments is as follows:				
MCB Cash Management Optimizer	0.0232	-	2	-
ABL Cash Fund	9,750.5919	-	98,968	-
HBL Money Market Fund	2,217.6215	-	226,332	-
HBL Cash Fund	-	1,428,231	-	150,000,000
Total	11,968.2366	1,428,231	325,302	150,000,000
Unrealized gain on remeasurement			588	1,340,263
	11,968.2366	1,428,231	325,890	151,340,263

20. Cash and bank balances	Note		
Cash at banks			
- Current accounts		4,954,468	15,245,526
- Saving accounts		10,081,400	152,027,535
- Dividend account	20.1	6,899,793	2,782,661
		21,935,661	170,055,722
Cash in hand		93,760	63,314
		22,029,421	170,119,036

20.1 Rate of return on saving accounts ranges from 4% to 10% (2018: 4% to 6%).

21. Revenue from contracts with customers		
Gross revenue	3,875,495,096	4,966,167,391
Less: Sales tax	(562,833,252)	(721,507,077)
Net revenue	3,312,661,844	4,244,660,314

22. Cost of sales		
Raw material consumed	1,550,301,905	2,048,194,685
Salaries, wages and amenities	22.1 436,954,522	441,190,890
Fuel and power	125,727,617	127,133,720
Stores, spares and loose tools consumed	78,452,161	97,105,712
Oil and lubricants	37,836,212	49,041,375



	Note	2019 Rupees	2018 Rupees
Repair and maintenance		68,501,342	83,823,014
Depreciation	12.1.1	55,719,339	40,773,981
Amortization	13	44,751	66,793
Insurance		7,371,250	6,675,132
Packing material consumed		5,677,782	7,369,504
Travelling and conveyance		8,326,425	7,625,446
Other direct expenses		23,773,396	20,697,042
		<u>2,398,686,702</u>	<u>2,929,697,294</u>
Opening work in process		150,212,313	88,791,209
Closing work in process		(94,584,419)	(150,212,313)
		55,627,894	(61,421,104)
Cost of goods manufactured		<u>2,454,314,596</u>	<u>2,868,276,190</u>
Opening finished goods		119,159,342	58,815,912
Closing finished goods		(92,383,908)	(119,159,342)
		26,775,434	(60,343,430)
Cost of sales		<u>2,481,090,030</u>	<u>2,807,932,760</u>

22.1 This includes amount of Rs. 4,529,207 (2018: Rs. 4,256,844) in respect of contribution towards provident fund.

23. Selling and distribution expenses

Carriage, freight and selling expenses		<u>2,735,051</u>	<u>3,216,600</u>
--	--	------------------	------------------

24. Administrative expenses

Salaries and amenities	24.1	98,459,261	75,052,189
Rent, rates and taxes		389,392	892,422
Fee and subscription		397,541	629,564
Entertainment		459,801	270,148
Postage		242,453	179,497
Fuel and power		1,269,976	1,284,179
Communication		744,455	774,630
Traveling and conveyance		2,444,621	1,953,201
Printing, stationery and office supplies		1,131,275	1,572,502
Insurance		2,392,268	1,904,318



	Note	2019 Rupees	2018 Rupees
Repair and maintenance		158,639	69,166
Legal and professional		1,060,717	1,514,298
Auditors' remuneration	24.2	779,308	767,749
Depreciation	12.1.1	9,410,348	9,089,980
Advertisement		1,151,951	864,159
Sponsorship		904,597	632,104
Others		2,425,579	1,086,768
		123,822,182	98,536,874
24.1	This includes amount of Rs. 1,411,970 (2018: Rs. 1,234,065) in respect of contribution towards provident fund.		
24.2	Auditor's remuneration		
Free for annual audit		630,000	630,000
Out of pocket expenses		149,308	137,749
		779,308	767,749
25.	Other operating expenses		
Workers' Profit Participation Fund	9.3	35,571,947	68,635,170
Workers' Welfare Fund	9.4	12,231,672	25,876,151
		47,803,619	94,511,321
26.	Finance cost		
Mark-up on short term borrowings from local banks-secured		21,998,735	664,642
Bank charges and commission		505,117	436,927
		22,503,852	1,101,569
27.	Other income		
Income from financial assets			
Return on bank deposits under mark up arrangements		3,278,613	6,644,818



	Note	2019 Rupees	2018 Rupees
Gain on financial assets at fair value through profit or loss			
Realized		5,107,513	12,222,955
Un-realized		588	1,340,263
		5,108,101	13,563,218
Exchange loss		-	(434)
		8,386,714	20,207,602
Income from assets other than financial assets			
Scrap sales		13,112,667	9,935,020
Gain on disposal of operating fixed assets		2,095,429	-
Others		5,369,970	8,741,696
		20,578,066	18,676,716
		28,964,780	38,884,318
28. Taxation			
Current tax			
- For the year	28.1	171,139,395	408,470,402
- Prior years		(1,340,874)	(1,578,884)
		169,798,521	406,891,518
Deferred tax		5,044,260	3,000,613
		174,842,781	409,892,130

28.1 Current tax includes tax expense of Rs. 12,054,658 (2018: 38,366,796) pertaining to Super Tax which has been levied at the rate of 2% (2018: 3%).

28.2 Reconciliation between the average effective tax rate and the applicable tax rate

	2019	2018
Applicable tax rate	29.00%	30.00%
Tax effect of amounts that are:		
Effect on opening deferred taxes of change in tax rate	-0.34%	-0.16%
Tax effect of super tax	1.82%	3.00%
Tax effect under presumptive tax regime and others	-4.12%	-0.77%
	-2.64%	2.07%
Average effective tax rate charged to statement of profit or loss and other comprehensive income	26.36%	32.07%

29. Cash generated from operations

Profit before tax		663,671,890	1,278,245,508
Adjustments for:			
Depreciation of property, plant and equipment	12.1.1	65,129,687	49,863,961
Amortization of intangible assets	22	44,751	66,793
Charge / provision for obsolete stores and spares	15.1	(614,903)	614,903
Gain on short term investments	27	(5,108,101)	(13,563,218)



	Note	2019 Rupees	2018 Rupees
Provision for			
- accumulating compensated absences	8	2,973,123	3,892,065
- Workers' Profit Participation Fund	9.3	35,571,947	68,635,170
- Workers' Welfare Fund	9.4	12,231,672	25,876,151
Finance cost	26	22,503,852	1,101,569
Return on bank deposits	27	(3,278,613)	(6,644,818)
Gain on disposal of property, plant and equipment	28	(2,095,429)	-
Profit before working capital changes		791,029,876	1,408,088,084
Effect of cash flow due to working capital changes:			
Increase in stores, spares and loose tools		(35,890,857)	(27,924,897)
Decrease / (increase) in stock in trade		205,423,704	(197,941,403)
(Increase) / decrease in trade debts		(223,186,046)	12,531,496
Decrease / (increase) in loans, advances and short term prepayments		12,295,499	(40,373,293)
(Decrease) / increase in trade and other payables		(47,848,822)	12,679,554
		(89,206,522)	(241,028,543)
		701,823,354	1,167,059,541

30. Earnings per share **2019** **2018**

30.1 Basic earnings per share

Net profit for the year	Rupees	488,829,109	868,353,378
Weighted average number of ordinary shares	Number	26,000,000	26,000,000
Earnings per share	Rupees	18.80	33.40

30.2 Diluted earnings per share

A diluted earning per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2019 and 30 June 2018 which would have any effect on the earning per share if the option to convert is exercised.

31. Remuneration of chief executive, director and executives

The aggregate amount for the year charged in the financial statements for remuneration including certain benefits to the Chief Executive and Executives of the Company is as follows:



	Chief Executive		Director		Executives	
	2019	2018	2019	2018	2019	2018
-----Rupees-----						
Remuneration	19,120,434	10,946,502	17,997,210	17,520,833	16,312,752	13,258,696
Medical	500,316	208,562	370,935	291,556	2,084,714	2,131,228
Reimbursable benefits	1,410,712	1,532,935	1,861,532	1,325,378	1,793,711	1,253,575
Bonus and leave fare assistance	2,163,246	1,530,072	5,822,776	1,618,200	9,251,732	4,752,834
Contribution to provident fund	-	-	-	-	1,125,017	914,393
Utilities	539,728	339,036	1,651,219	895,980	1,166,640	841,042
	<u>23,734,436</u>	<u>14,557,107</u>	<u>27,703,672</u>	<u>21,651,947</u>	<u>31,734,566</u>	<u>23,151,768</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>7</u>	<u>5</u>

31.1 The Chief Executive and certain Executives of the Company are provided with free use of Company maintained cars in accordance with their terms of employment.

32. Related party transactions

The related parties comprises of parent company, associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due to / due from related parties are shown under note 9 and note 17 and remuneration of key management personnel is disclosed in note 31. Other significant transactions are as follows:

Name of the related party	Relationship and percentage shareholding	Nature and description of related party transaction	2019 Rupees	2018 Rupees
Parent Company				
Millat Tractors Limited	Parent Company holds 45% (2017: 45%) share capital	Sale of goods	3,311,976,255	4,243,347,673
		Sale of fixed assets	-	427,479
	Purchase of services	7,550,650	5,839,617	
		Purchase of components	2,241,430	287,105
Associated Company				
Bolan Castings Limited	Associated company by virtue of common directorship	Purchase of components	5,589,980	27,083,929
		Sale of fixed asset	-	-
Millat Industrial Products Limited	Associated company by virtue of common directorship	Purchase of components	32,568	16,928
TIPEG Intertrade DMCC	Associated company by virtue of common directorship	Sale of goods	1,878,007	501,039
Staff retirement benefit				
Provident fund trust	Other related party	Contributions made during the year	5,941,177	5,490,909

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

Foreign related party		
Name of the related party	Relationship and	
	percentage shareholding	Country of incorporation
TIPEG Intertrade DMCC	Associated company by virtue of common directorship	United Arab Emirates

33. Capacity and production

The normal capacity of the Company's production is not determinable due to the fact that the installed machines can produce interchangeable components having different production cycle time.

34. FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i) 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 statement of profit or loss and other comprehensive income.

The Company does not have any trade debts designated in foreign currency at the reporting date and hence is not exposed to the currency risk.

ii) 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 neither exposed to equity securities price risk nor commodity price risk.

iii) 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 and the Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying Values	
	2019 Rupees	2018 Rupees
Floating rate instruments		
Financial assets		
Cash at bank - saving accounts	10,081,400	152,027,535
Financial liabilities		
Short term borrowings	266,003,160	-

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 and other comprehensive income of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on floating rate financial instruments, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 100,814 (2018: Rs. 1,520,275) higher / lower, mainly as a result of higher / lower interest income on saving accounts.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to long term deposits, trade debts, short term investments and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2019 Rupees	2018 Rupees
Long term security deposits	3,518,330	3,518,330
Trade debts	280,305,132	57,119,086
Short term investments	325,890	151,340,263
Bank balances	21,935,661	170,055,722
	<u>306,085,013</u>	<u>382,033,401</u>

The trade debts as at the reporting date are classified as follows:

Domestic trade debts	<u>280,305,132</u>	<u>57,119,086</u>
----------------------	--------------------	-------------------

The aging analysis of trade debts is as follows:

	Past due but not impaired					Total
	Neither past due nor impaired	0-30 Days	31-60 Days	61-180 Days	More than 180 Days	
	----- Rupees -----					
2019	-	276,696,820	821,963	1,761	2,784,588	280,305,132
2018	-	46,589,765	7,744,735	-	2,784,586	57,119,086

Based on past experience, the management believes that no impairment is necessary in respect of trade debts past due, as some trade debts 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 future.

The credit quality of financial assets held with the financial institutions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Credit Rating		Rating Agency	2019 Rupees	2018 Rupees
	Short term	Long term			
Banks					
Faysal Bank Limited	A1+	AA	PACRA	2,493,171	12,548,001
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	15,822
JS Bank Limited	A1+	AA-	PACRA	4,183	4,182
Meezan Bank Limited	A-1+	AA+	JCR-VIS	-	285,884
Habib Bank Limited	A-1+	AAA	JCR-VIS	-	1,654,118
United Bank Limited	A-1+	AAA	JCR-VIS	4,417,837	5,241,992
Bank Al Habib Limited	A1+	AA+	PACRA	-	1,797,051
MCB Bank Limited	A1+	AAA	PACRA	-	1,199,862
Bank Alfalah Limited	A1+	AA+	PACRA	15,020,470	147,308,810
				<u>21,935,661</u>	<u>170,055,722</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations towards the Company. Accordingly, credit risk is minimal.

c) 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, short term borrowings from commercial banks and short term investments readily convertible to cash. As on 30 June 2019, the Company had Rs. 800 million (2018: Rs. 800 million) available borrowing limit from financial institutions and Rs. 22.029 million (2018: Rs. 170.119 million) cash and bank balances. Short term investments as on 30 June 2019 amounted to Rs. 0.326 million (2018: Rs. 151.34 million).



The following are the contractual maturities of financial liabilities as at 30 June 2019:

	Carrying amount	Less than one year	One to five years	More than five years
	-----Rupees-----			
Trade and other payables	165,610,274	158,494,933	5,201,647	1,913,694
Mark-up accrued on secured loans	11,669,364	11,669,364	-	-
Unclaimed dividend	6,756,277	4,358,582	2,081,002	316,693
	<u>184,035,915</u>	<u>174,522,879</u>	<u>7,282,649</u>	<u>2,230,387</u>

The following are the contractual maturities of financial liabilities as at June 30, 2018:

	Carrying amount	Less than one year	One to five years	More than five years
	-----Rupees-----			
Trade and other payables	271,919,963	265,066,616	6,150,653	702,694
Mark-up accrued on secured loans	218,404	218,404	-	-
Unclaimed dividend	2,650,890	1,103,922	1,286,124	260,844
	<u>274,789,257</u>	<u>266,388,942</u>	<u>7,436,777</u>	<u>963,538</u>

34.2 Fair value estimation

The different levels for fair value estimation of financial instruments used by the Company have been explained as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Short term investments amounting to Rs. 325,890 (2018: 151,340,263) held by the Company as at 30 June 2019 are included in Level 1. The short term investments comprises of investment in units of mutual funds, their fair value is determined based on redemption prices as at the close of the business day.

The Company does not hold any instruments which can be included in Level 2 and Level 3 as on 30 June 2019. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

34.3 Financial instruments by categories

Note	Cash and Cash Equivalents	At fair value through profit & loss account	Loans & receivables	Total
	-----Rupees-----			
Financial assets				
As on June 30, 2019				
Long term Security deposits	14	-	3,518,330	3,518,330
Trade debts	17	-	280,305,132	280,305,132
Short term investments	19	325,890	-	325,890
Cash and bank balances	20	22,029,421	-	22,029,421
		<u>22,029,421</u>	<u>325,890</u>	<u>283,823,462</u>
				<u>306,178,773</u>



	Note	Cash and Cash Equivalents	At fair value through profit & loss account	Loans & receivables	Total
-----Rupees-----					
Financial assets					
As on June 30, 2018					
Long term Security deposits	14	-	-	3,518,330	3,518,330
Trade debts	17	-	-	57,119,086	57,119,086
Short term investments	19	-	151,340,263	-	151,340,263
Cash and bank balances	20	170,119,036	-	-	170,119,036
		<u>170,119,036</u>	<u>151,340,263</u>	<u>60,637,416</u>	<u>382,096,715</u>
Rupees					
Financial liabilities at amortized cost as on 30 June 2019					
Mark-up accrued on secured loans					11,669,364
Short term borrowings - secured					266,003,160
Trade and other payables					177,643,825
Unclaimed dividend					6,756,277
					<u>462,072,626</u>
Financial liabilities at amortized cost as on 30 June 2018					
Mark-up accrued on secured loans					218,404
Short term borrowings - secured					-
Trade and other payables					272,183,487
Unclaimed dividend					2,650,890
					<u>275,052,781</u>

34.4 Capital Risk Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital employed. Net debt is calculated as total loans and borrowings, less cash and bank balances. Total capital employed signifies equity as shown in statement of financial position plus net debt.

	2019 Rupees	2018 Rupees
The gearing ratios as at 30 June are as follows:		
Short term borrowings	266,003,160	-
Less: Cash and bank balances	(22,029,421)	(170,119,036)
Net debt	243,973,739	(170,119,036)
Share capital	260,000,000	260,000,000
Reserves	826,870,850	1,066,041,741
Equity	1,086,870,850	1,326,041,741
Total equity and liability	<u>1,330,844,589</u>	<u>1,155,922,705</u>
Gearing ratio	18.33%	0.00%



			2019	2018
35. Number of employees				
Total number of employees as on 30 June			148	146
Average number of employees during the year			147	146
36. Provident fund trust				
36.1 The salient information of the fund is as follows:			2019	2018
			Rupees	Rupees
			(Un-audited)	(Audited)
Size of the fund			78,336,549	71,559,480
Cost of investment made			48,520,197	40,313,011
Percentage of investment made			61.94%	56.33%
Fair value of investment			56,207,450	43,578,227
36.2 Breakup of investment	2019	2018	2019	2018
	Rupees	Rupees	% of total fund	
Listed securities (mutual funds)	19,320,197	19,837,750	24.66%	27.72%
Certificates of investments in scheduled banks	29,200,000	20,475,261	37.28%	28.61%
	<u>48,520,197</u>	<u>40,313,011</u>		

37. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 20 August, 2019 has announced a final cash dividend in respect of the year ended 30 June 2019 of Rs. 10 per share (2018: Rs. 18 per share). These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 20 August, 2019 by the Board of Directors of the Company.

39. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However, no significant reclassification / rearrangement has been made except as follows:

Description	Reclassified from	Reclassified to	2018
			Rupees
Advances to suppliers against non current asset	Capital work in process	Long term advances and deposits	38,632,585

40. GENERAL

Figures have been rounded off to the nearest rupee unless otherwise specified.

Chief Executive

Director

Proxy Form

27th ANNUAL GENERAL MEETING

I / We _____
of _____ being a member of Millat Equipment Limited and holder
of _____ Ordinary shares as per Shares Register Folio 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 Friday, October 25, 2019 at 03:30 p.m.
at Company's Registered Office, 8.8 km Sheikhpura Road, Shahdara, Lahore and at any adjournment thereof.

Signed this _____ day of _____ 2019.

Witness:

- Signature : _____
Name: _____
Address: _____

 - CNIC or
Passport No: _____
- Signature : _____
Name: _____
Address: _____

 - CNIC or
Passport No: _____

Signature

Please affix Rupees five revenue stamp
--

(Signature should agree with
the specimen signature
registered with the Company)

Important:

- A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.
- 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.
- This Proxy Form, duly completed, must be deposited at the Company's Registered Office, 8.8 km Sheikhpura Road, Lahore, not less than 48 hours before the time of holding the meeting.

تشکیل نیابت داری

27 واں سالانہ اجلاس عام

میں / ہم _____ ساکن _____
 رکن و حاصل _____ عام حصص بربطابق شیئر رجسٹر فولیو نمبر _____،
 ساکن _____ یا بصورت دیگر _____ ساکن _____
 کو اپنی جگہ بروز جمعہ مورخہ 25 اکتوبر 2019ء وقت 03:30 بجے سہ پہر، بمقام کمپنی کے رجسٹرڈ آفس 8.8 کلومیٹر شیٹونپورہ 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 _____ 2019

گواہان:

براہ کرم پانچ روپے مالیت کے
 ریونیوٹکٹ چسپاں کریں۔

دستخط

(دستخط کمپنی میں درج نمونہ کے
 دستخط کے مطابق ہونے چاہئے)

1 دستخط: _____

نام: _____

پتہ: _____

سی این آئی سی یا پاسپورٹ نمبر: _____

2 دستخط: _____

نام: _____

پتہ: _____

سی این آئی سی یا پاسپورٹ نمبر: _____

نوٹ:

- ۱۔ پراسی کا کمپنی کا ممبر ہونا لازمی ہے، البتہ کارپوریشن ایک ایسے شخص کو منتخب کر سکتی ہے جو ممبر نہ ہو۔
- ۲۔ ضروری ہے کہ فارم برائے منتخب پراسی دستخط شدہ ہو ممبر سے یا اُس کے وکیل سے۔
- ۳۔ پراسی کے موثر ہونے کے لئے لازم ہے کہ وہ اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کو اُس کے رجسٹرڈ آفس 8.8 کلومیٹر شیٹونپورہ روڈ لاہور پر موصول ہوں۔

Electronic Transmission Consent

Pursuant to the allowance granted through SRO 787(I)/2014 of September 08, 2014, by the Securities and Exchange Commission of Pakistan, the Company can circulate its annual balance sheet and profit and loss accounts, auditors' 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 Secretary.

PLEASE NOTE THAT RECEIPT OF THE ANNUAL REPORT VIA EMAIL IS OPTIONAL AND NOT COMPULSORY.

ELECTRONIC TRANSMISSION CONSENT FORM

The Company Secretary,

Dated: _____

8.8 km Sheikhpura Road,

Lahore.

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 08, 2014, I, Mr./Mrs. _____ S/o,D/o,W/o _____

hereby consent to have Millat Equipment Limited's 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 Number _____

Email Address _____

It is stated that the above mentioned information is true and correct and that I shall notify the Company 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

اظہار رضامندی بابت ترسیل برق روی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2014/787(1) مورخہ 8 ستمبر 2014 کے بموجبت سہولت مہیا کی گئی ہے کہ کمپنی اپنی سالانہ بیلنس شیٹ اور نفع و نقصان کے گوشوارے محاسب و نظمہ کی مرتب کردہ اطلاعاتی 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 سیکرٹری 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

کمپنی سیکرٹری

تاریخ: _____

8.8 کلومیٹر شیخوپورہ روڈ،
لاہور

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2014/787(1) مورخہ 8 ستمبر 2014 کی تعمیل کرتے ہوئے میں مسمیٰ / مسماۃ _____

ولدیت / زوجیت _____

ملت ایکویٹمنٹ لمیٹڈ کے پڑتال شدہ مالیاتی گوشوارے اور سالانہ اجلاس عام کی اطلاع بذریعہ ای میل مندرجہ ذیل ای میل پتے پر حاصل کرنا چاہتا/چاہتی ہوں

ممبر / حصص دار کا نام: _____

فولیو نمبر: _____

ای میل ایڈریس: _____

ہر گاہ اقرار کیا جاتا ہے کہ مندرجہ ذیل بالا معلومات صحیح اور درست ہیں اور یہ کہ میں کمپنی کو تحریری طور پر ای میل ایڈریس میں تبدیلی یا بذریعہ ای میل کمپنی کے پڑتال شدہ حسابات اور سالانہ اجلاس عام کی اطلاع کی وصولی یا منسوخی کے بارے میں مطلع کروں گا/گی۔

ممبر / حصص دار کے دستخط: _____



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes

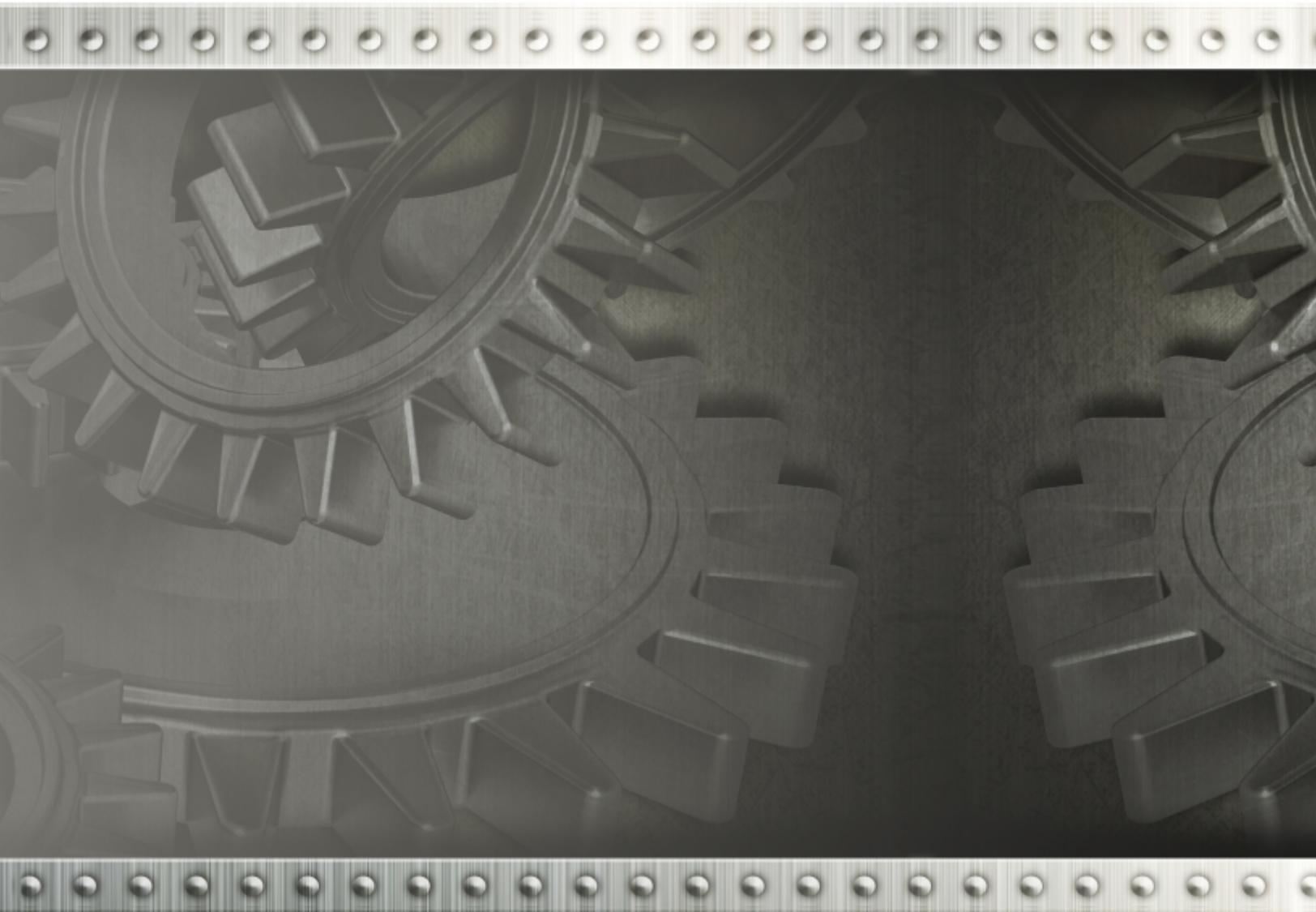


Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



10-Km Raiwind Road Lahore, Pakistan.

UAN: +92-42-111-200-787 TEL: +92-42-35323212-17

Cell: +92-301-8484412-13, +92-3018484918-19

Fax: +92-42-35322714 E-mail: info@millatgears.com

www.millatgears.com