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COMPANY INFORMATION

BOARD OF DIRECTORS

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

CHIEF EXECUTIVE

Khawaja Ijaz Majeed

COMPANY SECRETARY

Mian Muhammad Saleem

CHIEF FINANCIAL OFFICER

Zeeshan Yousaf

AUDITORS

ILYAS SAEED & CO.
(Chartered Accountants)

PRINCIPAL BANKERS

Habib Bank Limited
United Bank Limited

REGISTERED OFFICE

8.8 K.M., Lahore Sheikhpura Road,
Shahdara, Lahore.

FACTORY

49 K.M., Off Multan Road
Bhai Pheru Distt. Kasur.

NOTICE OF 14TH ANNUAL GENERAL MEETING

Notice is hereby given that 14th Annual General Meeting of Millat Industrial Products Limited will be held at the Registered Office of the Company at 8.8 K.M. Sheikhpura Road, Shahdara, Lahore, on Tuesday, October 27, 2015 at 12:05 P.M to transact the following business:

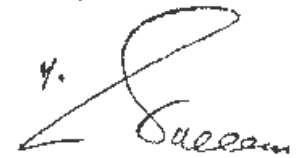
A. ORDINARY BUSINESS

- 1) To confirm minutes of 13th Annual General Meeting held on October 30, 2014.
- 2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' Reports thereon.
- 3) To approve final cash dividend of Rs. 5.00 per share i.e., 50%.
- 4) To appoint auditors and fix their remuneration for the year ending June 30, 2016.

B. ANY OTHER BUSINESS

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

By order of the Board



Mian Muhammad Saleem
Company Secretary

Lahore:
October 06, 2015

NOTES

1. The share transfer books of the Company will remain closed from October 20, 2015 to October 27, 2015 (both days inclusive) and no transfer will be accepted during this period. Transfers received, complete in all respect by the close of business on October 19, 2015 will be considered in time for the purpose of payment of final cash dividend and for the purpose of attending and voting at the meeting.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting. A proxy must be a member of the Company.

3. 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 49 K.M Off Multan Road Bahi Pheru District Kasur. This will assist in prompt receipt of Dividend.
4. 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.
5. The Government of Pakistan through Finance Act, 2015 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 12.5%
 - (b) For non-filers of income tax returns 17.5%

To enable the Company to make tax deduction on the amount of cash dividend @12.5% instead of 17.5% 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 @17.5% instead of 12.5%.

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(no. of Shares)	Name and CNIC#	Shareholding Proportion(no. of Shares)

The above/required information must be provided to the Company Secretary of the Company, 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 49 K.M Off Multan Road Bahi Pheru District Kasur. Phone: +92-49-4540528, e-mail address: mipl@millatbatteries.com Fax: +92-49-4540328.

- 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, auditors' 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.

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED JUNE 30, 2015

The Directors feel pleasure in presenting their 14th Annual Report together with the Audited Accounts of the Company for the year ended June 30, 2015.

ACCOUNTS / APPROPRIATIONS

Financial results for the year are as follows:

Accumulated profit Brought Forward	Rs. 217,404,667
Profit for the year before tax	Rs. 161,413,311
Less: Dividend (year 2014 @ 30%)	Rs. 26,858,520
Less: Current Taxation	Rs. 52,528,331
Appropriations	Rs. -
Profit carried forward	Rs. 299,431,127

Your directors recommended payment of cash dividend @ Rs. 5.00 i.e., 50% for the year ended June 30, 2015.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2015 is annexed.

EARNING PER SHARE

The earning per share for the year was Rs. 12.16 Compared to Rs.6.57 of the last year.

BOARD OF DIRECTORS

The present Board consists of seven directors of which six directors were elected in the 13th Annual General Meeting held on October 30, 2014. Since then there has been no change in the composition of the Board. During the year, four board meetings were held. The number of meetings attended by each director is given hereunder:

Name of Director	Meetings attended
Mr. Sikandar M. Khan (Chairman)	3
Mr. Sohail Bashir Rana	4
Mr. Latif Khalid Hashmi	3
Mr. Laeeq Uddin Ansari	3
Mian Muhammad Saleem	4
Mr. Ahsan Imran Shaikh	3
Khawaja Ijaz Majeed (CEO)	4

The Directors who could not attend the meetings were granted leave of absence.

BOARD AUDIT COMMITTEE

The Board of Directors has constituted an Audit Committee comprising of the following members:

Mr. Latif Khalid Hashmi, Non-Executive Director	Chairman
Mr. Laeeq Uddin Ansari, Non-Executive Director	Member
Mr. Ahsan Imran Shaikh, Non-Executive 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.

AUDITORS

The present Auditors, M/s Ilyas Saeed & Co., Chartered Accountants retire and offer themselves for re-appointment for the year ending June 30, 2016. The Board of Directors of the Company has endorsed their appointment for shareholder's consideration at the forth coming 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 offer themselves for reappointment.

NUMBER OF EMPLOYEES

There were 34 permanent employees as on June 30, 2015 compared to 28 employees as on June 30, 2014.

SUBSEQUENT EVENTS

No material changes or commitments effecting 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.

CORPORATE SOCIAL RESPONSIBILITY

I. CORPORATE PHILANTHROPY

The Company has not made any contribution towards corporate philanthropy.

II. ENERGY CONSERVATION

To conserve energy at our offices, air conditioners and excessive lights are being shut down during idle hours and efficient electrical equipment and lights are being installed in order to save energy and cost. Machines were accordingly modified to minimize the energy consumption and improving the working conditions for the workers.

III. ENVIRONMENTAL PROTECTION MEASURES

The Company is continuously working on increase in plantation within and outside its premises. Water treatment tank has been constructed to minimize the waste water pollution.

IV. COMMUNITY INVESTMENT AND WELFARE SCHEMES

During the year no contribution was made in any welfare scheme.

V. CONSUMER PROTECTION MEASURES

The Company protects its customers by providing quality products at competitive price. The Company also offers after sale warranty through its dealer's network at district & Tehsil level along with prompt redressing of customer complaints. Company experts guide customers for economical use of products, proper maintenance and risks involved in improper usage.

VI. WELFARE SPENDING FOR UNDER-PRIVILEGED CLASSES

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

VII. INDUSTRIAL RELATIONS

MIPL is discharging all liabilities stipulated in Industrial Relation Ordinance and Labour Laws. The Company also ensures that all legal dues and liabilities are being met.

VIII. EMPLOYMENT OF SPECIAL PERSONS

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

IX. OCCUPATIONAL SAFETY & HEALTH

The Company at all levels recognizes the responsibility of preventing injuries, occupational illnesses, property loss, and harm to the environment and ensures personal safety & health of all its employees by taking necessary measures in order to prevent harm to them as well as to the environment. 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.

X. BUSINESS ETHICS AND ANTI CORRUPTION MEASURES

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

XI. NATIONAL CAUSE DONATIONS

The Company has not yet allocated any budget towards national cause donations.

XII. CONTRIBUTION TO EX-CHEQUER

The Company has contributed Rs. 62.430 million to the national exchequer in the shape of direct taxes.

XIII. RURAL DEVELOPMENT PROGRAMS

Company has not made any contribution towards rural development programs.

ABSTRACT UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984

The abstract under section 218 (1) of the Companies Ordinance, 1984 is annexed, the same having been previously circulated to the shareholders.

For and on behalf of the Board



CHIEF EXECUTIVE

LAHORE:

August 20, 2015

**ABSTRACT UNDER SECTION 218 OF THE
COMPANIES ORDINANCE, 1984**

The Shareholders are notified that the Board of Directors vide their resolution dated November 07, 2014 passed the following resolution for appointment of Chief Executive of the Company.

1- APPOINTMENT OF CHIEF EXECUTIVE

“RESOLVED that Khawaja Ijaz Majeed be and is hereby appointed as Chief Executive of the Company for a period of three years subject to satisfactory performance.” Being interested, Khawaja Ijaz Majeed did not participate in the resolution.

2- FIXATION OF REMUNERATION OF CHIEF EXECUTIVE

“RESOLVED that the Board hereby approves and authorizes holding of office of profit and payment of remuneration to Khawaja Ijaz Majeed, CEO not exceeding Rs. 15 million per annum inclusive of perquisites and benefits but exclusive of terminal benefits. The above remuneration shall be subject to such increases, adjustments and restructuring within the approved limit including bonuses as may be granted at any time and from time to time by the company in accordance with the Company's policy and terms of his appointment.”

“FURTHER RESOLVED that Khawaja Ijaz Majeed be and is hereby authorized for free use of Company maintained transport for official and private purposes and the Chairman be and is hereby authorized to determine his entitlement in this regard.”

Being interested, Khawaja Ijaz Majeed did not participate in the resolution.

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2015**

NO OF SHAREHOLDERS	SIZE OF HOLDING		TOTAL SHARES HELD
	FROM	TO	
2	1	100	200
16	101	500	4,774
57	501	1,000	44,792
51	1,001	1,500	61,680
35	1,501	2,000	62,010
19	2,001	3,000	45,874
11	3,001	5,000	40,863
58	5,001	40,000	971,050
3	40,001	100,000	152,847
4	100,001	400,000	1,287,500
1	400,001	600,000	543,750
1	600,001	6,000,000	5,737,500
258			8,952,840

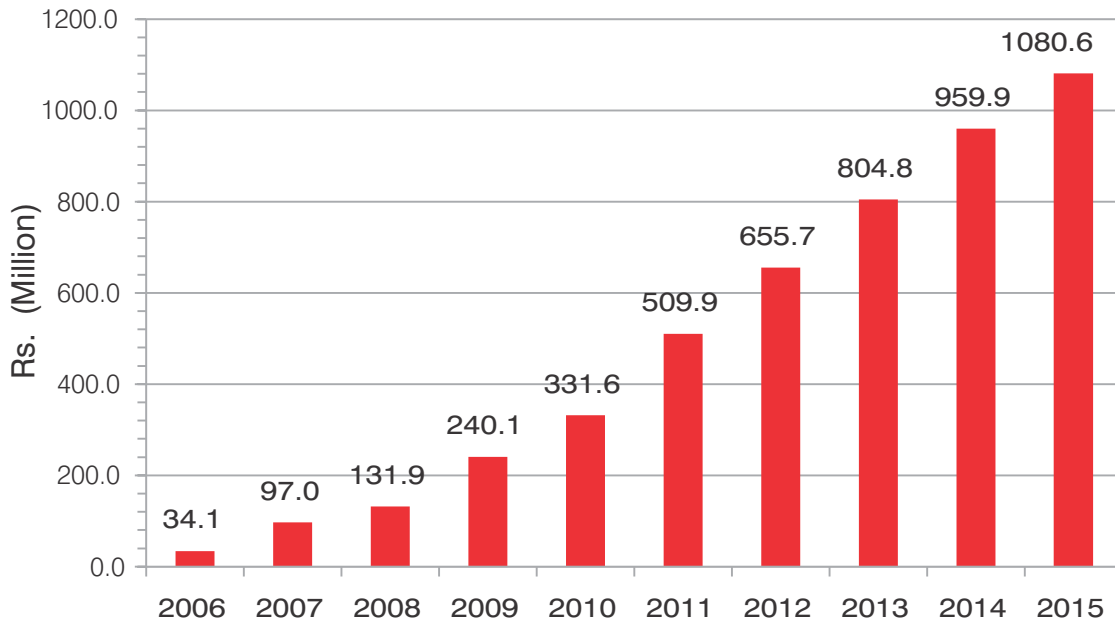
SHAREHOLDING INFORMATION

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children		
<u>Directors</u>		
Mr. Sikandar M. Khan	543,750	6.07%
Mr. Latif Khalid Hashmi	362,500	4.05%
Mr. Sohail Bashir Rana	362,500	4.05%
Mr. Laeeq uddin Ansari	362,500	4.05%
Mian Muhammad Saleem	200,000	2.23%
Mr. Ahsan Imran Shaikh	33,650	0.37%
Associated Companies, undertakings and related parties	5,737,500	64.09%
NIT and ICP	-	-
Banks Development Financial Institutions, Non Banking Financial Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	-	-
Shareholders holding 10%	-	-
General Public		
a. Local	-	-
b. Foreign	-	-
Others	1,350,440	15.09%
	8,952,840	100.00%

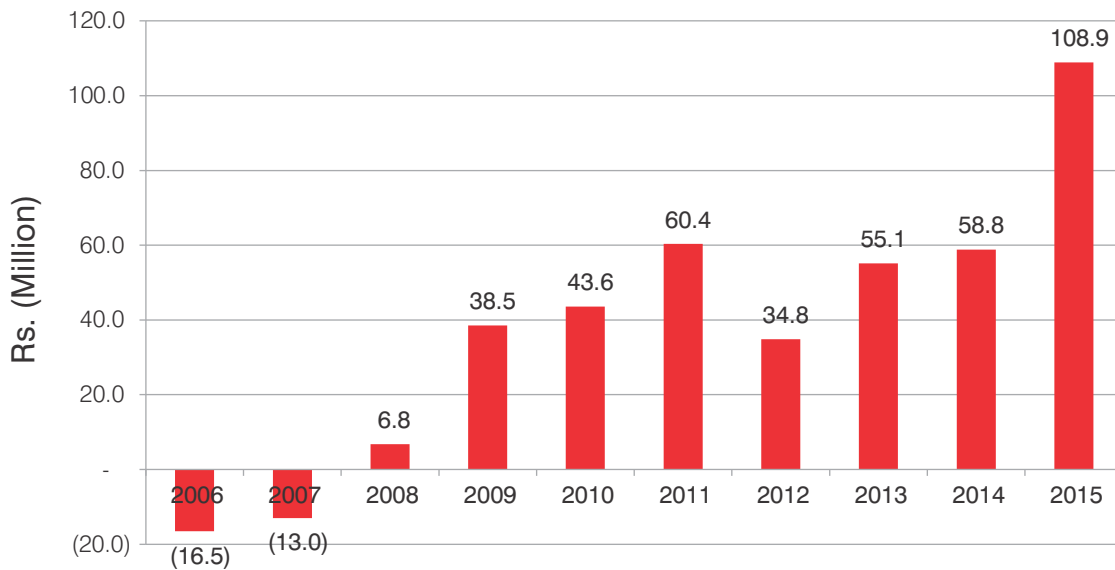
TEN YEARS PERFORMANCE

TRADING RESULTS	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Sales - Net	1,080,636,249	959,890,273	804,847,628	655,669,714	509,874,027	331,629,235	240,100,245	131,920,008	97,044,722	34,098,528
Gross profit	234,456,063	151,332,181	144,025,698	104,986,952	136,279,955	98,896,097	73,440,528	31,475,167	5,016,426	(6,598,796)
Operating profit/ (Loss)	171,785,823	96,934,151	87,435,065	57,179,174	96,916,380	68,454,292	49,914,838	14,328,638	(9,380,479)	(13,505,224)
Profit/ (loss) before tax	161,413,311	90,309,422	84,046,474	51,639,544	89,794,210	64,233,346	42,598,104	7,410,095	(12,543,992)	(16,372,086)
Net profit/ (loss) after tax	108,884,980	58,783,896	55,121,744	34,820,531	60,359,204	43,563,139	38,501,147	6,750,495	(13,029,216)	(16,542,579)
FINANCIAL POSITION										
Owner's Equity										
Share capital	89,528,400	89,528,400	89,528,400	89,528,400	89,528,400	89,528,400	89,528,400	89,528,400	67,124,500	67,124,500
Accumulated profit/ (loss)	299,431,127	217,404,667	176,526,451	134,833,969	108,966,278	48,607,074	5,043,935	(33,457,212)	(40,207,707)	(27,178,491)
	388,959,527	306,933,067	266,054,851	224,362,969	198,494,678	138,135,474	94,572,335	56,071,188	26,916,793	39,946,009
Operating fixed assets	70,775,694	63,573,975	51,500,919	49,966,031	49,063,143	35,237,961	33,590,199	30,932,495	31,039,863	32,265,676
Long term liabilities										
Deferred liabilities	5,338,463	4,799,837	3,896,672	3,892,348	3,658,215	900,438	513,371	-	-	-
INVESTOR INFORMATION										
Sales growth	12.58	19.26	22.75	28.59	53.75	38.12	82.00	35.94	184.60	341.60
Gross profit growth	54.93	5.07	37.18	(22.96)	37.80	34.66	133.33	527.44	(176.02)	12.52
Operating profit/ (loss) growth	77.22	10.86	52.91	(41.00)	41.58	37.14	248.36	(159.07)	(30.54)	32.34
Profit before tax growth	78.73	7.45	62.76	(42.49)	39.79	50.79	474.87	(23.38)	(23.38)	54.49
Net profit after tax growth	85.23	6.64	58.30	(42.31)	38.56	13.15	470.35	(151.81)	(21.24)	55.54
Gross profit ratio	21.70	15.77	17.89	16.01	26.73	29.82	30.59	23.86	5.17	(19.35)
Operating profit ratio	15.90	10.10	10.86	8.72	19.01	20.64	20.79	10.86	(9.67)	(39.61)
Profit before tax ratio	14.94	9.41	10.44	7.88	17.61	19.37	17.74	5.62	(12.93)	(48.01)
Net profit after tax ratio	10.08	6.12	6.85	5.31	11.84	13.14	16.04	5.12	(13.43)	(48.51)
Return on equity	27.99	19.15	20.72	15.52	30.41	31.54	40.71	12.04	(48.41)	(41.41)
Return on assets	153.85	92.47	107.03	69.69	123.02	123.63	114.62	21.82	(41.98)	(51.27)
Current ratio	6:07:1	6:57:1	5:01:1	5:75:1	5:35:1	4:09:1	3:48:1	1:32:1	0.9:1	1.31:1
Quick ratio	3:73:1	3:86:1	3:09:1	3:49:1	2:86:1	2:62:1	2:06:1	0:83:1	0.57:1	0.66:1
Earning per share (after tax)	Rs. 12.16	6.57	6.16	3.89	6.74	4.87	4.30	0.75	(1.94)	(2.46)

Revenue



Profit/(Loss)



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Statement of Financial Position of **M/S MILLAT INDUSTRIAL PRODUCTS LIMITED** as at June 30, 2015, and the related statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion :
 - i) the statement of financial position and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that ordinance.

LAHORE
20 August, 2015



(CHARTERED ACCOUNTANTS)
Engagement Partner: Irfan Ilyas

MILLAT INDUSTRIAL PRODUCTS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015

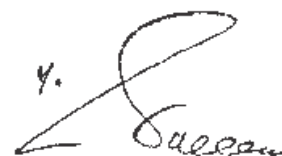
	NOTE	30-06-2015 RUPEES	30-06-2014 RUPEES
NON CURRENT ASSETS			
Property, plant & equipment			
Operating fixed assets	4	70,775,694	63,573,975
Capital work in progress	5	-	-
		70,775,694	63,573,975
CURRENT ASSETS			
Stores and spares	6	11,432,148	8,688,306
Stock in trade	7	136,633,416	112,142,664
Trade debtors	8	39,540,594	52,277,017
Loans and advances	9	23,123,601	13,454,680
Trade deposits, prepayments	10	2,885,000	2,750,596
Taxation -Net	11	21,571,562	11,131,195
Tax refund due from Government	12	-	1,921,750
Cash and bank balances	13	147,272,313	90,379,309
		382,458,634	292,745,517
TOTAL ASSETS		453,234,328	356,319,492
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	89,528,400	89,528,400
Un-appropriated profit		299,431,127	217,404,667
		388,959,527	306,933,067
NON CURRENT LIABILITIES			
Deferred taxation	15	5,338,463	4,799,837
CURRENT LIABILITIES			
Trade and other payables	16	58,936,339	44,372,848
Mark up accrued	17	-	213,741
		58,936,339	44,586,589
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL EQUITY AND LIABILITIES		453,234,328	356,319,492

(The annexed notes from 1 to 36 form an integral part of these financial statements)

CHIEF EXECUTIVE



DIRECTOR



**MILLAT INDUSTRIAL PRODUCTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015**

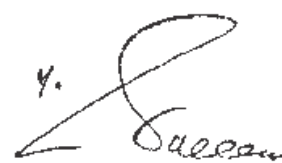
	Note	30-06-2015 RUPEES	30-06-2014 RUPEES
Sales	19	1,080,636,249	959,890,273
Cost of goods sold	20	<u>846,180,186</u>	<u>808,558,092</u>
Gross profit		234,456,063	151,332,181
Operating Expenses			
Distribution cost	21	<u>23,733,159</u>	<u>22,580,453</u>
Administration and general expenses	22	<u>38,937,082</u>	<u>31,817,576</u>
		<u>62,670,240</u>	<u>54,398,029</u>
Operating profit		171,785,823	96,934,152
Other income	23	<u>2,566,550</u>	<u>1,913,587</u>
		174,352,373	98,847,739
Finance cost	24	<u>1,121,367</u>	<u>1,845,137</u>
Other charges	25	<u>11,817,695</u>	<u>6,693,180</u>
		<u>12,939,062</u>	<u>8,538,317</u>
Profit before taxation		161,413,311	90,309,422
Taxation	26	<u>52,528,331</u>	<u>31,525,526</u>
Profit after taxation		108,884,980	58,783,896
Other comprehensive income			
Items that may be reclassified to profit or loss subsequently		<u>-</u>	<u>-</u>
Items not to be reclassified to profit or loss subsequently		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Total comprehensive income		<u>108,884,980</u>	<u>58,783,896</u>
Earnings per share - Rupees	28	<u>12.16</u>	<u>6.57</u>

(All the appropriations have been shown in the Statement of Changes in Equity)
(The annexed notes from 1 to 36 form an integral part of these financial statements)

CHIEF EXECUTIVE



DIRECTOR



MILLAT INDUSTRIAL PRODUCTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

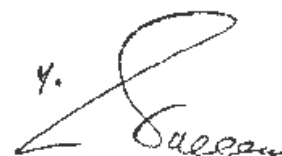
	30-06-2015 RUPEES	30-06-2014 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	161,413,311	90,309,422
Adjustment for non cash charges:		
Depreciation	7,906,578	6,276,219
Finance Cost	1,121,367	1,845,137
<i>Cash flow before working capital changes</i>	<u>170,441,256</u>	<u>98,430,778</u>
(Increase) / decrease in current assets:		
Stores and spares	(2,743,842)	(669,346)
Stock in trade	(24,490,752)	(15,731,158)
Trade debtors	12,736,423	21,952,514
Loans and advances	(9,668,921)	314,669
Trade deposits, short term prepayments	(134,404)	162,368
Tax refund due from Government	1,921,750	-
Increase / (decrease) in current liabilities		
Trade and other payables	<u>14,563,491</u>	<u>(6,416,406)</u>
	162,625,001	98,043,419
Finance cost paid	(1,335,108)	(1,632,686)
Taxes paid	<u>(62,430,073)</u>	<u>(45,466,324)</u>
Net Cash out flow from operating activities	<u>98,859,820</u>	<u>50,944,409</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(15,933,749)	(19,424,675)
Capital work in progress	-	1,019,299
Sale proceeds of property, plant and equipment	825,453	56,100
Net cash out flow from investing activities	<u>(15,108,296)</u>	<u>(18,349,276)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(26,858,520)	(17,905,680)
Net cash inflow from financing activities	<u>(26,858,520)</u>	<u>(17,905,680)</u>
Net (decrease)/increase in cash and cash equivalents	56,893,004	14,689,453
Cash and cash equivalents at the beginning of the period	90,379,309	75,689,855
Cash and Cash equivalents at the end of the period	<u>147,272,313</u>	<u>90,379,309</u>

(The annexed notes from 1 to 36 form an integral part of these financial statements)

CHIEF EXECUTIVE



DIRECTOR



**MILLAT INDUSTRIAL PRODUCTS LTD
STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2015**

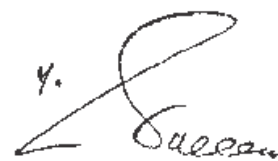
PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT	TOTAL
	-----Rs.-----		
Balance as at June 30, 2013	89,528,400	176,526,451	266,054,851
Dividend paid @ 20% for the Year	-	(17,905,680)	(17,905,680)
Profit after taxation for the year	-	58,783,896	58,783,896
Balance as at June 30, 2014	89,528,400	217,404,667	306,933,067
Dividend paid @ 30% for the Year	-	(26,858,520)	(26,858,520)
Profit after taxation for the period	-	108,884,980	108,884,980
Balance as at June 30, 2015	89,528,400	299,431,127	388,959,527

(The annexed notes from 1 to 36 form an integral part of these financial statements)

CHIEF EXECUTIVE _____



DIRECTOR _____



MILLAT INDUSTRIAL PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

1. STATUS AND NATURE OF THE BUSINESS

Millat Industrial Products is a Limited Company registered under the Companies Ordinance, 1984, vide Registration No. L 10906 of 2001 - 2002 dated 23rd January, 2002, as a Private Limited company. Subsequently the company was converted into Public Limited company on June 27, 2005 (CUIN: 0043275). The registered office of the company is situated at 8.8 K.M., Lahore-Sheikhupura Road, Shahdara, Lahore. The Company is engaged in the business of manufacturing and sale of vehicular, industrial and domestic batteries.

1.1 *SUBSIDIARY COMPANY*

Millat Industrial Products Limited is a subsidiary of Millat Tractors Limited.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved Accounting Standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT YEAR

2.1.1 New, revised and amended standards and interpretations.

2.1.1.1 The Company has adopted the following revised standards, amendments and interpretations of IFRs which became effective for the current year.

IAS – 32	Offsetting Financial Assets and Financial Liabilities – (Amendments)
IAS – 36	Recoverable Amount for Non-Financial Assets – (Amendments)
IAS – 39	Novation of Derivatives and Continuation of Hedge Accounting – (Amendments)
IFRIC-21	Levies

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

2.1.1.2 Amendments to Accounting Standards Issued by the IASB

IFRS-5	Non-current Assets Held for Sale and Discontinued Operations-Clarification for the changes in the method of disposal etc.
IFRS-7	Financial Instruments: Disclosure-Clarification for service arrangements etc.
IAS-19	Employee Benefits-clarification that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid etc.
IAS-34	Interim Financial Reporting- clarification that certain disclosures, if these are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred etc.

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

2.2 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

2.2.1 The following revised 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 standards or interpretation:

Standards or Interpretation		Effective date (annual periods beginning on or after)
IFRS-10	Consolidated Financial Statements	01 January 2015
IFRS-11	Joint Arrangements	01 January 2015
IFRS-12	Disclosure of Interests in Other Entities	01 January 2015
IFRS-13	Fair Value Measurement	01 January 2015
IAS-28	Investments in Associates and Joint Venture	01 January 2015

2.2.2 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

		IASB Effective date (Annual Periods beginning on or after)
IFRS-1	First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS-9	Financial Instruments	January 01, 2018
IFRS-14	Regulatory Deferral accounts	January 01, 2016
IFRS-15	Revenue from Contracts with Customers	January 01, 2017

2.2.3 Further, following new amendments and interpretations have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

		IASB Effective date (Annual Periods beginning on or after)
IAS-16	Property, Plant and Equipment amendments regarding the clarification of acceptable methods of depreciation and amortization.	01 January 2016
IAS-27	Separate Financial Statements-amendments reinstating the equity method as an accounting option for investments in subsidiaries etc.	01 January 2016
IAS-38	Intangible Assets amendments regarding the clarification of acceptable methods of depreciation and amortization.	01 January 2016
IAS-41	Agriculture-amendments bringing the bearer plants into the scope of IAS-16	01 January 2016

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of the company's accounts are as follows:

3.1 *ACCOUNTING CONVENTION*

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

3.2 *CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS*

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized prospectively in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements are as follows:-

- Useful lives of property, plant and equipment and method of depreciation (Note 3.3)
- Provision for warranty claims (Note 3.11).

3.3 PROPERTY, PLANT AND EQUIPMENT

All the Property, Plant and Equipment have been valued at cost less accumulated depreciation and accumulated impairment losses (if any), except Freehold Land and Capital work in progress which are stated at cost. Cost includes purchase price and all incidental expenses incurred up to the date of operation. The capital work in progress is transferred to fixed assets as and when assets are available for intended use. All expenses including borrowing costs, if any, as per IAS-23, will be capitalized at the time when these assets will start commercial production.

Depreciation on Property, Plant and Equipment is charged to profit on reducing balance method over its estimated useful life so as to write off the historical cost of an asset at the rates specified in note 4. Depreciation on additions is charged on the basis of number of days commencing from the day at which assets become available for use, while on disposals depreciation is charged upto the day of deletion. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

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 item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to 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. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

3.4 IMPAIRMENT

An assessment is made at each statement of financial position date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the statement of comprehensive income.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior years. Reversal of impairment loss is restricted to the original cost of the asset.

3.5 *STORES & STOCKS*

3.5.1 *STORES, SPARES AND LOOSE TOOLS*

These are valued at the lower of cost and net realisable value except for items in transit, which are valued at invoice price and related expenses incurred upto the balance sheet date. For items which are slow moving and / or identified as surplus to the Company's requirement, a provision is made for excess of book value over estimated realisable value.

3.5.2 *STOCK IN TRADE*

The cost is determined as follows:-

Raw materials	- At weighted average cost.
Work in Process	- At raw material costs, labor and appropriate manufacturing over-heads.
Finished goods	- At lower of cost or Net Realisable Value.

Net realizable value signifies the estimated selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.6 *INVESTMENT*

Investments with fixed or determinable payments and fixed maturity, which the Company has the positive intent and ability to hold to maturity, are carried at amortized cost, using the effective interest rate method less impairment losses, if so determined.

3.7 *TRADE DEBTORS & RECEIVABLES*

Trade debtors and receivables are carried at invoice amount less an estimate made for doubtful debts based on review of outstanding amounts at year end. Bad debts are written off when identified.

3.8 *TRADE & OTHER PAYABLES*

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

3.9 *BORROWING COST*

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

3.10 *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 economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.11 *WARRANTY CLAIMS*

The Company provides after sales warranty for its products for a specified period. Accrual is made in the financial statements for this warranty based on previous trends.

3.12 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and staff and retirement benefit funds.

All transactions with related parties are made at arm's length prices determined in accordance with comparable uncontrolled price method except for the assets sold to employees at Written Down Value under the employees' car scheme as approved by the Board of Directors.

3.13 REVENUE RECOGNITION

Revenue from sale of goods is recognized when all the following conditions have been satisfied:

- a) the company has transferred to the buyer the significant risks and rewards of ownership of goods;
- b) the company retains neither continuing managerial involvement to the degree usually associated with ownership for effective control over the goods sold;
- c) the amount of revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the company;
- e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other Revenue is recognized on the following basis:

interest income is recognized on a time proportion basis taking into account the principal outstanding and the interest applicable; and

dividend income is recognized when the shareholder's right to receive payment is established.

3.14 TAXATION

Current

Provision for current taxation is based on taxable income at current tax rates after taking into account applicable tax rebates and credits, if any.

Deferred

Deferred taxation is recognized using the balance sheet liability method on all major temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and bank deposits.

3.16 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into Pak rupees at the rates of exchange approximating those prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the balance sheet date. Current exchange differences are included in profit and loss account.

3.17 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized at cost which is the fair value of the consideration given or received at the time when the company becomes a party to the contractual provisions of the instrument by following trade date accounting.

A financial asset or part thereof is de-recognized when the company loses control of the contractual rights that comprise the financial assets or part thereof. Such control is deemed to be lost if the company realizes the rights to benefits specified in the contracts, the rights expire or the company surrenders those rights. A financial liability or part thereof is removed from the balance sheet when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Any gain or loss on subsequent measurement and de-recognition is charged to income.

3.18 STAFF RETIREMENT BENEFITS*Defined Contribution Plan*

The company operates an approved funded provident fund scheme for its permanent employees eligible under the Employees Provident Fund Rules of the Company. The employees and Company make equal monthly contributions at the rate of 10% of basic salary.

No other staff retirement benefit plan is maintained by the company.

3.19 OFFSETTING

Financial assets and liabilities are setoff and the net amount is reported in the statement of financial position, if the company has a legally enforceable right to setoff the recognized amounts and the company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

Millat Industrial Products Limited
Notes to the financial statements for the year ended June 30, 2015

4. OPERATING FIXED ASSETS

PARTICULARS	COST			DEPRECIATION				BOOK VALUE	
	AS AT	Additions (Deletions)	AS AT	RATE	AS AT	Adjustments	For the period	AS AT	
	01-07-2014		30-06-2015		01-07-2014		30-06-2015	30-06-2015	
Land - Freehold	10,455,396	-	10,455,396		-	-	-	-	10,455,396
Building - Freehold	26,566,003	4,118,922	30,684,925	10	4,851,603	-	2,410,481	7,262,084	23,422,841
Plant & machinery	27,071,769	4,190,372	31,262,141	15	15,497,027	-	1,745,227	17,242,254	14,019,887
Tools & equipment	20,898,923	5,375,259	26,274,182	15	11,321,979	-	1,727,633	13,049,612	13,224,570
Furniture and fixture	2,689,975	213,387	2,903,362	15	1,080,663	-	256,640	1,337,303	1,566,059
Vehicles	14,215,124	1,764,700 (2,011,178)	13,968,646	20	6,807,815	(1,185,725)	1,501,739	7,123,829	6,844,817
Office equipment	1,417,137	128,159	1,545,296	15	574,082	-	129,104	703,186	842,110
Computer hardware	1,329,935	142,950	1,472,885	30	937,118	-	135,754	1,072,872	400,014
Total	104,644,262	15,933,749 (2,011,178)	118,566,833		41,070,287	(1,185,725)	7,906,578	47,791,140	70,775,694

PARTICULARS	COST			DEPRECIATION				BOOK VALUE	
	AS AT	ADDITIONS / (DELETIONS)	AS AT	RATE	AS AT	ADJUSTMENT	FOR THE YEAR	ACC. DEPRECIATION AS AT	AS AT
	01-07-2013		30-06-2014		01-07-2013		30-06-2014	30-06-2014	
Land - Freehold	10,455,396	-	10,455,396		-	-	-	-	10,455,396
Building - Freehold	12,213,521	14,352,482	26,566,003	10	4,027,558	-	824,045	4,851,603	21,714,400
Plant & machinery	25,459,686	1,612,083	27,071,769	15	13,724,504	-	1,772,523	15,497,027	11,574,742
Tools & equipment	19,351,310	1,547,613	20,898,923	15	9,716,916	-	1,605,063	11,321,979	9,576,944
Furniture and fittings	2,451,700	238,275	2,689,975	15	826,196	-	254,467	1,080,663	1,609,312
Vehicles	12,933,506	1,349,618 (68,000)	14,215,124	20	5,253,108	(11,900)	1,566,607	6,807,815	7,407,309
Office equipment	1,214,201	202,936	1,417,137	15	454,026	-	120,056	574,082	843,055
Computer hardware	1,208,267	121,668	1,329,935	30	803,659	-	133,459	937,118	392,817
Total	85,287,587	19,424,675 (68,000)	104,644,262		34,805,967	(11,900)	6,276,220	41,070,287	63,573,975

4.1 Depreciation charged for the period has been allocated as under:

	30-06-2015	30-06-2014
Cost of goods sold	6,576,463	5,406,630
Administrative and general	886,744	579,727
Selling and distribution	443,372	289,863
	7,906,578	6,276,220

Millat Industrial Products Limited
Notes to the financial statements for the year ended June 30, 2015

	30-06-2015 Rupees	30-06-2014 Rupees
5 CAPITAL WORK IN PROGRESS		
Opening balance	-	1,019,299
Addition during the year	-	13,284,412
	<u>-</u>	<u>14,303,711</u>
Less transferred to Fixed Assets	-	14,303,711
	<u>-</u>	<u>-</u>
6 STORES AND SPARES		
General stores	6.1 <u>11,432,148</u>	<u>8,688,306</u>
6.1 The Stores and spares include the Stores of Rex Barren Batteries Limited which was acquired at the time of acquisition of Rex Barren Batteries Limited and measured at Nil value. The same has a Net Realizable Value of Rs. 150,000/- (2014:Rs.200,000/-)		
7 STOCK IN TRADE		
Raw material		
Stock at company premises	<u>62,308,000</u>	<u>47,271,345</u>
Stock held with third parties	<u>1,919,926</u>	<u>1,569,262</u>
	<u>64,227,926</u>	<u>48,840,607</u>
Work in process	64,475,374	48,990,658
Finished goods	<u>7,930,116</u>	<u>14,311,399</u>
	<u>136,633,416</u>	<u>112,142,664</u>
8 TRADE DEBTORS		
Receivable from MTL - Unsecured and considered good	16,796,389	20,026,273
Dealers - Secured against guarantee cheques	21,380,122	24,068,526
- Secured against fidelity guarantee	209,776	7,279,045
Other customers - Unsecured and considered good	<u>1,154,307</u>	<u>903,173</u>
	<u>39,540,594</u>	<u>52,277,017</u>
9 LOANS AND ADVANCES		
Import in transit-Secured	5,497,058	4,963,846
Advances to suppliers- Unsecured and considered good	9,046,892	7,125,820
Other receivables-Unsecured and considered good	51,560	75,000
Receivable against misappropriated stock	-	1,290,014
Insurance claim receivable	<u>8,528,091</u>	<u>-</u>
	<u>23,123,601</u>	<u>13,454,680</u>
10 TRADE DEPOSITS, SHORT TERM PREPAYMENTS		
Security deposits	2,885,000	760,600
Prepaid expenses	-	1,989,996
	<u>2,885,000</u>	<u>2,750,596</u>
11 TAXATION-NET		
Opening balance	11,131,195	(3,712,768)
Add: Paid / deducted during the year	<u>62,430,072</u>	<u>45,466,324</u>
	73,561,267	41,753,556
Less: Provision for taxation		
-Current	<u>(51,990,148)</u>	<u>(29,533,543)</u>
-Prior	443	(1,088,818)
	<u>(51,989,705)</u>	<u>(30,622,361)</u>
	<u>21,571,562</u>	<u>11,131,195</u>

Millat Industrial Products Limited
Notes to the financial statements for the year ended June 30, 2015

	30-06-2015 Rupees	30-06-2014 Rupees	
12 TAX REFUND DUE FROM GOVERNMENT			
Sales Tax refund	-	1,921,750	
	<u>-</u>	<u>1,921,750</u>	
13 CASH AND BANK BALANCES			
Cash in hand	445,899	824,156	
Cash in hand - Imprest account	184,350	169,502	
Cash at bank - Current account	1,420,907	87,828,019	
Cash at bank - R/F account	221,157	1,557,632	
Short term investment - (UBL UTTIP)	<u>145,000,000</u>	<u>-</u>	
	<u>147,272,313</u>	<u>90,379,309</u>	
13.1 The Company has obtained running finance facility to finance its working capital requirements from Habib Bank Limited. The same is secured against first charge of PKR 133.4M on land, building, plant & machinery, current assets of the Company. The rate of mark up during the year has been 1 Month KIBOR + 0.40% (2014: 1 month KIBOR + 1.5%). The total limit is Rs. 100M (2014: 100M). At the financial position date the company has a favorable balance in the R/F account.			
14 SHARE CAPITAL			
Authorised Capital			
11,000,000 (2014: 11,000,000) Ordinary shares of Rs.10 (2014: Rs.10) each	<u>110,000,000</u>	<u>110,000,000</u>	
Issued, subscribed and paid up			
8,952,840 (2014: 8,952,840) Ordinary shares of Rs. 10 each fully paid in cash	<u>89,528,400</u>	<u>89,528,400</u>	
At June 30, 2015 Millat Tractors Limited, the holding company held 5,737,500 (2014: 5,737,500) ordinary shares of Rs. 10 each of the Company.			
15 DEFERRED TAXATION			
Deferred tax liability comprises temporary differences related to:			
Taxable temporary differences			
Accelerated depreciation for the tax purposes	6,366,899	5,859,438	
Deductible temporary differences			
Provision for Warranty	(1,028,437)	(1,059,602)	
Net deferred tax liability at the end of the period	<u>5,338,463</u>	<u>4,799,837</u>	
	Deferred Tax Liability	Deferred Tax Assets	Net Liability
Balance as at July 01, 2013	4,736,463	(839,791)	3,896,672
Charged to statements of comprehensive income	<u>(219,811)</u>	<u>1,122,975</u>	<u>903,165</u>
Balance as at June 30, 2014	4,516,653	283,184	4,799,837
Charged/ (Credited) to statements of comprehensive income	<u>1,850,247</u>	<u>(1,311,621)</u>	<u>538,626</u>
Balance as at June 30, 2015	<u>6,366,899</u>	<u>(1,028,437)</u>	<u>5,338,463</u>

Millat Industrial Products Limited
Notes to the financial statements for the year ended June 30, 2015

	30-06-2015 Rupees	30-06-2014 Rupees
16 TRADE AND OTHER PAYABLES		
Trade creditors	7,780,598	476,184
General suppliers	6,350,646	3,696,062
Advance from customers	8,111,677	8,011,975
Advance from staff	16.1 727,185	1,141,403
Electricity charges	2,006,185	1,338,779
Telephone charges	58,530	62,810
Sui gas charges	69,435	269,000
Audit fee	330,000	300,000
Salaries and wages payable	201,193	-
Provident fund	416,487	209,802
Provision for warranty claims	3,208,561	3,116,475
Workers' profit participation fund	8,661,550	4,850,130
Workers' welfare fund	4,999,194	1,843,049
Sales tax payable	14,042,070	17,693,261
Withholding tax payable	1,735,862	67,010
Unclaimed Dividend	208,596	155,043
Other payables	28,570	1,141,864
	<u>58,936,339</u>	<u>44,372,847</u>

16.1 These represent the amounts received from employees of the company against the future sale of vehicles as per company policy and carries Nil markup.

17. MARK UP ACCRUED

Mark-up accrued on short term running finance - secured

- 213,741

18. CONTINGENCIES AND COMMITMENTS

Contingencies

18.1 Guarantee issued by the HBL on behalf of company in the normal course of business amount to Rs.1,067,800/-(2014: Rs.1,067,800/-) in favour of Sui Northern Gas Pipelines Limited.

18.2 During the year, appeal against the order of DCIR u/s 122(5) of the Income Tax Ordinance, 2001, from ATIR was finalized who confirmed the order of CIR(Appeals) for re-assessment proceedings. No demand is outstanding at this stage. Re-assessment proceedings have not been initiated so far. It is very hopeful that no further additional demand will be created at the time of re-assessment.

18.3 The taxation officer raised a demand of Rs.11,407,595/- u/s 161/205 of the Income Tax Ordinance, 2001, for tax year 2011. Company filed appeal before CIR(Appeals) who confirmed the default of Rs.5,720 only and remanded the case for re-assessment. Re-assessment proceedings have not been initiated so far. The taxation officer earlier made recovery of demand, amounting to Rs.2,000,000/- from the company against the demand. The company is under appeal before ATIR. It is hopeful that relief from ATIR shall be secured and no additional demand shall be created.

18.4 The taxation officer has raised a demand of Rs.17,423,326/- u/s 161/205 of the Income Tax Ordinance, 2001, for tax year 2014 during the year. The company has filed appeal before CIR(A) which has not been heard till date. The taxation officer with coercive measures has made recovery of Rs.16,639,659/- against the purported demand during the year. The company has not recorded the purported withholding tax default demand as liability in these financial statements. It is highly likely that all the issues assessed against the company in assessment order will be settled in favor of the company at appellate stage.

18.5 Suit no. 3452/2013, State Vs Muhammad Iqbal Qureshi is pending before the Vth Judicial Magistrate, South Karachi; no specific amount mentioned. Bail Application No. 12/2014, Muhammad Iqbal Qureshi Vs State is pending before the Hon'ble High Court of Sindh at Karachi for hearing; no specific amount mentioned. Suit No. 735/2014, Muhammad Iqbal Qureshi Vs Millat Industrial Products Limited and others, is pending before IVth Senior Civil Judge, Karachi East: no specific amount mentioned.

Commitment

18.6 Commitment in respect of outstanding letter of credit amount to Rs. 5,461,257 (2014: 6,595,658) at the date of financial position.

18.7 The Company has no other contingencies and commitments as on June 30, 2015.

Millat Industrial Products Limited
Notes to the financial statements for the year ended June 30, 2015

		30-06-2015 Rupees	30-06-2014 Rupees
19 SALES			
-Local		1,390,724,495	1,242,983,624
-Export		3,223,850	-
		<u>1,393,948,345</u>	<u>1,242,983,624</u>
Less:			
-Sales tax		(193,141,080)	(174,166,629)
-Discount		(120,171,016)	(108,926,722)
		<u>1,080,636,249</u>	<u>959,890,273</u>
20 COST OF GOODS SOLD			
Raw material consumed	20.1	708,220,041	686,386,727
Salaries, wages and benefits	20.2	42,187,399	33,529,142
Fuel and power		54,972,183	54,840,735
Communication		311,337	362,159
Stores and spares consumed	20.3	19,887,935	16,057,161
Warranty claims		12,733,202	8,261,093
Repair and maintenance		2,725,939	1,704,553
Insurance		1,758,099	1,543,032
Rent, rates & taxes		519,650	95,700
Screen printing		2,336,675	2,019,387
Traveling and vehicle running		451,235	737,261
Entertainment		253,187	212,851
Depreciation		6,576,463	5,406,630
Other expenses		2,350,274	1,656,327
		<u>855,283,619</u>	<u>812,812,758</u>
Add: Opening work in process		48,990,658	52,735,927
Less: Closing work in process		64,475,374	48,990,658
		<u>(15,484,716)</u>	<u>3,745,269</u>
Cost of goods manufactured		839,798,903	816,558,027
Add: Opening finished goods		14,311,399	6,311,464
Less: Closing finished goods		7,930,116	14,311,399
		<u>6,381,283</u>	<u>(7,999,935)</u>
Cost of goods sold		<u>846,180,186</u>	<u>808,558,092</u>
20.1 RAW MATERIAL CONSUMED			
Opening stock		47,271,345	35,129,566
Add: Purchases		725,078,075	701,238,084
		<u>772,349,420</u>	<u>736,367,650</u>
Less: Closing stock		62,308,000	47,271,345
		<u>710,041,420</u>	<u>689,096,305</u>
Less: Sale of waste material		1,821,379	2,709,578
Raw material consumed		<u>708,220,041</u>	<u>686,386,727</u>
20.2 Salaries, wages and benefits include Rs.323,249/- (2014: Rs 251,006/-) in respect of Provident Fund contributions.			
20.3 STORES AND SPARES CONSUMED			
Opening stock		8,688,306	8,018,961
Add: Purchases		22,631,777	16,726,506
		<u>31,320,083</u>	<u>24,745,467</u>
Less: Closing stock		11,432,148	8,688,306
Stores and spares consumed		<u>19,887,935</u>	<u>16,057,161</u>

Millat Industrial Products Limited
Notes to the financial statements for the year ended June 30, 2015

21 DISTRIBUTION COST		30-06-2015 Rupees	30-06-2014 Rupees
Salaries, wages and benefits	21.1	5,808,262	5,496,220
Fuel and power		1,852,084	1,507,998
Communication		128,789	234,620
Traveling & vehicle running		4,425,277	4,231,063
Freight charges		4,592,530	5,401,482
Advertisement		1,046,775	531,229
Printing and stationery		2,520,688	2,225,478
Entertainment		449,059	443,522
Rent, rates and taxes		520,604	605,079
Insurance		1,529,178	1,407,313
Depreciation		443,372	289,863
Miscellaneous		416,541	206,585
		<u>23,733,159</u>	<u>22,580,453</u>

21.1 Salaries, wages and benefits include Rs.175,201/- (2014: Rs 191,540/-) in respect of Provident Fund contributions.

22 ADMINISTRATION AND GENERAL EXPENSES

Salaries, wages and benefits	22.1	21,186,456	17,062,432
Fuel and power		4,255,931	3,518,672
Communication		173,375	150,531
Traveling and vehicle running		4,166,746	3,557,277
Printing and stationery		632,973	700,377
Newspapers and periodicals		8,877	9,359
Repairs and maintenance		880,012	666,437
Security expenses		2,081,876	1,775,611
Legal and professional charges	22.2	1,108,880	1,157,833
Entertainment		937,794	845,794
Rent, rates and taxes		259,090	549,740
Fee and subscription		696,270	68,157
Insurance		563,502	438,191
Depreciation		886,744	579,727
Other expenses		1,098,556	737,439
		<u>38,937,082</u>	<u>31,817,576</u>

22.1 Salaries, wages and benefits include Rs.632,347/- (2014: Rs 559,697/-) in respect of Provident Fund contributions.

22.2 Legal and professional charges include following in respect of

Statutory audit	330,000	300,000
Taxation advisory services	314,880	182,000
Out of pocket expenses	25,000	25,000
	<u>669,880</u>	<u>507,000</u>

23 OTHER INCOME

Income from financial assets:		
Interest Income	2,485,550	1,765,582
Income from assets other than financial assets:		
Misc. income	26,000	7,647
Farm Income	55,000	140,358
	<u>2,566,550</u>	<u>1,913,587</u>

Millat Industrial Products Limited
Notes to the financial statements for the year ended June 30, 2015

	30-06-2015 Rupees	30-06-2014 Rupees
24 FINANCE COST		
Mark-up on short term running finance Secured	683,861	1,315,931
Bank charges	437,506	529,206
	<u>1,121,367</u>	<u>1,845,137</u>
25 OTHER CHARGES		
Workers' profit participation fund	8,661,550	4,850,130
Workers' welfare fund	3,156,145	1,843,049
	<u>11,817,695</u>	<u>6,693,180</u>
26 TAXATION		
For the year		
-Current	51,990,148	29,533,543
-Deferred	679,797	1,014,498
	52,669,946	30,548,041
Prior Years		
-Current	(443)	1,088,818
-Deferred	(141,172)	(111,333)
	(141,615)	977,485
	<u>52,528,331</u>	<u>31,525,526</u>

26.1 Numerical reconciliation between average effective tax rate and the applicable tax rate.

	%	%
Applicable tax rate	33.00	34.00
Effect of change in prior year	(0.09)	1.21
Effect of income assessed at lower rate	-	-
Effect of income exempt for tax purposes	(0.32)	-
Others	(0.04)	(0.29)
	(0.45)	0.92
	<u>32.55</u>	<u>34.91</u>

Millat Industrial Products Limited
Notes to the financial statements for the year ended June 30, 2015

30-06-2015 30-06-2014
Rupees Rupees

27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	-----Rs.-----					
Remuneration	4,544,918	3,850,319	-	-	4,294,905	2,774,810
House rent	1,496,466	1,250,465	-	-	1,707,815	1,096,810
Utilities	255,028	203,355	-	-	379,498	243,737
Bonus	1,036,544	1,102,705	-	-	1,072,716	967,210
Contribution to provident fund	332,551	277,883	-	-	286,517	243,737
Reimbursable expenses	1,140,138	1,226,568	-	-	800,829	759,242
	<u>8,805,645</u>	<u>7,911,295</u>	-	-	<u>8,542,280</u>	<u>6,085,546</u>
Number of person	<u>1</u>	<u>1</u>	<u>6</u>	<u>5</u>	<u>4</u>	<u>3</u>

28 EARNING PER SHARE-BASIC AND DILUTED

28.1 Basic earnings per share		
Profit after taxation attributable to ordinary shareholders - Rupees	<u>108,884,980</u>	<u>58,783,896</u>
Weighted average ordinary shares in issue - Numbers	<u>8,952,840</u>	<u>8,952,840</u>
Earning Per Share - Rupees	<u>12.16</u>	<u>6.57</u>

28.2 Diluted earnings per share

No figure for diluted earning per share has been presented as the company has not issued any instrument carrying options which would have an impact on earning per share when exercised.

29 RELATED PARTY TRANSACTIONS

The Company has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method.

Transactions with related parties during the period are as follows:-

Relation with the Company	Nature of transaction		
Holding Company	Sales of goods	<u>202,777,000</u>	<u>156,726,118</u>
Staff Provident Fund	Provident Fund Contribution	<u>1,130,797</u>	<u>1,002,243</u>
Deputy General Manager	Sale of Car	<u>-</u>	<u>68,000</u>

30 NUMBER OF EMPLOYEES

Number of employees at the end of the year	<u>34</u>	<u>28</u>
Average number of employees during the year	<u>31</u>	<u>28</u>

Millat Industrial Products Limited
Notes to the financial statements for the year ended June 30, 2015

31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

DESCRIPTION	INTEREST / MARK UP BEARING			NON INTEREST / MARK-UP BEARING			TOTAL	
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	2015	2014
FINANCIAL ASSETS	-----Rs-----							
Investment	-	-	-	-	-	-	-	-
Accrued Interest	-	-	-	-	-	-	-	-
Trade debtors	-	-	-	39,540,594	-	39,540,594	39,540,594	52,277,017
Loan & Advances	-	-	-	23,123,601	-	23,123,601	23,123,601	13,454,680
Trade deposits, prepayment	-	-	-	2,885,000	-	2,885,000	2,885,000	2,750,596
Cash and bank balances	145,000,000	-	145,000,000	2,272,313	-	2,272,313	147,272,313	90,379,309
	145,000,000	-	145,000,000	67,821,508	-	67,821,508	212,821,508	158,861,602
FINANCIAL LIABILITIES								
Trade and other payables	-	-	-	58,936,339	-	58,936,339	58,936,339	44,372,847
Markup accrued	-	-	-	-	-	-	-	213,741
	-	-	-	58,936,339	-	58,936,339	58,936,339	44,586,588
Off - balance sheet financial instruments								
Guarantees	-	-	-	1,067,800	-	-	1,067,800	1,067,800
	-	-	-	-	-	-	1,067,800	1,067,800

31.1 Financial Instruments and Financial risk management

The company's activities are exposed to a variety of financial risks namely credit risk, interest rate risk, foreign exchange risk and liquidity risk. Overall, risks arising from the Company's financial instruments are limited. The Company manages its exposure to financial risk in the following manner:

31.1.1 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company is exposed to a concentration of credit risk on its trade debts amounting to Rs.39,540,594/- (2014: Rs. 32,259,744/-). However, this risk is mitigated by applying individual credit limits and by securing the majority of trade debts against post dated cheques.

31.1.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments. The short term borrowing of the Company is exposed to interest rate risk. The effective interest rates as at June 30, 2015 for the financial instruments are given in the relevant notes.

31.1.3 Foreign Exchange Risk

Foreign exchange risk arises mainly where the receivables and payables exist due to transactions with foreign undertakings. The Company is not subject to any foreign exchange risk as majority sales are made to local dealers. Proceeds from export sales are received in advance directly in bank account at the conversion rate existing on the date on which the sales is entered into. The company is, however, exposed to foreign exchange risk in respect of imports which are settled on the date when documents relating to letter of credit in respect of imports are received by bank.

Millat Industrial Products Limited
Notes to the financial statements for the year ended June 30, 2015

31.1.4 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	2015		
	Carrying amount	Contractual cash flows	Less than 1 year
Trade and other payables	58,936,339	58,936,339	58,936,339
Accrued interest	-	-	-
	<u>58,936,339</u>	<u>58,936,339</u>	<u>58,936,339</u>
	2014		
	Carrying amount	Contractual cash flows	Less than 1 year
Trade and other payables	44,372,847	44,372,847	44,372,847
Accrued interest	213,741	213,741	213,741
	<u>44,586,588</u>	<u>44,586,588</u>	<u>44,586,588</u>

31.2 Capital Risk Management

The company's prime objectives when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debts. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debts. The company strategy was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at period ended June 30, 2015 and June 30, 2014 are as follows:-

	2015	2014
		Rs.
Total Borrowing	-	-
Less: Cash and bank balances	<u>147,272,313</u>	<u>90,379,309</u>
Net Debt	(147,272,313)	(90,379,309)
Total Equity	<u>388,959,527</u>	<u>306,933,067</u>
Total Capital	<u>241,687,213</u>	<u>216,553,758</u>
Gearing Ratio	<u>-</u>	<u>-</u>


31.3 Fair Value of Financial Instruments

The Carrying amounts of financial assets and financial liabilities approximate their fair values.

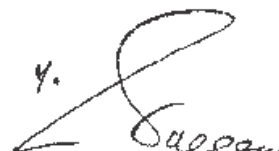
Millat Industrial Products Limited
Notes to the financial statements for the year ended June 30, 2015

	30-06-2015 Rupees	30-06-2014 Rupees
32 CAPACITY AND PRODUCTION		
The actual production capacity of the battery plant cannot be determined as it depends on the proportion of different types of the batteries produced which varies in relation to the consumer demand.		
33 DISCLOSURES RELATING TO PROVIDENT FUND		
i Size of the fund	9,628,030	10,037,222
ii Cost of investment made	7,776,162	8,047,959
iii Percentage of investment made	81%	80%
iv Fair value of investments	7,843,961	8,702,340
33.1 Break up of investments		
Special accounts in a scheduled bank	1,276,162	3,185,459
Term finance certificates	6,500,000	2,500,000
Government securities	-	2,362,500
	7,776,162	8,047,959
33.2 % age of investments made in terms of the size of the fund		
National savings schemes	-	-
Special accounts in a scheduled bank	13%	31%
Term finance certificates	68%	25%
Government securities	-	24%
Other securities	-	-
	81%	80%
33.3 The figures for 2015 are based on the audited financial statements of the provident fund. Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984, and the rules formulated for this purpose.		
34 EVENT AFTER THE REPORTING PERIOD		
The Board of Directors has proposed the payment of dividend of Rs. 5.00 per share (2014 : Rs. 3.00 per share) on the ordinary share capital of the company in their meeting held on August 20, 2015.		
35 DATE OF AUTHORISATION OF ISSUE		
These financial statements were authorised for issue by the Board of Directors on August 20, 2015.		
36 GENERAL		
<ul style="list-style-type: none"> - Figures have been rounded off to the nearest rupee. - Comparative figures are reclassified, wherever necessary, for the purpose of comparison and better presentation, the effect of which is not material. 		

CHIEF EXECUTIVE



DIRECTOR



PROXY FORM



Please quote your Folio No. as
is in the Register of Members

Folio No-----

MILLAT INDUSTRIAL PRODUCTS LIMITED

I / We-----
of ----- (FULL ADDRESS)
being a member / members of MILLAT INDUSTRIAL PRODUCTS LIMITED hereby appoint
----- (NAME)
of----- (FULL ADDRESS)
another member of the Company or failing him/her
----- (NAME)
of----- (FULL ADDRESS)
another member of the Company as my/our proxy to attend and vote for me / us and on
my / our behalf at the 14th Annual General Meeting of the Company to be held at Company's
Registered Office, 8.8 K.M. Sheikhpura Road, Lahore, on Tuesday, October 27, 2015 at 12:05
p.m and at every adjournment there of.

Signed this-----day of-----2015

Signature on
Five Rupees
Revenue Stamp
(Signature should agree with specimen
signature registered with the Company)

Important:

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to 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.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorised in writing. If the member is a corporation, its common seal should be affixed to the instrument.
3. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, 8.8 K.M., Sheikhpura Road, Lahore, not less than 48 hours before the time of holding the meeting.