

Annual Report 2017





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Corporate Information

BOARD OF DIRECTORS

Sikandar Mustafa Khan (Chairman)
Sohail Bashir Rana
Latif Khalid Hashmi
Laeeq 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
National Bank of Pakistan



REGISTERED ADDRESS

8.8 K.M., Lahore,
Sheikhupura
Road, Shahdara, Lahore.
Ph: 042-111 200 786

WEBSITE

www.millatbatteries.com

FACTORY

49 K.M., Off Multan Road,
Bhai Pheru Distt. Kasur.
Ph: 049-4540128, 4540528
Fax: 049-4540328

EMAIL ADDRESS

mipl@millatbatteries.com



Mr. Sikandar Mustafa Khan
Chairman



Mr. Sohail Bashir Rana
Director



Mr. Latif Khalid Hashmi
Director



Mr. Laeeq Uddin Ansari
Director



Mian Muhammad Saleem
Company Secretary



Mr. Ahsan Imran Shaikh
Director



Mr. Khawaja Ijaz Majeed
Chief Executive



Notice of Meeting

Notice is hereby given that 16th 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 Monday, October 30, 2017 at 4:00 P.M to transact the following business:

A. ORDINARY BUSINESS

- 1) To confirm minutes of 15th Annual General Meeting held on October 27, 2016.
- 2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' Reports thereon.
- 3) To approve final cash dividend of Rs. 10.00 per share i.e., 100 %.
- 4) To appoint auditors and fix their remuneration for the year ending June 30, 2018.
- 5) To elect six directors of the company for a period of three years. The retiring directors are M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem and Ahsan Imran Shaikh.

As resolved by the Board in its meeting held on September 08, 2017, the number of directors to be elected shall be six.

B. SPECIAL BUSINESS

- 1) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2017 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, 2017 be and are hereby ratified, approved and confirmed."

(AMOUNTS IN RUPEES)

NAME(S)	PURCHASES	SALES
MILLAT TRACTORS LIMITED	-	212,240,875
MILLAT EQUIPMENT LIMITED	-	13,924
TOTAL	-	212,254,799

- 2) To authorize Chief Executive of the Company to approve transactions with Related Parties for the year ending June 30, 2018 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 to be conducted with Related Parties on case to case basis during the year ending June 30, 2018.

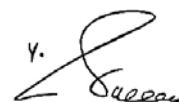
Resolved further that these transactions shall be placed before the shareholders in the next general meeting for their ratification/approval.”

- 3) To sanction the holding of office of profit under the company by Director Mian Muhammad Saleem.

C. 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, 2017

NOTES

1. The share transfer books of the Company will remain closed from October 24, 2017 to October 30, 2017 (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 23, 2017 will qualify for the payment of cash dividend.
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 by the Company not less than 48 hours before the meeting.
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. Members who have not yet submitted photocopy of their computerized National identity Card (CNIC) to the company are requested to send the same at the earliest.
5. As required u/s 159(3), any member who seeks to contest an election to the office of a director, shall whether he/she is retiring director or otherwise, file with the Company, not later than fourteen days before the date of the meeting at which elections are to be held, a notice of his/her intention to offer himself/herself for election as a director along with consent to act as a director u/s 161 (1) of the Companies Act, 2017.
6. 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.

7. The Government of Pakistan through Finance Act, 2017 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 20.00%

To enable the Company to make tax deduction from cash dividend @15.00% instead of 20.00% 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 @20.00% 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 49 K.M Off Multan Road Bahi Pheru District Kasur. Phone: +92-49-4540528, e-mail address: mipl@millatbatteries.com Fax: +92-49-4540328.

8. 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.

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 30, 2017.

1. **Approval/Ratification of Related Party Transactions(RPTs) conducted during Financial year ended on June 30, 2017:**

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, 2017 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 batteries for tractors and other automobiles. 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

The common directors are namely M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari and Mian Muhammad Saleem.

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

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, 2018 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 for the year ending June 30, 2018. 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.

3. Approval of Holding of office of Profit:

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

The Board has recommended to the members with a view to seek approval of general meeting for holding of office of profit by Mian Muhammad Saleem as Executive Director of the Company for performing extra services in pursuance of requirement contained in section 171(1) (c) (i) of the Companies Act, 2017 on the basis of his reappointment. Mian Muhammad Saleem is interested in the resolution to the extent of remuneration and benefits etc. associated with this position while other directors are not interested in the resolution. Therefore the following resolution is proposed to be passed as an ordinary resolution, with or without modification, addition or deletion.

"Resolved that sanction be and is hereby granted for holding of office of profit under the Company by Director Mian Muhammad Saleem, on the terms and conditions determined by the Board and that he be paid by way of remuneration comprising salary, allowances, perquisites, profit share/ bonus and benefits etc., such sums as the directors may determine and approve in accordance with Articles of the Company."





Directors' Report to the Shareholders For the Year Ended June 30, 2017

The Directors feel pleasure in presenting their 16th Annual Report together with the Audited Accounts of the Company for the year ended June 30, 2017.

ACCOUNTS / APPROPRIATIONS

Financial results for the year are as follows:

Accumulated profit Brought Forward	Rs. 406,132,430
Profit for the year before tax	Rs. 208,779,587
Less: Dividend (year 2016 @ 80%)	Rs. 71,622,720
Less: Current Taxation	Rs. 60,156,277
Appropriations	Rs. -
Profit carried forward	Rs. 483,133,020

Your directors recommended payment of cash dividend @ Rs. 10 i.e., 100% for the year ended June 30, 2017.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2017 is annexed.

EARNING PER SHARE

The earning per share for the year was Rs. 16.60 Compared to Rs. 16.92 of the last year.

BOARD OF DIRECTORS

Since last report there has been no change in the composition of the Board. The present Directors shall retire at the forthcoming Annual General Meeting and six Directors shall be elected in their place as resolved by the Board. The retiring Directors are: M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari Mian Muhammad Saleem and Ahsan Imran Shaikh. 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)	4
Mr. Sohail Bashir Rana	3
Mr. Latif Khalid Hashmi	4
Mr. Laeeq Uddin Ansari	4
Mian Muhammad Saleem	4
Mr. Ahsan Imran Shaikh	4
Khawaja Ijaz Majeed (CEO)	3

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

BOARD AUDIT COMMITTEE

The Board of Directors had 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.

PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS

The Company is engaged in the business of manufacturing and sale of vehicular, industrial and domestic batteries under the brand name of "Millat Batteries". The Financial Statements of the company truly reflect the state of Company's affairs and fair review of its business. Further, the Company has increased its production capacity in addition to development and marketing of Deep Cycle batteries.

PRINCIPAL RISKS AND UNCERTAINTIES

The major risks/threats and uncertainties being faced by the Company are fluctuation in prices of local raw material, increased landed cost of imported raw material due to variations in foreign exchange rate, shrinking of market of batteries for UPS due to improved electricity supply and entry of new competitors in the market.

No changes have occurred during the financial year concerning the nature of the business of the company.

FUTURE PROSPECTS OF PROFIT

The Company aims to meet sales target in the next financial year despite reduced gross margins due to increasing trend of material prices and promotional activities of competitors.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place and are being meticulously observed by concerned personals and being monitored by internal audit department on regular basis.

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

Entry of new competitors and technology advancement may improve the future development, performance and position of Company's business. Improved economic scenario will also have a positive impact on the overall demand of automotive batteries.

Current higher demand for locally assembled vehicles will also result in their increased production and ultimately will increase usage of automotive batteries. On an average basis the running vehicles require a new battery after two and half years which is the optimum life of a battery, their replacement also creates demand for batteries.

The influx of cheap smuggled batteries remains the largest threat to demand of batteries produced by local organized sector. Re-plated batteries produced by informal sector also affect the sale of new batteries to some extent.

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, 2018. 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 re-appointment.

NUMBER OF EMPLOYEES

There were 32 permanent employees as on June 30, 2017 compared to 36 employees as on June 30, 2016.

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, energy efficient inverter type air conditioners are being installed wherever replacement or new demand arises, excessive lights are being shut down during idle hours and most efficient electrical equipment and LED lights are being installed in order to save energy and cost.

III. ENVIRONMENTAL PROTECTION MEASURES

A comprehensive plantation drive has been launched in order to ensure smooth eco system in an around factory premises. Industrial affluent is being treated and properly disposed of for environment safety and protection. Waste water treatment tank is being used 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

The Company ensures discharge of liabilities as stipulated in Industrial Relation Ordinance and other Labour Laws. It is also ensured 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 continuous 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. 54.918 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.

WEB PRESENCE

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

URDU LANGUAGE VERSION

An Urdu Language version of this Director's Report is also being published in the Annual Report as per provisions of SECP's SRO 1041(I)/2015 dated October 21, 2015.

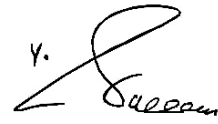
For and on behalf of the Board



CHIEF EXECUTIVE

LAHORE:

SEPTEMBER 08, 2017



DIRECTOR



ڈائریکٹرز کی رپورٹ

ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی 16 ویں سالانہ رپورٹ بمعہ آڈیٹڈ اکاؤنٹس برائے سال 30 جون 2017 پیش کرتے ہیں۔

منافع منقسمہ:

اس سال کے مالیاتی نتائج مندرجہ ذیل ہیں۔

406,132,430	روپے۔	سال کے آغاز پر جمع شدہ منافع:
208,779,587	روپے۔	برائے سال جمع آمدنی قبل از ٹیکس:
71,622,720	روپے۔	منہا: ڈیوڈینڈ (برائے سال 2016 @ 80%)
60,156,277	روپے۔	موجودہ ٹیکسیشن:
483,133,020	روپے۔	آئندہ سال کے لیے لیجا یا گیا منافع:

آپ کے ڈائریکٹرز نے کیش ڈیوڈینڈ 10 روپے فی حصص کے حساب سے جو کہ 100 فیصد بنتا ہے کی سفارش کی ہے۔

شیئر ہولڈر کا پیٹرن:

30 جون 2017 شیئر ہولڈر کا پیٹرن رپورٹ میں شامل ہے۔

فی حصص آمدن:

سال 2017 کے لیے فی حصص آمدن 16.60 روپے رہی۔ گزشتہ سال یہ آمدن 16.92 روپے تھی۔

بورڈ آف ڈائریکٹرز:

چھپلی رپورٹ سے لے کر بورڈ کی ساخت میں کوئی تبدیلی نہیں آئی ہے۔ موجودہ ڈائریکٹرز آنے والے سالانہ اجلاس میں ریٹائر ہوں گے اور بورڈ کی قرارداد کے مطابق چھ ڈائریکٹرز ان کی جگہ منتخب ہوں گے۔ ریٹائرنگ ڈائریکٹرز مندرجہ ذیل ہیں: جناب سکندر مصطفیٰ خاں، جناب لطیف خالد ہاشمی صاحب، جناب سیہل بشیر رانا، جناب لئیق الدین انصاری، میاں محمد سلیم اور احسن عمران شیخ۔ سال 2017 کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔

ان کی تفصیل مع حاضری ریکارڈ درج ذیل ہیں:

ڈائریکٹرز شرکت کردہ اجلاس کی تعداد

4	جناب سکندر مصطفیٰ خان (چیئرمین)
3	جناب سہیل بشیر رانا صاحب
4	جناب لطیف خالد ہاشمی صاحب
4	جناب لائق الدین انصاری
4	جناب میاں محمد سلیم
4	جناب احسن عمران شیخ
3	جناب خواجہ اعجاز مجید (چیف ایگزیکٹو)

جو ڈائریکٹرز حضرات اجلاس میں شرکت نہیں کر سکتے تھے۔ ان کی رخصت قبول کی گئی۔

بورڈ آڈٹ کمیٹی:

بورڈ آف ڈائریکٹرز کی تشکیل کردہ آڈٹ کمیٹی کے ممبران مندرجہ ذیل ہیں۔

جناب لطیف خالد ہاشمی۔ نان ایگزیکٹو ڈائریکٹر (چیئرمین)
جناب لائق الدین انصاری۔ نان ایگزیکٹو ڈائریکٹر (ممبر)
جناب احسن عمران شیخ۔ نان ایگزیکٹو ڈائریکٹر (ممبر)

آڈٹ کمیٹی بورڈ کو رپورٹ پیش کرنے سے پہلے مالی تفصیلات کا سہ ماہی، ششماہی اور سالانہ جائزہ لیتی ہے۔ اور اندرونی آڈٹ کے نتائج کا بھی جائزہ لیتی ہے۔

کمپنی کے کاروبار کی بنیادی سرگرمیاں، ترقی اور کارکردگی:

کمپنی "ملت بیٹریز" کے برانڈ نام کے تحت گاڑیوں، صنعتوں اور گھریلو بیٹریز کی تیاری اور فروخت کے کاروبار میں مصروف ہے۔ کمپنی کی فنانشل اسٹیمینٹس اس کے کاروباری معاملات کا درست احاطہ کرتی ہیں۔ اس کے علاوہ کمپنی نے سٹینڈرڈ بیٹریز کی پیداوار میں اضافہ کیا ہے۔ علاوہ ازیں ڈیپ سائیکل بیٹریز کی تیاری اور مارکیٹنگ کا آغاز کیا گیا ہے۔

بنیادی خطرات اور غیر یقینیاں:

کمپنی کو جو اہم خطرات اور غیر یقینی صورتحال لاحق ہے ان میں مقامی خام مال کی قیمتوں میں اتار چڑھاؤ، غیر ملکی تبادلے کی شرح میں متغیرات، جس کی وجہ سے درآمد شدہ خام مال کی قیمت میں اضافہ ہوا ہے۔ بہتر بجلی کی فراہمی کی وجہ سے یو۔ پی۔ ایس (UPS) کی مارکیٹ

میں کمی اور مارکیٹ میں نئے حریفوں کا داخلہ بھی اہم وجوہات میں شامل ہے۔
کمپنی کے کاروبار کی نوعیت سے متعلق مالی سال کے دوران کوئی تبدیلی نہیں ہوئی ہے۔

مستقبل کے منافع کا امکان:

قیمتوں میں اضافے کی وجہ اور نئے حریفوں کی پروموشنل سرگرمیوں کی وجہ سے مجموعی مارجن کم ہو رہے ہیں۔ اس کے باوجود کمپنی کا مقصد اگلے مالی سال میں سیلز کا ہدف پورا کرنا ہے۔

داخلی مالیاتی کنٹرول:

مناسب داخلی مالیاتی کنٹرول موجود ہیں اور متعلقہ افراد کی طرف سے احتیاط سے ان کی مانیٹرنگ کی جا رہی ہے اور باقاعدگی سے اندرونی آڈٹ ڈیپارٹمنٹ اس کی نگرانی کر رہا ہے۔

کمپنی کے کاروبار کی کارکردگی اور پوزیشن اور مستقبل کے فروغ پر اثر انداز ہونے والے اہم رجحانات اور عوامل:

نئے حریفوں کے داخلے اور ٹیکنالوجی کی ترقی سے مستقبل کی ترقی، کارکردگی اور کمپنی کے کاروبار کی حیثیت کو بہتر بنایا جاسکتا ہے۔ بہتر اقتصادی حالات میں آٹوموٹو بیٹریز کی مجموعی مانگ میں مثبت اثر پڑے گا۔

موجودہ بڑھتی ہوئی مقامی گاڑیوں کی طلب کے نتیجے میں ان کی پیداوار میں اضافہ ہوگا اور حتمی طور پر آٹوموٹو بیٹریز کے استعمال میں اضافہ ہوگا۔ اوسط بنیاد پر چلنے والی گاڑیوں کو دو ڈھائی سال کے بعد نئی بیٹری کی ضرورت ہوتی ہے جو کہ زیادہ سے زیادہ ایک بیٹری کی لائف ہے۔ ان کی تبدیلی بھی بیٹریز کی طلب پیدا کرتی ہے۔

سستی سمگلڈ بیٹریز کی آمد مقامی سطح پر تیار ہونے والی بیٹریز کی طلب کے لیے بہت بڑا خطرہ ہیں۔ غیر رسمی شعبے کی طرف سے تیار کردہ ری پلیٹڈ بیٹریز کسی حد تک نئی بیٹریز کی فروخت پر اثر انداز ہوتی ہیں۔

ڈیوٹی اور ٹیکس:

ٹیکس اور ڈیوٹی کے متعلق معلومات اکاؤنٹس میں متعلقہ تفصیل میں مہیا کی گئی ہیں۔

آڈیٹرز:

موجودہ آڈیٹر الیاس سعید اینڈ کمپنی، چارٹرڈ اکاؤنٹس سبکدوش ہو چکے ہیں۔ اور انہوں نے اہل ہونے کی حیثیت سے خود کو دوبارہ 30 جون 2018 کی تقرری کے لیے پیش کیا ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے ان کی تقرری کو شیئر ہولڈرز کی نظر ثانی کے لیے آنے والے سالانہ اجلاس میں پیش کیا ہے۔ بیرونی آڈیٹر نے آئی کیپ سے اپنی کیوسی آر کی تسلی بخش ریٹنگ دی ہے۔ اور تقرری کی پیش کش کے لیے اہل قرار دیا ہے۔

ملازمین کی تعداد:

30 جون 2017 کو مستقل ملازمین کی تعداد 32 تھی۔ جو کہ 30 جون 2016 کو 36 تھی۔

مجوزہ بعد از اس واقعات:

کمپنی کے مالی سال کے اختتام تک کوئی کبھی قابل ذکر تبدیلی جو کہ کمپنی کی مالی حالت کو اثر انداز کرے، نہیں آئی۔ سوائے اس کے جو رپورٹ میں درج ہے۔

کارپوریٹ سماجی ذمہ داری:

1- کارپوریٹ خدمت خلق:

کمپنی نے کسی کارپوریٹ خدمت خلق میں شرکت نہیں کی۔

2- توانائی کا تحفظ:

توانائی کے تحفظ کے لئے غیر ضروری ایئر کنڈیشنر اور لائٹس کو دوران ڈیوٹی بند رکھا جاتا ہے اور توانائی کے تحفظ کے لئے موثر بجلی کے آلات نصب کئے گئے ہیں۔

3- اقدامات برائے تحفظ ماحولیات:

کمپنی مسلسل کوشش کر رہی ہے کہ اندرونی اور بیرونی احاطے میں درختوں کی پیداوار بڑھائی جائے۔ اور پانی کی آلودگی کی روک تھام کے لئے پانی کے لئے ٹینک بنوا چکی ہے۔

4- معاشرتی سرمایہ کاری اور فلاحی منصوبے:

دوران سال کمپنی نے کسی فلاحی منصوبے میں کوئی حصہ نہیں لیا۔

5- صارفین کے تحفظ کے لئے اقدامات:

کمپنی اپنے صارفین کو مسابقتی قیمتوں معیاری مصنوعات فراہم کر کے تحفظ دے رہی ہے۔ اور کمپنی اپنے تحصیل اور ضلع کی سطح پر پھیلے ہوئے ڈیلرز کے نیٹ ورک کے ذریعے وارنٹی بعد از فروخت کے ذریعے صارفین کی شکایات کا ازالہ کر رہی ہے۔ کمپنی کے ماہر صارفین کی مکمل رہنمائی کرتے ہیں۔

6- فلاح برائے پسماندہ طبقہ:

کمپنی نے اس طبقہ کیلئے کوئی رقم ادا نہیں کی۔

7- صنعتی تعلق:

کمپنی انڈسٹریل ریلیشن آرڈیننس اور لیبر لاء کے مطابق صنعتی تعلق کی اپنی تمام ذمہ داریاں احسن طریقے سے ادا کر رہی ہے۔ اور اپنے

تمام قانونی واجبات اور ذمہ داریوں کو پورا کرنے کی یقین دہانی کراتی ہے۔

8- روزگار برائے معزور افراد:

دوران سال کمپنی نے کسی معزور فرد کی تقرری نہیں کی۔

9- پیشہ وارانہ حفاظت اور صحت:

کمپنی پیشہ وارانہ حفاظت اور صحت کے متعلق اپنی تمام ذمہ داریوں سے بخوبی واقف ہے اور اس سلسلے میں کمپنی نے کئی مثبت اقدامات اٹھائے ہیں۔ دوران ڈیوٹی حفاظتی تدابیر کا اختیار کرنا، ماحولیاتی بچاؤ اور ملازمین کیلئے مناسب حفاظتی ساز و سامان کی فراہمی، جسمانی و ذہنی تحفظ کیلئے ماحول کے تحفظ کو یقینی بنایا گیا ہے۔ کسی بھی ناخوشگوار واقع سے بچنے کے لئے تمام ملازمین اور ورکرز کو مناسب ٹریننگ اور حفاظتی آلات فراہم کئے گئے ہیں۔

10- کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات:

کمپنی نے ہمیشہ کاروباری اخلاقیات کو ملحوظ خاطر رکھا ہے اور ساتھ ہی ساتھ بدعنوانی کی بھی حوصلہ شکنی کی ہے۔

11- عطیات برائے قومی مقاصد:

کمپنی نے عطیات برائے قومی مقاصد کے لئے کوئی رقم مختص نہیں کی۔

12- قومی خزانے میں جمع کرائی گئی رقم:

کمپنی نے 54.918 ملین روپے کی رقم بلا واسطہ ٹیکس کی صورت میں قومی خزانے میں جمع کرائی ہے۔

13- دیہی ترقیاتی پروگرام:

کمپنی نے اس ضمن میں کوئی حصہ نہیں لیا۔

14- ویب کی موجودگی:

کمپنی کی فنانشل اسٹیٹ منٹس برائے موجودہ مالی سال بشمول پچھلے تین سالوں کی سالانہ رپورٹس سرمایہ داروں کی معلومات کمپنی کی ویب

سائٹ www.millatbatteries.com پر موجود ہیں۔

بحکم بورڈ

۲۰
ڈائریکٹر

چیف ایگزیکٹو آفیسر

لاہور

08 ستمبر 2017



Pattern of Shareholding as at June 30, 2017

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
8	1	100	665
21	101	500	5,709
59	501	1,000	46,842
49	1,001	1,500	59,266
39	1,501	2,000	69,298
20	2,001	3,000	48,024
14	3,001	5,000	53,739
54	5,001	40,000	849,200
5	40,001	100,000	251,347
4	100,001	400,000	1,287,500
1	400,001	600,000	543,750
1	600,001	6,000,000	5,737,500
275			8,952,840



Shareholding Information

Categories of shareholders	No. of Shareholders	Shares held	Percentage
1. Directors, Chief Executive Officer, and their spouse and minor children			
DIRECTORS			
Mr. Sikandar M. Khan	1	543,750	6.07%
Mr. Latif Khalid Hashmi	1	362,500	4.05%
Mr. Sohail Bashir Rana	1	362,500	4.05%
Mr. Laeeq uddin Ansari	1	362,500	4.05%
Mian Muhammad Saleem	1	200,000	2.23%
Mr. Ahsan Imran Shaikh	1	33,650	0.37%
Khawaja Ijaz Majeed (CEO)	1	10,000	0.11%
2. Associated Companies, undertakings and related parties			
a. Millat Tractors Limited	1	5,737,500	64.09%
b. Executives/Workers	3	13,350	0.15%
3. Public Sector Companies & Corporations	-		
4. NIT and ICP	-		
5. Banks Development Financial Institutions, Non Banking Financial Institutions and Pension Funds	-		
6. Insurance Companies	-		
7. Modarabas			
8. Mutual Funds	-		
9. Shareholders Holding 10% or more Voting Interest	-	-	-
10. General Public	-	-	-
a. Local	-	-	-
b. Foreign	-	-	-
11. Others			
a. Joint Stock Companies	-	-	-
b. Trusts	-	-	-
c. Public	264	1,327,090	14.82%
Total	275	8,952,840	100.00%



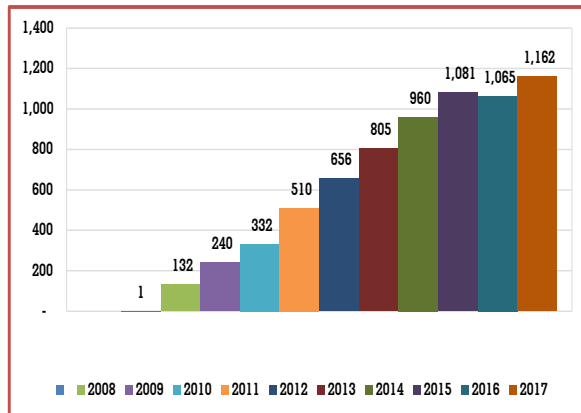
Ten Years' Performance

TRADING RESULTS		2017	2016	2015
Sales - Net		1,161,867,413	1,064,935,501	1,080,636,249
Gross profit		308,645,829	312,281,298	234,456,063
Operating profit/ (Loss)		218,887,724	240,216,150	171,785,823
Profit/ (loss) before tax		208,779,587	226,590,238	161,413,311
Net profit/ (loss) after tax		148,623,310	151,465,503	108,884,980
FINANCIAL POSITION				
Owner's Equity				
Share capital		89,528,400	89,528,400	89,528,400
Accumulated profit/ (loss)		483,133,020	406,132,430	299,431,127
		572,661,420	495,660,830	388,959,527
Operating fixed assets		167,350,957	117,363,717	70,775,694
Long term liabilities				
Deferred liabilities		15,024,863	9,787,062	5,338,463
INVESTOR INFORMATION				
Sales growth	%	9.10	(1.45)	12.58
Gross profit growth	%	(1.16)	33.19	54.93
Operating profit/ (loss) growth	%	(8.88)	39.83	77.22
Profit before tax growth	%	-	40.38	78.73
Net profit after tax growth	%	(1.88)	39.11	85.23
Gross profit ratio	%	26.56	29.32	21.70
Operating profit ratio	%	18.84	22.56	15.90
Profit before tax ratio	%	17.97	21.28	14.94
Net profit after tax ratio	%	12.79	14.22	10.08
Return on equity	%	25.95	30.56	27.99
Return on assets	%	88.81	129.06	153.85
Current ratio	Times	6.23:1	7.70:1	6.07:1
Quick ratio	Times	3.17:1	4.61:1	3.73:1
Rate of Dividend	%	100	80.00	50.00
Dividend Cover (Div/Earning)	%	60.24	47.29	41.11
Earning per share (after tax)	Rs.	16.60	16.92	12.16

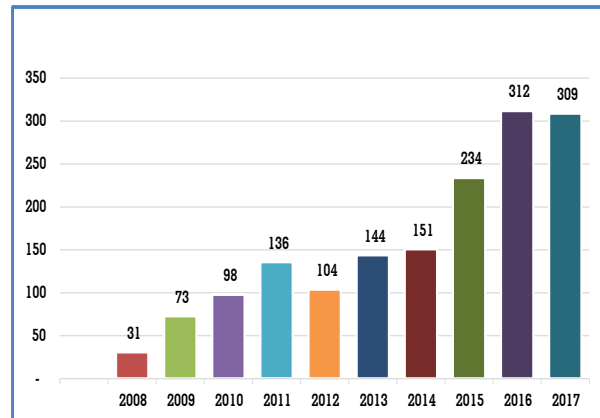
2014	2013	2012	2011	2010	2009	2008
959,890,273	804,847,628	655,669,714	509,874,027	331,629,235	240,100,245	131,920,008
151,332,181	144,025,698	104,986,952	136,279,955	98,896,097	73,440,528	31,475,167
96,934,151	87,435,065	57,179,174	96,916,380	68,454,292	49,914,838	14,328,638
90,309,422	84,046,474	51,639,544	89,794,210	64,233,346	42,598,104	7,410,095
58,783,896	55,121,744	34,820,531	60,359,204	43,563,139	38,501,147	6,750,495
89,528,400	89,528,400	89,528,400	89,528,400	89,528,400	89,528,400	89,528,400
217,404,667	176,526,451	134,833,969	108,966,278	48,607,074	5,043,935	(33,457,212)
306,933,067	266,054,851	224,362,369	198,494,678	138,135,474	94,572,335	56,071,188
63,573,975	51,500,919	49,966,031	49,063,143	35,237,961	33,590,199	30,932,495
4,799,837	3,896,672	3,892,348	3,658,215	900,438	513,371	-
19.26	22.75	28.59	53.75	38.12	82.00	35.94
5.07	37.18	(22.96)	37.80	34.66	133.33	527.44
10.86	52.91	(41.00)	41.58	37.14	248.36	(252.75)
7.45	62.76	(42.49)	39.79	50.79	474.87	(159.07)
6.64	58.30	(42.31)	38.56	13.15	470.35	(151.81)
15.77	17.89	16.01	26.73	29.82	30.59	23.86
10.10	10.86	8.72	19.01	20.64	20.79	10.86
9.41	10.44	7.88	17.61	19.37	17.74	5.62
6.12	6.85	5.31	11.84	13.14	16.04	5.12
19.15	20.72	15.52	30.41	31.54	40.71	12.04
92.47	107.03	69.69	123.02	123.63	114.62	21.82
6.57:1	5.01:1	5.75:1	5.35:1	4.09:1	3.48:1	1.32:1
3.86:1	3.09:1	3.49:1	2.86:1	2.62:1	2.06:1	0.83:1
30.00	20.00	15.00	10.00	-	-	-
45.69	32.48	38.57	14.83	-	-	-
6.57	6.16	3.89	6.74	4.87	4.30	0.75

Ten Years Performance

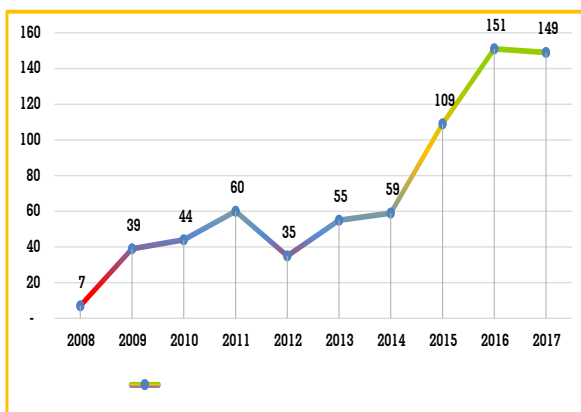
Sales-rupees In Million



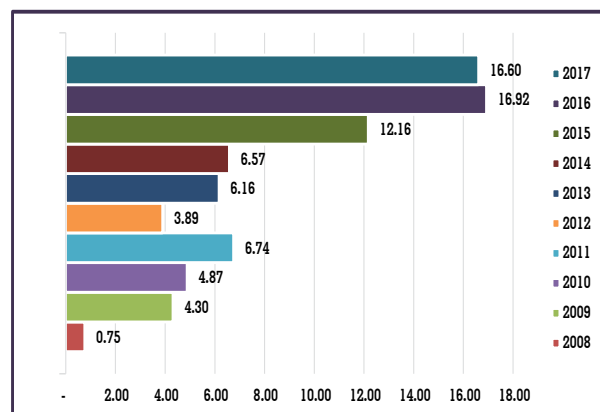
Gross profit-rupees in million



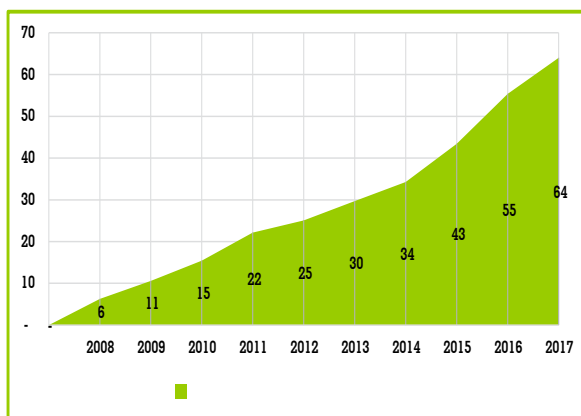
Net profit after tax-rupees in million



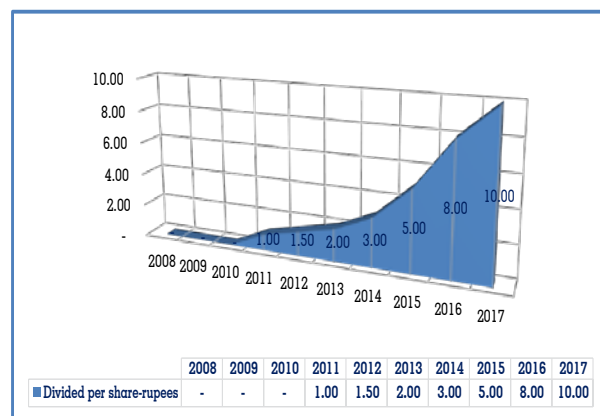
Earning per share-rupees



Net assets per share-rupees



Divided per share-rupees



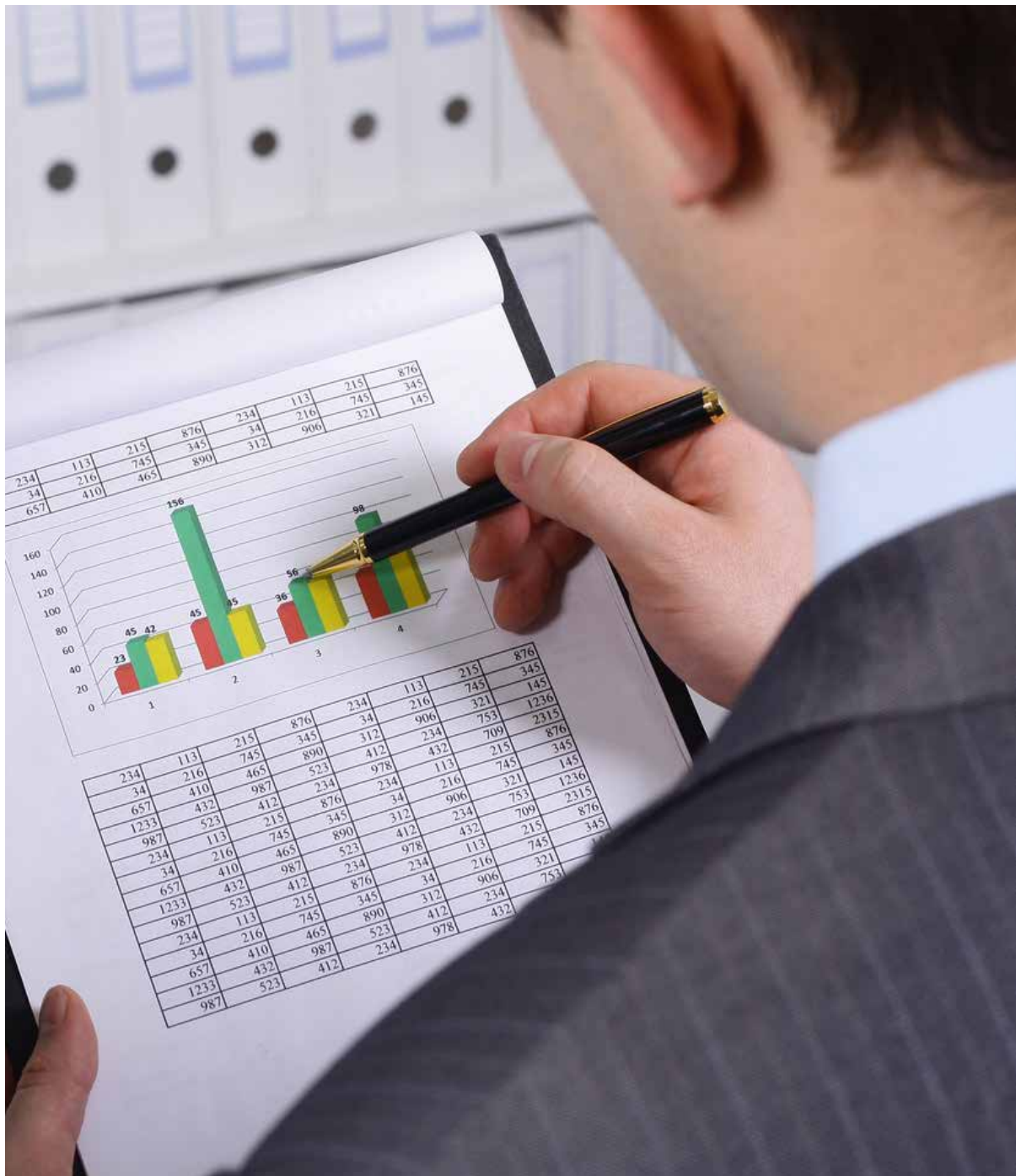






Financial Statements

for the Year Ended June 30, 2017



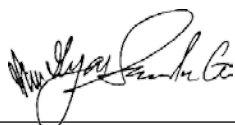
Auditors' Report to the Members

We have audited the annexed statement of financial position of **M/s MILLAT INDUSTRIAL PRODUCTS LIMITED** as at June 30, 2017 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 account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account 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, 2017 and of the comprehensive income, 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.



ILYAS SAEED & CO.

Chartered accountants

Engagement Partner: Muhammad Ilyas

LAHORE

Date: September 08, 2017

Statement of Financial Position

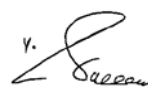
As at June 30, 2017

	Note	2017 Rupees	2016 Rupees
NON CURRENT ASSETS			
PROPERTY, PLANT & EQUIPMENT			
Tangible fixed assets	4	167,350,957	79,654,659
Capital work in progress	5	-	37,709,058
		167,350,957	117,363,717
CURRENT ASSETS			
Stores and spares	6	13,388,428	12,703,467
Stock in trade	7	232,781,601	116,874,826
Trade debts	8	38,700,203	49,173,079
Loans and advances	9	34,708,348	35,739,695
Trade deposits and short term prepayments	10	2,585,000	2,585,000
Taxation - Net	11	8,583,197	11,778,017
Cash and bank balances	12	169,894,518	217,146,152
		500,641,295	446,000,236
TOTAL ASSETS		667,992,252	563,363,953
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	89,528,400	89,528,400
Unappropriated profit		483,133,020	406,132,430
		572,661,420	495,660,830
NON CURRENT LIABILITIES			
Deferred taxation	14	15,024,863	9,787,062
CURRENT LIABILITIES			
Trade and other payables	15	80,305,969	57,916,061
CONTINGENCIES AND COMMITMENTS	16	-	-
TOTAL EQUITY AND LIABILITIES		667,992,252	563,363,953

(The annexed notes from 1 to 34 form an integral part of these financial statements)



Chief Executive



Director

Statement of Comprehensive Income

For the year ended June 30, 2017


	Note	2017 Rupees	2016 Rupees
Sales	17	1,161,867,413	1,064,935,501
Cost of goods sold	18	853,221,584	752,654,203
Gross profit		308,645,829	312,281,298
Operating Expenses			
Distribution cost	19	35,296,417	28,158,546
Administration and general expenses	20	54,461,688	43,906,602
		89,758,105	72,065,148
Operating profit		218,887,724	240,216,150
Other income	21	5,851,727	3,815,106
		224,739,451	244,031,256
Finance cost	22	576,105	744,895
Other charges	23	15,383,759	16,696,123
		15,959,864	17,441,018
Profit before taxation		208,779,587	226,590,238
Taxation	24	60,156,277	75,124,735
Profit after taxation		148,623,310	151,465,503
Other comprehensive income			
Items that may be reclassified to profit or loss subsequently		-	-
Items not to be reclassified to profit or loss subsequently		-	-
		-	-
Total comprehensive income		148,623,310	151,465,503
Earnings per share - Basic and Diluted	26	16.60	16.92

(All the appropriations have been shown in the Statement of Changes in Equity)

(The annexed notes from 1 to 34 form an integral part of these financial statements)



Chief Executive



Director

Statement of Cash Flows

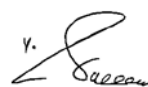
For the year ended june 30, 2017

	2017 Rupees	2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	208,779,587	226,590,238
Adjustments:		
Depreciation	15,895,680	8,822,954
Gain on disposal of property, plant and equipment	(295,809)	-
Workers' welfare fund	4,175,592	4,531,805
Finance Cost	576,105	744,895
Cash flow before working capital changes	229,131,155	240,689,892
(Increase) / decrease in current assets:		
Stores and spares	(684,961)	(1,271,319)
Stock in trade	(115,906,775)	19,758,590
Trade debts	10,472,876	(9,632,485)
Loans and advances	1,031,347	(12,616,094)
Trade deposits and short term prepayments	-	300,000
Increase / (decrease) in current liabilities		
Trade and other payables	22,746,121	(552,888)
	146,789,763	236,675,696
Finance cost paid	(576,105)	(744,895)
Taxes paid	(56,255,461)	(65,881,785)
Net cash inflow from operating activities	89,958,197	170,049,016
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(29,367,365)	(18,971,309)
Capital work in progress	(37,459,402)	(37,709,058)
Sale proceeds of property, plant and equipment	1,239,656	1,269,389
Net cash outflow from investing activities	(65,587,111)	(55,410,978)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(71,622,720)	(44,764,200)
Net cash outflow from financing activities	(71,622,720)	(44,764,200)
Net (decrease) / increase in cash and cash equivalents	(47,251,633)	69,873,838
Cash and cash equivalents at the beginning of the year	217,146,151	147,272,313
Cash and cash equivalents at the end of the year	169,894,518	217,146,151

(The annexed notes from 1 to 34 form an integral part of these financial statements)



Chief Executive



Director

Statement of Changes in Equity

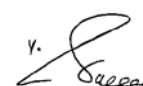
For the year ended June 30, 2017

	Share capital	Unappropriated Profit	Total
	Rupees		
Balance as at June 30, 2015	89,528,400	299,431,127	388,959,527
Dividend paid @ 50% for the year	-	(44,764,200)	(44,764,200)
Total comprehensive income for the year	-	151,465,503	151,465,503
Balance as at June 30, 2016	89,528,400	406,132,430	495,660,830
Dividend paid @ 80% for the year	-	(71,622,720)	(71,622,720)
Total comprehensive income for the year	-	148,623,310	148,623,310
Balance as at June 30, 2017	89,528,400	483,133,020	572,661,420

(The annexed notes from 1 to 34 form an integral part of these financial statements)



Chief Executive



Director

Notes to the Financial Statements

For the year ended June 30, 2017

1. STATUS AND NATURE OF THE BUSINESS

Millat Industrial Products Limited (MIPL) was registered under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), vide Registration No. L 10906 of 2001 - 2002 dated 23rd January, 2002, as a Private Limited company. Subsequently the company has been 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- Sheikhpura Road, Shahdara, Lahore, while the manufacturing facility happens to be located at 49-K.M., off Multan Road, Bhai Pheru, Distt. Kasur. The Company is engaged in the business of manufacturing and sale of vehicular, industrial and domestic batteries. MIPL is one of the group companies of Millat Tractor Limited. The company sells its products under the brand name of "Millat".

1.1 SUBSIDIARY COMPANY

Millat Industrial Products Limited is a subsidiary of Millat Tractors Limited (MTL).

2. STATEMENT OF COMPLIANCE

During the year, the Companies Ordinance, 1984, has been repealed and the Companies Act, 2017 (the Act) has been promulgated. However, the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 under section 509 of the Act, has communicated Commission's decision "that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984."

These financial statements have been prepared in accordance with approved Accounting Standards as applicable in Pakistan and the requirements of the repealed 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 repealed Companies Ordinance, 1984. Wherever, the requirements of the repealed 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 repealed Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.1 STANDARDS, INTERPERTATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT EFFECTIVE

2.1.1 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, amendments or Interpretation		Effective date (annual periods beginning on or after)
IAS -12	Recognition of deferred tax assets for un realized losses (amendments to IAS-12)	01 January 2017
IFRS-7	Disclosure initiative (amendments to IFRS-7)	01 January 2017
IFRS-12	Annual Improvement to IFRS Standards 2014-2016 (amendments to IFRS-12)	01 January 2017

- 2.1.2** 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.

IFRS-9	Financial instruments	01 January 2018
IFRS-14	Regulatory Deferral accounts	01 January 2016
IFRS-15	Revenue from Contracts with Customers	01 January 2018
IFRS-16	Leases	01 January 2019

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).
- Provision for taxation (3.14)

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 up to 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All

other repair and maintenance costs are charged to 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 realizable value except for items in transit, which are valued at invoice price and related expenses incurred up to 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 realizable 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 Realizable 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 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 bases:

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

4 TANGIBLE FIXED ASSETS

PARTICULARS	COST			RATE %	DEPRECIATION			WRITTEN DOWN VALUE AS ON 30-06-2017
	AS ON 01-07-2016	ADDITION	(DELETION)		AS ON 30-06-2017	ADJUSTMENT ON DISPOSAL	FOR THE YEAR	AS ON 30-06-2017
Land - Freehold	10,455,396	-	-	-	10,455,396	-	-	10,455,396
Buildings - Freehold	31,932,937	49,291,085	-	-	81,224,022	-	-	67,027,994
Plant & machinery	42,201,241	39,446,253	-	10	81,647,494	-	4,579,426	56,386,432
Tools & equipment	28,328,608	4,665,451	-	15	32,994,059	-	5,905,608	15,623,659
Furniture and fixture	3,173,093	54,187	-	15	3,227,280	-	2,223,488	1,408,553
Vehicles	15,206,946	10,368,250	(3,664,945)	20	21,910,251	(2,721,098)	2,497,749	14,468,819
Office equipment	1,822,649	224,914	-	15	2,047,563	-	166,834	1,036,737
Computer hardware	1,970,572	485,685	-	30	2,456,257	-	281,914	943,367
Total	135,091,442	104,535,825	(3,664,945)		235,962,322	(2,721,098)	15,895,580	167,350,957

PARTICULARS	COST			RATE %	DEPRECIATION			WRITTEN DOWN VALUE AS ON 30-06-2016
	AS ON 01-07-2015	ADDITION	(DELETION)		AS ON 30-06-2016	ADJUSTMENT ON DISPOSAL	FOR THE YEAR	AS ON 30-06-2016
Land - Freehold	10,455,396	-	-	-	10,455,396	-	-	10,455,396
Buildings - Freehold	30,684,925	1,248,012	-	-	31,932,937	-	-	22,316,335
Plant & machinery	31,262,141	10,939,100	-	15	42,201,241	-	2,354,518	22,845,787
Tools & equipment	26,274,182	2,054,426	-	15	28,328,608	-	2,113,200	13,181,696
Furniture and fixture	2,903,362	269,731	-	15	3,173,093	-	2,097,300	1,578,066
Vehicles	13,968,646	3,685,000	(2,446,700)	20	15,206,946	(1,177,311)	1,718,263	7,542,165
Office equipment	1,545,296	277,353	-	15	1,822,649	-	140,806	978,657
Computer hardware	1,472,885	497,687	-	30	1,970,572	-	158,104	739,596
Total	118,566,833	18,971,309	(2,446,700)		135,091,442	(1,177,311)	8,822,954	79,654,659

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

	2017	2016
Cost of goods sold	13,585,705	7,439,218
Administrative and general expenses	1,553,317	922,491
Distribution cost	776,658	461,245
	15,895,680	8,822,954

4.2 Disposal of property, plant and equipment

PARTICULARS	SOLD TO	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	Gain on disposal	MODE OF DISPOSAL
-----Rupees-----							
Vehicles	Employees / non-employees						
Honda Civic LE-8046	Ijaz Majeed, CEO	2,053,913	1,542,380	511,533	543,496	31,963	Company Car Scheme
Motor Vehicle LEQ-2822	Mr. Sajid Hussain	63,500	12,583	50,917	50,917	-	Company Motorcycle Scheme
Suzuki Cultus LE-7431	Abdul Rahman Arif	900,532	662,215	238,317	238,317	-	Company Car Scheme
Honda CD-70	Tanveer Ahmed Scleem	68,000	36,074	31,926	31,926	-	Company Motorcycle Scheme
Suzuki Bolan LEC-6407	Muhammad Latif	579,000	467,846	111,154	375,000	263,846	Negotiation
2017		3,664,945	2,721,098	943,847	1,239,656	285,809	
2016		2,446,700	1,177,311	1,269,389	1,269,389	-	

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	2017 Rupees	2016 Rupees
9 LOANS AND ADVANCES -		
CONSIDERED GOOD		
Import in transit-Secured	13,813,914	17,836,264
Advances to suppliers- Unsecured	14,890,372	12,571,231
Forced payment of sales tax to FBR	1,219,734	-
Other receivables - unsecured	30,442	21,119
Insurance claims receivable	4,753,886	5,311,081
	<u>34,708,348</u>	<u>35,739,695</u>
10 TRADE DEPOSITS AND		
SHORT TERM PREPAYMENTS		
Security deposits	<u>2,585,000</u>	<u>2,585,000</u>
11 TAXATION - NET		
Opening balance	11,778,017	21,571,562
Add: Paid / deducted during the year	56,255,461	65,881,785
	<u>68,033,478</u>	<u>87,453,347</u>
Adjusted against current liability		
Current taxation	(55,374,675)	(68,747,292)
Workers' Welfare Fund	(4,531,805)	(4,999,194)
Prior year adjustment	456,199	(1,928,844)
	<u>(59,450,281)</u>	<u>(75,675,330)</u>
	<u>8,583,197</u>	<u>11,778,017</u>
12 CASH AND BANK BALANCES		
Cash in hand	166,561	407,548
Cash in hand - Imprest account	67,417	229,000
Cash at bank		
- Current account	4,535,492	4,083,769
- Deposit account (daily munafa account)	4,969,941	21,299,515
- R/F account 12.1	155,107	1,126,320
- Term deposit receipts 12.2	160,000,000	190,000,000
	<u>169,894,518</u>	<u>217,146,152</u>

- 12.1** 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 and current assets of the Company. The rate of mark up during the year has been 1 Month KIBOR + 0.40% (2016: 1 month KIBOR + 0.40%). The total limit is Rs. 100M (2016: Rs. 100M). At the financial position date the company has a favorable balance in the R/F account.
- 12.2** The company has invested in Term Deposit Receipts (TDRs) of United Bank Limited under the name United Term Treasury Investment Product (UTTIP) and 7 Days' Notice Deposit carrying rate of return ranging from 3.75% to 5.65% (2016: 4% to 6%) and having tenures ranging from 7 days to 60 days. The said TDRs may be encashed any time before maturity.

	2017 Rupees	2016 Rupees
13 SHARE CAPITAL		
Authorised Capital		
11,000,000 (2016: 11,000,000) Ordinary shares of Rs.10/- (2016: Rs. 10/-) each	110,000,000	110,000,000
Issued, subscribed and paid up Capital		
8,952,840 (2016: 8,952,840) Ordinary shares of Rs. 10/- (2016: Rs. 10/-) each fully paid in cash	89,528,400	89,528,400
At June 30, 2017 Millat Tractors Limited, the holding company held 5,737,500 (2016: 5,737,500) ordinary shares of Rs. 10/- each of the Company.		
14 DEFERRED TAXATION		
Deferred tax liability comprises temporary differences related to:		
Taxable temporary differences		
Accelerated depreciation for the tax purposes	16,080,909	10,789,955
Deductible temporary differences		
Provision for Warranty	(1,056,046)	(1,002,893)
Net deferred tax liability at the end of the year.	15,024,863	9,787,062

	Deferred Tax Liability	Deferred Tax Assets	Net Liability
Balance as at July 01, 2015	6,366,900	(1,028,437)	5,338,463
Charged to statement of comprehensive income	4,423,055	25,544	4,448,599
Balance as at June 30, 2016	10,789,955	(1,002,893)	9,787,062
Charged/(Credited) to statement of comprehensive income	5,290,954	(53,153)	5,237,801
Balance as at June 30, 2017	16,080,909	(1,056,046)	15,024,863

	2017 Rupees	2016 Rupees
15 TRADE AND OTHER PAYABLES		
Trade creditors	24,842,417	5,310,515
General suppliers	14,861,841	4,095,938
Accrued liabilities	5,419,282	18,785,893
Advance from customers	13,400,620	12,173,913
Advance from staff 15.1	1,976,741	1,190,639
Provision for warranty claims	3,406,601	3,134,041
Unclaimed dividend	442,375	291,439
Workers' profit participation fund	11,208,167	8,364,319
Workers' welfare fund	4,175,592	4,531,805
Other payables	572,333	37,559
	80,305,969	57,916,061

15.1 These represent the amounts received from employees of the company against the future sale of vehicles as per company policy and carries no markup.

16 CONTINGENCIES AND COMMITMENTS

Contingencies

16.1 Guarantee issued by the HBL on behalf of company in the normal course of business amount to Rs. 1,237,800/- (2016: Rs. 1,067,800/-) in favour of Sui Northern Gas Pipelines Limited.

16.2 Proceedings u/s 122(5A) for Tax Year 2008 were finalized creating demand of Rs. 1,479,586/-. Total Demand had subsequently been adjusted against available refunds of Tax Year 2012. Company filed Rectification application u/s 221 to rectify mistakes floating on the surface of order. After rectification, company shall have net outstanding demand of Rs. 229,586/-. Rectification order is being awaited.

16.3 Company has filed Rectification application u/s 221 for Tax Year 2010 against appeal effect order dated 21.1.2013 issued u/s 124/ 129. After rectified order, company shall have net refunds of Rs. 1,946,078/-. Rectification order is being awaited. Further, Withholding tax proceedings u/s 161 were also initiated for Tax Year 2010. Proceedings have been complied in totality. Show cause notice is being awaited.

16.4 Withholding tax proceedings u/s 161/205 were finalized for tax year 2011 vide order dated 18.08.2014 creating demand of Rs. 11,407,595/-. Out of total demand, department has adjusted the demand of Rs. 3,340,806/- against refunds available from previous tax years. Consequently, company filed appeal and stay application to CIR(A) against the outstanding demand of Rs. 8,066,789/-. Stay was granted by CIR(A) subject to payment of Rs. 2,000,000/-. In the appellant order, CIR(A) confirmed the demand of Rs. 13,023/- while remaining issues were remanded back with direction for fresh assessment. On this instance, the company is under appeal before ATIR and appeal has not been heard till date.

Re-assessment proceedings u/s 124/129 read with 161/205 were finalized for tax year 2011 vide order dated 30.06.2016 creating demand of Rs 5,926,565/- Company had filed appeal to CIR(A) which was finalized vide order dated 22.09.2016 granting relief of Rs. 5,903,542/- After appeal effect, company shall have net tax payable of Rs. 13,024/- Department is under appeal before ATIR and the appeal has not been fixed for hearing till date.

Show Cause proceedings u/s 122(9) were initiated for tax year 2011 vide notice dated 01.02.2012. Proceedings have been complied in totality. Final order is being awaited.

16.5 Withholding tax proceedings u/s 161 were initiated for tax year 2012 vide notice dated 28.09.15. Show Cause proceedings were initiated vide notice dated 27.01.16 and the same have been complied in totality. Final order is being awaited.

16.6 Audit proceeding u/s 177(1) were initiated for tax year 2013 vide notice dated 13.06.2014. Company has filed written representation before Chief Commissioner Inland Revenue vide letter dated 26.09.2014 for dropping the selection of case. Final decision on representation has not been made till date.

16.7 Demand of Rs.17,423,326/- was raised against the company vide order u/s 161/205 for tax year 2014. Department has recovered demand of Rs.16,639,659/- from the bank account of company. Company filed appeal to CIR(A) who granted relief on two issues with the order of CIR(A), appeal effect has been filed with the department after which company shall have net Refund of Rs. 16,639,659/-. Appeal Effect order is being awaited.

Further, Re-assessment proceedings were initiated u/s 161/124 for tax year 2014 vide notice dated 05.05.2017. Proceedings are in process hence, no tax liability can be anticipated at this stage.

Penalty Proceedings u/s 182 were finalized for tax year 2014 imposing Penalty of Rs. 87,500/-. Company filed appeal to CIR(A) on 24.12.2014 who vide order dated 18.02.2016 has granted relief of Rs. 70,000/-. Company and department both are in appeal before ATIR.

16.8 Penalty proceedings u/s 182 were finalised for tax year 2015 imposing penalty of Rs. 12,500/-. Company has filed appeal to CIR(A) on 17.03.2015 and the appeal has not been heard till date.

Withholding tax proceedings u/s 161 were initiated for tax year 2015 on 07.12.2016. Proceedings have been complied in totality. Show cause notice is being awaited.

16.9 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.

16.10 The Company received notice from the Directorate of Intelligence and Investigation – Federal Board of Revenue (FBR), Karachi on April 28, 2017. In the said notice it was alleged that the Company had purchased goods from a dummy / fake supplier who got registered with the Regional Tax Officers at Karachi and issued fake sales tax invoices to the Company and accordingly the Company has claimed illegal / inadmissible input tax adjustment amounting to Rs 2,439,468/-. As a result the name of the Company was included in the First Information Report (FIR) No. 678(931)/I&I/IR/KHI(AB-521)/2016/3617 dated 28-04-2017 registered by the Additional Director, Intelligence and Investigation - FBR, Karachi. Total demand raised against the company is Rs. 2,439,468/- which the FBR allowed to deposit in two equal installments of which one installment of Rs. 1,219,734/- was deposited by the company on June 8, 2017 (Ref. note: 9).

Commitments

16.11 Commitment in respect of outstanding letter of credit amount to Rs. 4,640,556/- (2016: Rs. 41,049,067/-) at the date of financial position.

16.12 The Company has no other contingencies and commitments as on June 30, 2017.

		2017 Rupees	2016 Rupees
17 SALES			
-Local		1,547,356,336	1,350,858,968
-Export		-	31,652,200
		1,547,356,336	1,382,511,168
-Sales tax		(215,629,386)	(187,655,108)
-Discount		(169,859,537)	(129,920,559)
		1,161,867,413	1,064,935,501
18 COST OF GOODS SOLD			
Raw material consumed	18.1	782,126,713	619,980,463
Salaries, wages and benefits	18.2	59,290,277	45,451,539
Manufacturing expenses:			
Fuel and power		39,826,859	41,681,574
Communication		315,022	288,673
Stores and spares consumed	18.3	22,978,794	20,968,142
Warranty claims		21,341,658	9,396,479
Repair and maintenance		2,402,078	3,768,545
Insurance		2,620,036	1,909,332
Rent, rates & taxes		2,174,400	302,400
Screen printing		2,629,065	2,281,053
Traveling and vehicle running		856,579	484,488
Entertainment		849,055	427,306
Depreciation		13,565,706	7,439,218
Other manufacturing overheads		890,364	642,276
		110,449,616	89,589,486
Total factory cost		951,866,606	755,021,488
Add: Opening work in process		56,306,992	64,475,374
		1,008,173,598	819,496,862
Less: Closing work in process		112,276,601	56,306,992
Cost of goods manufactured		895,896,997	763,189,870
Add: Opening finished goods		18,465,783	7,930,116
Cost of goods available for sale		914,362,780	771,119,986
Less: Closing finished goods		61,141,196	18,465,783
Cost of goods sold		853,221,584	752,654,203

		2017 Rupees	2016 Rupees
18.1 RAW MATERIAL CONSUMED			
Opening stock		41,514,018	62,308,000
Add: Purchases - net		802,334,004	600,994,103
		843,848,022	663,302,103
Less: Closing stock		58,662,812	41,514,018
		785,185,210	621,788,085
Less: Sale of waste material		3,058,497	1,807,622
Raw material consumed		782,126,713	619,980,463
18.2 Salaries, wages and benefits include Rs.414,470/-			
(2016: Rs. 392,948/-) in respect of Provident Fund			
contributions.			
18.3 STORES AND SPARES CONSUMED			
Opening stock		12,703,467	11,432,148
Add: Purchases - net		23,663,755	22,239,461
		36,367,222	33,671,609
Less: Closing stock		13,388,428	12,703,467
Stores and spares consumed		22,978,794	20,968,142
19 DISTRIBUTION COST			
Salaries, wages and benefits	19.1	6,883,899	6,073,755
Fuel and power		1,327,557	1,389,386
Communication		202,913	179,295
Traveling & vehicle running		6,134,676	4,381,506
Commission		-	525,727
Freight charges		6,292,278	5,031,072
Advertisement		6,411,899	2,931,746
Printing and stationery		565,272	4,404,232
Entertainment		1,079,744	615,900
Rent, rates and taxes		2,063,382	594,444
Insurance		3,278,258	1,431,935
Depreciation		776,658	461,245
Miscellaneous		279,881	138,303
		35,296,417	28,158,546

19.1 Salaries, wages and benefits include Rs. 205,563/- (2016: Rs. 138,909/-) in respect of Provident Fund contributions.

		2017 Rupees	2016 Rupees
20 ADMINISTRATION AND GENERAL EXPENSES			
Salaries, wages and benefits	20.1	33,269,183	25,999,293
Fuel and power		3,097,646	3,241,893
Communication		429,753	371,319
Traveling and vehicle running		5,110,322	4,534,692
Printing and stationery		415,958	551,035
Newspapers and periodicals		10,358	8,771
Repairs and maintenance		884,292	575,712
Security expenses		3,277,248	2,542,310
Legal and professional charges		831,080	626,444
Auditors' remuneration	20.2	825,617	909,056
Entertainment		1,482,190	1,313,161
Rent, rates and taxes		143,425	143,425
Fee and subscription		1,644,640	154,080
Insurance		767,020	545,526
Depreciation		1,553,317	922,491
Other expenses		719,639	1,467,394
		54,461,688	43,906,602
20.1 Salaries, wages and benefits include Rs. 767,653/- (2016: Rs. 660,830/-) in respect of Provident Fund contributions.			
20.2 Auditor's remuneration charges include following in respect of;			
Annual audit fee		440,000	400,000
Taxation advisory services		385,617	509,056
		825,617	909,056
21 OTHER INCOME			
Income from financial assets:			
Interest Income		5,555,918	3,731,508
Income from assets other than financial assets:			
Misc. income		-	48,598
Farm income		-	35,000
Gain on disposal of property, plant and equipment		295,809	-
		5,851,727	3,815,106

	2017 Rupees	2016 Rupees
22 FINANCE COST		
Mark-up on short term running finance - Secured	10,487	24,145
Bank charges	565,618	720,750
	<u>576,105</u>	<u>744,895</u>
23 OTHER CHARGES		
Workers' profit participation fund	11,208,167	12,164,318
Workers' welfare fund	4,175,592	4,531,805
	<u>15,383,759</u>	<u>16,696,123</u>
24 TAXATION		
For the year		
- Current	55,374,675	68,747,292
- Deferred	5,543,647	4,610,371
	<u>60,918,322</u>	<u>73,357,663</u>
Prior Years		
- Current	(456,199)	1,928,844
- Deferred	(305,846)	(161,772)
	<u>(762,045)</u>	<u>1,767,072</u>
	<u>60,156,277</u>	<u>75,124,735</u>

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

	%	%
Applicable tax rate	31.00	32.00
Effect of change in prior year	(0.36)	0.78
Effect of income assessed at lower rate	-	-
Effect of income exempt for tax purposes	-	(0.03)
Others	1.36	0.40
	<u>1.00</u>	<u>1.15</u>
	<u>32.00</u>	<u>33.15</u>

25 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	-----Rs.-----					
Remuneration	6,950,436	6,528,840	-	-	7,687,206	3,497,150
Medical	917,964	859,813	-	-	288,000	1,391,844
Reimbursement expenses	1,060,620	1,065,830	-	-	857,495	671,359
Bonus	3,414,378	1,554,815	-	-	3,927,804	944,648
Contribution to provident fund	458,982	429,907	-	-	299,232	104,700
Utilities	235,678	274,002	-	-	528,006	309,300
	13,038,058	10,713,207	-	-	13,587,743	6,919,001
Number of person	1	1	6	6	5	2

The Chief Executive Officer and Chief Financial Officer have been provided with company maintained vehicles for official as well as personal use.

	2017 Rupees	2016 Rupees
26 EARNING PER SHARE - BASIC AND DILUTED		
26.1 Basic earnings per share		
Profit after taxation attributable to ordinary shareholders - Rupees	148,623,310	151,465,503
Weighted average number of ordinary shares in issue - Numbers	8,952,840	8,952,840
Earnings per share - Rupees	16.60	16.92

26.2 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.

27 RELATED PARTY TRANSACTIONS

Amounts due from and to related parties are shown under respective notes to the financial statements. Amount of assets sold during the year are shown in Note 4.2. Remuneration of directors and key management personnel is disclosed in Note 25. Other significant transactions with related parties are as follows:

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

Relation with the Company	Nature of transaction		
Holding Company	Sales of goods	212,240,875	154,463,266
Associated Company	Sales of goods	13,924	-
Staff Provident Fund	Provident Fund Contribution	1,388,686	1,192,687
The Company intends to take the approval of the transactions with related parties from the shareholders in General Meeting.			

28 NUMBER OF EMPLOYEES

Number of employees at the end of the year	32	36
Average number of employees during the year	31	35

29 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

29.1.4 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:

	2017		
	Carrying amount	Contractual cash flows	Less than 1 year
	-----Rs.-----		
Trade and other payables	80,305,969	80,305,969	80,305,969
	80,305,969	80,305,969	80,305,969
	2016		
	Carrying amount	Contractual cash flows	Less than 1 year
	-----Rs.-----		
Trade and other payables	57,916,061	57,916,061	57,916,061
	57,916,061	57,916,061	57,916,061

29.2 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. The capital structure of the Company is equity based with no long term financing. 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. The gearing ratio as at years ended June 30, 2017 and June 30, 2016 are as follows:-

	2017 Rs.	2016 Rs.
Total Borrowing	-	-
Less: Cash and bank balances	169,894,518	217,146,152
Net Surplus	(169,894,518)	(217,146,152)
Total Equity	572,661,420	495,660,830
Total Capital	402,766,902	278,514,677
Gearing Ratio	-	-

29.3 Fair Value of Financial Instruments

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

30 CAPACITY AND PRODUCTION

The actual production capacity of the plant cannot be determined as it depends on the proportion of different types of batteries produced which varies in relation to the consumer demand. The actual production during the year was according to market demand. During the year, the actual production capacity attained was 201,535 batteries {standard 15 plates 211,208 batteries compared with (2016: 171,317 standard 15 plates 188,233 batteries)} against annual manufacturing capacity of 212,000 batteries (2016: 172,000).

	2017 Rupees	2016 Rupees
31 DISCLOSURES RELATING TO PROVIDENT FUND		
Size of the fund	10,908,600	8,552,098
Cost of investment made	8,696,088	6,768,043
Percentage of investment made	80%	79%
Fair value of investments	8,696,088	6,768,043
31.1 Break up of investments		
Special accounts in a scheduled bank	696,088	6,268,043
Term finance certificates	8,000,000	500,000
	8,696,088	6,768,043
31.2 % age of investments made in terms of the size of the fund		
Special accounts in a scheduled bank	7%	73%
Term finance certificates	73%	6%
	80%	79%

31.3 The figures for 2017 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.

32 EVENT AFTER THE REPORTING DATE

The Board of Directors has proposed the payment of dividend of Rs. 10.00 per share (2016 : Rs. 8.00 per share) on the ordinary share capital of the company in their meeting held on September 08, 2017.

33 DATE OF AUTHORISATION FOR ISSUE

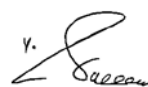
These financial statements were authorised for issue by the Board of Directors on September 08, 2017.

34 GENERAL

- 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

16th Annual General Meeting

I / We _____
 of _____ being a member of Millat Industrial Products 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 Monday, October 30,
 2017 at 04:00 p.m. at Company's Registered Office, 8.8 km Sheikhpura Road, Lahore and at any
 adjournment thereof.

Signed this _____ day of _____ 2017.

Witness:

1. 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)

2. Signature : _____
 Name: _____
 Address: _____

 CNIC or
 Passport No: _____

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 authorized in writing. If the member is a corporation, its common seal should be affixed to the instrument.
3. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, 8.8 km Sheikhpura Road, Lahore, not less than 48 hours before the time of holding the meeting.

تشکیل نیابت داری

16 واں سالانہ اجلاس عام

میں / ہم _____
 ساکن _____ ملٹ انڈسٹریل پروڈکٹس لمیٹڈ
 رکن و حاصل _____ عام حصص بمطابق شیئر رجسٹر فو لیو نمبر _____،
 ساکن _____ یا بصورت دیگر _____ ساکن _____
 کو اپنی جگہ بروز سوموار مورخہ 30 اکتوبر 2017ء بوقت 04:00 بجے سہ پہر، بمقام رجسٹرڈ آفس 8.8 کلومیٹر شیخوپورہ روڈ
 لاہور میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط کئے گئے مورخہ _____ 2017

گواہان:

1 _____ دستخط:

نام:

پتہ:

سی این آئی سی یا پاسپورٹ نمبر:

2 _____ دستخط:

نام:

پتہ:

سی این آئی سی یا پاسپورٹ نمبر:

براہ کرم پانچ روپے مالیت کے
 ریونیو ٹکٹ چسپاں کریں۔

دستخط

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

نوٹ:

- ۱۔ پراکسی 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 پراکسی دستخط شدہ ہو ممبر سے یا اُس کے وکیل سے۔
- ۳۔ پراکسی 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 شیخوپورہ 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 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 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 Industrial Products 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 آف پاکستان کے ایس آر او 2014/ (1) 787 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 آف پاکستان کے ایس آر او 2014/ (1) 787 مورخہ 8 ستمبر 2014 کی تعمیل کرتے ہوئے میں مسمیٰ / مسماۃ _____

ولدیت / زوجیت _____

ملت انڈسٹریل پروڈکٹس 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۔

ممبر / حصص دار کے دستخط: _____



MIPL

Millat Industrial Products Limited

A Millat Tractor Company

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

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Email: mipl@millatbatteries.com

www.millatbatteries.com