



**ANNUAL
REPORT
2018**

Lighten Your World

WITH THE BATTERY THAT LASTS.....

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VISION

TO BE TOP QUALITY BATTERY
PRODUCING COMPANY IN PAKISTAN.





Corporate 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

Raafey Zaman Durrani

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
Bank Alfalah Limited



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
Director/Company Secretary**



**Mr. Ahsan Imran Shaikh
Director**



**Mr. Raafey Zaman Durrani
Chief Executive**



NOTICE OF 17TH ANNUAL GENERAL MEETING

Notice is hereby given that 17th 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 Friday, October 26, 2018 at 3:30 P.M to transact the following business:

A. ORDINARY BUSINESS

- 1) To confirm minutes of 16th Annual General Meeting held on October 30, 2017.
- 2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' Reports thereon.
- 3) To approve final cash dividend of Rs. 1/- per share i.e., 10 %.
- 4) To appoint auditors and fix their remuneration for the year ending June 30, 2019.

B. SPECIAL BUSINESS

- 1) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2018 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, 2018 be and are hereby ratified, approved and confirmed.”

2018 (AMOUNTS IN RUPEES)

NAME(S)	PURCHASES	SALES
MILLAT TRACTORS LIMITED	-	287,518, 134
MILLAT EQUIPMENT LIMITED	-	16,928
TOTAL	-	287,535,062

- 2) To authorize Chief Executive of the Company to approve transactions with Related Parties for the year ending June 30, 2019 by passing the following special resolution with or without modification.

“Resolved that the Chief Executive of the Company be and is hereby authorized to approve the transactions with Related Parties during the period from July 01, 2018 till the next Annual General Meeting of the Company.

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

C. ANY OTHER BUSINESS

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

By order of the Board



Mian Muhammad Saleem
Company Secretary

Lahore:
October 04, 2018

NOTES

1. The share transfer books of the Company will remain closed from October 20, 2018 to October 26, 2018 (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 19, 2018 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 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.

6. As per Section 150 of the Income Tax Ordinance, 2001, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:
- For filers of income tax returns 15.00%
 - 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 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.

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

The above/required information must be provided to 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: mip1@millatbatteries.com Fax: +92-49-4540328.

7. 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 26, 2018.

1. Approval/Ratification of Related Party Transactions(RPTs) conducted during Financial year ended on June 30, 2018:

Pursuant to 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, 2018 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 Knowhow.
- 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, 2019 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 from July 01, 2018 till the next AGM on case to case basis. 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.





Directors' Report to the Shareholders FOR THE YEAR ENDED JUNE 30, 2018

The Directors feel pleasure in presenting their 17th Annual Report together with the Audited Accounts of the Company for the year ended June 30, 2018.

ACCOUNTS / APPROPRIATIONS

Financial results for the year are as follows:

Accumulated profit Brought Forward	Rs. 483,133,020
Profit for the year before tax	Rs. 59,008,065
Less: Dividend (year 2017@ 100%)	Rs. (89,528,400)
Less: Current Taxation	Rs. (15,425,085)
Appropriations	Rs. -
Accumulated profit carried forward	Rs. 437,187,600

Your directors recommended payment of cash dividend @ Rs. 1/-i.e., 10 % for the year ended June 30, 2018

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2018 is annexed.

EARNING PER SHARE

The earning per share for the year was Rs. 4.87 Compared to Rs. 16.60 of the last year.

BOARD OF DIRECTORS

The present Board consists of seven directors of which six directors were elected in the 16th Annual General Meeting of the Company held on October 30, 2017. There has been no change in the composition of the Board during the year. However, a new CEO was appointed w.e.f July 01, 2018. During the year, five 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	5
Mr. Laeeq Uddin Ansari	5
Mian Muhammad Saleem	5
Mr. Ahsan Imran Shaikh	5
Khawaja Ijaz Majeed (CEO)	5

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. The Financial Statements of the company truly reflect the state of Company's affairs and fair review of its business. In short span of time the company has established its brand name as "Millat Batteries" as quality product.

Company has successfully launched deep cycle battery which is an asset against load shedding due to maximum backup time. To remain in step with advancement in technology in the battery field, the company has almost completed test and trail of maintenance free battery which will be marketed in near future. The company has bright future as it has already enhanced its capacity and sale.

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.

During the year unexpected price hike of lead which constituted 71 % of cost of raw material has adversely squeezed the profit margin. Moreover, sale of domestic battery in the battery industry considerably reduced due to improved electricity supply.

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.

Future of the company is expected to be very bright, as Millat battery is considered to be one of the best batteries by the market and moreover, lead price is likely to come down to its normal level in near future. However new entrant and changing market dynamics have to be countered by the quality productivity and cost control to improve competitiveness.

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.

The future depends on maintenance free and solar battery. Company has almost completed prototype of maintenance free battery and ready to launch the same in near future. As supply of electricity is expected to improve and company is all set to shift major production towards automobile batteries, however cheap smuggled batteries will remain largest threat for the battery manufacturers.

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.

Company has also formulated new marketing strategy to cater the capacity expansion by the competitors.

HOLDING OF OFFICE OF PROFIT HELD BY DIRECTOR

The director namely Mian Muhammad Saleem is holding office of profit and drawing remuneration from MIPL w.e.f November 01, 2017 as approved by the members of the Company in 16th AGM held on October 30, 2017 as per section 171 (1) (c) (i) of the Companies Act, 2017 in view of current expansion and expected growth of the Company anticipated in future. He is working as a whole time working director and is involved in major financial, marketing and HR functions of the Company. As a member of the Board's Committee for supervision (BCS) Mian Muhammad Saleem is actively participating in operating activity of the Company. For performing extra services, he is being paid remuneration by the company.

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 retired and offered themselves for re-appointment for the year ending June 30, 2019. 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 confirmed that they are registered with Audit Oversight Board

and 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 40 permanent employees as on June 30, 2018 compared to 32 employees as on June 30, 2017.

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



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. Latest equipment has been installed with machinery to minimize the electricity consumptions with optimum efficiency. Moreover a team has been formed to preserve the electricity as national asset.

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. Consumers are being educated by the strenuous on warranty cards/ company website. 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 Labor 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.

GO GREEN PAKISTAN



PLANTATION BY EMPLOYEES

Company is taking all necessary precautions to keep the premises free of all kinds of hazards and committed to provide safe and secure workplace. As a policy company gives top priority to the occupational health and safety of the employees.

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. 42.336 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

Raafay Z. Durrani

CHIEF EXECUTIVE
LAHORE:
AUGUST 20, 2018

[Signature]

DIRECTOR



DEEP CYCLE TECHNOLOGY
FOR
LONGEST UPS BACKUP

MILLAT D1450

MILLAT BATTERIES

“ AUSTRIAN TECHNOLOGY

سب سے زیادہ قابل اعتماد

MILLAT M120

MIPL Water Industry Products Limited
A Project of Millat Textile Company

MILLAT BATTERIES

Lets Travel **ALONG THE ROAD**
WITH **MILLAT BATTERIES**

ONE YEAR FREE REPLACEMENT

MILLAT CNG52L

MILLAT BATTERIES

ملت بیٹری لگاؤ
زندگی آسان کرو

FREE 6 MONTHS REPLACEMENT WARRANTY

MILLAT M48L

MILLAT BATTERIES

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 معذور افراد:

دوران سال کمپنی نے کسی معذور 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 کے لئے مناسب حفاظتی سازوسامان کی فراہمی، جسمانی و ذہنی تحفظ کے لئے ماحول کے تحفظ کو یقینی بنایا گیا ہے۔ کمپنی تمام قسم کے خطرات سے آزاد رکھنے کے لئے تمام ضروری احتیاطی تدابیر لے رہی ہے اور محفوظ اور محفوظ کام کی جگہ فراہم کرنے کے لئے مصروف عمل ہے۔ ایک پالیسی کے طور پر کمپنی اپنے ملازمین کی پیشہ وارانہ صحت اور حفاظت کو بہت زیادہ ترجیح دیتی ہے۔ کسی بھی ناخوشگوار واقعے سے بچنے کے لئے تمام ملازمین اور ورکرز کو مناسب ٹریننگ اور حفاظتی آلات فراہم کئے گئے ہیں۔

10. کاروباری اخلاقیات اور انسداد بد عنوانی کے اقدامات:

کمپنی نے ہمیشہ کاروباری اخلاقیات کو ملحوظ خاطر رکھا ہے اور ساتھ ہی ساتھ بد عنوانی 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 42.336 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. کمپنی کی فنانشیل اسٹیٹمنٹس 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۔

15. اردوزبان ورژن:

اس ڈائریکٹر کی رپورٹ کے ایک اردوزبان کا ورژن بھی 21 اکتوبر 2015ء ایس ای سی پی کے 1041 (1) / 2015 کے دفعات کے مطابق سالانہ رپورٹ میں شائع کیا جا رہا ہے۔

بحکم بورڈ

چیف ایگزیکٹو آفیسر
Rashid Z. Anwar

لاہور

20 اگست 2018

ڈائریکٹر
Saeed

مجوزہ بعد از ازالہ 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 کو بچانے کے لیے، توانائی کے معیار پر پورا اترنے والی انورٹرنائپ ایئر کنڈیشنرز نصب کئے گئے جہاں بھی متبادل یا نئی طلب پیدا ہوتی ہے۔ غیر فعال گھنٹوں کے دوران زائد لائٹس کو بند کر دیا جاتا ہے اور توانائی اور لاگت کو بچانے کے لیے مٹوٹر بجلی کے آلات اور ایل ای ڈی لائٹس نصب کئے جا رہے ہیں۔ جدید ترین سامان مشینری کے ساتھ انصب کر دیا گیا ہے تاکہ بجلی کی کھپت کو زیادہ سے زیادہ موثر طریقے سے کم کر سکیں۔ اس کے علاوہ قومی اثاثہ کے طور پر بجلی کو بچانے کے لئے ایک ٹیم تشکیل دی گئی ہے۔

3. اقدامات برائے تحفظ ماحولیات:

فیکٹری کے احاطے کے ارد گرد ہموار ماحولیاتی نظام کو یقینی بنانے کے لئے ایک جامع پودوں کی ڈرائیو شروع کی گئی ہے۔ ماحول کی حفاظت اور تحفظ کے لئے صنعتی امور کا علاج کیا اور مناسب طریقے سے نمٹا دیا جا رہا ہے۔ پانی کی آلودگی کی روک تھام کو کم کرنے کے لئے ویسٹ واٹر ٹینک کا استعمال کیا جاتا 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 پر معیاری مصنوعات فراہم کر کے تحفظ دے رہی ہے۔ صارفین کو کمپنی کی ویب سائٹ / وارنٹی کارڈز کے ذریعے ایجوکیٹ کیا جا رہا 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 ماہرین مصنوعات کے اقتصادی استعمال، مناسب دیکھ بھال اور نامناسب استعمال سے خطرات کے بارے میں رہنمائی کرتے ہیں۔

6. فلاح برائے پسماندہ طبقہ:

کمپنی نے اس طبقہ کے لئے کوئی رقم ادا نہیں کی۔

کمپنی کے مستقبل کا انحصار مینٹیننس فری اور سولر بیٹری پر ہے۔ کمپنی تقریباً مینٹیننس فری بیٹری کے نمونہ مکمل کر چکی ہے اور مستقبل قریب میں اسکو شروع کرنے کے لیے تیار ہے۔ جیسا کہ بجلی کی سپلائی میں بہتری کی امید ہے اور کمپنی کی بڑی پیداوار آٹوموٹو بائیل بیٹریز کی جانب تبدیل ہوگی، تاہم سستی سمگلڈ بیٹریز بیٹری تیار کرنے والوں کے لیے بہت بڑا خطرہ رہیں گی۔

موجودہ بڑھی ہوئی مقامی گاڑیوں کی طلب کے نتیجے میں ان کی پیداوار میں اضافہ ہو گا اور حتیٰ طور پر آٹوموٹو بیٹریز کے استعمال میں اضافہ ہو گا۔ اوسط بنیاد پر چلنے والی گاڑیوں کو دو اڑھائی 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۔

کمپنی نے حریفوں کی طرف سے پیداواری توسیع کو پورا کرنے کے لیے نئی مارکیٹنگ حکمت عملی تشکیل دی ہے۔

ڈائریکٹر کی منافع کے دفتر میں شمولیت:

ڈائریکٹر میاں محمد سلیم نے منافع کے دفتر میں شمولیت اختیار کی اور وہ یکم نومبر 2017 سے ملت انڈسٹریل پروڈکٹس لمیٹڈ سے اجرت لے رہے ہیں جسے کمپنیز ایکٹ 2017 کے سیکشن 171 ون سی ون کے تحت کمپنی کے ممبر نے سولہویں سالانہ اجلاس جو 30 اکتوبر 2017 کو ہوا منظور کیا کمپنی کے مستقبل کے پیش نظر موجودہ توسیع اور متوقع پیداوار کے تحت۔ وہ ورکنگ ڈائریکٹر کے طور پر کام کر رہا ہے اور کمپنی کے بڑے مالی، مارکیٹنگ اور ہیومن ریسورسز افعال میں ملوث ہیں۔ بورڈ کمیٹی کی نگرانی (بی۔سی۔ایس) کے ممبر کے طور پر میاں محمد سلیم کمپنی کی آپریٹنگ سرگرمیوں میں فعال شرکت کرتے ہیں۔ ان کی زائد خدمات کے بدلے میں کمپنی ان کو اجرت دیتی ہے۔

ڈیوٹی اور ٹیکسز:

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

آڈیٹرز:

موجودہ آڈیٹرز الیاس سعید اینڈ کمپنی، چارٹرڈ اکاؤنٹس سبکدوش ہو چکے ہیں اور انہوں نے اہل ہونے کی حیثیت سے خود کو دوبارہ 30 جون 2019 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 آڈیٹرز نے تصدیق کی ہے کہ وہ آڈٹ اور سائٹ بوڈ کے ساتھ رجسٹرڈ ہو چکے ہیں اور آئی کیپ سے اپنی کیو سی آر کی تسلی بخش ریٹنگ دی ہے اور تقرری کی پیش کش کے لیے اہل قرار دیا ہے۔

ملازمین کی تعداد:

30 جون 2018 کو مستقل ملازمین کی تعداد 40 تھی جو کہ 30 جون 2017 کو 32 تھی۔

کمپنی نے کامیابی کے ساتھ ڈیپ سائیکل بیٹری کا آغاز کیا ہے جو کہ زیادہ بیک اپ ٹائم کی وجہ سے لوڈ شیڈنگ کے خلاف ایک اثاثہ ہے۔ بیٹری فیملڈ میں ٹیکنالوجی میں ترقی کے ساتھ قدم میں رہنا، کمپنی نے مینٹیننس فری بیٹری کا ٹیسٹ اور ٹرائل تقریباً مکمل کر لیا ہے جس کی مستقبل قریب میں مارکیٹنگ کی جائے گی۔ کمپنی کا مستقبل شاندار ہے کیونکہ کمپنی پہلے ہی اپنی پیداواری صلاحیت اور سیلز میں اضافہ کر چکی 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 کی مارکیٹ میں کمی اور مارکیٹ میں نئے حریفوں کا داخلہ بھی اہم وجوہات میں شامل ہے۔

سال کے دوران غیر متوقع طور پر بڑھتی ہوئی لیڈ کی قیمت، جو کہ 71 فیصد خام مال کی قیمتوں کا بنتی ہے بری طرح سے منافع بخش مارجن کو نقصان پہنچایا ہے۔ اس کے علاوہ بیٹری کی صنعت میں گھریلو بیٹری کی فروخت بہتر بجلی کی فراہمی کی وجہ سے کم ہوئی 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۔ امید ہے کمپنی کا مستقبل بہت شاندار ہوگا، چونکہ ملت بیٹری کو مارکیٹ میں بہترین بیٹری کے طور پر جاناجاتا ہے اور اسکے علاوہ مستقبل قریب میں لیڈ کی قیمت عام سطح پر آجائے گی۔

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۔

ان کی تفصیل مع حاضری ریکارڈ درج ذیل ہیں:

ڈائریکٹرز	شرکت کردہ اجلاس کی تعداد
جناب سکندر مصطفیٰ خان (چیئرمین)	4
جناب سہیل بشیر رانا صاحب	3
جناب لطیف خالد ہاشمی صاحب	5
جناب لیستق الدین انصاری	5
جناب میاں محمد سلیم	5
جناب احسن عمران شیخ	5
جناب خواجہ اعجاز مجید (چیف ایگزیکٹو)	5

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 لیستق 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 گاڑیوں، صنعتوں اور گھریلو بیٹریز کی تیاری اور فروخت کے کاروبار میں مصروف ہے۔ کمپنی کی فنانشیل اسٹیٹمنٹس اس کے کاروباری معاملات کا درست احاطہ کرتی ہیں۔ مختصر سے عرصے کے اندر کمپنی نے اپنا برانڈ نام "ملت بیٹریز" بہتر پراڈکٹ کے طور پر متعارف کروایا ہے۔

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی 17 ویں سالانہ رپورٹ بمعہ آڈیٹڈ اکاؤنٹس برائے سال 30 جون 2018 پیش کرتے ہیں۔

منافع منقسمہ:

اس سال کے مالیاتی نتائج مندرجہ ذیل ہیں۔

روپے	483,133,020	سال کے آغاز پر جمع شدہ منافع:
روپے	59,008,065	برائے سال جمع آمدنی قبل از ٹیکس:
روپے	(89,528,400)	منہا: ڈیوڈینڈ (برائے سال 2017@100%)
روپے	(15,425,085)	موجودہ ٹیکسیشن:
روپے	437,187,600	آئندہ سال کے لیے لیجا یا گیا منافع:

آپ کے ڈائریکٹرز نے کیش ڈیوڈینڈ 01 روپے فی حصص کے حساب سے جو کہ 10 فیصد بنتا ہے کی سفارش کی ہے۔

شیئر ہولڈر کا پیٹرن:

30 جون 2018 شیئر ہولڈر کا پیٹرن رپورٹ میں شامل ہے۔

فی حصص آمدن:

سال 2018 کے لیے فی حصص آمدن 4.87 روپے فی رہی۔ گزشتہ سال یہ آمدن 16.60 روپے تھی۔

بورڈ آف ڈائریکٹرز:

موجودہ بورڈ سٹات ڈائریکٹرز پر مشتمل ہے جس میں سے چھ ڈائریکٹرز کمپنی کے 16 ویں سالانہ اجلاس 30 اکتوبر 2017 کو منتخب ہوئے تھے۔ اس کے علاوہ سال کے دوران بورڈ کی ساخت میں کوئی تبدیلی نہیں آئی۔ تاہم ایک نیا چیف ایگزیکٹو آفیسر یکم جولائی 2018 کو مقرر کیا گیا۔ سال 2018 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔



IFS SIGNING CEREMONY



FAREWELL PARTY OF CEO



DEALER EDUCATIONAL CONFERENCE

Pattern of shareholding as on June 30, 2018

No of Shareholders	Size of holding		Total shares held
	from	To	
8	1	100	665
25	101	500	6,894
58	501	1,000	45,842
49	1,001	1,500	59,266
38	1,501	2,000	68,053
17	2,001	3,000	39,554
17	3,001	5,000	64,769
54	5,001	40,000	847,700
5	40,001	100,000	251,347
4	100,001	400,000	1,287,540
1	400,001	600,000	543,760
1	600,001	6,000,000	5,737,450
277			8,952,840



SHAREHOLDING INFORMATION

Categories of shaholders	Number of Shareholders	Share held	Percentage
1. Directors, Chief Executive Officer, and their spouse and minor children			
<u>Directors</u>			
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	200,200	2.23%
Mr. Ahsan Imran Shaikh	1	33,650	0.38%
Khawaja Ijaz Majeed (CEO)	1	10,000	0.11%
2. Associated Companies, undertakings, Related Parties and executives/workers			
a. Millat Tractors Limited	1	5,737,500	64.09%
b. Executives/workers	2	11,675	0.13%
3. NIT and ICP	-	-	-
4. Bank Development Financial Institutions, Non Banking Financial Institutions and Pension Funds	-	-	-
5. Insurance Companies	-	-	-
6. Modarabas & Mutual Funds	-	-	-
7. Shareholders Holding 10% or more Voting interest	-	-	-
8. General Public			
a. Local	-	-	-
b. Trusts	-	-	-
c. Public	267	1,328,765	14.84%
Total	277	8,952,840	100.00%



TEN YEARS' PERFORMANCE

TRADING RESULTS	2018	2017	2016	2015
Sales - Net	1,161,353,460	1,161,867,413	1,064,935,501	1,080,636,249
Gross Profit	179,816,064	308,645,829	312,281,298	234,456,063
Operating Profit/ (Loss)	64,383,220	218,887,724	240,216,150	171,785,823
Profit/ (loss) before tax	59,008,065	208,779,587	226,590,238	161,413,311
Net Profit/ (loss) after tax	43,582,980	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	89,528,400
Unappropriated profit	437,187,600	483,133,020	406,132,430	299,431,127
	526,716,000	572,661,420	495,660,830	388,959,527

Operating fixed assets	148,520,243	167,350,957	117,363,717	70,775,694
Long term liabilities				
Deferred liabilities	11,236,259	15,024,863	9,787,062	5,338,463

INVESTOR INFORMATION					
Sales Growth	%	(0.04)	9.10	(1.45)	12.58
Gross profit growth	%	(41.74)	(1.16)	33.19	54.93
Operating profit/ (loss) growth	%	(70.59)	(8.88)	39.83	77.22
Profit before tax growth	%	(71.74)	(7.86)	40.38	78.73
Net profit after tax growth	%	(70.68)	(1.88)	39.11	85.23

Gross profit ratio	%	15.48	26.56	29.32	21.70
Operating profit ratio	%	5.54	18.84	22.56	15.90
Profit before tax ratio	%	5.08	17.97	21.28	14.94
Net Profit after tax ratio	%	3.75	12.79	14.22	10.08
Return on equity	%	8.27	25.95	30.56	27.99
Return on assets	%	29.34	88.81	129.06	153.85
Earning per share (after tax)	Rs.	4.87	16.60	16.92	12.16

Current ratio	Times	4.80:1	6.23:1	7.70:1	6.07:1
Quick Ratio	Times	1.26:1	3.30:1	4.61:1	3.73:1

Rate of Dividend	%	10	100.00	80.00	50.00
Dividend Cover (Div/Earning)	%	20.54	60.24	47.29	41.11

2014	2013	2012	2011	2010	2009
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(RUPEES)

959,890,273	804,847,628	655,669,714	509,874,027	331,629,235	240,100,245
151,332,181	144,025,698	104,986,952	136,279,955	98,896,097	73,440,528
96,934,151	87,435,065	57,179,174	96,916,380	68,454,292	49,914,838
90,309,422	84,046,474	51,639,544	89,794,210	64,233,346	42,598,104
58,783,896	55,121,744	34,820,531	60,359,204	43,563,139	38,501,147

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
306,933,067	266,054,851	224,362,369	198,494,678	138,135,474	94,572,335

63,573,975	51,500,919	49,966,031	49,063,143	35,237,961	33,590,199
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
5.07	37.18	(22.96)	37.80	34.66	133.33
10.86	52.91	(41.00)	41.58	37.14	248.36
7.45	62.76	(42.49)	39.79	50.79	474.87
6.64	58.30	(42.31)	38.56	13.15	470.35

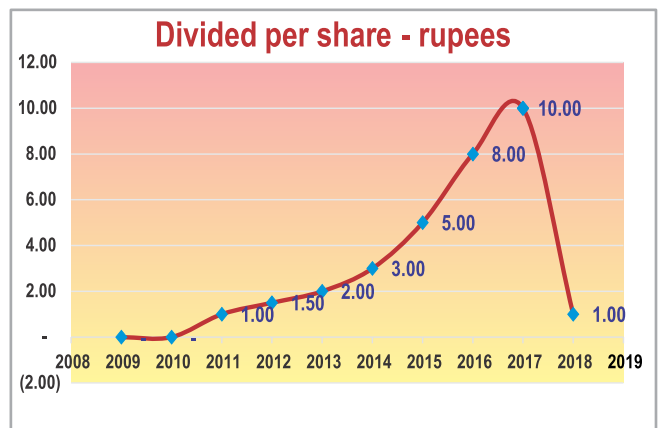
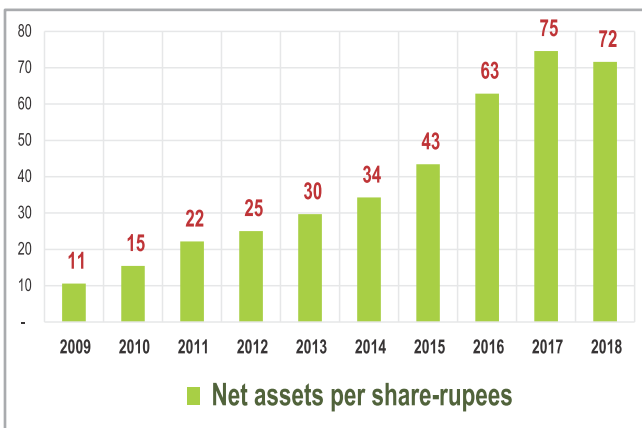
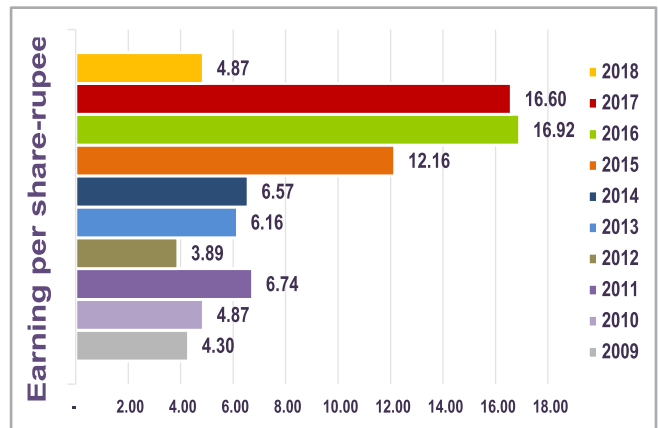
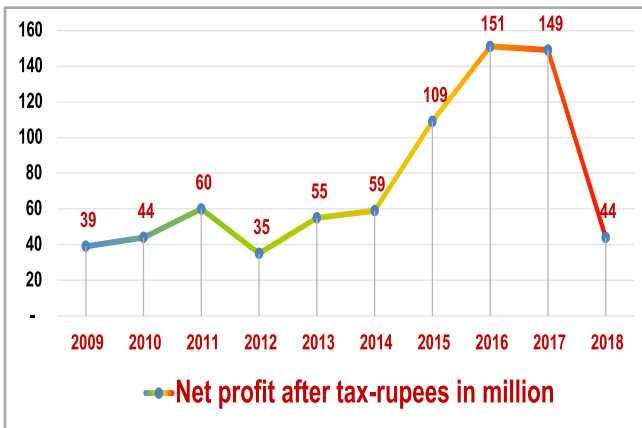
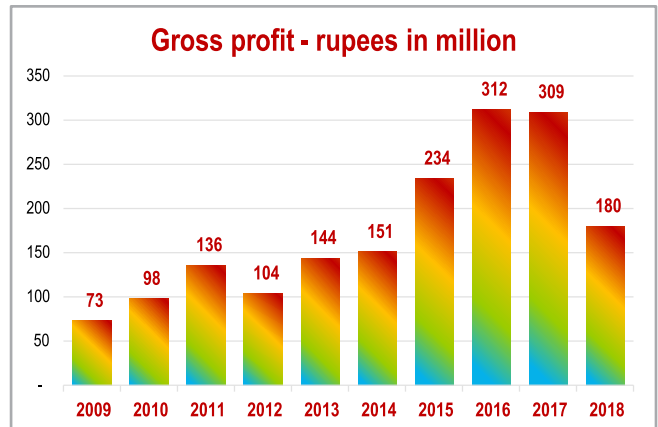
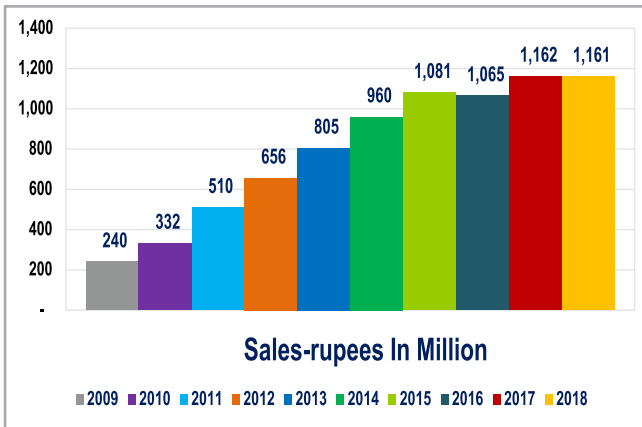
15.77	17.89	16.01	26.73	29.82	30.59
10.10	10.86	8.72	19.01	20.64	20.79
9.41	10.44	7.88	17.61	19.37	17.74
6.12	6.85	5.31	11.84	13.14	16.04
19.15	20.72	15.52	30.41	31.54	40.71
92.47	107.03	69.69	123.02	123.63	114.62
6.57	6.16	3.89	6.74	4.87	4.30

6.57:1	5.01:1	5.75:1	5.35:1	4.09:1	3.48:1
3.86:1	3.09:1	3.49:1	2.86:1	2.62:1	2.06:1

30.00	20.00	15.00	10.00	-	-
45.69	32.48	38.57	14.83	-	-



THE PERFORMANCE OF COMPANY









FINANCIAL STATEMENTS

For The Year Ended June 30, 2018



INDEPENDENT AUDITOR'S REPORT

To the members of Millat Industrial Products Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Millat Industrial Products Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but doesn't include the financial statements of the company and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

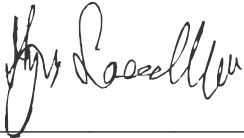
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Hyas**.

A handwritten signature in black ink, appearing to read 'Muhammad Hyas', written over a horizontal line.

Chartered accountants
LAHORE
Date: August 20, 2018

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	4	148,400,043	167,350,957
Capital work in progress	5	120,200	-
		148,520,243	167,350,957
CURRENT ASSETS			
Stores and spares	6	14,563,323	13,388,428
Stock in trade	7	359,581,317	232,781,601
Trade debts	8	73,125,104	38,700,203
Loans and advances	9	8,004,315	34,708,348
Trade deposits and short term prepayments	10	2,945,000	2,585,000
Taxation - Net	11	28,275,598	8,583,197
Cash and bank balances	12	5,287,000	169,894,518
		491,781,657	500,641,295
TOTAL ASSETS		640,301,900	667,992,252
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	89,528,400	89,528,400
Unappropriated profit		437,187,600	483,133,020
		526,716,000	572,661,420
NON CURRENT LIABILITIES			
Deferred taxation	14	11,236,259	15,024,863
CURRENT LIABILITIES			
Trade and other payables	15	86,650,599	79,863,594
Short term borrowings	16	15,321,963	-
Unclaimed Dividend		377,079	442,375
		102,349,641	80,305,969
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		640,301,900	667,992,252

(The annexed notes from 1 to 38 form an integral part of these financial statements)

Raajeev Z. Suriyani

CHIEF EXECUTIVE

[Signature]

DIRECTOR

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
Sales	18	1,161,353,460	1,161,867,413
Cost of goods sold	19	981,537,396	853,221,584
		179,816,064	308,645,829
Gross profit			
Operating Expenses			
Distribution cost	20	38,996,202	35,296,417
Administration and general expenses	21	76,436,642	54,461,688
		115,432,844	89,758,105
Operating profit		64,383,220	218,887,724
Other income	22	1,720,893	5,851,727
		66,104,113	224,739,451
Finance cost	23	2,748,086	576,105
Other charges	24	4,347,962	15,383,759
		7,096,048	15,959,864
Profit before taxation		59,008,065	208,779,587
Taxation	25	15,425,085	60,156,277
Profit after taxation		43,582,980	148,623,310
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		43,582,980	148,623,310
Earnings per share - Basic and Diluted	27	4.87	16.60

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

(The annexed notes from 1 to 38 form an integral part of these financial statements)

Raajeev Z. Suriyani

CHIEF EXECUTIVE

[Signature]

DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	SHARE CAPITAL	UNAPPROPRIATED PROFIT	TOTAL
-----RUPEES-----			
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
Dividend paid @ 100% for the year	-	(89,528,400)	(89,528,400)
Total comprehensive income for the year	-	43,582,980	43,582,980
Balance as at June 30, 2018	89,528,400	437,187,600	526,716,000

(The annexed notes from 1 to 38 form an integral part of these financial statements)

Raafay Z. Sulemani

CHIEF EXECUTIVE

[Signature]

DIRECTOR

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxation		59,008,065	208,779,587
Adjustments:			
Depreciation		21,325,248	15,895,680
Gain on disposal of property, plant and equipment		-	(295,809)
Workers' welfare fund		1,180,161	4,175,592
Finance Cost		2,748,086	576,105
<i>Cash flow before working capital changes</i>		84,261,560	229,131,155
(Increase) / decrease in current assets:			
Stores and spares		(1,174,895)	(684,961)
Stock in trade		(126,799,716)	(115,906,775)
Trade debts		(34,424,901)	10,472,876
Loans and advances		26,704,033	1,031,347
Trade deposits and short term prepayments		(360,000)	-
Increase / (decrease) in current liabilities			
Trade and other payables		6,226,242	22,746,121
Unclaimed Dividend		-	-
		(45,567,677)	146,789,763
Finance cost paid		(2,187,323)	(576,105)
Taxes paid		(40,086,251)	(56,255,461)
Net cash inflow from operating activities		(87,841,251)	89,958,197
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(4,108,879)	(29,367,365)
Capital work in progress		(120,200)	(37,459,402)
Sale proceeds of property, plant and equipment		1,734,545	1,239,656
Net cash outflow from investing activities		(2,494,534)	(65,587,111)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid	28.1	(89,593,696)	(71,622,720)
Net cash outflow from financing activities		(89,593,696)	(71,622,720)
Net (decrease) / increase in cash and cash equivalents		(179,929,481)	(47,251,633)
Cash and cash equivalents at the beginning of the year		169,894,518	217,146,151
Cash and cash equivalents at the end of the year	28	(10,034,963)	169,894,518

(The annexed notes from 1 to 38 form an integral part of these financial statements)

Raajeev Z. Suri

CHIEF EXECUTIVE

[Signature]

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1 CORPORATE AND GENERAL INFORMATION

1.1 LEGAL STATUS AND OPERATIONS

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 Company is engaged in the business of manufacturing and sale of vehicular, industrial and domestic batteries.

The Company is a subsidiary of Millat Tractors Limited (the holding company), a listed public company incorporated in Pakistan.

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

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

1.2 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

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

- Availed short-term running finance facility from Habib Bank Limited with the sanctioned limit of Rs. 100 million. Refer to note (16)
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified. For detailed disclosure of this information, please refer to note 37.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed. During the year, the Company has opted for the presentation of combined 'Statement of Profit or Loss and other Comprehensive Income' instead of presenting separate 'Statement of Profit and Loss' and 'Statement of Comprehensive Income' as allowed in the Companies Act, 2017 in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

2.1 NEW AND AMENDED STANDARDS AND INTERPRETATIONS BECOME EFFECTIVE

a) The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of financial statements of the Company. These changes also include change in nomenclature of the primary statements, etc. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- Elimination of duplicate disclosures with the IFRS disclosure requirements;
- incorporation of significant additional disclosures; and
- a single statement of profit or loss and other comprehensive income which was previously prepared as two separate statements.

Keeping in view of the above, the presentation of these financial statements has been realigned with the provisions contained in the Act, however, it does not have any impact on the recognition and measurement of the amounts included in these financial statements of the Company.

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

IAS 7	Statement of Cash Flows - Disclosure Initiative - (Amendment)
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)
IFRS 12	Disclosure of Interests in Other Entities – Annual Improvements to IFRS Standards 2014–2016 Cycle

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

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 15 Revenue from Contracts with Customers	01 July 2018
IFRS 9 Financial Instruments – Classification and Measurement	01 July 2018
IFRS 2 Share-based Payment – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 16 Leases	01 January 2019
IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 January 2018
IAS 40 Investment Property – Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 Investments in Associates and Joint Ventures – Annual Improvements to IFRS Standards 2014–2016 Cycle	01 January 2018
IFRS 9 Financial Instruments – Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IAS 19 Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRS 3 Business Combinations – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IFRS 11 Joint Arrangements – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IAS 12 Income Taxes – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IAS 23 Borrowing Costs – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
Conceptual Framework for Financial Reporting	01 January 2020

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS - 14 Regulatory Deferral Accounts	01 January 2016
IFRS - 17 Insurance Contracts	01 January 2021

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application, except for IFRS 15 and IFRS 16. The management is in the process of determining the effect of application of IFRS 15 and IFRS 16.

2.3 ACCOUNTING CONVENTION

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

2.4 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 3.1)
- Provision for warranty claims (Note 3.9).
- Provision for taxation (3.12)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statement are set out below. These polices have been consistently applied to all the years presented.

3.1 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 DE recognition 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.

3.2 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.

3.3 STORES AND STOCKS

3.3.1 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.

3.3.2 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.

3.4 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.

3.5 TRADE DEBTORS AND 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.

3.6 TRADE AND 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.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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:

- a) Interest income is recognized on a time proportion basis taking into account the principal outstanding and the interest applicable; and
- b) Dividend income is recognized when the shareholder's right to receive payment is established

3.12 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.

3.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash balances, bank deposits, term deposit receipts and short term borrowings.

3.14 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.

3.15 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.

3.16 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.

3.17 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

2018

PARTICULARS	COST			RATE %	DEPRECIATION			WRITTEN DOWN VALUE AS ON 30-06-2018
	AS ON 01-07-2017	ADDITION	(DELETION)		AS ON 30-06-2018	ADJUSTMENT ON DISPOSAL	FOR THE YEAR	
Land ~ Freehold	10,455,396	~	~	10,455,396	~	~	~	10,455,396
Buildings ~ Freehold	81,224,022	272,104	~	81,496,126	10	6,722,996	20,919,024	60,577,102
Plant and machinery	81,647,494	2,915,322	~	84,562,816	15	8,614,340	33,875,402	50,687,414
Tools and equipment	32,994,059	439,135	~	33,433,194	15	2,380,187	19,750,587	13,682,607
Furniture and fixture	3,227,280	56,335	~	3,283,615	15	215,699	2,034,426	1,249,189
Vehicles	21,910,251	190,500	(2,503,000)	19,597,751	20	(773,804)	2,924,244	10,005,879
Office equipment	2,047,563	80,629	~	2,128,192	15	164,209	1,175,035	953,157
Computer hardware	2,456,257	154,854	(116,062)	2,495,049	30	(110,713)	303,573	789,299
Total	235,962,322	4,108,879	(2,619,062)	237,452,139		(884,517)	21,325,248	148,400,043

2017

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	
Land ~ Freehold	10,455,396	~	~	10,455,396	~	~	~	10,455,396
Buildings ~ Freehold	31,932,937	49,291,085	~	81,224,022	10	4,579,426	14,196,028	67,027,994
Plant and machinery	42,201,241	39,446,253	~	81,647,494	15	5,905,608	25,261,062	56,386,432
Tools and equipment	28,328,608	4,665,451	~	32,994,059	15	2,223,488	17,370,400	15,623,659
Furniture and fixture	3,173,093	54,187	~	3,227,280	15	240,661	1,818,727	1,408,553
Vehicles	15,206,946	10,368,250	(3,664,945)	21,910,251	20	(2,721,098)	2,497,749	14,468,819
Office equipment	1,822,649	224,914	~	2,047,563	15	166,834	1,010,826	1,036,737
Computer hardware	1,970,572	485,685	~	2,456,257	30	281,914	1,512,890	943,367
Total	135,091,442	104,555,825	(3,664,945)	235,962,322		(2,721,098)	15,895,680	167,350,957

4.1 Tools and equipment includes dies and moulds having book value of Rs 3,593,999/- million (2017: 1,795,712/- million) which are in possession of vendors and these dies and moulds are used by the vendors for producing certain parts for supply to the Company.

4.2 Freehold land of the Company is located at 49-K.M., off Multan Road, Bhai Pheru, Distt. Kasur. with an area of 52 Kanals and 10 Marlas.

4.3 Depreciation charged for the year has been allocated as under:

	2018	2017
Cost of goods sold	18,226,032	13,565,705
Administrative and general expenses	2,066,144	1,553,317
Distribution cost	1,033,072	776,658
	21,325,248	15,895,680

4.4 Particulars of operating fixed assets disposed-off during the year, having net book value exceeding Rs 500,000 are as follows:

PARTICULARS	SOLD TO	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	GAIN ON DISPOSAL	MODE OF DISPOSAL
Honda Civic	Ijaz Majeed, CEO	2,503,000	773,804	1,729,196	1,729,196	~	Company car scheme
2018		2,503,000	773,804	1,729,196	1,729,196	-	
2017		3,664,945	2,721,098	943,847	1,239,656	295,809	

	NOTE	2018 RUPEES	2017 RUPEES	
5 CAPITAL WORK IN PROGRESS				
Opening balance		~	37,709,058	
Addition during the year	5.1	120,200	37,459,402	
		120,200	75,168,460	
Less: Transferred to Fixed Assets		~	(75,168,460)	
		120,200	-	
5.1 Capital work in progress - Addition				
Plant and Machinery		~	26,507,328	
Building		120,200	10,952,074	
		120,200	37,459,402	
6 STORES AND SPARES				
General stores		14,563,323	13,388,428	
7 STOCK IN TRADE				
Raw material				
-Stock at company premises		132,078,892	58,662,812	
-Stock held with third parties		1,703,725	700,992	
		133,782,617	59,363,804	
Work in process		112,777,089	112,276,601	
Finished goods		113,021,611	61,141,196	
		359,581,317	232,781,601	
8 TRADE DEBTS				
Trade debts - Unsecured and considered good	8.1	2,677,141	8,486,535	
Dealers - Secured against guarantee cheques		70,447,963	24,956,068	
Other customers - Unsecured and considered good		~	5,257,600	
		73,125,104	38,700,203	
8.1 Trade debts include balances due from the following related parties:				
Millat Tractors Limited	8.2	2,677,141	8,486,535	
8.2 Aging of due from related parties				
	2018		2017	
	Neither past due nor impaired	Past due 1-6 months but not impaired	Neither past due nor impaired	Past due 1-6 months but not impaired
Millat Tractors Limited	~	2,677,141	~	8,486,535

8.3 The maximum aggregate amount receivable from Millat Tractors Limited at the end of any month during the year was Rs 37,236,243 (2017: Rs 21,654,346).

	NOTE	2018 RUPEES	2017 RUPEES
9 LOANS AND ADVANCES - CONSIDERED GOOD			
Import in transit-Secured		824,190	13,813,914
Advances to suppliers- Unsecured		3,993,355	14,890,372
Forced payment of sales tax to FBR	17.1.10	2,439,468	1,219,734
Other receivables - unsecured		625,035	30,442
Insurance claims receivable		122,267	4,753,886
		8,004,315	34,708,348
10 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		2,945,000	2,585,000
11 TAXATION ~ NET			
Opening balance		8,583,197	11,778,017
Add: Paid / deducted during the year		42,336,974	56,255,461
		50,920,171	68,033,478
Adjusted against current liability			
Current taxation		(19,109,611)	(55,374,675)
Workers' Welfare Fund		(4,175,592)	(4,531,805)
Prior year adjustment		640,630	456,199
		(22,644,573)	(59,450,281)
		28,275,598	8,583,197
12 CASH AND BANK BALANCES			
Cash in hand		331,805	166,561
Cash in hand - Imprest account		55,170	67,417
Cash at bank			
- Current account		4,721,627	4,535,492
- Deposit account (daily munafa account)		178,398	4,969,941
- R/F account	16.1	~	155,107
- Term deposit receipts	12.1	~	160,000,000
		5,287,000	169,894,518

12.1 The company has invested in Term Deposit Receipts (TDRs) of United Bank Limited under the name United Term Treasury Investment Product (UTTIP) with 7 Days' Notice Deposit carrying rate of return ranging from 3.75% to 5.50% (2017: 3.75% to 5.65%) and having tenures ranging from 7 days to 60 days. The company has encashed the said TDRs before year end.

13 SHARE CAPITAL

Authorised Capital

11,000,000 (2017: 11,000,000) Ordinary shares of Rs.10/- (2017: Rs. 10/-) each

110,000,000 110,000,000

Issued, subscribed and paid up Capital

8,952,840 (2017: 8,952,840) Ordinary shares of Rs. 10/- (2017: Rs. 10/-) each fully paid in cash

89,528,400 89,528,400

	NOTE	2018 RUPEES	2017 RUPEES	
13.1 Shares held by the related parties of the Company				
----- Number of shares -----				
Parent company				
Millat Tractors Limited		5,737,500	5,737,500	
Directors				
Sikandar M. Khan		543,750	543,750	
Latif Khalid Hashmi		362,500	362,500	
Mr. Sohail Bashir Rana		362,500	362,500	
Mr. Laeeq uddin Ansari		362,500	362,500	
Mian Muhammad Saleem		200,000	200,000	
Mr. Ahsan Imran Shaikh		33,650	33,650	
Khawaja Ijaz Majeed		10,000	10,000	
Executives				
Javed Aslam		10,000	10,000	
Zeeshan Yousaf		~	1,675	
14 DEFERRED TAXATION				
Deferred tax liability comprises temporary differences related to:				
Taxable temporary differences				
Accelerated depreciation for the tax purposes		13,427,988	16,080,909	
Deductible temporary differences				
Provision for Warranty		(2,191,729)	(1,056,046)	
Net deferred tax liability at the end of the year.		11,236,259	15,024,863	
		Deferred Tax Liability	Deferred Tax Assets	
			Net Liability	
Balance as at July 01, 2016		10,789,955	(1,002,893)	9,787,062
Charged 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
Charged/(Credited) to statement of comprehensive income		(2,652,921)	(1,135,683)	(3,788,604)
Balance as at June 30, 2018		13,427,988	(2,191,729)	11,236,259
15 TRADE AND OTHER PAYABLES				
Trade creditors		22,350,769	24,842,417	
General suppliers		14,138,774	14,861,841	
Accrued Liabilities		20,762,755	5,419,282	
Advance from customers		11,565,960	13,400,620	
Advance from staff	15.1	1,776,221	1,976,741	
Provision for warranty claims		7,305,763	3,406,601	
Workers' profit participation fund	15.2	3,167,801	11,208,167	
Workers' welfare fund		1,180,161	4,175,592	
Other payables		4,402,395	572,333	
		86,650,599	79,863,594	

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.

	NOTE	2018 RUPEES	2017 RUPEES
15.2 Workers' profit participation fund			
Opening balance		11,208,167	8,364,319
Payments made during the year		(11,208,167)	(8,364,319)
Allocation for the year		3,167,801	11,208,167
Closing balance		3,167,801	11,208,167
16 SHORT TERM BORROWINGS			
Running finance - secured			
Habib Bank Limited	16.1	15,321,963	-
		15,321,963	-

16.1 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 3 Month KIBOR + 0.40% (2017: 1 month KIBOR + 0.40%). The total limit is Rs. 100 million (2017: Rs. 100 million). At year end, the unutilized facility aggregated to 66 million (2017: Rs. 100 million). Also please refer notes 17.1.1 & 17.2.1.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 Guarantee issued by the HBL on behalf of company in the normal course of business amount to Rs. 1,795,183/- (2017: Rs.1,237,800/-) in favor of Sui Northern Gas Pipelines Limited.

17.1.2 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.

17.1.3 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.

17.1.4 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. 13,024/- 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.

17.1.5 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.

17.1.6 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. Assessment Proceedings u/s 122(1) were finalized vide order dated 22.06.2018 creating demand of Rs. 17,297,370/-. Company has filed appeal to CIR(A) on July 19, 2018. The case is pending for hearing before the Honorable CIR(A).

17.1.7 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.

17.1.8 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.

17.1.9 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.

17.1.10 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 instalments of which first instalment of Rs. 1,219,734/- was deposited on June 16, 2017 and second Instalment of Rs. 1,219,734 was deposited on September 25,2017 by the company. The legal advisor of the company has stated that the company has "Very good case & chances of success are very bright".

17.1.11 Sales tax audit u/s 25 of the Sales Tax Act, 1990 has been initiated by FBR on dated 03-05-2018. Proceedings are in process hence, no tax liability can be anticipated at this stage.

17.1.12 The Competition Commission of Pakistan has imposed a penalty of Rs 1 million on the company for being purportedly involved in deceptive marketing practice vide its order dated 30 March 2018. The company challenged the same before the competition Appellate Tribunal Islamabad submitting, "That the petitioner is not involved in any deceptive marketing practice". The Appellate Tribunal has admitted the case for hearing and during the pendency of appeal, the operation of impugned order dated, 30 March 2018 is suspended till the final decision of the order.

17.2 Commitments

17.2.1 Commitment in respect of outstanding letter of credit amount to Rs. 17,010,144 /- (2017: Rs. 4,640,556/-) at the date of financial position.

17.2.2 The Company has no other contingencies and commitments as on June 30, 2018.

	NOTE	2018 RUPEES	2017 RUPEES
18 SALES			
-Local		1,564,134,225	1,547,356,336
-Export		~	-
		1,564,134,225	1,547,356,336
-Sales tax		(216,566,783)	(215,629,386)
-Discount		(186,213,982)	(169,859,537)
		1,161,353,460	1,161,867,413
19 COST OF GOODS SOLD			
Raw material consumed	19.1	855,282,834	782,126,713
Salaries, wages and benefits	19.2	64,176,935	59,290,277
Manufacturing expenses:			
Fuel and power		39,130,418	39,826,859
Communication		358,110	315,022
Stores and spares consumed	19.3	17,519,371	22,978,794
Warranty claims		26,747,301	21,341,658
Repair and maintenance		2,947,907	2,402,078
Insurance		3,155,517	2,620,036
Rent, rates & taxes		~	2,174,400
Screen printing		2,812,072	2,629,065
Traveling and vehicle running		2,202,872	856,579
Entertainment		766,729	849,055
Depreciation		18,249,274	13,565,706
Other manufacturing overheads		568,959	890,364
		114,458,530	110,449,616
Total factory cost		1,033,918,299	951,866,606
Add: Opening work in process		112,276,601	56,306,992
		1,146,194,900	1,008,173,598
Less: Closing work in process		112,777,089	112,276,601
Cost of goods manufactured		1,033,417,811	895,896,997
Add: Opening finished goods		61,141,196	18,465,783
Cost of goods available for sale		1,094,559,007	914,362,780
Less: Closing finished goods		113,021,611	61,141,196
Cost of goods sold		981,537,396	853,221,584
19.1 Raw material consumed			
Opening stock		58,662,812	41,514,018
Add: Purchases - net		931,331,405	802,334,004
		989,994,217	843,848,022

	NOTE	2018 RUPEES	2017 RUPEES
Less: Closing stock		132,078,892	58,662,812
		857,915,325	785,185,210
Less: Sale of waste material		2,632,491	3,058,497
Raw material consumed		855,282,834	782,126,713
19.2	Salaries, wages and benefits include Rs.495,249/- (2017: Rs. 414,470/-) in respect of Provident Fund contributions.		
19.3	Stores and spares consumed		
Opening stock		13,388,428	12,703,467
Add: Purchases - net		18,694,266	23,663,755
		32,082,694	36,367,222
Less: Closing stock		14,563,323	13,388,428
Stores and spares consumed		17,519,371	22,978,794
20	DISTRIBUTION COST		
Salaries, wages and benefits	20.1	8,459,914	6,883,899
Fuel and power		1,304,131	1,327,557
Communication		230,323	202,913
Traveling & vehicle running		5,423,925	6,134,676
Freight charges		7,740,799	6,292,278
Advertisement		6,323,600	6,411,899
Printing and stationery		1,471,121	565,272
Entertainment		776,084	1,079,744
Rent, rates and taxes		1,969,681	2,063,382
Insurance		3,906,853	3,278,258
Depreciation		998,550	776,658
Miscellaneous		391,221	279,881
		38,996,202	35,296,417
20.1	Salaries, wages and benefits include Rs.208,721 /- (2017: Rs. 205,563/-) in respect of Provident Fund contributions.		
21	ADMINISTRATION AND GENERAL EXPENSES		
Salaries, wages and benefits	21.1	49,826,231	33,269,183
Fuel and power		3,043,477	3,097,646
Communication		695,885	429,753
Traveling and vehicle running		6,078,203	5,110,322
Printing and stationery		1,147,795	415,958
Newspapers and periodicals		11,115	10,358
Repairs and maintenance		1,247,028	884,292
Security expenses		3,742,835	3,277,248
Legal and professional charges		1,273,078	831,080
Auditor's remuneration	21.2	440,000	825,617
Entertainment		1,942,597	1,482,190
Rent, rates and taxes		142,425	143,425
Fee and subscription		1,741,806	1,644,640
Insurance		1,021,349	767,020
Depreciation		2,153,414	1,553,317
Other expenses		1,929,404	719,639
		76,436,642	54,461,688

	NOTE	2018 RUPEES	2017 RUPEES
21.1	Salaries, wages and benefits include Rs.857,430 /- (2017: Rs. 767,653/-) in respect of Provident Fund contributions.		
21.2	Auditors' remuneration		
	Audit fee	440,000	440,000
	Taxation advisory services	~	385,617
		440,000	825,617
22	OTHER INCOME		
	Income from financial assets:		
	Interest Income	1,544,606	5,555,918
	Income from assets other than financial assets:		
	Misc. income	176,287	-
	Gain on disposal of property, plant and equipment	~	295,809
		1,720,893	5,851,727
23	FINANCE COST		
	Mark-up on short term running finance - Secured	2,057,893	10,487
	Bank charges	690,193	565,618
		2,748,086	576,105
24	OTHER CHARGES		
	Workers' profit participation fund	3,167,801	11,208,167
	Workers' welfare fund	1,180,161	4,175,592
		4,347,962	15,383,759
25	TAXATION		
	For the year		
	-Current	19,109,611	55,374,675
	-Deferred	(3,303,931)	5,543,647
		15,805,680	60,918,322
	Prior Years		
	-Current	104,078	(456,199)
	-Deferred	(484,673)	(305,846)
		(380,595)	(762,045)
		15,425,085	60,156,277
25.1	Numerical reconciliation between average effective tax rate and the applicable tax rate.		
		%	%
	Applicable tax rate	30.00	31.00
	Effect of change in prior year	(0.64)	(0.36)
	Others	~	1.36
		(0.64)	1.00
		29.36	32.00

25.2 The provision for current year tax represent tax on taxable income at the rate of 30%. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

Years	Provision for taxation	Income tax as Per tax assessment	Excess / (shortage)
-----RUPEES-----			
2017	55,374,675	55,478,752	(104,077)
2016	68,747,292	68,651,174	96,118
2015	51,990,148	53,905,889	(1,915,741)

26 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
-----Rupees-----						
Remuneration	8,367,197	6,950,436	6,262,748	~	6,605,876	7,687,206
Medical	1,010,880	917,964	57,345	~	168,000	288,000
Reimbursement expenses	1,192,081	1,060,620	655,464	~	826,524	857,495
Bonus	2,468,428	3,414,378	576,560	~	2,064,193	3,927,804
Contribution to provident fund	505,440	458,982	172,780	~	135,246	299,232
Utilities	279,267	235,678	~	~	422,340	528,006
	13,823,293	13,038,058	7,724,897	~	10,222,179	13,587,743
Number of person	1	1	1	~	2	5

26.1 The Chief Executive Officer has been provided with company maintained vehicle for official as well as personal use.

26.2 The Companies Act, 2017 has changed the definition of 'Executive' by increasing the annual basic salary figure from five hundred thousands rupees to twelve hundred thousand rupees, therefore, the figures of both years are not comparable.

27 EARNING PER SHARE - BASIC AND DILUTED

27.1 Basic earnings per share	NOTE	2018 RUPEES	2017 RUPEES
Profit after taxation attributable to ordinary shareholders - Rupees		43,582,980	148,623,310
Weighted average number of ordinary shares in issue - Numbers		8,952,840	8,952,840
Earnings per share - Rupees		4.87	16.60

27.2 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.

28 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following statement of financial position amounts:

Cash and bank balances	12	5,287,000	169,894,518
Short-term borrowings	16	(15,321,963)	-
		(10,034,963)	169,894,518

28.1 Reconciliation of liabilities arising from financing activities

	As at June 30, 2017	Non Cash Changes	Cash flows	As at June 30, 2018
-----RUPEES-----				
Un claimed dividend	442,375	-	(65,296)	377,079
Dividend payable	-	89,528,400	(89,528,400)	-
Total liabilities from financing activities	442,375	89,528,400	(89,593,696)	377,079

29 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
FINANCIAL ASSETS						
Trade Deposits	-	-	-	2,945,000	-	2,945,000
Trade debts	-	-	-	73,125,104	-	73,125,104
Loan & Advances	-	-	-	747,302	-	747,302
Cash and bank balances	178,398	-	178,398	5,108,602	-	5,108,602
	178,398	-	178,398	81,926,008	-	81,926,008
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	73,308,418	-	73,308,418
Short term borrowings	15,321,963	-	-	377,079	-	15,321,963
Unclaimed Dividend	15,321,963	-	-	377,079	-	377,079
	15,321,963	-	-	73,685,497	-	89,007,460
Off - balance sheet financial instruments						
Guarantees	-	-	-	1,795,183	-	1,795,183
	-	-	-	1,795,183	-	1,795,183

29.1

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:

29.1.1

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.73,125,104/- (2017: Rs. 38,700,203/-). However, this risk is mitigated by applying individual credit limits, fidelity insurance cover and by securing the majority of trade debts against post dated cheques.

29.1.2

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments. The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2018	2017
Fixed rate instruments :		
Financial assets		
Bank balances - deposit accounts	178,398	4,969,941
Financial liabilities		
Short term borrowings	~	~
Floating rate instruments :		
Financial assets		
Bank balances - deposit accounts	~	~
Financial liabilities		
Short term borrowings	15,321,963	~

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 153 thousand lower / higher (2017: Nil) respectively. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

29.1.3 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 all the sales are made to local dealers. 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. At year end, no foreign currency financial assets and financial liabilities were existed.

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. At year end, the Company has Rs. 66 million available borrowing limits from financial institutions and Rs. 5,287,000/- cash and bank balances.

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

	2018		2017	
	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	-----Rs.-----			
Trade and other payables	73,308,418	73,308,418	73,308,418	73,308,418
Short term borrowings	15,321,963	15,321,963	15,321,963	15,321,963
Unclaimed Dividend	377,079	377,079	377,079	377,079
	89,007,460	89,007,460	89,007,460	89,007,460
	-----Rs.-----			
	Carrying amount	Contractual cash flows	Carrying amount	Less than 1 year
Trade and other payables	79,863,594	79,863,594	79,863,594	79,863,594
Short term borrowings	-	-	-	-
Unclaimed Dividend	442,375	442,375	442,375	442,375
	80,305,969	80,305,969	80,305,969	80,305,969

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 mainly equity based with minimal level of 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 year's ended June 30, 2018 and June 30, 2017 are as follows:-

	2018	2017
	-----Rs.-----	
Total Borrowing	15,321,963	-
Less: Cash and bank balances	5,287,000	169,894,518
Net debt / (Surplus)	10,034,963	(169,894,518)
Total Equity	526,716,000	572,661,420
Total Capital	536,750,963	572,661,420
Gearing Ratio	2%	0%

29.3 Fair Value of Financial Instruments

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

30 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 "4A56". Remuneration of directors and key management personnel is disclosed in Note "5-28A455". Other significant transactions with related parties are as follows:

Relation with the Company	Nature of transaction	2018 RUPEES	2017 RUPEES
Holding Company	Sales of goods	287,518,134	212,240,875
Associated Company	Sales of goods	16,928	13,924
Staff Provident Fund	Provident Fund Contribution	1,561,207	1,388,686

30.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

Name of the Entity	Basis of Relationship	Description
Millat Tractors Limited	Holding Company	64% Shareholding
Millat Equipment Limited	Associated Company	Common Directorship
MIPL Staff Provident Fund	Staff Provident Fund	Staff

The Company intends to take the approval of the transactions with related parties from the shareholders in General Meeting.

31 NUMBER OF EMPLOYEES

	2018	2017
Total number of employees (including contractual labour) as at June 30	241	235
Total number of factory employees (including contractual labour) as at June 30	235	230
Average number of employees during the year (including contractual labour)	243	224
Average number of factory employees during the year (including contractual labour)	237	219

32 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 217,771 batteries {Standard 15 plates 203,684 batteries compared with (2017: 201,535 standard 15 plates 211,208 batteries} against annual manufacturing capacity of 262,000 batteries (2017: 212,000)

There has been low market demand of batteries which lead to under utilization of our production capacity.

33 DISCLOSURES RELATING TO PROVIDENT FUND

Size of the fund	14,408,956	10,908,600
Cost of investment made	12,386,414	8,696,088
Percentage of investment made	86%	80%
Fair value of investments	12,460,852	8,696,088

33.1 Break up of investments

Special accounts in a scheduled bank	12,386,414	696,088
Term finance certificates	-	8,000,000
	12,386,414	8,696,088

33.2% age of investments made in terms of the size of the fund

Special accounts in a scheduled bank	86%	7%
Term finance certificates	0%	73%
	86%	80%



33.3 The figures for 2018 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 218 of the Companies Act, 2017, and the rules formulated for this purpose.

34 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

All significant transactions and events that have affected the Company’s financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

35 EVENT AFTER THE REPORTING DATE

The Board of Directors has proposed the payment of dividend of Rs. 1 per share (2017 : Rs. 10 per share) on the ordinary share capital of the company in their meeting held on **August 20, 2018**.

36 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on **August 20, 2018**.

37 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. Following reclassifications have been made which, however, have not been significant / material.

		2018 RUPEES	2017 RUPEES
Reclassified from component	Reclassified to component		
Trade and other payable	Unclaimed dividend (Disclosed on the face of statement of financial position)	377,079	442,375

38 GENERAL

- Figures have been rounded off to the nearest rupee.

Raajeev Z. Anwar

CHIEF EXECUTIVE

[Signature]

DIRECTOR





Proxy Form

17th 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 Friday, October 26,
2018 at 03:30 p.m. at Company’s Registered Office, 8.8 km Sheikhpura Road, Lahore and at any
adjournment thereof.

Signed this _____ day of _____ 2018

Witness:

1. Signature : _____
Name: _____
Address: _____

CNIC or
Passport No: _____

Signature

Please affx
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

17 واں سالانہ اجلاس عام

میں / ہم _____
 ساکن _____ ملت انڈسٹریل پروڈکٹس لمیٹڈ
 رکن و حاصل _____ عام حصص برطابق شیئر رجسٹر فو لیو نمبر _____،
 ساکن _____ یا بصورت دیگر _____ ساکن _____
 کو اپنی جگہ بروز جمعہ مورخہ 26 اکتوبر 2018ء بوقت 03:30 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 _____ 2018

گواہان:

براہ کرم پانچ روپے مالیت کے
 ریونیوکلٹ چسپاں کریں۔

دستخط

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

1 دستخط: _____

نام: _____

پتہ: _____

سی این آئی سی یا پاسپورٹ نمبر: _____

2 دستخط: _____

نام: _____

پتہ: _____

سی این آئی سی یا پاسپورٹ نمبر: _____

نوٹ:

- ۱۔ 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 2014/787(1) مورخہ 8 ستمبر 2014 کے بموجب سہولت مہیا کی گئی ہے کہ کمپنی اپنی سالانہ بیلنس شیٹ اور نفع و نقصان کے گوشوارے محاسب و نظمہ کی مرتب کردہ 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 2014/787(1) 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

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