



# MILLAT BATTERIES

Annual Report 2019



Lighten Your World WITH THE BATTERY THAT LASTS.....



## MIPL

Millat Industrial Products Limited

A Millat Group Company



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## Vision

To be a top quality battery producing  
company in Pakistan.



## Mission

To produce top quality battery by using skilled labor on sophisticated machines and by utilizing best available materials to ensure entire satisfaction of customers and stakeholders.



## Corporate Information

### BOARD OF DIRECTORS

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

### CHIEF EXECUTIVE

Mr. Raafey Zaman Durrani

### COMPANY SECRETARY

Mian Muhammad Saleem

### CHIEF FINANCIAL OFFICER

Mr. 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](http://www.millatbatteries.com)

**FACTORY**

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Bhai Pheru Distt. Kasur.  
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**Mr. Sikandar Mustafa Khan**  
Chairman



**Mr. Sohail Bashir Rana**  
Director



**Mr. Latif Khalid Hashmi**  
Director



**Mr. Laeeq Uddin Ansari**  
Director



**Mian Muhammad Saleem**  
Company Secretary / Director



**Mr. Ahsan Imran Shaikh**  
Director



**Mr. Raafey Zaman Durrani**  
Chief Executive



## NOTICE OF 18TH ANNUAL GENERAL MEETING

Notice is hereby given that 18th 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 25, 2019 at 3:00 P.M to transact the following business:

### A. ORDINARY BUSINESS

- 1) To confirm minutes of 17th Annual General Meeting held on October 26, 2018.
- 2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon.
- 3) To appoint auditors and fix their remuneration for the year ending June 30, 2020.

### B. SPECIAL BUSINESS

- 4) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2019 by passing the following special resolution with or without modification.

"Resolved that the following transactions conducted with Related Parties for the year ended June 30, 2019 be and are hereby ratified, approved and confirmed."

2019 (AMOUNTS IN RUPEES)			
NAME(S)	PURCHASES	SALES	OTHERS
MILLAT TRACTORS LIMITED	-	271,949,914	-
MILLAT TRACTORS LIMITED	-	-	7,329,124
MILLAT EQUIPMENT LIMITED	-	32,568	-
BOLAN CASTINGS LIMITED	-	18,298	-
<b>TOTAL</b>	<b>-</b>	<b>272,000,780</b>	<b>7,329,124</b>

- 5) To authorize Chief Executive of the Company to approve transactions with Related Parties for the year ending June 30, 2020 by passing the following special resolution with or without modification.



“Resolved that the Chief Executive of the Company be and is hereby authorized to approve the transactions with Related Parties during the period from July 01, 2019 till the next Annual General Meeting of the Company”.

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

**C. ANY OTHER BUSINESS**

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

By order of the Board



Mian Muhammad Saleem  
Company Secretary

Lahore:  
October 04, 2019

**NOTES**

1. The share transfer books of the Company will remain closed from October 19, 2019 to October 25, 2019 (both days inclusive) and no transfer will be accepted during this period.
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.
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 regulations 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. 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 25, 2019.

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

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 therefore, the transactions with group companies for the year ended June 30, 2019 are being placed before the shareholders for their consideration and approval/ratification.

It may be noted that principal activity of the company is to manufacture batteries for tractors and other automobiles. The commercial reason for entering into RPTs was uninterrupted smooth supply throughout the year.

The information of the Related party transactions as required under Regulation 5(1) of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 is as under: -

Sr.#	Information Required	Details
1	Name of Related Parties	Millat Tractors Limited, Millat Equipment Limited and Bolan Castings Limited
2	Names of interested or concerned persons or directors	M/s. Sikandar Mustafa Khan, Latif Khalid Hashmi, Sohail Bashir Rana, Laeeq Uddin Ansari and Mian Muhammad Saleem
3	Nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in related party	Common directorship and shareholding in companies.
4	Detail, description, terms and conditions of transactions	Sale of automotive batteries against confirmed orders.
5	Amount of Transactions	As disclosed in item 04 of notice of AGM.
6	Time frame or duration of the transactions or contracts or arrangements.	Throughout the financial year.
7	Pricing Policy	At mutually agreed price

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, 2020 in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the group companies. Therefore, these transactions with group companies have to be approved by the shareholders.





In order to ensure smooth supply during the year, the shareholders may authorize the Chief Executive to approve transactions with group on case to case basis from July 01, 2019 till the next AGM. 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, 2019

The Directors feel pleasure in presenting their 18th Annual Report together with the Audited Accounts of the Company for the year ended June 30, 2019.

### ACCOUNTS / APPROPRIATIONS

Financial results for the year are as follows:

Accumulated profit Brought Forward	Rs. 437,187,600
Profit for the year before tax	Rs. 331,779
Less: Dividend (year 2018 @ 10%)	Rs. (8,952,840)
Less: Current Taxation	Rs. (14,433,792)
Appropriations	Rs. -
Profit carried forward	Rs. 414,132,747

### PATTERN OF SHAREHOLDING

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

## (LOSS)/EARNING PER SHARE

The loss per share for the year was Rs. (1.58) compared to earnings per share of Rs. 4.87 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. During the year, four board meetings were held. The names of the directors are as under: -

### Name of Director

Mr. Sikandar M. Khan (Chairman)  
 Mr. Sohail Bashir Rana  
 Mr. Latif Khalid Hashmi  
 Mr. Laeeq Uddin Ansari  
 Mian Muhammad Saleem  
 Mr. Ahsan Imran Shaikh  
 Mr. Raafey Zaman Durrani (CEO)

## 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 manufacture 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 of "Millat Batteries" as quality product.



Company has successfully launched some models of solar batteries with maximum backup time to meet the requirement of solar customers. Also sale of deep cycle batteries has been increased as compared to last year. 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.

## PRINCIPAL RISKS AND UNCERTAINTIES

The major risks and uncertainties being faced by the Company are fluctuation in prices of raw material, increased cost of imported raw material due to unprecedented devaluation of Rupee, low demand of batteries for UPS in view of improved electricity supply and entry of new competitors in the market.

During the year increase in price of lead which constituted a major part of the cost element has adversely affected the profit margin. 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 recover from the current after-tax loss and conversion of the same in to profit by setting a challenging sales target in the next financial year.

New entrant and changing market dynamics will be countered by quality and cost control.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place and being implemented by concerned personals. Additionally, the same are 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

Overall economic condition of the country will also affect the growth of the Company. The future depends on maintenance free and solar battery. Company has aligned itself to meet the challenging business environment by entering in to manufacturing of deep cycle battery.

## 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, 2020. 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, 2019 compared to 40 employees as on June 30, 2018.

## 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.





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Green



## CORPORATE SOCIAL RESPONSIBILITY

### I. CORPORATE PHILANTHROPY

The Company has not made any contribution towards corporate philanthropy.

### II. ENERGY CONSERVATION

Moving towards energy conservation, energy efficient 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 have been installed for energy and cost saving. Latest equipment has been installed with machinery to minimize the electricity consumptions with optimum efficiency.

### III. ENVIRONMENTAL PROTECTION MEASURES

Maximum plantation has been ensured for protection of 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 aims to protect customers through quality products at affordable price. The Company 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.

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. 25.173 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](http://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, 2019

*S. Saeed*  
DIRECTOR





### 10. کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات:

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

### 11. عطیات برائے قومی مقاصد:

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

### 12. قومی خزانے میں جمع کرائی گئی رقم:

کمپنی نے 25.173 ملین روپے کی رقم بلا واسطہ ٹیکس کی صورت میں قومی خزانے میں جمع کرائی ہے۔

### 13. دیہی ترقیاتی پروگرام:

کمپنی نے اس ضمن میں کوئی حصہ نہیں لیا۔

### 14. ویب کی موجودگی:

کمپنی کی فنانشیل اسٹیٹمنٹس برائے موجودہ مالی سال بشمول پچھلے تین سالوں کی سالانہ رپورٹس سرمایہ داروں کی معلومات کمپنی کی ویب سائٹ

پر موجود ہیں۔ [www.millatbatteries.com](http://www.millatbatteries.com)

ڈائریکٹر

بجلم بورڈ  
چیف ایگزیکٹو آفیسر

لاہور

20 اگست 2019



## 2. توانائی کا تحفظ:

توانائی کو بچانے کے لیے، توانائی کے معیار پر پورا اترنے والے 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 مؤثر بجلی کے آلات اور ایل ای ڈی لائٹس نصب کئے جارہے ہیں۔ جدید ترین سامان مشینری کے ساتھ انصب کر دیا گیا ہے تاکہ بجلی کی کھپت کو زیادہ سے زیادہ مؤثر طریقے سے کم کر سکیں۔

## اقدامات برائے تحفظ ماحولیات:

فیٹری کے احاطے کے ارد گرد ماحولیاتی نظام کے تحفظ کو یقینی بنانے کے لئے شجر کاری شروع کی گئی ہے۔ ماحول کی حفاظت اور تحفظ کے لئے صنعتی فضلے کو مناسب طریقے سے ڈسپوز کیا جاتا ہے۔ پانی کی آلودگی کی روک تھام 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 کا مقصد کم قیمت پر معیاری مصنوعات کے ذریعے صارفین کو تحفظ فراہم کرنا ہے۔ 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۔

## 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 ساز و سامان 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 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۔

## 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:

ملک کی مجموعی معاشی حالت کمپنی کی ترقی کو بھی متاثر کرے گی۔ کمپنی کے مستقبل کا انحصار مینٹیننس فری اور سولر بیٹری پر ہے۔ کمپنی نے چیلینجنگ کاروباری ماحول سے نمٹنے کے لیے اس میں داخل ہو کر ڈیپ سائیکل بیٹری کی تیاری کی صف بندی کر لی 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 2020 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 بوٹ کے ساتھ رجسٹرڈ ہو چکے ہیں اور آئی کیپ سے اپنی کیوسی آر کی تسلی بخش ریٹنگ دی ہے اور تقرری کی پیش کش کے لیے اہل قرار دیا ہے۔

## ملازمین کی تعداد:

30 جون 2019 کو مستقل ملازمین کی تعداد 40 تھی جو کہ 30 جون 2018 کو 40 تھی۔

## مجوزہ بعد ازاں واقعات:

کمپنی کے مالی سال کے اختتام سے لے کر اس رپورٹ کی تاریخ تک کوئی بھی قابل ذکر تبدیلی نہیں آئی جو کہ کمپنی کی مالی حالت کو متاثر کرے۔ سوائے اس کے جو اس رپورٹ میں درج ہے۔

## کارپوریٹ سماجی ذمہ داری:

### 1. کارپوریٹ خدمت خلق:

کمپنی نے کسی کارپوریٹ خدمت خلق میں شرکت نہیں کی۔



## 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 لیسٹق 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 استعمال کے لیے 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۔

سولر صارفین کی ضرورت کو پورا کرنے کے لیے کمپنی نے زیادہ سے زیادہ بیک اپ ٹائم کے ساتھ کچھ سولر بیٹریز کے ماڈلز کا آغاز کیا ہے۔ نیز گزشتہ سال کے مقابلے میں ڈیپ سائیکل بیٹریز کی فروخت میں اضافہ ہوا ہے۔ بیٹری فیلڈ میں ٹیکنالوجی میں ترقی کے ساتھ ہم قدم رہتے ہوئے، کمپنی نے مینٹیننس فری بیٹری کا ٹیسٹ اور ٹرائل تقریباً مکمل کر لیا ہے جس کو مستقبل قریب میں مارکیٹ میں لایا جائے گا۔

## بنیادی خدشات اور غیر یقینیاں:

کمپنی کو جو اہم خدشات اور غیر یقینی صورتحال لاحق ہے ان میں مقامی خام مال کی قیمتوں میں اتار چڑھاؤ، روپے کی قدر میں بے مثال کمی، 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۔

دوران سال لیڈ کی قیمت میں اضافے، جو کہ بیٹری کی لاگت کا ایک اہم عنصر ہے، نے منافع کے مارجن کو بری طرح متاثر کیا۔ کمپنی کے کاروبار کی نوعیت سے متعلق مالی سال کے دوران کوئی تبدیلی نہیں ہوئی ہے۔

## مستقبل کے منافع کا امکان:

کمپنی کا ہدف اگلے مالی سال میں سیز کے چیلینجنگ ٹارگٹ کا تعین کرتے ہوئے ٹیکس کے بعد ہونے والے نقصان کو منافع میں بدلنا ہے۔

نئی متعارف ہونے والی کمپنیز اور مارکیٹ کے بدلے ہوئے حالات کا مقابلہ کمپنی اپنی لاگت میں کمی اور بہتر معیار سے کرے گی۔

## ڈائریکٹرز کی رپورٹ

ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی 18 ویں سالانہ رپورٹ بمعہ آڈیٹڈ اکاؤنٹس برائے سال 30 جون 2019 پیش کرتے ہیں۔

### منافع منقسمہ:

اس سال کے مالیاتی نتائج مندرجہ ذیل ہیں۔

روپے	437,187,600	سال کے آغاز پر جمع شدہ منافع:
روپے	331,779	برائے سال جمع آمدنی قبل از ٹیکس:
روپے	(8,952,540)	منہا: ڈیوڈینڈ (برائے سال 2018 @ 10%)
روپے	(14,433,792)	موجودہ ٹیکسیشن:
روپے	414,132,747	آئندہ سال کے لیے لیجا یا گیا منافع:

### شیئر ہولڈر کا پیٹرن:

30 جون 2019 شیئر ہولڈر کا پیٹرن رپورٹ میں شامل ہے۔

### فی حصص نقصان / آمدن:

سال 2019 کے لیے فی حصص نقصان 1.58 روپے رہا۔ گزشتہ سال یہ آمدن 4.87 روپے فی حصص تھی۔

### بورڈ آف ڈائریکٹرز:

موجودہ بورڈ سٹاٹ 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۔ سال 2019 کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ڈائریکٹرز کے نام درج ذیل ہیں:

جناب سکندر مصطفیٰ خان (چیئرمین)

جناب سہیل بشیر رانا

جناب لطیف خالد ہاشمی

جناب لیسق الدین انصاری

جناب میاں محمد سلیم

جناب احسن عمران شیخ

جناب رافع زمان درانی (چیف ایگزیکٹو)

An  
Effective and Dependable  
Power Solution





## Pattern of Shareholding as at June 30, 2019

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
8	1	100	665
30	101	500	8,014
58	501	1,000	45,842
48	1,001	1,500	58,146
37	1,501	2,000	66,403
17	2,001	3,000	39,554
16	3,001	5,000	59,956
55	5,001	40,000	854,163
5	40,001	100,000	251,347
4	100,001	400,000	1,287,500
1	400,001	600,000	543,750
1	600,001	6,000,000	5,737,500
280			8,952,840



## Shareholding Information

Categories of shareholders	No. of Shareholders	Shares held	Percentage
1. Directors, Chief Executive Officer, and their spouse and minor children			
<b>DIRECTORS</b>			
Mr. Sikandar M. Khan	1	543,750	6.07%
Mr. Latif Khalid Hashmi	1	362,500	4.05%
Mr. Sohail Bashir Rana	1	362,500	4.05%
Mr. Laeeq uddin Ansari	1	362,500	4.05%
Mian Muhammad Saleem	1	200,000	2.23%
Mr. Ahsan Imran Shaikh	1	33,650	0.38%
2. Associated Companies, undertakings and related parties			
a. Millat Tractors Limited	1	5,737,500	64.09%
3. NIT and ICP	-		
4. Banks 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. Foreign	-	-	-
9. Others			
a. Joint Stock Companies	-	-	-
b. Trusts	-	-	-
c. Public	273	1,350,440	15.08%
<b>Total</b>	<b>280</b>	<b>8,952,840</b>	<b>100.00%</b>



## Ten Years' Performance

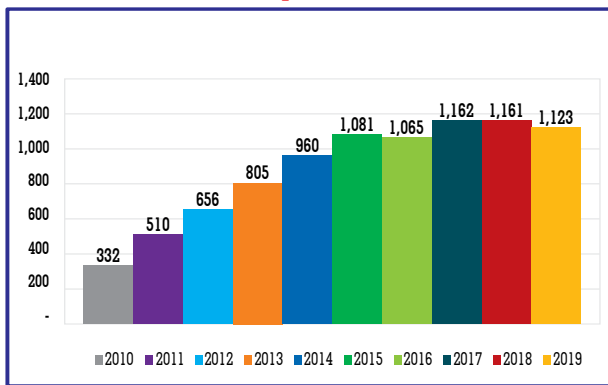
TRADING RESULTS		2019	2018	2017
Sales - Net	Rs.	1,123,257,343	1,161,353,460	1,161,867,413
Gross profit	Rs.	114,290,657	179,816,064	308,645,829
Operating profit/ (Loss)	Rs.	6,507,586	64,383,220	218,887,724
Profit/ (loss) before tax	Rs.	331,779	59,008,065	208,779,587
Net profit/ (loss) after tax	Rs.	(14,102,013)	43,582,980	148,623,310
	Rs.			
FINANCIAL POSITION				
Owner's Equity:				
Share capital	Rs.	89,528,400	89,528,400	89,528,400
Accumulated profit/ (loss)	Rs.	414,132,747	437,187,600	483,133,020
	Rs.	503,661,147	526,716,000	572,661,420
Operating fixed assets	Rs.	132,965,678	148,400,043	167,350,957
Long term liabilities:				
Deferred liabilities	Rs.	9,595,603	11,236,259	15,024,863
INVESTOR INFORMATION				
Sales growth	%	(3.28)	(0.04)	9.10
Gross profit growth	%	(36.44)	(41.74)	(1.16)
Operating profit/ (loss) growth	%	(89.89)	(70.59)	(8.88)
Profit before tax growth	%	(99.44)	(71.74)	(7.86)
Net profit after tax growth	%	(132.36)	(70.68)	(1.88)
Gross profit ratio	%	10.17	15.48	26.56
Operating profit ratio	%	0.58	5.54	18.84
Profit before tax ratio	%	0.03	5.08	17.97
Net profit after tax ratio	%	(1.26)	3.75	12.79
Return on equity	%	(2.80)	8.27	25.95
Return on assets	%	(10.61)	29.37	88.81
(Loss) / Earning per share (after tax)	Rs.	(1.58)	4.87	16.60
Current ratio	Times	3.75:1	4.80:1	6.23:1
Quick ratio	Times	2.10:1	1.12:1	3.14:1
Dividend Cover (Div/Earning)	Times	-	4.87	1.66
Rate of Dividend	%	-	10.00	100.00



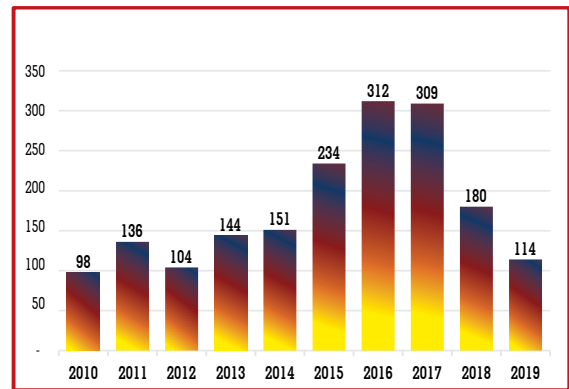
2016	2015	2014	2013	2012	2011	2010
1,064,935,501	1,080,636,249	959,890,273	804,847,628	655,669,714	509,874,027	331,629,235
312,281,298	234,456,063	151,332,181	144,025,698	104,986,952	136,279,955	98,896,097
240,216,150	171,785,823	96,934,151	87,435,065	57,179,174	96,916,380	68,454,292
226,590,238	161,413,311	90,309,422	84,046,474	51,639,544	89,794,210	64,233,346
151,465,503	108,884,980	58,783,896	55,121,744	34,820,531	60,359,204	43,563,139
89,528,400	89,528,400	89,528,400	89,528,400	89,528,400	89,528,400	89,528,400
406,132,430	299,431,127	217,404,667	176,526,451	134,833,969	108,966,278	48,607,074
495,660,830	388,959,527	306,933,067	266,054,851	224,362,369	198,494,678	138,135,474
117,363,717	70,775,694	63,573,975	51,500,919	49,966,031	49,063,143	35,237,961
9,787,062	5,338,463	4,799,837	3,896,672	3,892,348	3,658,215	900,438
(1.45)	12.58	19.26	22.75	28.59	53.75	38.12
33.19	54.93	5.07	37.18	(22.96)	37.80	34.66
39.83	77.22	10.86	52.91	(41.00)	41.58	37.14
40.38	78.73	7.45	62.76	(42.49)	39.79	50.79
39.11	85.23	6.64	58.30	(42.31)	38.56	13.15
29.32	21.70	15.77	17.89	16.01	26.73	29.82
22.56	15.90	10.10	10.86	8.72	19.01	20.64
21.28	14.94	9.41	10.44	7.88	17.61	19.37
14.22	10.08	6.12	6.85	5.31	11.84	13.14
30.56	27.99	19.15	20.72	15.52	30.41	31.54
129.06	153.85	92.47	107.03	69.69	123.02	123.63
16.92	12.16	6.57	6.16	3.89	6.74	4.87
7.70:1	6.49:1	6.57:1	5.01:1	5.75:1	5.35:1	4.09:1
5.42:1	3.93:1	3.86:1	3.09:1	3.49:1	2.86:1	2.62:1
2.11	2.43	2.19	3.08	2.59	6.74	-
80.00	50.00	30.00	20.00	15.00	10.00	-

# Performance Review

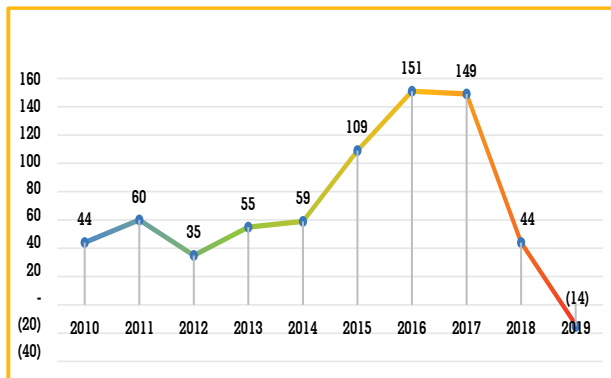
**Sales - Rupees in Million**



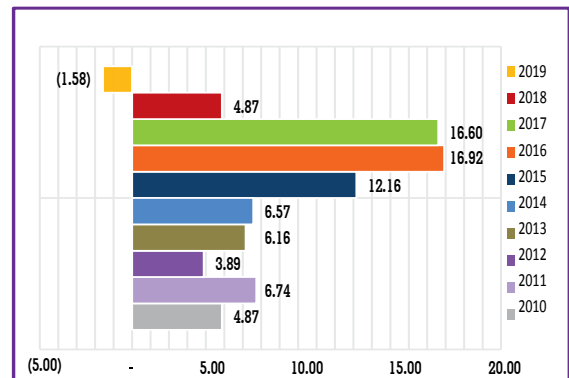
**Gross profit - Rupees in Million**



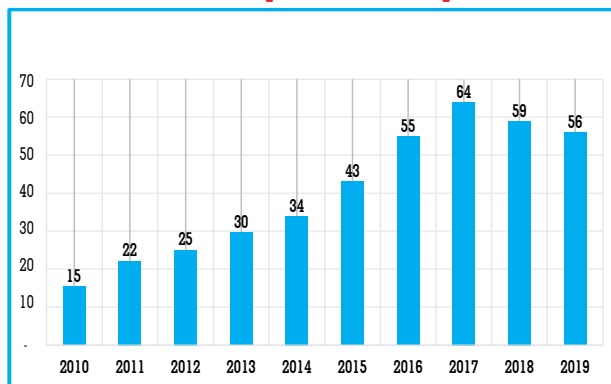
**Net profit / (Loss) after tax - Rupees in Million**



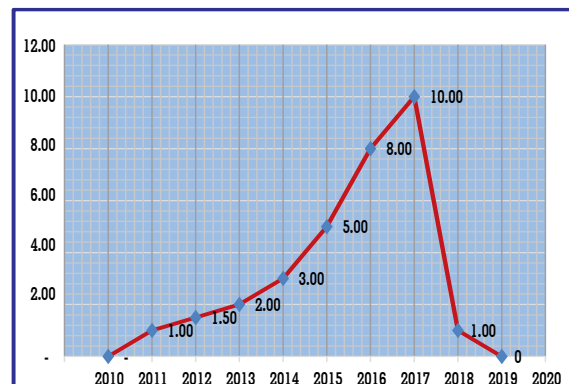
**Earning / (Loss) per shares - Rupees**

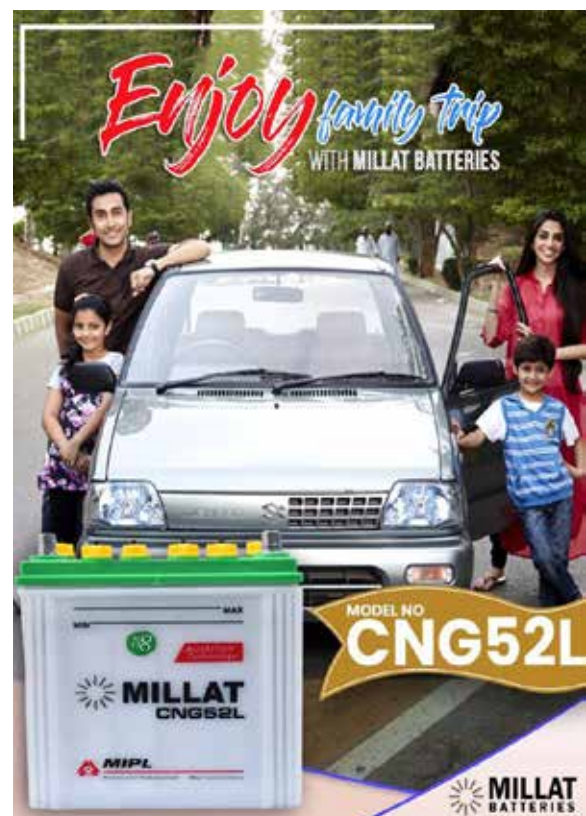
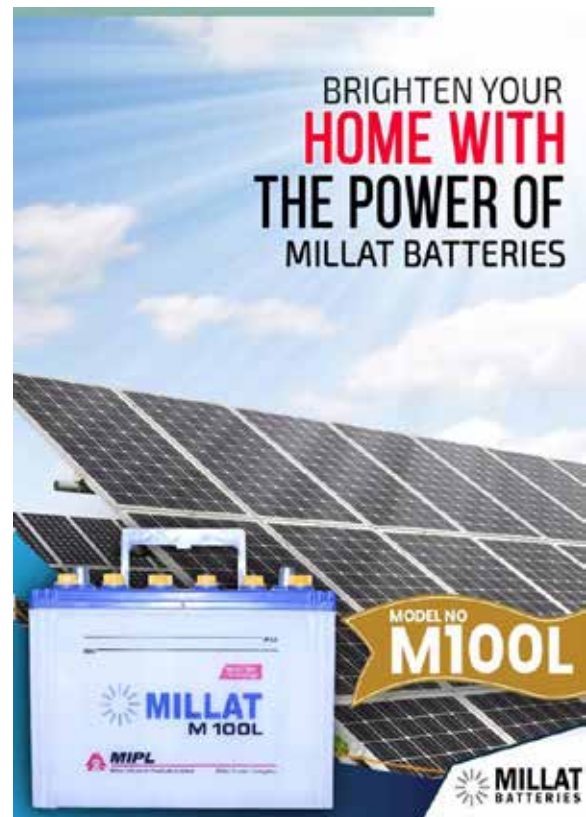


**Net assets per share - Rupees**



**Dividend per share - Rupees**







# Financial Statements

For The Year Ended June 30, 2019



# 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, 2019, 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, 2019 and of the loss and other comprehensive loss, 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.



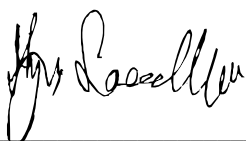
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### 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 Ilyas**.



Chartered accountants  
LAHORE  
Date: 20 August, 2019

## Statement of Financial Position

As at June 30, 2019

	Note	2019 Rupees	2018 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Tangible fixed assets	4	132,965,678	148,400,043
Capital work in progress	5	-	120,200
		132,965,678	148,520,243
<b>CURRENT ASSETS</b>			
Stores and spares	6	14,381,026	14,563,323
Stock in trade	7	206,902,908	359,581,317
Trade debts	8	232,775,186	73,125,104
Loans and advances	9	19,111,450	8,004,315
Trade deposits and short term prepayments	10	7,118,797	2,945,000
Taxation - Net	11	36,194,603	28,275,598
Cash and bank balances	12	1,856,280	5,287,000
		518,340,250	491,781,657
<b>TOTAL ASSETS</b>		<b>651,305,928</b>	<b>640,301,900</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	13	89,528,400	89,528,400
Unappropriated profit		414,132,747	437,187,600
		503,661,147	526,716,000
<b>NON CURRENT LIABILITIES</b>			
Deferred taxation	14	9,595,603	11,236,259
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	123,734,676	86,650,599
Short term borrowings	16	13,948,646	15,321,963
Unclaimed dividend		365,856	377,079
		138,049,178	102,349,641
<b>CONTINGENCIES AND COMMITMENTS</b>	17	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>651,305,928</b>	<b>640,301,900</b>

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

*Raafay Z. Durrani*  
Chief Executive

*1/ Stream*  
Director

## Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Sales	18	1,123,257,343	1,161,353,460
Cost of goods sold	19	1,008,966,686	981,537,396
Gross profit		114,290,657	179,816,064
<b>Operating Expenses</b>			
Distribution cost	20	38,372,994	38,996,202
Administration and general expenses	21	69,410,077	76,436,642
		107,783,071	115,432,844
<b>Operating profit</b>		6,507,586	64,383,220
Other income	22	223,521	1,720,893
		6,731,107	66,104,113
Finance cost	23	6,374,881	2,748,086
Other charges	24	24,447	4,347,962
		6,399,328	7,096,048
<b>Profit before taxation</b>		331,779	59,008,065
Taxation	25	14,433,792	15,425,085
<b>(Loss) / Profit after taxation</b>		(14,102,013)	43,582,980
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss subsequently		-	-
Items not to be reclassified to profit or loss subsequently		-	-
		-	-
<b>Total comprehensive (loss) / income</b>		(14,102,013)	43,582,980
<b>(Loss) / Earnings per share - Basic and Diluted</b>	27	(1.58)	4.87

(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)

*Raafay Z. Durani*  
Chief Executive

*[Signature]*  
Director



## Statement of Changes in Equity

### For The Year Ended June 30, 2019

	Share capital	Unappropriated Profit	Total
PARTICULARS	Rupees		
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
Dividend paid @ 10% for the year	-	(8,952,840)	(8,952,840)
Total comprehensive loss for the year	-	(14,102,013)	(14,102,013)
Balance as at June 30, 2019	89,528,400	414,132,747	503,661,147

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

*Raafay Z. Durrani*  
 Chief Executive

*1/8/2019*  
 Director

# Statement of Cash Flows

## For The Year Ended June 30, 2019

PARTICULARS	Note	2019 Rupees	2018 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit before taxation		331,779	59,008,065
<b>Adjustments for:</b>			
Depreciation		18,636,834	21,325,248
Gain on disposal of property, plant and equipment		(41,872)	-
Workers' welfare fund		6,636	1,180,161
Finance Cost		6,374,881	2,748,086
Cash flow before working capital changes		25,308,258	84,261,560
<b>Working capital changes:</b>			
<b>(Increase) / decrease in current assets:</b>			
Stores and spares		182,297	(1,174,895)
Stock in trade		152,678,409	(126,799,716)
Trade debts		(159,650,082)	(34,424,901)
Loans and advances		(11,107,135)	26,704,033
Trade deposits and short term prepayments		(4,173,797)	(360,000)
<b>Increase / (decrease) in current liabilities:</b>			
Trade and other payables		36,605,917	6,226,242
<b>Net working capital changes</b>		39,843,867	(45,567,677)
Finance cost paid		(5,896,721)	(2,187,323)
Taxes paid		(24,000,089)	(40,086,251)
<b>Net cash inflow / (outflow) from operating activities</b>		9,947,057	(87,841,251)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(3,314,271)	(4,108,879)
Capital work in progress		(38,272)	(120,200)
Sale proceeds of property, plant and equipment		312,146	1,734,545
<b>Net cash (outflow) from investing activities</b>		(3,040,397)	(2,494,534)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid	28.1	(8,964,063)	(89,593,696)
<b>Net cash (outflow) from financing activities</b>		(8,964,063)	(89,593,696)
Net decrease in cash and cash equivalents		(2,057,403)	(179,929,481)
Cash and cash equivalents at the beginning of the year		(10,034,963)	169,894,518
<b>Cash and cash equivalents at the end of the year</b>	28	(12,092,366)	(10,034,963)

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

*Raafay Z. Durani*  
Chief Executive

*1/ Stream*  
Director

# Notes to the Financial Statements

For the year ended June 30, 2019

## 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- Sheikhpura 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:

- During the current year, the Company has incurred loss due to increased competition in the market together with the reduction in demand for UPS batteries. The cost of production has increased due to high lead prices and deteriorating exchange rate.

## 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) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.1 NEW AND AMENDED STANDARDS AND INTERPRETATIONS BECOME EFFECTIVE

The Company has adopted the following revised standards, amendments in accounting standards and interpretations of IFRS which became effective for the current year:

- |        |  |
|--------|--|
| IAS 28 | – Investments in Associates and Joint Ventures – Annual Improvements to IFRS 2014–2016 Cycle |
| IAS 40 | – Investment Property – Transfers of Investment Property (Amendments)                        |



IFRS 2	– Share-based Payment – Classification and Measurement of Share-based Payments Transactions (Amendments)
IFRS 4	– Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 9	– Financial Instruments
IFRS 15	– Revenue from Contracts with Customers
IFRIC 22	– Foreign Currency Transactions and Advance Consideration

#### Impact of IFRS 9

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual period ending on or after June 30, 2019 bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

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

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

#### Impact of IFRS 15

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

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

The adoption of the above standards, amendments, 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)
IAS 1 – Presentation of Financial Statements Amendments	01 January 2020
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors Amendments	01 January 2020
IAS 12 – Income Taxes – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 – Borrowing Costs – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IAS 28 – Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures	01 January 2019
IFRS 3 – Business Combinations – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IFRS 3 – Business Combinations Amendments	01 January 2020
IFRS 9 – Financial Instruments – Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 16 – Leases	01 January 2019
IFRS 11 – Joint Arrangements – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IFRIC 23 – Uncertainty over Income Tax Treatments	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 - 1 First - Adoption of International Financial Reporting Standards	
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.

## 2.3 BASIS OF MEASUREMENT

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 policies 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

#### **3.2 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 INVESTMENTS**

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

The company recognizes revenue from contract with customer based on a five step model as set out in IFRS 15.

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

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

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

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

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

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

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

### **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**

#### **3.15.1 FINANCIAL ASSETS**

##### **a) Initial recognition and measurement**

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

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI. It needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at it an instrument level. The company's business model for managing financial asset refers to how it manages its financial assets in order to generate cash flows. The business

model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Purchases or sales of the financial assets that require delivery of assets within a time frame established by regulation or convention in a market place (regular way trades) are recognized on the trade date, i.e. the date that the company commits to purchase or sell the assets.

#### **b) Subsequent measurement**

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

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

Financial assets at amortised cost (debt instruments)

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

The financial asset is held within a business model with The objective to held financial assets in order to collect contractual cash flows; and

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

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

#### **c) Derecognition**

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

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

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

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

### **3.15.2 FINANCIAL LIABILITIES**

#### **a) Initial recognition and measurement**

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

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

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

#### **b) Subsequent measurement**

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

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

#### **c) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, for the terms of existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition a new liability. The differences in the respective carrying amounts is recognized in the statement of profit or loss.

### **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

2019										
PARTICULARS	COST			DEPRECIATION			WRITTEN DOWN			
	AS ON 01-07-2018	ADDITION	(DELETION)	AS ON 30-06-2019	RATE %	AS ON 01-07-2018	ADJUSTMENT ON DISPOSAL	FOR THE YEAR	AS ON 30-06-2019	VALUE AS ON 30-06-2019
Land - Freehold	10,455,396	-	-	10,455,396	-	-	-	-	-	10,455,396
Buildings - Freehold	81,496,126	152,622	-	81,648,748	10	20,919,024	-	6,066,392	26,985,416	54,663,332
Plant and machinery	84,562,816	1,663,980	-	86,226,796	15	33,875,402	-	7,718,702	41,594,104	44,632,692
Tools and equipment	33,433,194	-	-	33,433,194	15	19,750,587	-	2,052,391	21,802,978	11,630,216
Furniture and fixture	3,283,615	112,265	-	3,395,880	15	2,034,426	-	200,593	2,235,019	1,160,861
Vehicles	19,597,751	993,400	(931,900)	19,659,251	20	9,591,872	(679,067)	2,157,282	11,070,087	8,589,164
Office equipment	2,128,192	323,308	-	2,451,500	15	1,175,035	-	159,222	1,334,257	1,117,243
Computer hardware	2,495,049	227,188	(108,804)	2,613,413	30	1,705,750	(91,363)	282,252	1,896,639	716,774
<b>Total</b>	<b>237,452,139</b>	<b>3,472,743</b>	<b>(1,040,704)</b>	<b>239,884,178</b>		<b>89,052,096</b>	<b>(770,430)</b>	<b>18,636,834</b>	<b>106,918,500</b>	<b>132,965,678</b>
2018										
PARTICULARS	COST			DEPRECIATION			WRITTEN DOWN			
	AS ON 01-07-2017	ADDITION	(DELETION)	AS ON 30-06-2018	RATE %	AS ON 01-07-2017	ADJUSTMENT ON DISPOSAL	FOR THE YEAR	AS ON 30-06-2018	VALUE AS ON 30-06-2018
Land - Freehold	10,455,396	-	-	10,455,396	-	-	-	-	-	10,455,396
Buildings - Freehold	81,224,022	272,104	-	81,496,126	10	14,196,028	-	6,722,996	20,919,024	60,577,102
Plant and machinery	81,647,494	2,915,322	-	84,562,816	15	25,261,062	-	8,614,340	33,875,402	50,687,414
Tools and equipment	32,994,059	439,135	-	33,433,194	15	17,370,400	-	2,380,187	19,750,587	13,682,607
Furniture and fixture	3,227,280	56,335	-	3,283,615	15	1,818,727	-	215,699	2,034,426	1,249,189
Vehicles	21,910,251	190,500	(2,503,000)	19,597,751	20	7,441,432	(773,804)	2,924,244	9,591,872	10,005,879
Office equipment	2,047,563	80,629	-	2,128,192	15	1,010,826	-	164,209	1,175,035	953,157
Computer hardware	2,456,257	154,854	(116,062)	2,495,049	30	1,512,890	(110,713)	303,573	1,705,750	789,299
<b>Total</b>	<b>235,962,322</b>	<b>4,108,879</b>	<b>(2,619,062)</b>	<b>237,452,139</b>		<b>68,611,365</b>	<b>(884,517)</b>	<b>21,325,248</b>	<b>89,052,096</b>	<b>148,400,043</b>

4.1 Tools and equipment includes dies and moulds having book value of Rs 3,054,899/- (2018: Rs. 3,593,999/-) 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:

	2019	2018
Cost of goods sold	15,977,112	18,226,032
Administrative and general expenses	1,773,148	2,066,144
Distribution cost	886,575	1,033,072
	<b>18,636,835</b>	<b>21,325,248</b>

#### 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
Rupees							
2019		-	-	-	-	-	
2018	Ijaz Majeed, CEO	2,503,000	773,804	1,729,196	1,729,196	-	Company car scheme

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	Note	2019 Rupees	2018 Rupees
<b>9 LOANS AND ADVANCES - CONSIDERED GOOD</b>			
Import in transit-Secured		7,339,747	824,190
Advances to suppliers- Unsecured	9.1	8,352,556	3,993,355
Forced payment of sales tax to FBR	17.1.9	2,439,468	2,439,468
Other receivables - unsecured		603,377	625,035
Insurance claims receivable		376,302	122,267
		<b>19,111,450</b>	<b>8,004,315</b>
<b>9.1</b> Advances to suppliers include an advance of Rs 5,968,310/- (2018: Nil) to IFS Research & Development (Private) Limited for ERP software.			
<b>10 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits - Unsecured and considered good		7,118,797	2,945,000
<b>11 TAXATION - NET</b>			
Opening balance		28,275,598	8,583,197
Add: Paid / deducted during the year		25,173,614	42,336,974
		53,449,212	50,920,171
<b>Adjusted against current liability</b>			
Current taxation		(15,090,017)	(19,109,611)
Workers' Welfare Fund		(1,180,161)	(4,175,592)
Prior year adjustment		(984,431)	640,630
		(17,254,609)	(22,644,573)
		<b>36,194,603</b>	<b>28,275,598</b>
<b>12 CASH AND BANK BALANCES</b>			
Cash in hand		367,385	331,805
Cash in hand - Imprest account		83,374	55,170
Cash at bank			
- Current account		1,375,475	4,721,627
- Deposit account (daily munafa account)		30,046	178,398
		<b>1,856,280</b>	<b>5,287,000</b>



	2019 Rupees	2018 Rupees
<b>13 SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
11,000,000 (2018: 11,000,000) Ordinary shares of Rs.10/- (2018: Rs. 10/-) each	110,000,000	110,000,000
<b>Issued, subscribed and paid up Capital</b>		
8,952,840 (2018: 8,952,840) Ordinary shares of Rs. 10/- (2018: Rs. 10/-) each fully paid in cash	89,528,400	89,528,400

<b>13.1 Shares held by the related parties of the Company</b>	2019	2018
	----- Number of shares -----	
<b>Parent company</b>		
Millat Tractors Limited	5,737,500	5,737,500
<b>Directors</b>		
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
<b>Executives</b>		
Javed Aslam	10,000	10,000

	2019 Rupees	2018 Rupees
<b>14 DEFERRED TAXATION</b>		
Deferred tax liability comprises temporary differences related to:		
<b>Taxable temporary differences</b>		
Accelerated depreciation for the tax purposes	12,206,858	13,427,988
<b>Deductible temporary differences</b>		
Provision for Warranty	(2,611,255)	(2,191,729)
Net deferred tax liability at the end of the year.	9,595,603	11,236,259

	Deferred Tax Liability	Deferred Tax Assets	Net Liability
	----- Rupees -----		
Balance as at July 01, 2017	16,080,909	(1,056,046)	15,024,863
Charged 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
Charged/(Credited) to statement of comprehensive income	(1,221,130)	(419,526)	(1,640,656)
<b>Balance as at June 30, 2019</b>	<b>12,206,858</b>	<b>(2,611,255)</b>	<b>9,595,603</b>

	Note	2019 Rupees	2018 Rupees
<b>15 TRADE AND OTHER PAYABLES</b>			
Trade creditors		68,347,181	22,350,769
General suppliers		14,655,840	14,138,774
Accrued liabilities		20,487,766	20,762,755
Advance from customers		4,090,965	11,565,960
Advance from staff	15.1	1,875,936	1,776,221
Provision for warranty claims		9,004,326	7,305,763
Workers' profit participation fund	15.2	17,811	3,167,801
Workers' welfare fund		6,636	1,180,161
Other payables		5,248,215	4,402,395
		<b>123,734,676</b>	<b>86,650,599</b>

**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.

<b>15.2 Workers' profit participation fund</b>		
Opening balance	3,167,801	11,208,167
Payments made during the year	(3,167,801)	(11,208,167)
Allocation for the year	17,811	3,167,801
Closing balance	<b>17,811</b>	<b>3,167,801</b>

<b>16 SHORT TERM BORROWINGS</b>		
Running finance - secured		
Habib Bank Limited	16.1	<b>13,948,646</b>
		<b>15,321,963</b>

- 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 133.4 M 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% (2018: 3 month KIBOR + 0.40%). The total limit is Rs. 100 million (2018: Rs. 100 million). At year end, the unutilized facility aggregated to 57 million (2018: Rs. 66 million). Also please refer notes 17.2.1 & 17.2.2.

## **17 CONTINGENCIES AND COMMITMENTS**

### **17.1 Contingencies**

- 17.1.1** 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.

- 17.1.2** 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.

- 17.1.3** 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 161/2015 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.

- 17.1.4** 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.

- 17.1.5** 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 had filed appeal to CIR(A) which was finalized vide order dated 27-09-2018 granting relief of Rs. 17,297,370/-by ordering that the contention of the company is found correct and the OIR is directed to adjust / correct his order on the basis of documentary evidence furnished by company to CIR(A).

- 17.1.6** 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 of CIR(A) order, 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.

**17.1.7** 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.

**17.1.8** The company has lost Suit no. 3452/2013, State Vs Muhammad Iqbal Qureshi, vide decision passed by XXIV Judicial Magistrate South Karachi. The company has preferred an appeal against the decision in the Sindh High Court.

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.

**17.1.9** 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".

**17.1.10** 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. Proceeding was finalized vide order dated 22.3.2019 creating demand of Rs. 939,033/-. Company filled appeal to CIR(A) dated 15.04.2019 and appeal has not been heard till date. The legal advisor of the company has stated that the company has "Very good case & chances of success are very bright".

**17.1.11** 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 it's 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** Guarantee issued by the HBL on behalf of company in the normal course of business amount to Rs. 1,435,183/- (2018: Rs.1,435,183/-) in favor of Sui Northern Gas Pipelines Limited.

**17.2.3** Commitment in respect of outstanding letter of credit amount to Rs. 27,554,338/- (2018: Rs.17,010,144/-) at the date of financial position.

**17.2.3** The Company has no other contingencies and commitments as on June 30, 2019.



	Note	2019 Rupees	2018 Rupees
<b>18 SALES</b>			
-Local		1,454,052,737	1,564,134,225
-Export		71,877,678	-
		1,525,930,415	1,564,134,225
-Sales tax		(196,983,685)	(216,566,783)
-Discount		(205,689,387)	(186,213,982)
		1,123,257,343	1,161,353,460
<b>19 COST OF GOODS SOLD</b>			
Raw material consumed	19.1	775,900,126	855,282,834
Salaries, wages and benefits	19.2	56,307,199	64,176,935
<b>Manufacturing expenses:</b>			
Fuel and power		42,763,257	39,130,418
Communication		247,692	358,110
Stores and spares consumed	19.3	19,047,413	17,519,371
Warranty claims		28,714,929	26,747,301
Repair and maintenance		4,011,995	2,947,907
Insurance		3,465,514	3,155,517
Screen printing		2,607,156	2,812,072
Traveling and vehicle running		836,375	2,202,872
Entertainment		536,790	766,729
Depreciation		15,977,112	18,249,274
Other manufacturing overheads		1,997,447	568,959
		120,205,680	114,458,530
<b>Total factory cost</b>		952,413,005	1,033,918,299
Add: Opening work in process		112,777,089	112,276,601
		1,065,190,094	1,146,194,900
Less: Closing work in process		106,162,015	112,777,089
<b>Cost of goods manufactured</b>		959,028,079	1,033,417,811
Add: Opening finished goods		113,021,611	61,141,196
<b>Cost of goods available for sale</b>		1,072,049,690	1,094,559,007
Less: Closing finished goods		63,083,004	113,021,611
<b>Cost of goods sold</b>		1,008,966,686	981,537,396

	Note	2019 Rupees	2018 Rupees
<b>19.1 RAW MATERIAL CONSUMED</b>			
Opening stock		132,078,892	58,662,812
Add: Purchases - net		704,658,160	931,331,405
		836,737,052	989,994,217
Less: Closing stock		58,226,554	132,078,892
		778,510,498	857,915,325
Less: Sale of waste material		2,610,372	2,632,491
Raw material consumed		775,900,126	855,282,834
<b>19.2</b>	Salaries, wages and benefits include Rs.563,346/- (2018: Rs. 495,056/-) in respect of Provident Fund contributions.		
<b>19.3 Stores and spares consumed</b>			
Opening stock		14,563,323	13,388,428
Add: Purchases - net		18,865,116	18,694,266
		33,428,439	32,082,694
Less: Closing stock		14,381,026	14,563,323
Stores and spares consumed		19,047,413	17,519,371
<b>20 DISTRIBUTION COST</b>			
Salaries, wages and benefits	20.1	10,442,924	8,459,914
Fuel and power		1,425,441	1,304,131
Communication		204,414	230,323
Traveling & vehicle running		6,835,658	5,423,925
Freight charges		7,579,557	7,740,799
Advertisement		2,611,398	6,323,600
Printing and stationery		1,263,391	1,471,121
Entertainment		1,018,887	776,084
Rent, rates and taxes		1,903,084	1,969,681
Insurance		4,057,274	3,906,853
Depreciation		886,574	998,550
Miscellaneous		144,392	391,221
		38,372,994	38,996,202

**20.1** Salaries, wages and benefits include Rs.225,050/- (2018: Rs. 208,721/-) in respect of Provident Fund contributions.

	Note	2019 Rupees	2018 Rupees
<b>21 ADMINISTRATION AND GENERAL EXPENSES</b>			
Salaries, wages and benefits	21.1	42,609,218	49,826,231
Fuel and power		3,326,032	3,043,477
Communication		642,801	695,885
Traveling and vehicle running		7,373,937	6,078,203
Printing and stationery		717,328	1,147,795
Newspapers and periodicals		13,287	11,115
Repairs and maintenance		742,083	1,247,028
Security expenses		3,505,051	3,742,835
Legal and professional charges		1,645,856	1,273,078
Auditors' remuneration	21.2	460,000	440,000
Entertainment		1,987,172	1,942,597
Rent, rates and taxes		175,452	142,425
Fee and subscription		1,901,787	1,741,806
Insurance		1,119,903	1,021,349
Depreciation		1,773,148	2,153,414
Other expenses		1,417,022	1,929,404
		<b>69,410,077</b>	<b>76,436,642</b>

**21.1** Salaries, wages and benefits include Rs.441,880/- (2018: Rs. 857,430 /-) in respect of Provident Fund contributions.

**21.2 Auditor's remuneration**

Annual audit fee	460,000	440,000
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**22 OTHER INCOME**

Income from financial assets:		
Interest Income	3,349	1,544,606
<b>Income from assets other than financial assets:</b>		
Misc. income	178,300	176,287
Gain on disposal of property, plant and equipment	41,872	-
	<b>223,521</b>	<b>1,720,893</b>

	Note	2019 Rupees	2018 Rupees
<b>23 FINANCE COST</b>			
Mark-up on short term running finance - Secured		5,385,093	2,057,893
Markup on early settlement - MTL	23.1	185,194	-
Bank charges		804,594	690,193
		<b>6,374,881</b>	<b>2,748,086</b>

**23.1** This represents markup charged by Millat Tractors Limited, the holding company, against early settlement of invoices.

<b>24 OTHER CHARGES</b>			
Workers' profit participation fund		17,811	3,167,801
Workers' welfare fund		6,636	1,180,161
		<b>24,447</b>	<b>4,347,962</b>

<b>25 TAXATION</b>			
<b>For the year</b>			
- Current		15,090,017	19,109,611
- Deferred		(1,266,114)	(3,303,931)
		<b>13,823,903</b>	<b>15,805,680</b>
<b>Prior Years</b>			
- Current		984,431	104,078
- Deferred		(374,542)	(484,673)
		<b>609,889</b>	<b>(380,595)</b>
		<b>14,433,792</b>	<b>15,425,085</b>

**25.1** The provision for current year's tax is based on minimum tax @ 1.25% of turnover u/s 113 of the Income Tax Ordinance, 2001. Hence, the numerical reconciliation between average effective tax rate and the applicable tax rate is not presented. 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-----			
2018	19,109,611	20,094,042	(984,431)
2017	55,374,675	55,478,752	(104,077)
2016	68,747,292	68,651,174	96,118



## 26 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
	-----Rs.-----					
Remuneration	5,265,088	8,367,197	10,056,270	6,262,748	6,572,118	6,605,876
Medical	297,231	1,010,880	144,290	57,345	168,000	168,000
Reimbursement expenses	1,006,946	1,192,081	1,093,360	655,464	942,336	826,524
Bonus	526,893	2,468,428	1,210,776	576,560	1,456,224	2,064,193
Contribution to provident fund	-	505,440	-	172,780	147,000	135,246
Utilities	232,966	279,267	630,885	-	453,252	422,340
	7,329,124	13,823,293	13,135,581	7,724,897	9,738,930	10,222,179
Number of person	1	1	1	1	2	2

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

	2019 Rupees	2018 Rupees
<b>27 EARNING PER SHARE - BASIC AND DILUTED</b>		
<b>27.1 Basic earnings per share</b>		
(Loss) / Profit after taxation attributable to ordinary shareholders - Rupees	(14,102,013)	43,582,980
Weighted average number of ordinary shares in issue - Numbers	8,952,840	8,952,840
(Loss) / Earnings per share - Rupees	(1.58)	4.87

### 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.

	Note	2019 Rupees	2018 Rupees
<b>28 CASH AND CASH EQUIVALENTS</b>			
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	1,856,280	5,287,000
Short-term borrowings	16	(13,948,646)	(15,321,963)
		(12,092,366)	(10,034,963)

### 28.1 Reconciliation of liabilities arising from financing activities

	As at June 30, 2018	Non Cash Changes	Cash flows	As at June 30, 2019
	-----RUPEES-----			
Un claimed dividend	377,079	-	(11,223)	365,856
Dividend payable	-	8,952,840	(8,952,840)	-
<b>Total liabilities from financing activities</b>	<b>377,079</b>	<b>8,952,840</b>	<b>(8,964,063)</b>	<b>365,856</b>

## 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	2019	2018
<b>FINANCIAL ASSETS</b>	Rs.-----							
Trade Deposits				7,118,797		7,118,797	7,118,797	2,945,000
Trade debts	-	-	-	232,775,186	-	232,775,186	232,775,186	73,125,104
Loan & Advances	-	-	-	979,679	-	979,679	979,679	747,302
Cash and bank balances	30,046	-	30,046	1,826,234	-	1,826,234	1,856,280	5,287,000
	30,046	-	30,046	242,699,896	-	242,699,896	242,729,942	82,104,406
<b>FINANCIAL LIABILITIES</b>								
Trade and other payables	-	-	-	117,767,775	-	117,767,775	117,767,775	73,308,418
Short term borrowings	13,948,646					13,948,646	13,948,646	15,321,963
Unclaimed Dividend				365,856		365,856	365,856	377,079
	13,948,646	-	-	118,133,631	-	132,082,277	132,082,277	89,007,460
<b>Off - balance sheet financial instruments</b>								
Guarantees	-	-	-	1,435,183	-	-	1,435,183	1,435,183
	-	-	-	1,435,183	-	-	1,435,183	1,435,183

### 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. Risk management is carried out by the Board of Directors (the Board). The Board provides for overall risk management, as well as policies covering specific areas 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.232,775,186/- (2018: Rs. 73,125,104/-). 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 variable 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:

	2019 Rupees	2018 Rupees
<b>Fixed rate instruments :</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	30,046	178,398
<b>Financial liabilities</b>		
Short term borrowings	-	-
<b>Floating rate instruments :</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	-	-
<b>Financial liabilities</b>		
Short term borrowings	13,948,646	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 13.9 million lower / higher (2018: 153 million) 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. 57 million (2018: Rs. 66 million) available borrowing limits from financial institutions and Rs. 1,856,280/- (2018: Rs.5,287,000/-) cash and bank balances.

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

	2019		
	Carrying amount	Contractual cash flows	Less than 1 year
	-----Rs.-----		
Trade and other payables	117,767,775	117,767,775	117,767,775
Short term borrowings	13,948,646	13,948,646	13,948,646
Unclaimed Dividend	365,856	365,856	365,856
	<u>132,082,277</u>	<u>132,082,277</u>	<u>132,082,277</u>
	2018		
	Carrying amount	Contractual cash flows	Less than 1 year
	-----Rs.-----		
Trade and other payables	73,308,418	73,308,418	73,308,418
Short term borrowings	15,321,963	15,321,963	15,321,963
Unclaimed Dividend	377,079	377,079	377,079
	<u>89,007,460</u>	<u>89,007,460</u>	<u>89,007,460</u>

#### 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 years ended June 30, 2019 and June 30, 2018 are as follows:-



	2019 Rupees	2018 Rupees
Total Borrowing	13,948,646	15,321,963
Less: Cash and bank balances	1,856,280	5,287,000
Net debt / (Surplus)	12,092,366	10,034,963
Total Equity	503,661,147	526,716,000
Total Capital	515,753,513	536,750,963
Gearing Ratio	2%	2%

### 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 4.4. Remuneration of directors and key management personnel is disclosed in Note 26. Markup received from related party is shown in Note 23.1 Other significant transactions with related parties are as follows:

	Note	2019 Rupees	2018 Rupees
<b>Relation with the Company</b>	<b>Nature of transaction</b>		
Holding Company	Sales of goods	271,949,914	287,518,134
Holding Company	C.E.O. remuneration	7,329,124	-
Associated Companies	Sales of goods	50,866	16,928
Staff Provident Fund	Provident Fund Contribution	1,230,276	1,561,207

**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
Bolan Casting 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

	2019	2018
Total number of employees (including contractual labour) as at June 30	243	241
Total number of factory employees (including contractual labour) as at June 30	233	235
Average number of employees during the year (including contractual labour)	246	243
Average number of factory employees during the year (including contractual labour)	237	237

## 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 consumers' demand. The actual production during the year was according to market demand. During the year, the actual production capacity attained was 192,921 batteries {Standard 15 plates 168,923 batteries compared with (2018: 217,771 standard 15 plates 203,684 batteries} against annual manufacturing capacity of 300,000 standard 15 plates batteries (2018: 300,000).

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

	2019 Rupees	2018 Rupees
<b>33 DISCLOSURES RELATING TO PROVIDENT FUND</b>		
Size of the fund	12,808,520	14,408,956
Cost of investment made	10,254,715	12,386,414
Percentage of investment made	80%	86%
Fair value of investments	10,254,715	12,460,852
<b>33.1 Break up of investments</b>		
Special accounts in a scheduled bank	2,254,715	12,386,414
Term finance certificates	8,000,000	-
	10,254,715	12,386,414
<b>33.2 % age of investments made in terms of the size of the fund</b>		
Special accounts in a scheduled bank	18%	86%
Term finance certificates	62%	0%
	80%	86%

**33.3** The figures for 2018 and 2019 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. Nil per share (2018 : Rs. 1 per share) on the ordinary share capital of the company in their meeting held on 20 August 2019.

### 36 DATE OF AUTHORISATION FOR ISSUE

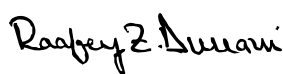
These financial statements were authorised for issue by the Board of Directors on 20 August 2019.

### 37 CORRESPONDING FIGURES

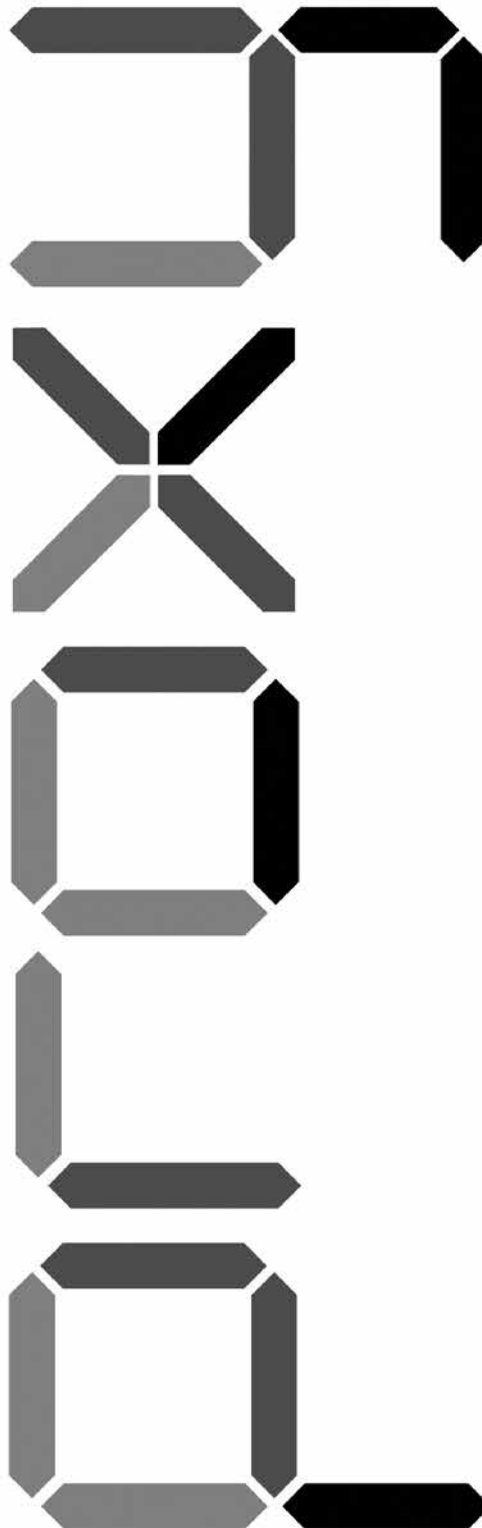
There have been no significant reclassifications / restatements to these financial statements during the year.

### 38 GENERAL

- Figures have been rounded off to the nearest rupee.

  
 Chief Executive

  
 Director





# Proxy Form

## 18th 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 25,  
2019 at 03:00 p.m. at Company's Registered Office, 8.8 km Sheikhpura Road, Lahore and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Witness:

1. Signature : \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC or  
Passport No: \_\_\_\_\_

Signature

Please affix  
Rupees five  
revenue stamp

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

2. Signature : \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC or  
Passport No: \_\_\_\_\_

### Important:

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member(s) or by his / her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to the instrument.
3. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, 8.8 km Sheikhpura Road, Lahore, not less than 48 hours before the time of holding the meeting.

## تشکیل نیابت داری

18 واں سالانہ اجلاس عام

میں / ہم \_\_\_\_\_  
 ساکن \_\_\_\_\_ ملٹ انڈسٹریل پروڈکٹس لمیٹڈ  
 رکن و حاصل \_\_\_\_\_ عام حصص بمطابق شیئر رجسٹر فو لیو نمبر \_\_\_\_\_،  
 ساکن \_\_\_\_\_ یا بصورت دیگر \_\_\_\_\_ ساکن \_\_\_\_\_  
 کو اپنی جگہ بروز جمعہ مورخہ 25 اکتوبر 2019ء بوقت 03:00 بجے سہ پہر، بمقام رجسٹرڈ آفس 8.8 کلومیٹر شیخوپورہ روڈ  
 لاہور میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط کئے گئے مورخہ \_\_\_\_\_ 2019

گواہان:

1 \_\_\_\_\_ دستخط:

نام:

پتہ:

سی این آئی سی یا پاسپورٹ نمبر:

2 \_\_\_\_\_ دستخط:

نام:

پتہ:

سی این آئی سی یا پاسپورٹ نمبر:

براہ کرم پانچ روپے مالیت کے  
 ریونیو ٹکٹ چسپاں کریں۔

دستخط

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

نوٹ:

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

# Electronic Transmission Consent

Pursuant to the allowance granted through SRO 787(I)/2014 of September 08, 2014, by the Securities Exchange Commission of Pakistan, the Company can circulate its annual balance sheet and profit and loss accounts, auditors' report and directors' report etc. ("Audited Financial Statements") along with the Company's Notice of Annual General Meeting through email to its shareholders. Those shareholders who wish to receive the Company's Annual Report via email are requested to provide a completed consent form to the Company Secretary.

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

## Electronic Transmission Consent Form

The Company Secretary,

Dated: \_\_\_\_\_

8.8 km Sheikhpura Road,  
Lahore.

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

\_\_\_\_\_ hereby consent to have Millat Industrial Products Limited's audited financial statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Name \_\_\_\_\_ of \_\_\_\_\_ Member \_\_\_\_\_ /

Shareholder \_\_\_\_\_

Folio Number \_\_\_\_\_

Email Address \_\_\_\_\_

It is stated that the above mentioned information is true and correct and that I shall notify the Company in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's audited financial statements and Notice of Annual General Meeting.

\_\_\_\_\_  
Signature of the Member / Shareholder

## اظہار رضامندی بابت ترسیل برق روی

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

ولدیت / زوجیت

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

ممبر / حصص دار کا نام:

فولیو نمبر:

ای میل ایڈریس:

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

ممبر / حصص دار کے دستخط:



49 K.M., Off Multan Road, Bhai, Pheru.  
Phone : +92-49-4540528  
Fax : +92-49-4540328  
Email: [mipl@millatbatteries.com](mailto:mipl@millatbatteries.com)