



MILLAT BATTERIES

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



Annual Report 2021



MIPL

Millat Industrial Products Limited
A Millat Tractor 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. Laeeq Uddin Ansari
Mian Muhammad Saleem
Mr. Ahsan Imran Shaikh
Mr. Sohail Ahmad Nisar

CHIEF EXECUTIVE

Mr. Javed Aslam

COMPANY SECRETARY

Mr. Zeeshan Yousaf

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
Meezan Bank Limited



REGISTERED ADDRESS

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

WEBSITE

www.millatbatteries.com

FACTORY

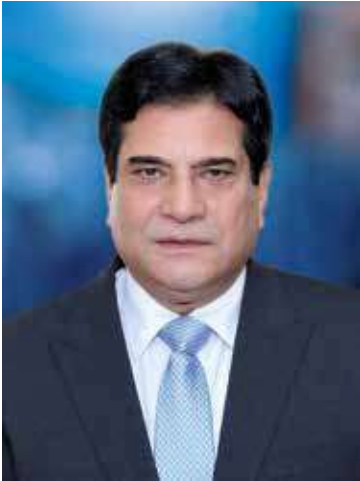
49 K.M., Off Multan Road,
Bhai Pheru Distt. Kasur.
Ph: 049-4540128, 4540528
Fax: 049-4540328

EMAIL ADDRESS

mipl@millatbatteries.com



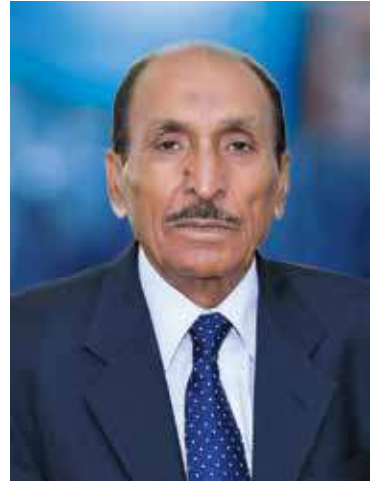
Mr. Sikandar Mustafa Khan
Chairman



Mr. Sohail Bashir Rana
Director



Mr. Laeeq Uddin Ansari
Director



Mian Muhammad Saleem
Director



Mr. Ahsan Imran Shaikh
Director



Mr. Sohail Ahmad Nisar
Director



Mr. Javed Aslam
Chief Executive



NOTICE OF 20th ANNUAL GENERAL MEETING

Notice is hereby given that 20th Annual General Meeting of Millat Industrial Products Limited will be held at the Registered Office of the Company at 8.8 K.M. Sheikhpura Road, Shahdara, Lahore, on Monday, October 25, 2021 at 2:30 P.M to transact the following business:

A. ORDINARY BUSINESS

- 1) To confirm minutes of 19th Annual General Meeting held on October 30, 2020.
- 2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2021 together with the Directors' and Auditors' Reports thereon.
- 3) To approve final cash dividend of Rs. 7.50 per share i.e., 75 %.
- 4) To appoint auditors and fix their remuneration for the year ending June 30, 2022.

B. SPECIAL BUSINESS

- 5) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2021 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, 2021 be and are hereby ratified, approved and confirmed."

2021 (AMOUNTS IN RUPEES)

NAME(S)	PURCHASES	SALES
MILLAT TRACTORS LIMITED	-	345,786,521
MILLAT EQUIPMENT LIMITED	-	51,136
TOTAL	-	345,837,657

- 6) To authorize Chief Executive of the Company to approve transactions with Related Parties for the year ending June 30, 2022 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, 2021 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."

- 7) To consider, adopt with or without modification the following special resolution to substitute Article 18 of the Articles of Association of the Company.

“Resolved that Article 18 of the Articles of Association of the company be and is hereby substituted as under;

The remuneration of the Directors, other than the regularly paid Chief Executive and full-time working Directors, shall not exceed Rupees 100,000/- per meeting attended of the Board and Rupees 50,000 per meeting attended of the Committee of the Board.”

C. ANY OTHER BUSINESS

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

By order of the Board



Zeeshan Yousof
Company Secretary

Lahore:
October 04, 2021

1. The share transfer books of the Company will remain closed from October 19, 2021 to October 25, 2021 (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. This will assist in prompt receipt of Dividend.
4. Members who have not yet submitted photocopy of their computerized National identity Card (CNIC) to the company are requested to send the same at the earliest.
5. As per 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. As per Section 150 of the Income Tax Ordinance, 2001, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:
 - (a) For filers of income tax returns 15.00%
 - (b) For non-filers of income tax returns 30.00%

To enable the Company to make tax deduction from cash dividend @15.00% instead of 30.00% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend will be deducted @30.00% instead of 15.00%.

For shareholders holding their shares jointly, as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on 'Filer/Non-Filer' status of principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts. Therefore, all shareholders who hold shares jointly are requested

to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to the Company as follows.

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

The above/required information must be provided to the Company Secretary, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

For any further query/problem/information, the investors may contact the Company representative at 49 K.M Off Multan Road Bahi Pheru District Kasur. Phone: +92-49-4540528, e-mail address: zeeshan@millatbatteries.com Fax: +92-49-4540328.

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

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, 2021.

- Approval/Ratification of Related Party Transactions(RPTs) conducted during Financial year ended on June 30, 2021**

Pursuant to Companies Act, 2017, 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, 2021 are being placed before the shareholders for their consideration and approval/ratification.

It may be noted that principal activity of the company is manufacture of batteries for tractors and other automobiles. The commercial 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, Sohail Bashir Rana, Laeeq Uddin Ansari, Mian Muhammad Saleem, Ahsan Imran Shaikh and Sohail Ahmad Nisar.
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.

Sr.#	Information Required	Details
5	Amount of Transactions	As disclosed in item 05 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, 2022 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, 2021 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.

3. Substitution of Articles of Association

Comparative Analysis	
Existing Article 18	Substituted Article 18
The remuneration of the Directors, other than the regularly paid Chief Executive and full time working Directors, shall not exceed Rupees 500/- per meeting attended but such remuneration may be altered by the company in General Meeting subject to the provisions of the Companies Ordinance, 1984.	The remuneration of the Directors, other than the regularly paid Chief Executive and full-time working Directors, shall not exceed Rupees 100,000/- per meeting attended of the Board and Rupees 50,000 per meeting attended of the Committee of the Board

Reasons for change

Article 18 of the Articles of Association of the Company is being substituted as the remuneration being paid to directors for attending meetings of the Board needs revision in view of overall inflation.

Statement by the Board

The aforesaid substitution has been approved by the Board of Directors in their meeting held on September 07, 2021 and is in line with the applicable provisions of the law and regulatory framework. A copy of the amended Articles of Association is available with the Company Secretary for inspection by the members.

The Directors are interested in the resolution to the extent of fee to which they are entitled.



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Management
Systems
Certification Body

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Directors' Report to the Shareholders For the Year Ended June 30, 2021

The Directors feel pleasure in presenting their 20th Annual Report together with the Audited Accounts of the Company for the year ended June 30, 2021.

ACCOUNTS / APPROPRIATIONS

Financial results for the year are as follows:

Accumulated profit Brought Forward	Rs. 400,632,155
Profit for the year before tax	Rs. 110,159,499
Less: Current Taxation	Rs. (33,609,319)
Appropriations	Rs. -
Profit carried forward	Rs. 477,182,355

Your directors recommended payment of final cash dividend @ Rs.7.50 i.e., 75 % for the year ended June 30, 2021.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2021 is annexed.

EARNING PER SHARE

The Earning per share for the year was Rs.8.55 compared to loss per share of Rs. 1.51 of the last year.

BOARD OF DIRECTORS

The present Board consists of seven directors of which six directors were elected in the 19th Annual General Meeting of the Company held on October 30, 2020. During the year one of the elected directors Mr. Latif Khalid Hashmi passed away on February 09, 2021. The casual vacancy was filled by appointment of Mr. Sohail Ahmad Nisar as director of the Company according to the provisions of Companies Act, 2017

During the year, four board meetings were held. The names of the directors are as under: -

Name of Director(s)

Mr. Sikandar M. Khan (Chairman)
 Mr. Sohail Bashir Rana
 Mr. Laeeq Uddin Ansari
 Mian Muhammad Saleem
 Mr. Ahsan Imran Shaikh
 Mr. Sohail Ahmad Nisar
 Mr. Javed Aslam (CEO)

BOARD AUDIT COMMITTEE

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

Mr. Laeeq Uddin Ansari, Director	Chairman
Mr. Ahsan Imran Shaikh, Director	Member
Mr. Sohail Ahmad Nisar, Director	Member

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

PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF COMPANY'S BUSINESS

The Company is engaged in the business of manufacturing and sale of vehicular, industrial and domestic batteries. The Financial Statements of the company truly reflect the state of Company's affairs and fair review of its business. MIPL has established its brand "Millat Batteries" as a quality product.

Solar batteries with enhanced backup time are being made to meet the requirement of solar customers. Sale of deep cycle batteries also increased during the year. Keeping in view the market requirement, maintenance free battery 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 prices in both local and imported raw materials 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 improve after-tax profit by setting a challenging sales target in the next financial. 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, 2022. 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 39 permanent employees as on June 30, 2021 compared to 40 employees as on June 30, 2020.

SUBSEQUENT EVENTS

No material changes or commitments effecting the financial position of the Company have occurred between the end of the financial year of the company and the date of this report except as disclosed in this report.

CORPORATE SOCIAL RESPONSIBILITY

I. CORPORATE PHILANTHROPY

The Company has not made any contribution towards corporate philanthropy.

II. ENERGY CONSERVATION

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. 38.95 million to the national exchequer in the shape of direct taxes.

XIII. RURAL DEVELOPMENT PROGRAMS

Company has not made any contribution towards rural development programs.

WEB PRESENCE

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

URDU LANGUAGE VERSION

An Urdu Language version of this Director's Report is also being published in the Annual Report.

For and on behalf of the Board



CHIEF EXECUTIVE
LAHORE:

SEPTEMBER 07, 2021



DIRECTOR

10. کاروباری اخلاقیات اور انسداد بد عنوانی کے اقدامات:

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

11. عطیات برائے قومی مقاصد:

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

12. قومی خزانے میں جمع کرائی گئی رقم:

کمپنی نے 38.95 ملین روپے کی رقم بلا واسطہ ٹیکس کی صورت میں قومی خزانے میں جمع کرائی ہے۔

13. دیہی ترقیاتی پروگرام:

کمپنی نے اس ضمن میں کوئی حصہ نہیں لیا۔

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

www.millatbatteries.com پر موجود ہیں۔

15. اردو زبان ورژن:

اس ڈائریکٹر رپورٹ کا ایک اردو زبان کا ورژن بھی سالانہ رپورٹ میں شائع کیا جا رہا ہے۔

بحکم بورڈ

چیف ایگزیکٹو آفیسر

لاہور

07 ستمبر 2021

ڈائریکٹر



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 موثر بجلی کے آلات اور ایل ای ڈی لائٹس نصب کئے جا رہے ہیں۔ جدید ترین سامان مشینری کے ساتھ نصب کر دیا گیا ہے تاکہ بجلی کی کھپت کو زیادہ سے زیادہ موثر طریقے سے کم کر سکیں۔

3. اقدامات برائے تحفظ ماحولیات:

فیکٹری 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 ویٹ وائر 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 سازوسامان کی فراہمی، جسمانی و ذہنی تحفظ کے لئے ماحول کے تحفظ کو یقینی بنایا گیا ہے۔ کمپنی تمام قسم کے خطرات سے آزاد رکھنے کے لئے تمام ضروری احتیاطی تدابیر لے رہی ہے اور محفوظ 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 مینینس فرمی 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 2022 کی تقرری کے لیے پیش کیا ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے ان کی تقرری کو شیئر ہولڈرز کی نظر ثانی کے لیے آنے والے سالانہ اجلاس میں پیش کیا ہے۔ بیرونی آڈیٹرز نے تصدیق کی ہے کہ وہ آڈٹ اور سائٹ بوڈ کے ساتھ رجسٹرڈ ہو چکے ہیں اور آئی کیپ سے اپنی کیوس آر کی تسلی بخش ریٹنگ دی ہے اور تقرری کی پیش کش کے لیے اہل قرار دیا ہے۔

ملازمین کی تعداد:

30 جون 2021 کو مستقل ملازمین کی تعداد 39 تھی جو کہ 30 جون 2020 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۔

جناب جاوید اسلم (چیف ایگزیکٹو)

بورڈ آڈٹ کمیٹی:

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

جناب لیکن الدین انصاری۔ نان ایگزیکٹو ڈائریکٹر (چیئرمین)

جناب احسن عمران شیخ۔ نان ایگزیکٹو ڈائریکٹر (ممبر)

جناب سہیل احمد ثار۔ 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 گذشتہ سال کے مقابلے میں ڈیپ سائیکل بیٹریز کی فروخت میں اضافہ ہوا ہے۔ مارکیٹ کی ضروریات کو مد نظر رکھتے ہوئے مینٹینینس فری بیٹری 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 دونوں مقامی اور درآمد شدہ خام مال کی قیمتوں میں اضافے نے منافع کے مارجن کو بری طرح متاثر کیا ہے۔ 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 سیلز کے چیلینجنگ ٹارگٹ کا تعین کرتے ہوئے ٹیکس کے بعد ہونے والے منافع کو بہتر بنانا ہے۔ نئی متعارف ہونے والی کمپنیز اور مارکیٹ کے بدلنے 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 بیسویں سالانہ رپورٹ بمعہ آڈیٹڈ اکاؤنٹس برائے سال 30 جون 2021 پیش کرتے ہیں۔

منافع منقسمہ:

اس سال کے مالیاتی نتائج مندرجہ ذیل ہیں۔

روپے	400,632,155	سال کے آغاز پر جمع شدہ منافع:
روپے	110,159,499	برائے سال جمع آمدنی قبل از ٹیکس:
روپے	33,609,319	موجودہ ٹیکسیشن:
روپے	477,182,335	آئندہ سال کے لیے لیجا یا گیا منافع:

آپ کے ڈائریکٹرز نے حتمی کیش ڈیویڈنڈ 7.50 روپے فی حصص کے حساب سے جو کہ 75 فیصد بتا ہے کی سفارش کی ہے۔

شیئرز ہولڈرز کا پیٹرن:

30 جون 2021 شیئرز ہولڈرز کا پیٹرن رپورٹ میں شامل ہے۔

فی حصص آمدن / نقصان:

سال 2021 کے لیے فی حصص آمدن 8.55 روپے رہی۔ گزشتہ سال یہ نقصان 1.51 روپے فی حصص تھا۔

بورڈ آف ڈائریکٹرز:

موجودہ بورڈ سات ڈائریکٹرز پر مشتمل ہے جس میں سے چھ ڈائریکٹرز کمپنی کے 19 ویں سالانہ اجلاس 30 اکتوبر 2020 کو منتخب ہوئے تھے۔ سال کے دوران منتخب ڈائریکٹرز میں سے ایک ڈائریکٹر جناب لطیف خالد ہاشمی 09 فروری 2021 کو انتقال کر گئے۔ کمپنی ایکٹ 2017 کی دفعات کے مطابق خالی جگہ پر بطور ڈائریکٹر جناب سہیل احمد ثار کی تقرری کی گئی۔ سال 2021 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 لیسق الدین انصاری

جناب میاں محمد سلیم

جناب احسن عمران شیخ

جناب سہیل احمد ثار

Hours and hours of Energy



Pattern of Shareholding as at June 30, 2021

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
6	1	100	447
31	101	500	8,233
59	501	1,000	46,842
49	1,001	1,500	59,396
37	1,501	2,000	66,223
23	2,001	3,000	55,426
21	3,001	5,000	77,639
51	5,001	40,000	847,537
5	40,001	100,000	251,347
4	100,001	400,000	1,261,000
1	400,001	600,000	541,250
1	600,001	6,000,000	5,737,500
288			8,952,840



Shareholding Information

Categories of shareholders	No. of Shareholders	Shares held	Percentage
1. Directors, Chief Executive Officer, and their spouse and minor children			
DIRECTORS			
Mr. Sikandar M. Khan	1	541,250	6.05%
Mr. Sohail Bashir Rana	1	361,500	4.04%
Mr. Laeeq uddin Ansari	1	339,500	3.79%
Mian Muhammad Saleem	1	2,499	0.03%
Mr. Ahsan Imran Shaikh	1	33,650	0.38%
Mr. Sohail Ahmad Nisar	1	1	0.00%
Mr. Javed Aslam	1	20,000	0.22%
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	280	1,916,940	21.41
Total	288	8,952,840	100.00

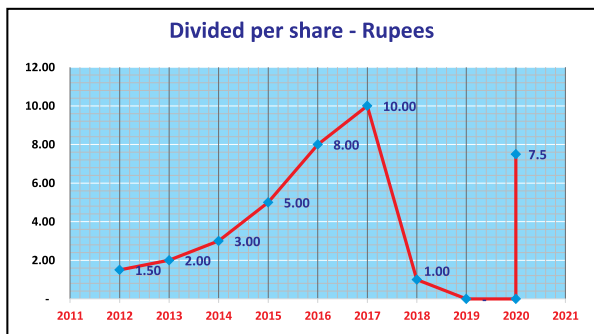
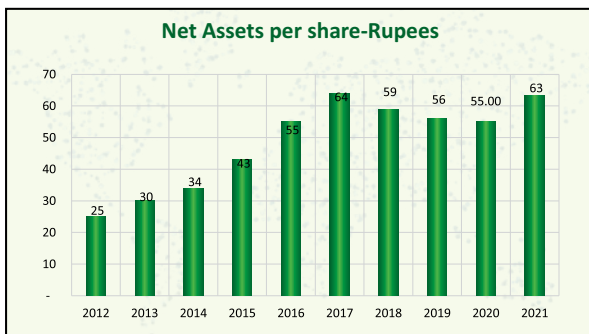
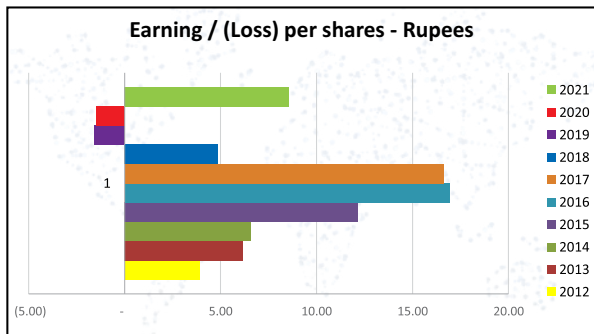
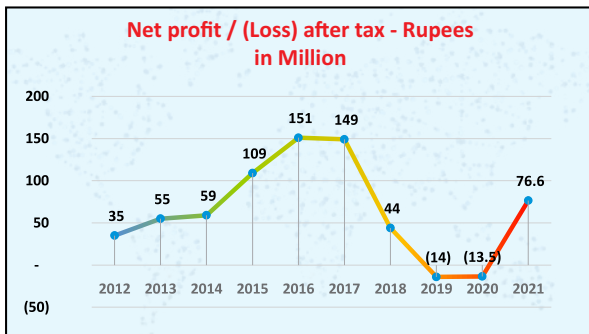
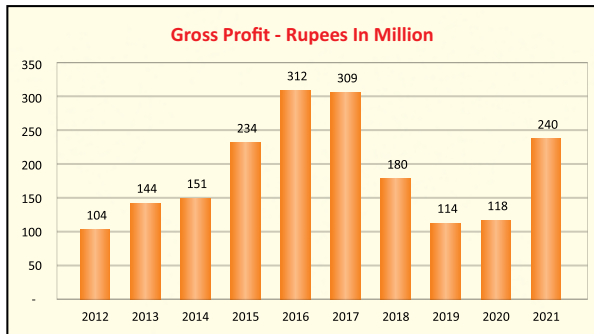
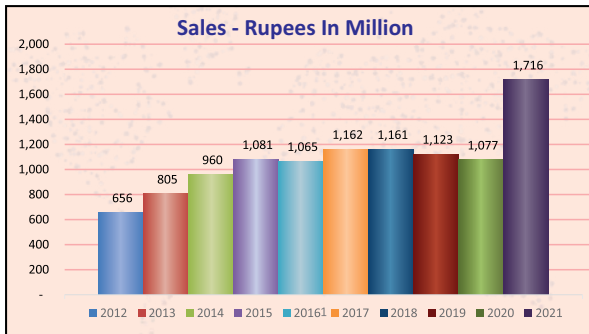


Ten Years' Performance

TRADING RESULTS		2021	2020	2019
Sales - Net	Rs.	1,716,362,105	1,077,895,294	1,123,257,343
Gross profit	Rs.	239,675,720	118,541,625	114,290,657
Operating profit	Rs.	105,753,967	12,878,628	6,507,586
Profit before tax	Rs.	110,159,499	5,714,017	331,779
Net profit / (loss) after tax	Rs.	76,550,180	(13,500,592)	(14,102,013)
	Rs.			
FINANCIAL POSITION				
<u>Owner's Equity:</u>				
Share capital	Rs.	89,528,400	89,528,400	89,528,400
Accumulated profit	Rs.	477,182,335	400,632,155	414,132,747
	Rs.	566,710,735	490,160,555	503,661,147
Operating fixed assets	Rs.	115,871,124	119,373,288	132,965,678
<u>Long term liabilities:</u>				
Deferred taxation	Rs.	6,635,421	8,215,489	9,595,603
INVESTOR INFORMATION				
Sales growth	%	59.23	(4.04)	(3.28)
Gross profit growth	%	102.19	3.72	(36.44)
Operating profit growth	%	721.16	97.90	(89.89)
Profit before tax growth	%	1,827.88	1,622.24	(99.44)
Net profit/(Loss) after tax growth	%	667.01	(4.26)	(132.36)
Gross profit ratio	%	13.96	11.00	10.17
Operating profit ratio	%	6.16	1.19	0.58
Profit before tax ratio	%	6.42	0.53	0.03
Net profit/(loss) after tax ratio	%	4.46	(1.25)	(1.26)
Return on equity	%	13.51	(2.75)	(2.80)
Return on assets	%	66.06	(11.31)	(10.61)
Earning/(Loss) per share (after tax)	Rs.	8.55	(1.51)	(1.58)
Current ratio	Times	2.88:1	3.54:1	3.73:1
Quick ratio	Times	1.53:1	2.28:1	2.13:1
Dividend Cover (Earning/ Div)	Times	1.14	-	-
Rate of Dividend	%	75.00	-	-



2018	2017	2016	2015	2014	2013	2012
1,161,353,460	1,161,867,413	1,064,935,501	1,080,636,249	959,890,273	804,847,628	655,669,714
179,816,064	308,645,829	312,281,298	234,456,063	151,332,181	144,025,698	104,986,952
64,383,220	218,887,724	240,216,150	171,785,823	96,934,151	87,435,065	57,179,174
59,008,065	208,779,587	226,590,238	161,413,311	90,309,422	84,046,474	51,639,544
43,582,980	148,623,310	151,465,503	108,884,980	58,783,896	55,121,744	34,820,531
89,528,400	89,528,400	89,528,400	89,528,400	89,528,400	89,528,400	89,528,400
437,187,600	483,133,020	406,132,430	299,431,127	217,404,667	176,526,451	134,833,969
526,716,000	572,661,420	495,660,830	388,959,527	306,933,067	266,054,851	224,362,369
148,400,043	167,350,957	117,363,717	70,775,694	63,573,975	51,500,919	49,966,031
11,236,259	15,024,863	9,787,062	5,338,463	4,799,837	3,896,672	3,892,348
(0.04)	9.10	(1.45)	12.58	19.26	22.75	28.59
(41.74)	(1.16)	33.19	54.93	5.07	37.18	(22.96)
(70.59)	(8.88)	39.83	77.22	10.86	52.91	(41.00)
(71.74)	(7.86)	40.38	78.73	7.45	62.76	(42.49)
(70.68)	(1.88)	39.11	85.23	6.64	58.30	(42.31)
15.48	26.56	29.32	21.70	15.77	17.89	16.01
5.54	18.84	22.56	15.90	10.10	10.86	8.72
5.08	17.97	21.28	14.94	9.41	10.44	7.88
3.75	12.79	14.22	10.08	6.12	6.85	5.31
8.27	25.95	30.56	27.99	19.15	20.72	15.52
29.37	88.81	129.06	153.85	92.47	107.03	69.69
4.87	16.60	16.92	12.16	6.57	6.16	3.89
4.80:1	6.23:1	7.70:1	6.49:1	6.57:1	5.01:1	5.75:1
1.12:1	3.14:1	5.42:1	3.93:1	3.86:1	3.09:1	3.49:1
4.87	1.66	2.12	2.43	2.19	3.08	2.59
10.00	100.00	80.00	50.00	30.00	20.00	15.00



Financial Statements

For The Year Ended June 30, 2021



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, 2021**, 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, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not 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: September 07, 2021

Statement of Financial Position

As at June 30, 2021

ASSETS	Note	2021 Rupees	2020 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	4	115,871,124	119,373,288
Capital work in progress	5	1,531,729	8,617,692
Intangible assets	6	5,773,848	-
Long term deposits and prepayments	7	3,527,000	3,527,000
		126,703,701	131,517,980
CURRENT ASSETS			
Stores and spares	8	20,003,130	14,497,687
Stock in trade	9	272,264,662	167,061,785
Trade debts	10	101,789,645	116,712,765
Loans and advances	11	27,138,803	19,452,233
Trade deposits and short term prepayments	12	2,463,240	2,463,240
Taxation - Net	13	19,677,069	36,351,589
Short term investments	14	230,000,000	140,000,000
Cash and bank balances	15	10,252,763	14,837,493
		683,589,312	511,376,792
TOTAL ASSETS		810,293,013	642,894,772
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	89,528,400	89,528,400
Unappropriated profit		477,182,335	400,632,155
		566,710,735	490,160,555
NON CURRENT LIABILITIES			
Deferred taxation	17	6,635,421	8,215,489
CURRENT LIABILITIES			
Trade and other payables	18	160,021,801	79,333,526
Deposits, accrued liabilities and advances	19	76,579,211	64,839,357
Unclaimed dividend		345,845	345,845
		236,946,857	144,518,728
CONTINGENCIES AND COMMITMENTS			
	20	-	-
TOTAL EQUITY AND LIABILITIES		810,293,013	642,894,772

(The annexed notes from 1 to 40 form an integral part of these financial statements)



Chief Executive



Director

Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
Sales	21	1,716,362,105	1,077,895,294
Cost of goods sold	22	1,476,686,385	959,353,669
Gross profit		239,675,720	118,541,625
Operating Expenses			
Distribution cost	23	53,276,956	41,358,951
Administration and general expenses	24	80,644,797	64,304,046
		133,921,753	105,662,997
Operating profit		105,753,967	12,878,628
Other income	25	13,299,999	262,112
		119,053,966	13,140,740
Finance cost	26	777,451	7,005,691
Other charges	27	8,117,016	421,032
		8,894,467	7,426,723
Profit before taxation		110,159,499	5,714,017
Taxation	28	33,609,319	19,214,609
Profit/ (loss) after taxation		76,550,180	(13,500,592)
Other comprehensive income			
Items that may be reclassified to profit or loss subsequently		-	-
Items not to be reclassified to profit or loss subsequently		-	-
		-	-
Total comprehensive income / (loss)		76,550,180	(13,500,592)
Earning / (loss) per share - Basic and Diluted	30	8.55	(1.51)

(The annexed notes from 1 to 40 form an integral part of these financial statements)


 Chief Executive


 Director

Statement of Changes in Equity

For The Year Ended June 30, 2021

PARTICULARS	Share capital	Unappropriated Profit	Total
	Rupees		
Balance as at July 01, 2019	89,528,400	414,132,747	503,661,147
Total comprehensive loss for the year	-	(13,500,592)	(13,500,592)
Balance as at June 30, 2020	89,528,400	400,632,155	490,160,555
Total comprehensive income for the year	-	76,550,180	76,550,180
Balance as at June 30, 2021	89,528,400	477,182,335	566,710,735

(The annexed notes from 1 to 40 form an integral part of these financial statements)



Chief Executive



Director

Statement of Cash Flows

For The Year Ended June 30, 2021

PARTICULARS	Note	2021 Rupees	2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxation		110,159,499	5,714,017
Adjustments for:			
Depreciation		14,950,994	16,425,327
Amortization on intangible asset		2,843,844	-
Gain on disposal of property, plant and equipment		140,895	-
Workers' welfare fund		2,203,190	114,280
Finance cost		777,451	7,005,691
Cash flow before working capital changes		131,075,873	29,259,315
Working capital changes:			
(Increase) / decrease in current assets:			
Stores and spares		(5,505,443)	(116,661)
Stock in trade		(105,202,877)	39,841,123
Trade debts		14,923,120	116,062,421
Loans and advances		(7,686,570)	(340,783)
Trade deposits and short term prepayments		-	1,128,557
Increase / (decrease) in current liabilities:			
Trade and other payables		92,901,403	21,003,856
Net working capital changes		120,505,506	206,837,828
Finance cost paid		(1,250,725)	(7,571,340)
Taxes paid		(20,718,057)	(20,865,989)
Net cash inflow from operating activities		98,536,724	178,400,499
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(12,156,958)	(3,048,706)
Capital work in progress		(1,531,729)	(8,617,692)
Payments for investments		(90,000,000)	(140,000,000)
Sale proceeds of property, plant and equipment		567,233	215,769
Net cash (outflow) from investing activities		(103,121,454)	(151,450,629)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid	31.1	-	(20,011)
Net cash (outflow) from financing activities		-	(20,011)
Net (Decrease)/Increase in cash and cash equivalents		(4,584,730)	26,929,859
Cash and cash equivalents at the beginning of the year		14,837,493	(12,092,366)
Cash and cash equivalents at the end of the year	31	10,252,763	14,837,493

(The annexed notes from 1 to 40 form an integral part of these financial statements)


 Chief Executive


 Director

Notes to the Financial Statements

For the year ended June 30, 2021

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:

- Availed short-term running finance facility from Habib Bank Limited with the sanctioned limit of Rs. 100 million. Refer to note 15.1.

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 8 - Accounting Policies, Changes in Accounting Estimates and Errors – definition of 'material' (Amendments).
- IAS 41 - Agriculture – Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements).
- IFRS 3 - Business Combination – Amendments to clarify the definition of a business.
- IFRS 7 - Financial Instrument (Disclosure) – Pre-replacement issues in the context of the IBOR reform (Amendment).
- IFRS 9 - Financial Instrument – Pre-replacement issues in the context of the IBOR reform (Amendment).
- IFRS 16 - Leases – Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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 – definition of ‘material’ and classification of liabilities (Amendments)	01 January 2023
IAS 8 - Amended by Definition of Accounting Estimates – Amendments to IAS 8	01 January 2023
IAS 16 - Amended by Property, Plant and Equipment — Proceeds before Intended Use.	01 January 2022
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets – costs to include when assessing whether a contract is onerous (Amendments).	01 January 2022
IFRS 1 - First-time Adoption of International Financial Reporting Standards – Annual Improvements to IFRS Standards 2018–2020).	01 January 2022
IFRS 3 - Business Combination – Amendments to clarify reference to the Conceptual Framework.	01 January 2022
IFRS 4 - Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 (Amended)	01 January 2023
IFRS 9 - Financial Instruments – Annual Improvements to IFRS Standards 2018–2020 (Amended).	01 January 2022

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in previous years. Such improvements are generally effective for accounting periods beginning on or after January 01, 2021 and January 01, 2022 respectively. The Company expects that such improvements to the standards will not have any significant impact on the Company’s financial statements in the period of initial application.

Further, 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 17 - Insurance Contracts	01 January 2023

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)
- Intangible assets (Note 3.2)
- Provision for warranty claims (Note 3.9).
- Provision for taxation (3.12)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 PROPERTY, PLANT AND EQUIPMENT

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

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

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on 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 CAPITAL WORK IN PROGRESS

All expenditure connected with specific assets incurred during installation and construction period including advances to suppliers and contractors are carried under this head. These are transferred to specific assets as and when these assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss, if any.

3.3 INTANGIBLE ASSETS

Expenditure incurred to acquire and developing computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss, if any.

Intangible assets are amortised using the straight line method over a period of three

years. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

The Company assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

3.4 IMPAIRMENT

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

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

3.5 STORES AND STOCKS

3.5.1 STORES, SPARES AND LOOSE TOOLS

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

3.5.2 STOCK IN TRADE

The cost is determined as follows:-

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

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

3.6 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.

3.7 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.

3.8 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.

3.9 BORROWING COST

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

3.10 PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.11 WARRANTY CLAIMS

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

3.12 RELATED PARTY TRANSACTIONS

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

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

3.13 REVENUE RECOGNITION

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.

Revenue shall be recognized when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

In case of the Company, sales of batteries are recognized as revenue when goods are dispatched and invoiced to the customers. Revenue is measured at the transaction price agreed under the contract, adjusted for variable consideration such as discount, if any. In most cases, the consideration is received before the goods are dispatched/ invoiced. Deferred payment terms may also be agreed in case of sales to certain categories of customers. Transaction price is adjusted for time value of money in case of significant financing component.

The Company's contracts with customers include promises to transfer goods or services without charges such as free inspections. Such promised goods or services are generally considered performance obligations and related sales revenue is deferred under IFRS 15, if it is deemed material.

The Company also has a performance obligation to arrange for delivery of goods at locations specified by the customers. However, the Company acts as an agent in satisfaction of this performance obligation and net income/(expense) in this respect is recognized in the statement of profit or loss.

Amount received on account of sale of extended warranty is recognized initially as deferred revenue and is credited to the statement of profit or loss and other comprehensive income in the relevant period covered by the warranty.

3.14 TAXATION

Current

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

Deferred

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

3.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents 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.

3.16 FOREIGN CURRENCY TRANSACTIONS

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

3.17 FINANCIAL INSTRUMENTS

3.17.1 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 soleypayments 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 rvwithout material delay to a third party under a 'pass-through'
- 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.

3.17.2 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 classified 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.

3.18 STAFF RETIREMENT BENEFITS

Defined Contribution Plan

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

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

3.19 OFFSETTING

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

4 Property, Plant and Equipment

2021											
PARTICULARS	COST			RATE %	DEPRECIATION			WRITTEN DOWN VALUE AS ON 30-06-2021			
	AS ON 01-07-2020	ADDITION	(DELETION)		AS ON 30-06-2021	AS ON 01-07-2020	ADJUSTMENT ON DISPOSAL		FOR THE YEAR	AS ON 30-06-2021	
Land - Freehold	10,455,396	-	-	10,455,396	-	-	-	10,455,396			
Buildings - Freehold	81,648,748	335,298	(122,912)	81,861,134	10	32,451,749	4,936,086	37,292,986			
Plant and machinery	86,226,796	2,937,256	(1,596,215)	87,567,837	15	48,289,008	5,764,755	52,584,405			
Tools and equipment	36,128,187	367,441	(460,652)	36,034,976	15	23,782,203	1,876,328	25,313,368			
Furniture and fixture	3,395,880	70,337	(275,420)	3,190,797	15	2,409,148	154,607	2,308,771			
Vehicles	19,464,351	7,560,000	(1,882,946)	25,141,405	20	12,719,750	1,703,833	12,909,386			
Office equipment	2,603,834	201,493	(254,249)	2,551,078	15	1,505,574	182,609	1,476,064			
Computer hardware	2,749,292	685,133	(549,470)	2,884,955	30	2,141,764	332,776	1,991,474			
Total	242,672,484	12,156,958	(5,141,864)	249,687,578		123,299,196	(4,433,736)	133,816,454			

2020											
PARTICULARS	COST			RATE %	DEPRECIATION			WRITTEN DOWN VALUE AS ON 30-06-2020			
	AS ON 01-07-2019	ADDITION	(DELETION)		AS ON 30-06-2020	AS ON 01-07-2019	ADJUSTMENT ON DISPOSAL		FOR THE YEAR	AS ON 30-06-2020	
Land - Freehold	10,455,396	-	-	10,455,396	-	-	-	10,455,396			
Buildings - Freehold	81,648,748	-	-	81,648,748	10	26,985,416	5,466,333	32,451,749			
Plant and machinery	86,226,796	-	-	86,226,796	15	41,594,104	6,694,904	48,289,008			
Tools and equipment	33,433,194	2,694,993	-	36,128,187	15	21,802,978	1,979,225	23,782,203			
Furniture and fixture	3,395,880	-	-	3,395,880	15	2,235,019	174,129	2,409,148			
Vehicles	19,659,251	65,500	(260,400)	19,464,351	20	11,070,087	1,694,294	12,719,750			
Office equipment	2,451,500	152,334	-	2,603,834	15	1,334,257	171,317	1,505,574			
Computer hardware	2,613,413	135,879	-	2,749,292	30	1,896,639	245,125	2,141,764			
Total	239,884,178	3,048,706	(260,400)	242,672,484		106,918,500	(44,631)	123,299,196			

4.1 Tools and equipment includes dies and moulds having book value of Rs 2,207,164/- (2020: Rs. 2,596,664/-) 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:

	2021	2020
Cost of goods sold	12,758,021	14,099,967
Administrative and general expenses	1,461,982	1,550,240
Distribution cost	730,991	775,120
	<u>14,950,994</u>	<u>16,425,327</u>

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-----							
		-	-	-	-	-	
2021		-	-	-	-	-	
		-	-	-	-	-	
2020		-	-	-	-	-	

	Note	2021 Rupees	2020 Rupees
5 CAPITAL WORK IN PROGRESS			
Opening balance		8,617,692	-
Addition during the year	5.1	1,531,729	8,617,692
		10,149,421	8,617,692
Less: Transferred to			
Intangible - IFS implementation	5.2	(8,617,692)	-
		1,531,729	8,617,692

5.1 This amount represents extension of production facilities to incorporate production of maintenance free battery. The management intends to transfer the total cost to plant and machinery as per IAS 16.

5.2 This includes implementation of new ERP (IFS), total cost comprises of Rs. Nil (2020: Rs.5,968,310/-) license fee paid to IFS (Pvt.) Ltd., Sri Lanka and implementation cost partially payable to MTL (the holding company) amounting to Rs. Nil (2020: Rs.2,649,382/-). The management transferred the total cost to intangible assets as per IAS 38.

6 INTANGIBLE ASSETS PARTICULARS

COST				RATE %	AMORTIZATION				WRITTEN DOWN VALUE AS ON 30-06-2021
AS ON 01-07-2020	ADDITION	(DELETION)	AS ON 30-06-2021		AS ON 01-07-2020	ADJUSTMENT ON DISPOSAL	FOR THE YEAR	AS ON 30-06-2021	

Intangible - IFS - 2021

-	8,617,692	-	8,617,692	33	-	-	2,843,844	2,843,844	5,773,848
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Intangible - IFS - 2020

-	-	-	-		-	-	-	-	-
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7 LONG TERM DEPOSITS AND PREPAYMENTS

Security deposits - Unsecured and considered good		3,527,000	3,527,000
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8 STORES AND SPARES

General stores		20,003,130	14,497,687
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9 STOCK IN TRADE

Raw material			
-Stock at company premises		116,738,499	48,712,665
-Stock held with third parties		3,668,601	961,537
		120,407,100	49,674,202
Work in process		104,325,312	102,235,598
Finished goods		47,532,250	15,151,985
		272,264,662	167,061,785

10 TRADE DEBTS

Trade debts - Unsecured and considered good	10.1	7,242,574	10,814,679
Dealers - Secured against guarantee cheques		94,547,071	105,898,086
		101,789,645	116,712,765

10.1 Trade debts include balances due from the following related parties:

Millat Tractors Limited	10.2	7,242,574	10,814,679
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10.2 Aging of due from related parties

	2021		2020	
	Neither past due nor impaired	Past due 1-6 months but not impaired	Neither past due nor impaired	Past due 1-6 months but not impaired
Millat Tractors Limited	-	7,242,574	-	10,814,679

10.3 The maximum aggregate amount receivable from Millat Tractors Limited at the end of any month during the year was Rs. 73,149,068/-. (2020: Rs 26,518,643/-).

10.4 The management believes that no impairment / provision is necessary in respect of trade debts as there are reasonable grounds to believe that amount will be recovered in the future, having being secured against receipt of undated cheques of equal amount and obtained coverage by means of fidelity insurance policy of Rs. 30 million from East West Insurance Co. Ltd.

	Note	2021 Rupees	2020 Rupees
11	LOANS AND ADVANCES - CONSIDERED GOOD		
Import in transit - Secured		3,360,584	31,721
Advances to suppliers - Unsecured		7,393,859	3,731,751
Forced payment of sales tax to FBR	20.1.11	2,439,468	2,439,468
Sales Tax carried forward		13,552,777	13,007,301
Other receivables - unsecured		197,290	61,523
Insurance claims receivable		194,825	180,469
		<u>27,138,803</u>	<u>19,452,233</u>
12	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Security deposits - Unsecured and considered good		2,463,240	2,463,240
13	TAXATION - NET		
Opening balance		36,351,589	36,194,603
Add: Paid / deducted during the year		22,138,080	20,758,345
Less: Refund availed		(3,508,933)	-
		<u>54,980,736</u>	<u>56,952,948</u>
Adjusted against current liability			
Current taxation		(38,945,598)	(20,671,851)
Workers' Welfare Fund		(114,280)	(6,636)
Prior year adjustment		3,756,211	77,128
		<u>(35,303,667)</u>	<u>(20,601,359)</u>
		<u>19,677,069</u>	<u>36,351,589</u>
14	SHORT TERM INVESTMENTS		
Investments in Term deposit receipts - At Amortised Cost		230,000,000	140,000,000
		<u>230,000,000</u>	<u>140,000,000</u>
14.1	The term deposits are made under conventional mode and carry profit at the average rate of 6.20% (2020: 6.78%) per annum.		
15	CASH AND BANK BALANCES		
Cash in hand		827,853	481,952
Cash in hand - Imprest account		38,755	362,988
Cash at bank			
- Current account		1,967,908	5,618,970
- Deposit account		1,115,454	33,187
- Running finance facility account	15.1	6,302,793	8,340,396
		<u>10,252,763</u>	<u>14,837,493</u>

15.1 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% (2020: 3 month KIBOR + 0.40%). The total limit is Rs. 100 million (2020: Rs. 100 million). At year end, the unutilized facility aggregated to million Rs. 40,624,512/- (2020: Rs. 84,710,462/-). Also refer notes 20.2.1 & 20.2.2.

	Note	2021 Rupees	2020 Rupees
16 SHARE CAPITAL			
Authorised Capital			
11,000,000 (2020: 11,000,000) Ordinary shares of Rs.10/- (2020: Rs. 10/-) each		110,000,000	110,000,000
Issued, subscribed and paid up Capital			
8,952,840 (2020: 8,952,840) Ordinary shares of Rs. 10/- (2020: Rs. 10/-) each fully paid in cash		89,528,400	89,528,400
16.1 Shares held by the related parties of the Company		-----Number of Shares-----	
Parent company			
Millat Tractors Limited		5,737,500	5,737,500
Directors			
Mr. Sikandar M. Khan		541,250	543,750
Mr. Latif Khalid Hashmi		-	362,500
Mr. Sohail Bashir Rana		361,500	362,500
Mr. Laeeq uddin Ansari		339,500	362,500
Mian Muhammad Saleem		2,499	200,000
Mr. Ahsan Imran Shaikh		33,650	33,650
Mr. Sohail Ahmad Nisar		1	-
Executives			
Mr. Javed Aslam		20,000	10,000
17 DEFERRED TAXATION		Rupees	Rupees
Deferred tax liability comprises temporary differences related to:			
Taxable temporary differences			
Accelerated depreciation for the tax purposes		10,620,124	11,104,875
Deductible temporary differences			
Provision for Warranty		(3,984,703)	(2,889,386)
Net deferred tax liability at the end of the year.		6,635,421	8,215,489
		Deferred Tax Liability	Deferred Tax Assets
			Net Liability
		----- Rupees -----	
Balance as at July 01, 2019		12,206,858	(2,611,255)
Charged to statement of comprehensive income		(1,101,983)	(278,131)
Balance as at June 30, 2020		11,104,875	(2,889,386)
Charged/(Credited) to statement of comprehensive income		(484,751)	(1,095,317)
Balance as at June 30, 2021		10,620,124	(3,984,703)
18 TRADE AND OTHER PAYABLES			
Trade creditors		101,938,642	55,752,015
General suppliers		33,462,406	6,382,324
Provision for warranty claims	18.1	13,740,355	9,963,401
Workers' profit participation fund	18.2	5,913,826	306,752
Workers' welfare fund		2,203,190	114,280
Payable to holding company	18.3	-	4,715,993
Other payables		2,763,382	2,098,761
		160,021,801	79,333,526

	Note	2021 Rupees	2020 Rupees
18.1	Provision for warranty claims		
	Opening balance	9,963,401	9,004,326
	Claims paid during the year	(27,480,710)	(19,926,801)
	Charge for the year	31,257,664	20,885,876
	Closing balance	13,740,355	9,963,401
18.2	Workers' profit participation fund		
	Opening balance	306,752	17,811
	Payments made during the year	(306,752)	(17,811)
	Allocation for the year	5,913,826	306,752
	Closing balance	5,913,826	306,752
18.3	These include balances payable to MTL (the holding company) amounting to Rs. Nil (2020: Rs. 4,715,993/-), in respect of IFS implementation cost and CEO (MIPL) remuneration.		
19	DEPOSITS, ACCRUED LIABILITIES AND ADVANCES		
	Accrued liabilities	37,118,591	23,379,550
	Advance from customers	19.1	36,774,147
	Advance from staff	19.2	2,686,473
		76,579,211	64,839,357

19.1 These represent amount received in advance from customers against performance obligations / sales made in subsequent periods i.e. sale of batteries, and carry no mark-up and are unsecured.

19.2 These represent the amounts received from employees of the company against the future sale of vehicles as per company policy, these carry no markup and are unsecured.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 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.

- 20.1.2** 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.
- 20.1.3** Audit proceeding u/s 124/129/122 for tax year 2013 for re-assessment proceedings were finalized vide order dated 29-06-2021 creating demand Rs.5,435,953/-. The officer has not allowed available / due refunds in the order. Appeal has been filed to CIR(A) dated 23-07-2021. Prima facie no tax demand is anticipated.
- 20.1.4** Penalty Proceedings u/s 182 were finalized for tax year 2014 imposing Penalty of Rs.87,500/-. CIR(A) vide order dated 18.02.2016 has granted relief of Rs.70,000/-. Company and department both are in appeal before ATIR. The appeal is yet to be fixed for hearing.
- 20.1.5** Proceeding finalized u/s 122(5A), for tax year 2015, by Additional Commissioner vide order dated 05-05-2021 creating demand Rs.17,937,260/-. The Company has filed appeal to CIR(A) on 19-06-2021 which is yet to be heard. The Company has secured stay of demand against recovery notice. On the basis of available records and history of assessment, prima facie the case lies in favor of the company. No tax liability is anticipated.
- 20.1.6** Proceeding finalized u/s 122(1)/177, for tax year 2016, vide order dated 01-06-2021 creating demand Rs.173,760,920/-. The Company has filed appeal to CIR(A) on 28-06-2021 which is yet to be heard. On the basis of available records and history of assessment, prima facie the case lies in favor of the company. No tax liability is anticipated.
- 20.1.7** Proceeding finalized u/s 122(1)/177/214C, for tax year 2017, vide order dated 25-06-2021 creating demand Rs.184,514,562/-. The Company has filed appeal to CIR(A) on 19-07-2021 which is yet to be heard. . On the basis of available records and history of assessment, prima facie the case lies in favor of the company. No tax liability is anticipated.
- 20.1.8** Tax Years 2018 & 2019 were selected u/s 177 for audit by the Commissioner altogether in March 2021 under the Income Tax Ordinance, 2001 by the Commissioner. The compliance is due. The Company has secured 'Stay of Audit Proceedings' on legal grounds from Lahore high Court vide order dated 10-06-2021, through another lawyer.
- 20.1.9** Withholding tax proceedings u/s 161 were initiated for the tax years year 2015, 2016 and 2017 . Proceedings have been complied in totality. No adverse inference has been drawn by the department to date.
- 20.1.10** The Department has initiated recovery proceedings for recovery of WWF against the company for Tax Years 2014 to 2020. The company has made compliance on legal as well as on factual grounds to the Department. No further proceedings has been initiated to date by the Department. On legal as well on factual basis, the demand notices raised by the Department on account of WWF are not likely to be sustained.
- 20.1.11** 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 Installment 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 "Good case & chances of success are bright".

20.1.12 Sales tax audit u/s 25 of the Sales Tax Act, 1990 for the period from July 01,2015 to June 30,2016 has been initiated by FBR on dated 03-05-2018. Proceeding was finalized vide order dated 22.3.2019 creating demand of Rs. 939,033. Company filed appeal to CIR(A) dated 15.04.2019 and CIR discharged the appeal by upheld of sales tax amounting to Rs. 935,613. Company filed appeals to the Appellate Tribunal Inland Revenue u/s 46 of the Sales Tax Act, 1990.

The legal advisor of the company has stated that the company has "Good case & chances of success are bright".

20.1.13 Sales Tax Audit u/s 25(3) of the Act for the years 2017-2020 was initiated by FBR (Inland Revenue) on dated 14-12-2021. Writ petition no. 35175/2021 filed before Hon'ble Lahore High Court, Lahore to seek interlocutory injunction/ interim relief against proceedings pursuant to the impugned section 25 of the Act, The Hon'ble Lahore High Court, Lahore vide order dated 04-06-2021 suspended the operations of the impugned notices.

20.1.14 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.

20.2 Commitments

20.2.1 Guarantee issued by the HBL on behalf of company in the normal course of business amount to Rs. 1,435,183/- (2020: Rs.1,435,183/-) in favor of Sui Northern Gas Pipelines Limited.

20.2.2 Commitment in respect of outstanding letter of credit amount to Rs. 57,940,305/- (2020: Rs.13,854,355/-) at the date of financial position.

20.2.3 The Company has no other contingencies and commitments as on June 30, 2021.

	Note	2021 Rupees	2020 Rupees
21 SALES			
-Local		2,012,069,495	1,165,626,820
-Export		157,177,852	185,899,650
		2,169,247,347	1,351,526,470
-Sales tax		(293,093,626)	(169,930,385)
-Discount		(159,791,616)	(103,700,791)
		1,716,362,105	1,077,895,294
22 COST OF GOODS SOLD			
Raw material consumed	22.1	1,289,431,417	776,347,397
Salaries, wages and benefits	22.2	79,498,071	59,477,415
Manufacturing expenses:			
Fuel and power		62,124,764	46,981,275
Communication		243,814	240,211
Stores and spares consumed	22.3	24,619,245	16,990,905
Warranty claims		31,257,664	20,885,876
Repair and maintenance		2,726,674	823,508
Insurance		3,368,788	3,294,438
Traveling and vehicle running		1,508,477	581,129
Entertainment		953,313	595,163
Depreciation		12,758,021	14,099,967
Other manufacturing overheads		2,666,116	764,479
		142,226,876	105,256,951
Total factory cost		1,511,156,364	941,081,763
Add: Opening work in process		102,235,598	106,162,015
		1,613,391,962	1,047,243,778
Less: Closing work in process		104,325,312	102,235,598
Cost of goods manufactured		1,509,066,650	945,008,180
Add: Opening finished goods		15,151,985	40,474,187
Cost of goods available for sale		1,524,218,635	985,482,367
Less: Closing finished goods		47,532,250	26,128,698
Cost of goods sold		1,476,686,385	959,353,669

	Note	2021 Rupees	2020 Rupees
22.1 Raw material consumed			
Opening stock		48,712,665	58,226,554
Add: Purchases - net		1,361,621,467	770,125,886
		<u>1,410,334,132</u>	<u>828,352,440</u>
Less: Closing stock		116,738,499	48,712,665
		<u>1,293,595,633</u>	<u>779,639,775</u>
Less: Sale of waste material		4,164,216	3,292,378
Raw material consumed		<u>1,289,431,417</u>	<u>776,347,397</u>
22.2			
Salaries, wages and benefits include Rs. 620,524/- (2020: Rs. 558,483/-) in respect of Provident Fund contributions.			
22.3 Stores and spares consumed			
Opening stock		14,497,687	14,381,026
Add: Purchases - net		30,124,688	17,107,566
		<u>44,622,375</u>	<u>31,488,592</u>
Less: Closing stock		20,003,130	14,497,687
Stores and spares consumed		<u>24,619,245</u>	<u>16,990,905</u>
23 DISTRIBUTION COST			
Salaries, wages and benefits	23.1	21,481,264	16,060,162
Fuel and power		1,946,486	1,566,044
Communication		213,893	170,795
Traveling & vehicle running		5,129,854	6,075,191
Freight charges		13,144,190	8,664,647
Advertisement		2,447,072	760,443
Printing and stationery		629,807	1,655,105
Entertainment		1,215,558	1,211,455
Rent, rates and taxes		1,520,053	1,265,650
Insurance		3,840,431	2,630,029
Depreciation		730,991	775,120
Miscellaneous		977,357	524,310
		<u>53,276,956</u>	<u>41,358,951</u>
23.1			
Salaries, wages and benefits include Rs. 379,164/- (2020: Rs. 328,981/-) in respect of Provident Fund contributions.			
24 ADMINISTRATION AND GENERAL EXPENSES			
Salaries, wages and benefits	24.1	48,319,513	39,299,354
Fuel and power		4,541,796	3,654,097
Communication		733,590	631,997
Traveling and vehicle running		9,478,950	7,724,207
Printing and stationery		219,631	788,080
Newspapers and periodicals		7,460	15,295
Repairs and maintenance		1,071,897	395,862
Security expenses		3,504,000	3,628,466

	Note	2021 Rupees	2020 Rupees
Legal and professional charges		1,944,130	785,372
Auditors' remuneration	24.2	500,000	483,000
Entertainment		2,332,339	1,971,911
Rent, rates and taxes		275,575	211,805
Fee and subscription		1,085,546	408,084
Insurance		1,419,297	1,310,572
Depreciation		1,461,982	1,550,240
Amortization of intangible assets		2,843,844	-
Other expenses		905,247	1,445,704
		80,644,797	64,304,046
24.1 Salaries, wages and benefits include Rs. 493,639/- (2020: Rs. 418,955/-) in respect of Provident Fund contributions.			
24.2 Auditors' remuneration			
Annual Audit fee		500,000	483,000
25 OTHER INCOME			
Income from financial assets:			
Interest Income		9,650,997	251,828
Income from assets other than financial assets:			
Misc. income		3,789,897	10,284
(Loss)/Gain on disposal of property, plant and equipment		(140,895)	-
		13,299,999	262,112
26 FINANCE COST			
Mark-up on short term running finance - Secured		-	5,865,451
Bank charges		777,451	1,140,240
		777,451	7,005,691
27 OTHER CHARGES			
Workers' profit participation fund		5,913,826	306,752
Workers' welfare fund		2,203,190	114,280
		8,117,016	421,032
28 TAXATION			
For the year			
-Current		38,945,598	20,671,851
-Deferred		(1,580,068)	(1,380,114)
		37,365,530	19,291,737
Prior Years			
-Current		(3,756,211)	(77,128)
-Deferred		-	-
		(3,756,211)	(77,128)
		33,609,319	19,214,609

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

	%	%
Applicable tax rate	29.00	-
Effect of change in prior year	(0.03)	-
Income chargeable to tax at different rates	(0.01)	-
Others	1.55	-
	1.51	-
	30.51	-

28.2 The provision for current year tax represent tax on taxable income at the rate of 29% (2020: Minimum tax @ 1.50% u/s 113 of Income Tax Ordinance, 2001. According to management, the tax provision made in the financial statements is sufficient.

Years	Provision for taxation	Income tax as per tax assessment	Excess / (shortage)
-----RUPEES-----			
2020	20,671,851	16,915,640	3,756,211
2019	15,083,381	15,006,253	77,128
2018	19,109,611	20,094,042	(984,431)

29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
-----Rs.-----						
Remuneration	5,809,350	4,681,218	10,987,914	10,834,962	8,730,950	6,977,489
Medical	155,196	225,317	582,525	288,336	508,000	165,876
Reimbursement expenses	881,497	1,156,454	1,211,474	1,197,605	587,381	1,026,631
LFA/ Bonus	2,338,098	287,711	3,873,541	340,531	2,208,391	391,360
Contribution to provident fund	-	-	-	-	176,014	158,028
Utilities	361,789	287,106	554,500	581,540	1,609,722	481,212
	9,545,930	6,637,806	17,209,954	13,242,974	13,820,458	9,200,596
Number of person	1	1	1	1	2	2

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

30 EARNING PER SHARE - BASIC AND DILUTED

30.1 Basic earnings per share

Profit/(Loss) after taxation attributable to ordinary shareholders - Rupees	76,550,180	(13,500,592)
Weighted average number of ordinary shares in issue - Numbers	8,952,840	8,952,840
Profit/(Loss) per share - Rupees	8.55	(1.51)

30.2 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	2021 Rupees	2020 Rupees
31 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the statement of cash flows comprise of the following statement of financial position amounts:			
Cash and bank balances	15	10,252,763	14,837,493
		10,252,763	14,837,493

31.1 Reconciliation of liabilities arising from financing activities

	As at June 30, 2020	Non Cash Changes	Cash flows	As at June 30, 2021
-----RUPEES-----				
Un claimed dividend	345,845	-	-	345,845
Dividend payable	-	-	-	-
Total liabilities from financing activities	345,845	-	-	345,845

32 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	2021	2020
-----Rs.-----								
FINANCIAL ASSETS								
Trade Deposits				2,463,240		2,463,240	2,463,240	2,463,240
Trade debts	-	-	-	101,789,645	-	101,789,645	101,789,645	116,712,765
Loan & Advances				392,115		392,115	392,115	241,992
Short term investments	230,000,000		230,000,000	-		-	230,000,000	140,000,000
Cash and bank balances	1,115,454	-	1,115,454	9,137,309		9,137,309	10,252,763	6,497,097
	231,115,454	-	231,115,454	113,782,309		113,782,309	344,897,763	265,915,094
FINANCIAL LIABILITIES								
Trade and other payables	-	-	-	160,021,801		160,021,801	160,021,801	79,333,526
Deposits, accrued liabilities and advances				37,118,591		37,118,591	37,118,591	23,379,550
Unclaimed Dividend				345,845		345,845	345,845	345,845
				197,486,237		197,486,237	197,486,237	103,058,921
Off - balance sheet financial instruments								
Guarantees				1,435,183		-	1,435,183	1,435,183
				1,435,183		-	1,435,183	1,435,183

32.1 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:

32.1.1 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.101,789,645/- (2020: Rs. 116,712,765/-). 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.

32.1.2 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.

	2021 Rupees	2020 Rupees
At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:		
Fixed rate instruments:		
Financial assets		
Bank balances - deposit accounts	1,115,454	33,187
Short term investments	230,000,000	140,000,000
Floating rate instruments:		
Financial assets		
Bank balances - deposit accounts	-	-

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 0.00 million lower / higher (2020: 0.0 million) respectively. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

32.1.3 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.

32.1.4 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. 100 million (2020: Rs. 100 million) available borrowing limits from financial institutions and Rs. 10,252,763/- (2020: Rs.14,837,493/-) cash and bank balances.

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

	2021		
	Carrying amount	Contractual cash flows	Less than 1 year
	-----Rs.-----		
Trade and other payables	160,021,801	160,021,801	160,021,801
Deposits, accrued liabilities and advances	37,118,591	37,118,591	37,118,591
Unclaimed Dividend	345,845	345,845	345,845
	197,486,237	197,486,237	197,486,237
	2020		
	Carrying amount	Contractual cash flows	Less than 1 year
	-----Rs.-----		
Trade and other payables	37,873,719	37,873,719	37,873,719
Deposits, accrued liabilities and advances	23,379,550	23,379,550	23,379,550
Unclaimed Dividend	345,845	345,845	345,845
	61,599,114	61,599,114	61,599,114

32.2 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, 2021 and June 30, 2020 are as follows:-

	2021 Rs.	2020 Rs.
Net debt / (Surplus)	-	-
Total Equity	<u>566,710,735</u>	<u>490,160,555</u>
Total Capital	<u>566,710,735</u>	<u>490,160,555</u>
Gearing Ratio	<u>0%</u>	<u>0%</u>

32.3 Fair Value of Financial Instruments

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

33 RELATED PARTY TRANSACTIONS

Amounts due from and due to related parties are shown under Note 10.1 and 18.3 respectively of the financial statements. Remuneration of directors and key management personnel is disclosed in Note 29. Other significant transactions with related parties are as follows:

		2021 Rupees	2020 Rupees
Relation with the Company	Nature of transaction		
Holding Company	Sales of goods	345,786,521	189,921,580
Associated Companies	Sales of goods	51,136	-
Staff Provident Fund	Provident Fund Contribution	1,493,327	1,306,419

33.1 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.

34	NUMBER OF EMPLOYEES	2021	2020
	Total number of employees (including contractual labour) as at June 30	238	225
	Total number of factory employees (including contractual labour) as at June 30	230	215
	Average number of employees during the year (including contractual labour)	235	231
	Average number of factory employees during the year (including contractual labour)	227	222

35 **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 280,177 batteries {Standard 15 plates 233,469 batteries compared with (2020: 194,462 standard 15 plates 157,431 batteries} against annual manufacturing capacity of 300,000 standard 15 plates batteries (2020: 300,000).

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

36 **DISCLOSURES RELATING TO PROVIDENT FUND**

Size of the fund	17,949,061	14,918,214
Cost of investment made	12,902,342	11,207,595
Percentage of investment made	72%	76%
Fair value of investments	12,902,342	11,207,595

	2021 Rupees	2020 Rupees
36.1 Break up of investments		
Special accounts in a scheduled bank	1,402,342	3,207,595
Term finance certificates	11,500,000	8,000,000
	12,902,342	11,207,595
36.2 % age of investments made in terms of the size of the fund		
Special accounts in a scheduled bank	8%	22%
Term finance certificates	64%	54%
	72%	76%

36.3 The figures for 2020 and 2021 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.

37 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.

38 EVENT AFTER THE REPORTING DATE

The Board of Directors has proposed the payment of dividend of Rs. 7.50 per share (2020 : Nil per share) on the ordinary share capital of the company in their meeting held on September 07,2021.

39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on September 07,2021.

41 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director



Proxy Form

20th Annual General Meeting

I / We _____
of _____ being a member of Millat Industrial Products Limited
and holder of _____ Ordinary shares as per Shares Register Folio No. _____
hereby appoint _____ of _____ or failing him/her _____
of _____ or failing him / her _____ of _____ as my proxy to vote for me and
on my behalf at the Annual General Meeting of the Company to be held on Monday, October 25,
2021 at 2:30 p.m. at Company's Registered Office, 8.8 km Sheikhpura Road, Lahore and at any
adjournment thereof.

Signed this _____ day of _____ 2021.

Witness:

1. Signature : _____
Name: _____
Address: _____

CNIC or
Passport No: _____

Signature

Please affix
Rupees fifty
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

20 سالانہ اجلاس عام

میں / ہم _____ ساکن _____
 ساکن _____ ملت انڈسٹریل پروڈکٹس لمیٹڈ
 رکن و حاصل _____ عام حصص بمطابق شیئر رجسٹر فو لیو نمبر _____،
 ساکن _____ یا بصورت دیگر _____ ساکن _____
 کو اپنی جگہ بروز پیر مورخہ 25 اکتوبر 2021ء بوقت 2:30 بجے سہ پہر، بمقام رجسٹرڈ آفس 8.8 کلومیٹر شیٹو پورہ 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 _____ 2021

گواہان:

براہ کرم پچاس روپے مالیت
 کے ریونیوٹکٹ چسپا کریں۔

دستخط

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

- 1 دستخط: _____
 نام: _____
 پتہ: _____
 سی این آئی سی یا پاسپورٹ نمبر: _____
- 2 دستخط: _____
 نام: _____
 پتہ: _____
 سی این آئی سی یا پاسپورٹ نمبر: _____

نوٹ:

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

Electronic Transmission Consent

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

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

Electronic Transmission Consent Form

The Company Secretary,

Dated: _____

8.8 km Sheikhpura Road,

Lahore.

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

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

Name _____ of _____ Member _____ /

Shareholder _____

Folio Number _____

Email Address _____

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

Signature of the Member / Shareholder

اظہار رضامندی بابت ترسیل برق روی

سیکیورٹیز اینڈ ایکسچینج آف پاکستان کے ایس آر او 2014/787(1) مورخہ 8 ستمبر 2014 کے بموجب سہولت مہیا کی گئی ہے کہ کمپنی اپنی سالانہ بیننس شیٹ اور نفع و نقصان کے گوشوارے محاسب و نظمہ کی مرتب کردہ اطلاعاتی معلومات (پڑتال شدہ مالیاتی حسابات) بشمول سالانہ اجلاس عام کی اطلاع اپنے حصص یافتگان کو بذریعہ ای میل ارسال کر سکتی ہے۔ وہ تمام حصص داران جو کمپنی کی سالانہ رپورٹ بذریعہ ای میل حاصل کرنے کے خواہشمند ہیں ان سے التماس ہے کہ تکمیل شدہ رضامندی کے فارم کمپنی سیکرٹری کو مہیا کریں۔

یاد دہانی رہے کہ سالانہ رپورٹ کی بذریعہ ای میل وصولی اختیاری ہے لازمی نہیں ہے۔

اظہار رضامندی بابت ترسیل برق روی فارم

کمپنی سیکرٹری

تاریخ:

8.8 کلومیٹر شیخوپورہ روڈ،
لاہور

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















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