

Millat Tractors Limited

(Annual Report 1996)

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Board of Directors

Sikandar Mustafa Khan
Chairman/Chief Executive

EMPLOYEES GROUP

Latif Khalid Hashmi
Sohail Bashir
Laeq Uddin Ansari
S.R. Bokhari
Rana Mohammad Siddique
Mian Mohammad Saleem

Mian Mohammad Saleem
Company Secretary

OTHERS

Mian Mohammad Mansha
(MCB Nominee)
A.K.M. Sayeed
(NIT Nominee)
Omer Mahmood Rana

Management

Sikandar Mustafa Khan
Chairman / Chief Executive

Latif Khalid Hashmi
Director Marketing

Sohail Bashir Rana
Director Technical

Laeq Uddin Ansari
Director Finance

Mian Mohammad Saleem
Gen. Manager Finance

S.R. Bokhari
Gen. Manager SA & CP

Bashir A. Chaudhry
Gen. Manager Marketing

Shaukat Ali Sheikh
Gen. Manager Production Control

Mubashar Iqbal
Gen. Manager Admn / Purchase

M. Aslam Khokhar
Dy. Gen. Manager HRD

Pir Asad Iqbal
Dy. Gen. Manager R & D

Javed Munir
Dy. Gen. Manager Finance

Notice of Meeting

Notice is hereby given that 33rd Annual General Meeting of Millat Tractors Limited will be held at the Company's Registered Office, 9 KM. Sheikhpura Road, Shahdara, Lahore, on Monday, December 30, 1996 at 4 P.M. to transact the following business:

1. To confirm minutes of the 32nd Annual General Meeting.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 1996, together with the Directors' and Auditors' Reports thereon.
3. To approve payment of cash dividend at the rate of Rs. 7.50 per share (75%).
4. To appoint auditors and fix their remuneration for the year ending June 30, 1997. The present joint auditors M/S Ilyas Saleem & Co. Chartered Accountants and M/S Ford, Rhodes, Robson, Morrow, Chartered Accountants, retire and being eligible offer themselves for re - appointment.
5. To transact any other business with the permission of the Chair.

NOTES

1- The share transfer books of the Company will remain closed from December 12, 1996 to December 31, 1996 (both days inclusive) and no transfer will be accepted during this period. The members whose names appear in the register of members as at the close of business on December 11, 1996 will qualify for the payment of cash dividend.

2- A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received by the Company

not less than 48 hours before the meeting.

3- Shareholders are requested to notify the change of address, if any, immediately.

	By order of the Board
Lahore	Mian Muhammad Saleem
Dec. 8, 1996	Company Secretary

Directors Report to the Shareholders

Your directors have the pleasure to lay before you their 33rd report together with audited accounts of the company for the year ended June30, 1996.

APPROPRIATIONS

Your directors recommend the payment of cash dividend at the rate of Rs. 7.50 per share (75%) out of the profits available for appropriations. Accordingly, the following appropriations have been made:

ACCOUNTS (Rupees in thousands)

Profit before taxation	159,213
Less: Taxation	62,400

Profit after taxation	96,813
Add: Unappropriated profit brought forward	476

Profit available for appropriations	97,289
Less: Appropriations	
Transfer to general reserves	37,000
Proposed dividend @ 75%	60,070

	97,070
Unappropriated profit carried forward	219

AUDITORS

The present joint auditors Messrs Ilyas Saleem & Company, Chartered Accountants, and Messrs Ford, Rhodes, Robson, Morrow, Chartered Accountants, retire and being eligible offer themselves for re-appointment.

CHAIRMAN'S REVIEW

The directors of your company endorse the contents of the Chairman's review dealing with the company affairs which is included in the Annual Report.

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed.

Chairman's Review

Dear Shareholders:

It is a privilege and immense pleasure for me to welcome you to the 33rd Annual General Meeting of the Company and present the audited accounts and Report of your Board of Directors for the year ended June 30, 1996.

By the grace of Almighty Allah and the dedicated efforts of the Company employees, the year 1996 has proved to be another year of achievements. Your Company gained further heights in various areas of its activities as it recorded a pre-tax profit of Rs. 159.2 million on a sale of over Rs. 3 billion. The Company generated major portion of the revenue through sale of tractors on cash basis and also successful marketing of its multi-application products like Gensets, Forklift Trucks & Prime Movers valuing Rs. 92.2 million which, of course, augurs well for the Company's future.

In my review of 1992 when the Company was transferred to MTL Employees under the privatisation policy of the Government, I had assured the shareholders that destiny of the Company was now in the safe hands of the employees management who had accepted the challenge with new determination and renewed dedication to lift the Company to even greater heights of glory in future. I am now pleased to record that we feel we have lived upto your expectations in further improving the performance of the Company.

FINANCIAL RESULTS

The prudent employment of financial resources and efficiently managing material and other inputs, the gross profit ratio improved from 8.1% to 11.1% during the year under review. Financial charges went upto Rs. 33.5 million as against Rs. 23.8 million of last year due to piling up of inventory in view of Government's promise to include local tractor manufacturers in the Awami Tractor Scheme which did not materialise. The increase in operating expenses was due mainly to the charge to Employees Pension Fund and other provisions made during the year. The robust financial health during the year under review improved the current ratio to 1.3:1.

Earning per share increased from Rs. 10.00 per share to Rs. 12.00 and the break-up value of a share rose to Rs. 57.00 from Rs. 52.00 of last year, while all other financial

indicators also showed a steep rise.

After making provision for taxation of Rs. 62.4 million, the after-tax profit of Rs. 97.3 million was available for appropriation. Your Board of Directors thus feels pleasure in recommending a cash dividend of Rs. 7.50 per share (75%) for the year 1995-96.

SELLING OPERATIONS

During the year under review, tractor industry registered a drop of 42% through ADBP funding. Total tractor sale in the country was 25,813 units inclusive of 9,520 units sold under the Awami Tractor Scheme. The local industry thus contributed 16,293 units out of which we recorded a sale of 9,628 units to maintain our market share of 60%.

In terms of units, however, our sale dropped by 690 from 10,318 units mainly due to restricted ADBP loaning and influx of imported CBU tractors under the A.T.S. Our Tractor prices also increased because of the October, 1995 devaluation and imposition of 10% regulatory duty which took considerable time for the market to stabilize.

AWAMI TRACTOR SCHEME

The Awami Tractor Scheme was launched by the Government in 1994 allowing import of completely built up tractors without any duty and sales tax. Under this scheme 20,000 tractors were imported for which letters of credit were established by ADBP thereby relieving the importers of the working capital requirements and financial risk. Taking into account the concessions provided to the importers of CBU tractors, the country had to pay a higher price for each imported tractor which allowed a subsidy of almost Rs. 2 billion, and Rs. 2.8 billion spent in valuable foreign exchange. These funds could have been more prudently invested to the betterment of the local tractor industry which is presently under crisis.

TECHNICAL OPERATIONS

Technical Department's activities continued to focus on providing quality products and services to the customers with overall productivity improvement. However, uncertainty in the market due to the induction of ATS and devaluation, led to erratic production which is making the entire tractor industry inefficient and manufacturing more expensive. Pakistan Steel Mills proved to be an unreliable source of raw materials in terms of quality, supply & pricing. Despite all these constraints we managed to produce 9,591 units against 10,199 units produced during the last year.

DIVERSIFICATION

It was through well co-ordinated efforts that goals of progressive manufacturing of Diesel Generating Sets, Forklift Trucks and other multi-application products have been achieved. We added special features in the already developed Generating Set to meet the specific requirements of Pakistan Telecommunication Company Limited. This breakthrough enabled the Company to compete with the imported Genders and resulted in securing orders from individual customers and a bulk order from client like Pakistan Telecommunication Company Limited. The self propelled Combine Harvester indigenously developed and manufactured after several years of tests and trials was successfully commissioned for commercial sale. The feasibility of its operations was practically demonstrated & hailed by the Minister for Food and Agriculture alongwith progressive farmers who witnessed its field test for wheat harvesting. Your Company feels that it is a major achievement towards indigenization of a highly sophisticated engineering product which will go a long way towards achieving self-sufficiency in food and saving valuable foreign exchange by providing a competitive priced product.

EMPLOYEES' WELFARE SCHEMES

Maintenance of conducive, cordial and constructive relations with the workforce was the major factor towards achieving appreciable all round performance exhibited through high standards of professionalism and responsibility at all levels. Responding to staff's loyalty and dedication, the Company has introduced Employees' Children Scholarship Scheme, Benevolent Fund Scheme and Pension Fund. While Scholarship Scheme helps promote education, Benevolent Fund Scheme aims at providing financial assistance to the needy employees. The introduction and implementation of the Pension Scheme during the current financial year is in line with the already established welfare schemes which are part of Management's resolve to bring a tangible change in their financial and social set-up.

It is fervently hoped that these welfare schemes will prove to be a driving force in motivating the employees to be more productive, dedicated & loyal to their institution.

STEPS FOR FUTURE

We are well aware of the vicious circle threatening the tractor industry. The Company is, therefore, enhancing its diversification capabilities to maintain its role as market leaders through customer satisfaction and quality products. We have already reaped a good harvest through our diversification plans

as the Company managed to sell Gen. Sets, Prime Movers & Forklift Trucks valuing Rs. 92.2 million against Rs. 27.5 million of last year which is up by 235%. Our ambitious Combine Harvester project, which was undertaken in 1994 using indigenous technology and based on tractor components already manufactured locally, has gained momentum and we have manufactured a few units which are available to farmers at far lower prices than imported. In addition, the Company's thrust would be on improving its tractor sale on cash basis to reduce dependence on ADBP funding and thus ensure a secured future.

GRATITUDES

Summing up my review I would like to place on record my appreciation for the untiring efforts of MTL employees at all levels which helped achieve our targets and materialise our ambitious plans. I also acknowledge the assistance and co-operation extended by our dealers and vendors which was instrumental in achieving appreciable results. I am also indebted to our principals Massey Ferguson and Perkins Engines for their assistance and guidance. M/s. Beijing Forklift Truck Company of China also deserve our gratitude for promoting our diversification plans. My thanks are due to the farming community and all other institutions who reposed confidence in our products & confirmed brand loyalty. My sincere thanks to the Company's shareholders as well for whom we always strive to protect their interest. May Allah bless all those who are in any way related to the Company.

Decade at a Glance

INCOME

Net sales and income
Profit before tax
Profit after tax & extraordinary items
Transfer from reserve
Less: cash dividend
Retained in business

FINANCIAL POSITION

Current assets
Less: Current liabilities
Net working capital
Fixed assets - Net
Investments
Other assets

Less: Long term debts
Other liabilities
Shareholders' equity

REPRESENTED BY:

Share capital
Capital reserve

Revenue reserve
 Unappropriated profit
 NET CAPITAL EMPLOYED

STATISTICS

Break-up value of a share of Rs. 10/- each
 Dividend (Rupees per share)
 Dividend (Percentage)
 Bonus issue / Right issue of shares
 Total number of tractors sold

RATIOS

Current assets to current liabilities

Profit before tax to sale and
 income (Percentage)
 Return on capital employed (Percentage)
 Return on equity (Percentage)
 Debt to equity

(Rupees in thousands)

1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
3330334	3003924	2481006	2347175	1494771	1529830	2017422	2153151	1608629	1384354
159213	126207	113912	94185	19293	55363	93131	112036	66461	54662
96813	81007	67898	53235	11203	33400	56143	62722	41257	31012
-	-	-	-	15500	-	-	-	-	-
60070	48056	44052	36042	13349	-	20858	20858	14748	14748
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
36743	32951	23846	17193	13354	33400	35285	41864	26509	16264
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
855916	1130866	679918	788055	943146	826610	791129	584176	540600	435754
671291	972699	549444	665945	792574	632484	567243	346714	428208	371923
184625	158167	130474	122110	150572	194126	223886	237462	112392	63831
224124	230010	249282	259351	259698	232217	178983	141740	135605	138822
69116	65616	63616	63616	4000	4000	4000	4000	4000	4000
6576	17630	37061	45013	37904	7169	7895	2250	2405	1880
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
484441	471423	480433	490090	452174	437512	414764	385452	254402	208533
17128	38653	77814	109492	96219	84161	94677	107987	17400	-
11000	13200	16000	17825	10375	5625	5761	9943	11344	9384
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
456313	419570	386619	362773	345580	347726	314326	267522	225658	199149
80094	80094	80094	80094	66745	55621	55621	46351	42137	42137
-	-	-	-	13349	11124	6884	4635	4214	1028
376000	339000	306000	282000	265000	280500	251500	216000	178700	155700
219	476	525	679	486	481	321	536	607	284
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
456313	419570	386619	362773	345580	347726	314326	267522	225658	199149
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
57.0	52.4	48.3	45.3	51.8	62.5	56.5	57.7	53.5	47.3
7.50	6.00	5.50	4.50	2.00	-	3.75	4.50	3.50	3.50
75	60	55	45	20	-	37.50	45	35	35
-	-	-	-	1:5B	1:5B	-	1:10B	1:10B	-
							1:10R		
9628	10318	9201	9443	6702	7270	11608	13816	10913	10780
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
1.3:1	1.2:1	1.2:1	1.2:1	1.2:1	1.3:1	1.4:1	1.7:1	1.3:1	1.2:1

478	4.25	4.59	4.01	1.29	3.62	4.62	5.20	4.13	3.95
32.86	26.77	23.71	19.22	4.27	12.65	22.45	29.07	26.12	26.21
21.22	19.31	17.56	14.67	3.24	9.61	17.86	23.44	18.28	15.57
4:96	8:92	17:83	23:77	22:78	19:81	23:77	29:71	7:93	0:100
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Auditor's Report to the Members

We have audited the annexed Balance Sheet of MILLAT TRACTORS LIMITED as at June 30, 1996 and the related Profit and Loss Account and Statement of Changes in the Financial Position, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:-

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion;

i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and the Statement of Changes in Financial Position, together with the Notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1996 and of the profit and the changes in financial position for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and

deposited in the Central Zakat Fund
established under Section 7 of the
Ordinance.

Ford, Rhodes, Robson, Morrow,
Chartered Accountants

Ilyas Saleem & Co.
Chartered Accountants

Lahore:
October 16, 1996

Balance Sheet as at June 30, 1996

	Note	1996 (Rupees in thousands)	1995
SHARE CAPITAL AND RESERVES			
Authorised capital 10,000,000 ordinary shares of Rs. 10 each		100,000	100,000
		=====	=====
Issued, subscribed and paid up capital	2	80,094	80,094
Reserves	3	376,000	339,000
Unappropriated profit		219	476
		-----	-----
		456,313	419,570
REDEEMABLE CAPITAL, LONG - TERM AND DEFERRED LIABILITIES			
Redeemable Capital	4	5,670	10,981
Liabilities against assets subject to finance lease	5	-	3,639
Long - term loans and liabilities	6	11,458	22,916
Deferred taxation	7	11,000	13,200
		-----	-----
		28,128	50,736
CURRENT LIABILITIES			
Current portion of:			
Redeemable capital	4	5,311	5,050
Liabilities against assets subject to finance lease	5	3,639	9,992
Long - term loans and liabilities	6	11,458	25,293
Short - term running finances - secured	8	-	-
Creditors, accrued and other liabilities	9	580,367	857,487
Provision for taxation		-	27,938
Provision for regulatory duty		10,446	-
Proposed dividend		60,070	48,056
		-----	-----
		671,291	973,816
(.ONTINGENCIES AND COMMITMENTS	10	-	-
		-----	-----
		1,155,732	1,444,122
FIXED CAPITAL EXPENDITURE			
Operating fixed assets	11	223,940	229,602
Capital work - in - progress	12	184	408
		-----	-----
		224,124	230,010

LONG - TERM INVESTMENTS	13	69,116	65,616
LONG - TERM LOANS	14	6,576	15,440
LONG - TERM DEPOSITS		-	1,072

CURRENT ASSETS

Stores and spares	15	15,434	11,370
Stock - in - trade	16	621,890	774,503
Trade debts	17	48,770	7,038
Loans, advances, deposits, prepayments and other receivables	18	57,159	60,075
Cash and bank balances	19	112,663	278,998
		-----	-----
		855,916	1,131,984
		-----	-----
		1,155,732	1,444,122
		=====	=====

The annexed notes form an integral part of these accounts.

Profit and Loss Account for the year ended June 30, 1996

	Note	1996 (Rupees in thousands)	1995
SALES	20	3,309,524	2,970,921
COST OF SALES	21	2,941,201	2,729,317
		-----	-----
TRADING PROFIT		368,323	241,604
Selling, administration and general expenses	22	184,384	115,141
		-----	-----
OPERATING PROFIT		183,939	126,463
Other income	23	20,800	33,003
		-----	-----
		204,739	159,466
Financial charges	24	33,542	23,774
Other charges	25	11,984	9,485
		-----	-----
		45,526	33,259
		-----	-----
PROFIT BEFORE TAXATION		159,213	126,207
Provision for taxation	26	62,400	45,200
		-----	-----
PROFIT AFTER TAXATION		96,813	81,007
UNAPPROPRIATED PROFIT BROUGHT FORWARD		476	525
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATION		97,289	81,532
APPROPRIATIONS			
Transfer to general reserves		37,000	33,000
Proposed dividend @ Rs. 7.50 per share (1995: Rs. 6.00) per share		60,070	48,056
		-----	-----
		97,070	81,056
		-----	-----
UNAPPROPRIATED PROFIT CARRIED FORWARD		219	476
		=====	=====

The annexed notes form an integral part of these accounts.

Statement of changes in financial position (Cash Flow Statement)

for the year ended June 30, 1996

	1996	1995
	(Rupees in thousands)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	159,213	126,207
Adjustment for non cash charges:		
Depreciation	27,828	26,860
Provision for doubtful debts	8,970	1,806
Provi sion for regulatory duty	10,446	-
Gain on disposal of fixed assets	(83)	(728)
Adjustment - fixed assets	335	-
Interest income	(13,981)	(16,347)
Dividend income	-	(2,000)
Financial charges	33,542	23,774
	-----	-----
Operating profit bore working capital changes	226,270	159,572
(Increase)/decrease in current assets	101,629	(294,092)
Increase/(decrease) in current liabilities	(280,601)	393,798
	-----	-----
Cash generated from operations	47,298	259,278
Interest paid	(30,277)	(27,028)
Income taxes paid	(92,801)	(10,149)
	-----	-----
	(75,780)	222,101
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(22,982)	(8,230)
Proceeds from sale of fixed assets	788	1,374
Long term investments	(3,500)	(2,000)
Long term loans	8,261	19,430
Long term deposits	1,072	-
Dividend received	-	2,000
Interest received	13,981	16,347
	-----	-----
Net cash inflow/(outflow) from investing activities	(2,380)	28,921
	=====	=====
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of redeemable capital	(5,050)	(4,784)
Payment of liabilities against assets subject to finance lease	(9,992)	(8,858)
Long term loans and liabilities	(25,293)	(25,294)
Dividend paid	(47,840)	(43,511)
	-----	-----
Net cash inflow/(outflow) from financing activities	(88,175)	(82,447)
	=====	=====
Net increase/(decrease) in cash and cash equivalents	(166,335)	168,575
Cash and cash equivalents at the beginning of the year	278,998	110,423
	-----	-----
	112,663	278,998
	=====	=====
NOTE		
(Increase)/decrease in current assets:		
Stores and spares	(4,064)	182
Stocks	144,109	(317,304)
Trade debts	(42,198)	5,201
Loans, advances, deposits and receivables	3,782	17,829
	-----	-----
	101,629	(294,092)
	=====	=====

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting convention

The accounts have been prepared under the historical cost convention.

1.2 Taxation

The charge for current taxation for the year is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates realizable, if any. The company accounts for deferred taxation, using the liability method, on all major timing differences.

1.3 Fixed capital expenditure and depreciation

1.3.1 Operating fixed assets except land and capital work ~ in - progress are stated at cost less accumulated depreciation. Land and capital work - in - progress are stated at cost.

Depreciation on operating fixed assets 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 given in note 11.1.

The full annual rate of depreciation is applied on the cost of additions, while no depreciation is charged on assets deleted during the year.

Minor renewals or replacements, maintenance, repairs and profit or loss on disposal of fixed assets are charged to income. Major renewals and improvements are capitalized.

1.3.2 Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the asset less depreciation at the rates and basis applicable to company owned assets. The related obligations of the lease are accounted for as liabilities.

1.4 Stores and spares

These are valued at cost using the moving average method.

1.5 Stock - in - trade

Stock of raw materials, except for raw materials - in - transit, work - in - process and finished goods are valued principally at lower of average cost and net realizable value. Cost of work - in - process and finished goods comprise cost of direct materials, labour and appropriate manufacturing overheads.

Raw materials - in - transit are stated at cost comprising invoice values plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

1.6 Foreign currencies

Assets and liabilities in foreign currencies except for foreign currency balance covered by forward exchange risk cover are translated into rupees at the exchange rates prevailing at the year end. Foreign currency balance covered by forward exchange risk cover are converted at forward rates. Exchange differences are charged to income.

1.7 Pension scheme

The company operates a pension scheme for its permanent employees. In April 1996, a Pension Trust Fund was formed with intent to operate a funded pension scheme. Actuarial valuation to determine the obligation under the scheme is carried out using the Accrued Benefit Valuation (ABV) method. Under this method the contribution rate of each employee is computed as a percentage of basic salary, which on the actuarial assumption, would be sufficient to provide for the pension benefit, had the scheme existed when he joined the company.

1.8 Gratuity

The scheme, administered by a Board of Trustees, covers all employees. Based on a

graduated scale under the scheme, the liability is calculated with reference to the last drawn salary and length of service of employees. All sums due at the year end are contributed to the Employees Gratuity Fund Trust.

1.9 Revenue recognition

Sale of goods is recognized on delivery of goods to customers.

1.10 Investments

These are stated at cost. Provision for diminution in value of investments is deducted from cost wherever applicable.

1996 1995
(Rupees in thousands)

2. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2,542,857 (1995: 2,542,857) ordinary shares of Rs. 10 each fully paid in cash	25,429	25,429	
5,466,531 (1995:5,466,531) ordinary shares of Rs. 10 each issued as fully paid bonus shares	54,665	54,665	
	-----	-----	
	80,094	80,094	
	=====	=====	

3. RESERVES

Movement in and composition of reserves is as follows:

Revenue			
General reserve			
At the beginning of the year	339,000	306,000	
Transfer from profit and loss account	37,000	33,000	
	-----	-----	
	376,000	339,000	
	=====	=====	

4. REDEEMABLE CAPITAL - NON PARTICIPATORY

This is composed of:

Long - term running			
finance 1	2,813	5,567	
finance 2	8,168	10,464	
	-----	-----	
	10,981	16,031	

Less: Current portion shown under current liabilities	5,311	5,050	
	-----	-----	
	5,670	10,981	
	=====	=====	

Security

The long-term running finances are secured by an equitable mortgage upon the immovable property of the company convertible at the lenders option into an English mortgage and a hypothecation of current and future movable assets of the company ranking pari passu with each other and with the charges in favour of the foreign currency loans referred to in Note 6 and subject to the hypothecation on short-term running finance referred to in Note 8.

Long-term running finance 1

This has been obtained from National Development Finance Corporation (NDFC) under mark - up arrangements. Under these arrangements plant and machinery owned by the company amounting to Rs. 17.4 million was sold to NDFC and was deemed to have been immediately repurchased by the company at the price paid by NDFC plus a mark - up computed at the rate of approximately Re. 0.62 per Rs. 1,000 per diem. In the event of the company paying the long - term running finance or the mark - up or any part thereof on or before the due dates, the Corporation may allow the

company a proportionate rebate at the rate of Re. 0.54 per Rs. 1,000 per diem. The outstanding balance is repayable in 2 equal half yearly instalments inclusive of the mark - up thereon.

Long-term running finance 2

This has been obtained from National Development Finance Corporation (NDFC) under mark- up arrangements. Under these arrangements, plant and machinery owned by the company amounting to Rs. 16.3 million was sold to NDFC and was deemed to have been immediately repurchased by the company at the price paid by NDFC plus a mark - up computed at the rate of approximately Re. 0.61 per Rs. 1,000 per diem. In the event of the company paying the long - term running finance or the mark - up or any part thereof on or before the due dates, the Corporation may allow the company a proportionate rebate at the rate of Re. 0.38 per Rs. 1,000 per diem.

The outstanding balance is repayable in 6 equal half yearly instalments, inclusive of the mark - up thereon, commencing after disbursement of the full amount of the running finance.

Significant investments are subject to the Corporation's prior approval.

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The value of minimum lease rental payments has been discounted at an implicit interest rate ranging from 18.85% to 23% per annum to arrive at their present value. The amount of future payment and the periods during which they will fall due are:

	1996	1995
	(Rupees in thousands)	
Year ending June 30, 1996	-	11,517
1997	3,893	3,893
	-----	-----
	3,893	15,410
Less: Unamortised financial charges	254	1,779
	-----	-----
	3,639	13,631
Less: Current portion shown under current liabilities	3,639	9,992
	-----	-----
	-	3,639
	=====	=====

The lease rentals are payable in quarterly instalments. The security deposits paid against lease arrangements are adjustable at the end of the respective lease term and have been included in the corresponding year in which they fall due for adjustment. Overdue lease rental payments are subject to an additional charge at the rate of Re. 0.83 to 1.00 per Rs. 1,000 per diem or part thereof.

Taxes, repairs and insurance costs are to be borne by the lessee. In case of termination of the agreement, the lessee is to pay the entire rent for the unexpired period of the lease agreement. The lease agreement is renewable at the option of the lessor and on such terms as may be agreed upon. The liability is secured, in addition to the cash security deposit, by hypothecation of respective leased asset.

6. LONG - TERM LOANS AND LIABILITIES

6.1 Long - term loans

Foreign currency loan - secured		
SWF 1,946,248 (1995: SWF 2,919,372)	22,916	34,373
Less: Current portion shown under current liabilities		
SWF 973,124 (1995: SWF 973, 124)	11,458	11,457
	-----	-----
	11,458	22,916

6.2 Long - term liabilities

Payable to Privatisation Commission		
(Liabilities against purchase of shares)	-	13,836
Less: Current portion shown under current liabilities	-	13,836

-----	-----
11,458	22,916
=====	=====

6.1 Foreign currency loan

The foreign currency loan has been obtained from International Finance Corporation and the outstanding balance is repayable in Swiss Francs in 4 equal half yearly instalments. The interest on the loan is payable quarterly at a rate of 6 - 5 / 8% per annum.

Security

The loan is secured by an equitable mortgage upon the immovable property of the company convertible at the lenders option into an English mortgage and a hypothecation of current and future movable assets of the company ranking pari passu with the charges in favour of the long - term running finances referred to in Note 8.

The company shall maintain a current ratio of 1.15 and debt equity of 2:1 before payment of cash dividend.

6.2 Liabilities against purchase of shares

This represented the amount payable in three instalments on yearly basis commencing from June 10, 1994, to Privatisation Commission, Government of Pakistan, for the acquisition of 41% shares of Bolan Castings Limited under the process of privatisation and carries markup 814% per annum. This liability was secured against the guarantee given by a commercial bank. This liability was discharged during the year.

7. DEFERRED TAXATION

The liability for deferred taxation comprises the timing differences.

Balance at the beginning of the year	13,200	16,000
Provision/(reversal) for the year	(2,200)	(2,800)
	-----	-----
	11,000	13,200
	=====	=====

8. SHORT - TERM RUNNING FINANCES AND OTHER CREDIT FACILITIES - SECURED

8.1 Short - term running finances available from commercial banks and a financial institution under mark up arrangements amount to Rs. 475 million which remained unutilised at balance sheet date (1995: Rs. 430 million).

8.2 Of the aggregate facility of Rs. (thousands) 1,273,000 (1995 :Rs. (thousands) 840,000) for opening letters of credit and Rs. (thousands) 26,210 (1995:Rs. (thousands) 11,890) for guarantees, the amount utilised at June 30, 1996 was Rs. (thousands) 490,940 (1995: Rs. (thousands) 719,580) and Rs. (thousands) 15,210 (1995:Rs. (thousands) 7,170) respectively.

8.3 An additional facility for guarantees, Rs. (thousands) 41,708 (1995: Rs. (thousands) 75,030) was utilised as explained in Note 10 as at June 30, 1996. This facility is secured by a second charge on immovable properties, machinery and electrical equipments.

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

	1996	1995
	(Rupees in thousands)	

9.1 These are composed of:

Creditors	417,750	732,712
Accrued liabilities	28,850	6,943
Advances from customers	9,855	13,688
Deposits - Note 9.2	11,358	11,593
Mark up accrued on lease finance	46	221
Mark up accrued on secured loans and running finances	3,219	834

Royalties	10,479	35,857
Performance bonus payable	41,650	34,550
Workers' profit participation fund - Note 9.3	9,421	7,484
Workers' welfare fund	10,726	7,302
Unclaimed dividend	2,576	2,360
Pension fund payable	28,533	-
Others	5,904	3,943
	-----	-----
	580,367	857,487
	=====	=====

9.2 Deposits from dealers / contractors, by virtue of agreement, are interest free, repayable on demand and used in company's business.

9.3 Workers' profit participation fund:

Balance at the beginning of the year	7,484	6,674
Allocation for the year	8,560	6,785
	-----	-----
Amount available	16,044	13,459
Interest provided on funds utilised in company's business	162	154
	-----	-----
	16,206	13,613
Amount paid to workers	6,785	6,129
	-----	-----
Balance at the end of the year	9,421	7,484
	=====	=====

10. CONTINGENCIES AND COMMITMENTS

10.1 Guarantees aggregating Rs. (thousands) Nil (1995: Rs. (thousands) 49,113) on behalf of employees and Rs. (thousands) Nil (1995: Rs. (thousands) 12,080) on behalf of the Chief Executive have been provided by commercial banks in favour of the Privatisation Commission for purchase of the company's shares. This facility has been secured against the assets of the company as set out in Note 8.3.

10.2 Guarantee aggregating Rs. (thousands) Nil (1995: Rs. (thousands) 13,836) has been provided by commercial banks in favour of Privatisation Commission for the acquisition of 41% shares of Bolan Castings Ltd. This facility has been secured against second charge on assets of the company and pledge of total number of 2,265,407 shares of BCL as set out in Note 8.3. The balance outstanding on the acquisition of shares has been fully paid during the year.

10.3 Guarantees to bank for repayment of loan by employees Rs. (thousands) 2,264 (1995: Rs. (thousands) 1976).

10.4 Claims not acknowledged by the company as debts Rs. (thousands) 16,872 (1995: Rs. (thousands) 16,918).

10.5 Commitments in respect of capital expenditure Rs. (thousands) Nil (1995: Rs.(thousands) 202).

11. OPERATING FIXED ASSETS - TANGIBLE

11.1 The following is a statement of the operating fixed assets:

Cost to June 30, 1995	Additions/ (deletions) (Adjustments)	Cost to June 30, 1996	Book value Accumulated depreciation 30, 1996	Annual rate of Depreciation depreciation %	Charge for the year
-----	-----	-----	-----	-----	-----
(Rupees in thousands)					

Land - Freehold	13,675	-	13,675	-	13,675	-	-
- Leasehold	8	-	8	-	8	-	-
Building on freehold land	140,600	808	141,073	62,124	78,949	10 - 5	8,400
		(335)					
Office building on leasehold land (Note: 11.2)	2,900	-	2,900	580	2,320	5	145
Plant and machinery	167,499	23,654	191,153	105,950	85,203	10	9,467
Tools and equipments	36,106	1,145	37,251	23,952	13,299	15	2,347
Furniture, fixture and equipments	14,001	1,966	15,861	9,801	6,060	10 - 20	763
		(106)					
Vehicles	14,367	15,666	28,481	11,539	16,942	20	4,235
		(1,552)					
Computers	6,443	2,309	8,752	6,901	1,851	33	911
	-----	-----	-----	-----	-----	-----	-----
	395,599	45,548	439,154	220,847	218,307		26,268
		(1,658)					
		(335)					
Assets subject to finance lease:							
Plant and machinery	22,343	(22,343)	-	-	-	10	-
Vehicles	9,079	-	9,079	4,596	4,483	20	1,121
Computer hardware	3,751	-	3,751	2,933	818	33	402
Furniture and fixture	503	-	503	171	332	10	37
	-----	-----	-----	-----	-----	-----	-----
	35,676	-	13,333	7,700	5,633	-	1,560
		(22,343)					
	-----	-----	-----	-----	-----	-----	-----
	431,275	45,548	452,487	228,547	223,940		27,828
		(24,001)					
		(335)					
	-----	-----	-----	-----	-----	-----	-----
1995	424,488	9,014	431,275	201,673	229,602		26,860
		(2,227)					
	-----	-----	-----	-----	-----	-----	-----

The asset acquired under the finance lease is transferred to the own assets on the completion of the lease payments.

11.2 Purchased office building at Karachi for Rs. (thousands) 2,900 on lease for 55 years. Keeping in view its expected useful life, it is amortised over 20 years @ 5% per annum.

The depreciation charge for the year has been allocated as follows:

	1996	1995
	(Rupees in thousands)	
Cost of goods sold - Note 21	21,592	22,923
Selling & distribution expenses - Note 22.1	1,375	1,231
Administrative & general expenses - Note 22.2	4,861	2,706
	-----	-----
	27,828	26,860
	=====	=====

11.3 Disposal of operating fixed assets

Detail of certain fixed assets sold during the year are as follows:

Particulars of assets	Basis of sales	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds
(Rupees in thousands)						
Motor cars	Company's	Employees				

	Car Scheme					
-	Mr. Jehangir Qureshi	197	71	126	126	
-	Mr. lmtiaz Ali	130	87	43	43	
-	Mr. K.A. Waheed	138	82	56	56	
-	Mr. C.M. Malik	101	84	17	17	
-	Mr. Masood Ahmad Chaudhri	130	87	43	43	
-	Mr. Mubashar Iqbal	203	99	104	104	
-	Mr. Alam Qureshi	130	87	43	43	
-	Mr. Zaair Farid Shah	130	87	43	43	
-	Mr. Ahsan Imran	187	91	96	95	
	Accident	Claim received from Adamjee Insurance Co.	207	101	106	190
Photocopier	Tender	Mr. Mushtaq Ahmed	37	31	6	3
	Negotiation					
Air - conditioners	- do -		32	23	9	11
Water cooler	- do -		5	41		2
Training / Lab. Equipment	Thal Tractor Dev. Corpt. Leiah		31	19	12	12
			-----	-----	-----	-----
			1,658	953	705	788

1996 1995
(Rupees in thousands)

12. CAPITAL WORK - IN - PROGRESS

This consists of:

Civil works and building	184	408
	-----	-----
	184	408
	=====	=====

13. LONG-TERM INVESTMENT - AT COST

In subsidiary companies:

Bolan Castings Limited (quoted company)
2,265,407 (1995:2,265,407) fully paid ordinary shares
of Rs. 10/- each - Note 13.1

	55,616	55,616
--	--------	--------

Millat Equipment (Pvt) Ltd.
7 (1995: 7) fully paid ordinary shares of
Rs. 10/- each - Note 13.2

	-	-
--	---	---

In associated companies:

Arabian Sea Country Club Limited (unquoted company)
500,000 (1994: 200,000) fully paid ordinary
shares of Rs. 10/- each -Note 13.3

	5,000	2,000
--	-------	-------

Other investments:

Baluchistan Wheels Limited (quoted company)
1,050,000 (1995: 1,000,000) fully paid ordinary
shares of Rs. 10/- each -Note 13.4

	8,500	8,000
	-----	-----
	69,116	65,616

13.1 The company acquired 2,265,407 fully paid ordinary shares of Rs. 10 each through Privatization Commission in open bidding @ Rs.24.55 per share alongwith management control. The above investment represents 41.00% of the issued ordinary share capital of subsidiary company. Mr. L.K. Hashmi is Chief Executive of the company (1995: Mr. L.K. Hashmi). The stock exchange quoted price of ordinary shares of BCL as at June 30, 1996 was Rs. 8.90 per share. No provision has been made for diminution in value as it is considered temporary in the context of the company's

intention to hold these investment on a long term basis, and the management's opinion is that the acquisition price is a fair reflection of the current market price of this lot of shares with management control.

13.2 The company has formed a subsidiary company through nominee shareholders in the name of Millat Equipment (Pvt) Limited which has not commenced any business to date. The break - up value of each ordinary share of Rs. 10 is Rs. 10 (1995: Rs. 10) as per last available audited accounts of the subsidiary company for the year ended June 30, 1995. Chief Executive of the company is Mr. Sohail Bashir Rana. (1995: Mr. Sohail Bashir Rana).

13.3 The above investment represents 12.82% (1995: 12.35%) of the issued ordinary share capital of the associated company. The break - up value of each ordinary share of Rs. 10 is Rs. 10 (1995: 10.30) as per last available audited accounts of the associated company as at June 30, 1995. Chief Executive of the company is Mr. Zaeem Lutfi (1995: Zaeem Lutfi).

13.4 The above investment represents 9.06% (1995: 8.62%) of the issued ordinary share capital of the company. Last year BWL was classified as an associated company due to the participation in the board of directors, but the nominated director of Millat Tractors Ltd. was not elected in the company's extraordinary general meeting of 1995. The break-up value of each ordinary share of Rs. 10 is Rs. 17.24 (1995: Rs. 20.46) as per last available audited accounts of the company as at June 30, 1995. Chief Executive of the company is Mr. Farid A. Qadir (1995: Mr. Farid A. Qadir). The stock exchange quoted price of ordinary shares of BWL as on June 30, 1996. was Rs. 12.00.

14. LONG - TERM LOANS - CONSIDERED GOOD

1996 1995
(Rupees in thousands)

Chief Executive	-	2,160
Executives	1,670	3,488
Other employees	8,824	13,107
	-----	-----
	10,494	18,755

Less: Current portion included in current assets - No ;

Executives	495	150
Other employees	3,423	3,165
	-----	-----
	3,918	3,315
	-----	-----
	6,576	15,440
	=====	=====

These include:-

-- Interest free loans to executives and employees for purchase of company's shares aggregating Rs. (thousands) Nil (1995: Rs. (thousands) 11,266) which were secured against pledge of shares acquired.

-- Interest free loans to executives and employees for purchase of residential plots, furniture, fixture etc. aggregating Rs. (thousands) 5,897 (1995: Rs. (thousands) 1,505) which are unsecured.

-- Interest free loans to employees aggregating Rs. (thousands) 4,597 (1995: Rs. (thousands) 2,669) which are secured by joint registration of motor cycles in the name of the employees and the company.

The maximum aggregate amount at any time during the year due from the Chief Executive was Rs. (thousands) 2,160 (1995: Rs. (thousands) 4,274), directors Rs. (thousands) Nil (1995: Rs. (thousands) Nil) and executives Rs. (thousands) 1,718 (1995: Rs. (thousands)

9,696). The loan to the Chief Executive and a major portion of loan to executives in the year 1995 was disbursed for the purchase of company's shares dis-invested by the Government in the process of privatisation which have been repaid in full in the year 1996. There was no loans to employees outstanding for more than three years.

15. STORES AND SPARES

Most of the items of stores and spares are of inter - changeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage.

16. STOCK - IN - TRADE

1996 1995
(Rupees in thousands)

Raw materials		
Including in transit Rs. (thousands) 206, 486		
(1995: Rs. (thousands) 399,820)		
Work - in - process	511,214	653,106
Finished goods - Manufactured	22,382	30,033
- Trading	23,207	25,739
	72,370	65,142
Others	1,221	483
Less: Provision for slow moving / obsolete stock	(8,504)	-
	-----	-----
	621,890	774,503
	=====	=====

Included in stocks are goods held with third parties amounting to Rs. (thousands) 20,780 (1995: Rs. (thousands) 25,036).

17. TRADE DEBTS

Considered good	48,770	7,038
Considered doubtful	8,267	8,220
Less: Provision for doubtful debts	8,267	8,220
	-----	-----
	-	-
	-----	-----
	48,770	7,038
	=====	=====

All debts are unsecured except for Rs. (thousands) 2,750 (1995: Rs. (thousands) 717) which are secured by deposits. All debts are considered good.

18. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Current portion of long term loans to employees - Note 14	3,918	3,315
Advances considered good:		
to employees - Note 18.1	683	1,716
to suppliers	23,327	23,582
Less: Provision for doubtful debts	949	729
	-----	-----
	22,378	22,853
Trade deposits and prepayments	2,943	5,365
Amounts recoverable from statutory authorities for octroi:		
Considered good	1,020	1,294
Income tax recoverable	264	-
Letter of credit - opening charges		

and import licence fee	1,374	561
Return accrued on time deposits	175	3,009
Other receivables - considered good	24,404	21,962
	-----	-----
	57,159	60,075
	=====	=====

18.1 Included in advances to employees are amounts due from the Chief Executive Rs. (thousands) Nil (1995: Rs. (thousands) Nil), directors Rs. (thousands) Nil (1995: Rs. (thousands) Nil & executives Rs. (thousands) 191 (1995: Rs. (thousands) 351).

The maximum aggregate amount at any time during the year due from the Chief Executive was Rs. (thousands) Nil (1995: Rs. (thousands) Nil), directors Rs. (thousands) Nil (1995: Rs. (thousands) Nil) and executives Rs. (thousands) 858 (1995: Rs. (thousands) 506).

19. CASH AND BANK BALANCES

1996 1995
(Rupees in thousands)

The balances were held		
At banks		
On deposit accounts:		
Foreign currency - Note 19.1	7,372	6,513
Local currency	-	138,902
On current accounts	100,001	94,294
On dividend accounts	757	543
	-----	-----
	108,130	240,252
In hand - cash	167	21
- D.D	4,366	38,725
	-----	-----
	112,663	278,998
	=====	=====

19.1 Foreign currency bank balances US\$ (thousands) 211 (1995: US\$ (thousands) 211) represent remittances received from customers against import of tractors under the gift baggage scheme of the State Bank of Pakistan. Delivery had been made to customers and now this amount can be utilised only for the import of tractors by the company.

20. SALES

Manufactured goods less commission		
Rs. (thousands) 50,397		
(1995: Rs. (thousands) 31,866)	3,150,414	2,898,146
Trading goods less commission		
Rs. (thousands) 6,489		
(1995: Rs. (thousands) 4,370)	159,110	72,775
	-----	-----
	3,309,524	2,970,921
	=====	=====

21. COST OF GOODS SOLD

1996 1995
(Rupees in thousands)

Manufactured goods:

Components consumed less recoveries from sale of scrap Rs. (thousands) 9,029

(1995: Rs. (thousands) 5,563)	2,582,334	2,433,788
Salaries, wages and amenities	114,646	110,918
Pension contribution	33,348	-
Fuel and power	8,154	6,855
Rent, rates and taxes	18	18
Travelling and motor running	3,959	2,734
Insurance	3,228	2,569
Repair and maintenance	4,455	3,470
Stores and supplies	8,988	6,971
Royalty charges	30,029	51,405
Depreciation	21,592	22,923
Other expenses	3,009	3,269
	-----	-----
	2,813,760	2,644,920
Add: Opening work - in - process	30,033	19,662
Less: Closing work - in - process	(22,382)	(30,033)
	-----	-----
Cost of goods manufactured	2,821,411	2,634,549
Add: Opening stock - Manufactured goods	25,738	62,567
Less: Closing stock - Manufactured goods	(23,207)	(25,738)
Transfer to - W.I.P (combine project)	(670)	(1,526)
	-----	-----
	2,823,272	2,669,852
Trading goods:		
Opening stock	65,143	43,668
Purchases	125,156	80,940
Less: Closing stock	(72,370)	(65,143)
	117,929	59,465
	-----	-----
	2,941,201	2,729,317
	=====	=====

22. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

22.1 Selling and distribution expenses

Salaries and amenities	30,231	27,381
Pension contribution	11,711	-
Travelling and motor running	4,676	3,778
Rent, rates and taxes	345	206
Insurance	1,535	1,172
Repair and maintenance	254	168
Electricity and gas	803	664
Postage, telephone and telegrams	1,524	1,331
Printing and stationery	1,180	1,166
Free service	3,772	3,054
Advertisement and sale promotion	5,148	8,295
Depreciation	1,375	1,231
Other expenses	3,366	2,301
	-----	-----
	65,920	50,747

22. Administrative and general expenses

Salaries and amenities	53,294	45,948
Pension contribution	19,616	-
Travelling and motor running	6,552	2,911
Insurance	1,480	953
Rent, rates and taxes	24	22
Repair and maintenance	4,915	3,259
Electricity and gas	1,121	925
Postage, telephone and telegrams	1,638	1,496
Printing and stationery	1,734	1,048

Advertisement	233	661
Entertainment	740	672
Legal and professional charges - Note 22.3	1,530	967
Donations - Note 22.4	110	54
Depreciation	4,861	2,706
Other expenses	1,200	966
Provision for		
- Doubtful trade debtors	466	1,806
- Obsolete / slow moving stocks	8,504	-
- Regulatory duty	10,446	-
	118,464	64,394
	-----	-----
	184,384	115,141
	=====	=====

22.3 Legal and professional charges include the following in respect of auditors services for:

Statutory audit

Ilyas Saleem & Co.	42	37
Ford, Rhodes, Robson, Morrow	41	38
	-----	-----
	85	75

Special assignment for royalty, trade mark and sundry accounting services (Ilyas Saleem & Co.)	27	59
--	----	----

Out of pocket expenses

Ilyas Saleem & Co.	2	3
Ford, Rhodes, Robson, Morrow	3	2
	-----	-----
	5	5
	115	139

22.4 None of the directors or their spouses had any interest in any of the donees.

23. OTHER INCOME

Rental income	1,401	1,197
Net profit on disposal of fixed assets	83	728
Mark up - on bank deposits	6,366	19,105
- on advances to suppliers	7,615	6,573
Foreign currency transaction gain / (loss)	709	(593)
Scrap sale - others	3,301	1,083
Sundry income	1,325	2,910
Dividend income	-	2,000
	-----	-----
	20,800	33,003

24. FINANCIAL CHARGES

Mark up on long - term running finance - secured	2,736	4,924
Mark up on short - term running finance - secured	24,939	7,487
Interest including other charges on long - term foreign currency loans - secured	3,087	4,247
Interest on workers' profit participation fund	162	154
Bank charges and commission	1,269	3,761
Financial charges on finance lease	1,349	3,201
	-----	-----

	33,542	23,774
	=====	=====
25. OTHER CHARGES		
Provision for:		
Workers' profit participation fund	8,560	6,785
Workers' welfare fund	3,424	2,700
	-----	-----
	11,984	9,485
	=====	=====
26. PROVISION FOR TAXATION		
For the year - current	64,600	48,000
- deferred	(2,200)	(2,800)
	-----	-----
	62,400	45,200
	=====	=====

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration, certain benefits, to the Chief Executive, Directors representing employees and executives of the company are as follows:

	Chief Executive		Directors		Executives	
	1996	1995	1996	1995	1996	1995
	(R u p e e s i n t h o u s a n d s)					
Number of persons	1	1	6	6	48	35
	-----	-----	-----	-----	-----	-----
Remuneration	763	696	2,869	2,627	16,633	10,292
House rent	254	223	769	678	2,855	1,909
Contribution to provident and gratuity funds	376	285	980	745	3,339	2,062
Pension contribution	66		200	-	773	-
Medical expenses	43	63	172	144	956	612
Utilities	101	65	270	184	736	483
Other reimbursable expenses	327	292	1,128	1,085	1,742	2,236
	-----	-----	-----	-----	-----	-----
	1,930	1,624	6,388	5,463	27,034	17,594

The company also provides the Chief Executive and certain Directors and executives with free transport and residential telephones.

Pension contribution for 1995 is indeterminate.

27.2 Remuneration to other directors:

Aggregate amounts charged in the accounts for the year for fee to 2 directors was Rs. (thousands) 2 (1995 : Rs. (thousands) 2).

28. TRANSACTIONS WITH ASSOCIATED COMPANIES

The company purchased goods and services from associated companies aggregating Rs. (thousands) 166,870 (1995 'Rs. (thousands) 172,563).

	1996	1995
	Units	Units

29. CAPACITY AND PRODUCTION

Plant capacity (single shift)	15,000	15,000
Actual production	9,591	10,199

The shortfall in production was due to the drop in sales.

30. RATES OF EXCHANGE

Assets in foreign currency have been translated into Rupees at Pound Sterling 1.8467 (1995 : Pound Sterling 2.0604) and US\$ 2.8320 (1995 : US\$ 3.2386) equal to Rs. 100. Liabilities in foreign currency have been translated into Rupees at Pound Sterling 1.8193 (1995 : Pound Sterling 2.0299), US\$ 2.8320 (1995 : US\$ 3.2055) and SWF 8.4931 (1995 : SWF 8.4931) equal to Rs. 100.

31. COMPARATIVE FIGURES

31.1 Previous year's figures have been restated, where necessary, for the purposes of comparison.

31.2 Figures have been rounded off to the nearest thousand of rupees.

STATEMENT UNDER SECTION 237 OF THE COMPANIES ORDINANCE, 1984

Statement under	Bolan Castings Millat Equipment	
Sub - section 1 (e)	Ltd.	(Pvt) Ltd.
	(Rupees in thousands)	

(a) Extent of the interest of the holding company in the equity of its subsidiaries at the end of the last financial year of the subsidiaries	41%	100%
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(b) The net aggregate amount so as it concerns members of the holding company and is not dealt with in the company's accounts of the subsidiary's profits after deducting its losses or vice versa

(i) For the financial years of the subsidiaries	1,838	Nil
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(ii) For the previous financial years of the subsidiaries since it became the holding company's subsidiaries	7,309	Nil
--	-------	-----

(c) The net aggregate amount of profits of subsidiaries after deducting its losses and vice versa

(i) For the financial years of the subsidiaries	4,483	Nil
---	-------	-----

(ii) For the previous financial years of the subsidiaries since it became the holding company's subsidiary	17,828	Nil
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PATTERN OF SHAREHOLDING AS AT JUNE 30, 1996

NO. OF SHARE HOLDERS	SIZE OF HOLDING		TOTAL SHARES HELD
	FROM	TO	
962	1	100	32796
266	101	200	40098
114	201	300	28950
106	301	400	37903
62	401	500	28749

232	501	1000	165264
339	1001	2000	408636
126	2001	3000	294586
86	3001	4000	290535
41	4001	5000	179148
64	5001	10000	405979
33	10001	20000	430360
9	20001	30000	205080
3	30001	40000	97160
2	40001	50000	91158
3	50001	60000	153255
1	60001	70000	60480
2	70001	80000	170020
2	90001	100000	187340
2	100001	200000	306497
5	200001	300000	1255360
4	300001	400000	1356048
1	400001	500000	425212
1	1000001	2000000	1358774
2466			8009388

CATEGORIES OF SHAREHOLDERS

Particulars	No.	Shares held	Percentage of issued capital
Individuals	2430	4378952	54.68
Investment Companies	5	1764610	22.03
Trusts	3	634418	7.92
Foreign Companies	5	518220	6.47
Financial Institutions	6	569244	7.11
Insurance Companies	5	127485	1.59
Modaraba Companies	3	11272	0.14
Joint Stock Companies	8	4119	0.05
Others			
Dy. Administrator			
Abandoned Properties			
Govt. of Pakistan	1	1068	0.01
	-----	-----	-----
	2466	8009388	100.00

TRACTOR DEALERS**PUNJAB**

Northern Motors, Rawalpindi	Khawaja Autos, Okara	Iqbal Enterprises, Chakwal
Ahmer Brothers, Attock	Mumtaz Trading Corp., Sargodha	Al-Mumtaz Agencies, Sialkot
Friends Corporation, Mahdi Bahauddin	Super United Tractors, Mianwali	Kissan Brothers, Kasur
Hassan Corp., (Pvt) Ltd., Gujranwala	Shaheen Tractor House, Bhakkar	Shadab Tractors, Lahore
Zeshan Tractors, Gujrat	Multan Autos' (Pvt) Ltd., Multan	Khushab Tractor House, Jauharabad
Kashmir Tractors, Jhelum	Chenab Tractor House, Muzaffargarh	Zarkhez Tractor and Equipment Co., Hasilpur
Globe Automobiles (Pvt) Limited, Lahore	Universal Autos, D.G. Khan	Mian Tractors, Lodhran
Zamindar Tractors & Equip., Kasur	Shahbaz Auto Agency, Jampur	AI-Jabbar Tractors, Sialkot
Shahrah Autos (Pvt) Ltd.,	Haleera Sons, Khanewal	

SIND

Popular Tractor Co., Sukkur
Larkaria Tractor House, Larkaria
Sind Trading Company, Jacobabad
Good Luck Tractor Co., Khairpur
AI-Madina Motors, Shikarpur
Shabbir Tractors, Nawabshah
Pakistan Zari Industries, Hyderabad
Mehran Trading Co.,

N.W.F.P

Indus Autos, D.I. Khan
Kurram Tractors (Pvt) Ltd., Bannu

Sheikhupura
 Mohammad Yousaf & Co.,
 Faisalabad
 Sheraz Tractors,
 Toba Tek Sing
 Ahmed K. Agencies,
 Jhang
 Sahiwal Tractor House,
 (Pvt) Ltd., Sahiwal
 Rana Traders, Arifwala

Thai Tractor Der, Corp.,
 Leiah
 Al-Hassan Traders,
 Bahawalpur
 Panjnad Tractors (Pvt) Ltd.
 Rahim Yar Khan
 Vehari Tractors, Vehari
 Suttlej Traders, Chishtian
 Sargroh Services (Pvt) Ltd.
 Bahawalnagar

Kohat Automobiles, Kohat
 Samir Tractor Agency,
 Parachinar
 Mardan Tractors, Mardan
 Ghulam Muhammad
 Auto Store, Swat
 Hunza Motors, Gilgit
 Tractor House, Charsadda
 Tractor House, Peshawar

Sanghat

BALUCHISTAN

National Agricultural
 Engineering & Services,
 Jhat Pat
 Daavi Autos, Quetta
 Zamindar Tractors, Pishin
 Bolan Tractor House,
 Loralai

SPARE PARTS DEALERS

PUNJAB

New Lodhi Sons, Lahore
 Mian Autos, Lahore
 Malik Tractors, Lahore
 Muslim Tractor Corp.,
 Lahore
 Ghazi Autos, Lahore
 Pak Tractor House
 (Pvt) Ltd., Lahore
 Sadar Auto Traders,
 Lahore Cantt.
 Farhan Tractors, Lahore
 Azhar Agencies, Lahore
 Shah Autos, Pattoki
 Universal Tractors, Okara
 Fareed Auto Store,
 Depalpur
 Madina Tractors,
 Muridkey
 Riaz Autos, Sheikhupura
 New Kissan Autos,
 Hafizabad
 Kissan Tractor House,
 Sialkot

Madina Autos Services,
 Sambarial
 Mukhtar Autos, Sahiwal
 Madina Autos, Arifwala
 Crescent Autos, Pakpattan
 Madina Autos, Burewala
 Nawaz Auto Store, Multan
 Ishtiaq Auto Store, Multan
 M. Latif & Brothers,
 Mian Channu
 Hafiz Autos, Jehanian
 Afzal Auto Store,
 Khanewal
 Nazar Tractor Workshop,
 Alipur
 Farooq Brothers, Kot Addu
 Sarsabz Auto Store,
 Rajanpur
 Nasir Khan Autos, Leiah
 Pak Autos, Pirmahal
 Idress & Company, Faisalabad
 Ali Imran Autos, Chiniot
 New Abrar Tractor Centre,
 Sargodha

Pak Auto Store,
 Haroonabad
 Hudiara Agencies, Lahore
 Mushtaq Parts Centre,
 Gujrat
 Mukhtar Autos, Daska
 Malik Tractor Autos,
 Rawalpindi
 Piracha Auto Agency,
 Bhalwal
 Kissan Tractor House,
 Wazirabad

N.W.F. P

Millat Tractor House,
 Mardan
 Quresh Mechanical
 Engineering Works,
 Kurram Agency
 Lahore Autos, Charsadda

SIND

Genuine Tractors,
 Hyderabad

AUTHORISED WORKSHOPS

ATTOCK

Al-Muthidda Engg. Workshop, Attock
 Ramzan Tractor Workshop, Mathial Chowk
 Sargodha Diesel Workshop, Pindi Gheb
 Sargodha Repairing Workshop, Talangang

ARIFWALA

Rana Traders Tractor Workshop, Arifwala
 Rana Traders Tractor Workshop, Qaboola
 Rana Traders Tractor Workshop,
 Trikhani Adda

BANNU

Khalid Tractor Workshop, Bannu
 Gul Tractor Workshop, Lakki
 Umer Nyaz Workshop, Domel
 Jillani Tractor Workshop, Miran Shah

BHAKKAR

Muhammad Iqbal Tractor Workshop,
 Hyderabad Thall

DERA ISMAIL KHAN

Zulfiqar Tractor Workshop, Pahar Pur

DERA GHAZI KHAN

Abbas Tractor Workshop, Choti Zareen
 Arbab Tractor Workshop, Taunsa Sharif
 Nawaz Tractor Workshop, Kot Chutta

FEROZWALA

Shadab Tractor Workshop, Kot Abdul Malik
 Shadab Tractor Workshop, Narang Mandi
 Shadab Tractor Workshop, Shariq Pur

FAISALABAD

Khan Tractor Workshop, Faisalabad
 Dilbar Hameed Tractor Workshop,
 Samundri
 Akram Tractor Workshop, Tandilanwala
 Rashid Tractor Workshop, Jaranwala
 Sabar Tractor Workshop, Mamu Kanjan
 Moughal Tractor Workshop, Samundri

Yousaf Tractor Workshop, Dulewala

BAHAWALNAGAR

Mughal Tractor Workshop, Haroonabad
Chaudhry Tractor Workshop, Minchanabad
Sadiq Tractor Workshop, Faqir Wali
Mughal Tractor Workshop, Donga Bonga

BAHAWALPUR

Najamal Tractor Workshop, Yazman Mandi
Al-Noor Tractor Workshop, Noorpur
Naranga
Manzoor Tractor Workshop, Uch Sharif
Itefaq Tractor Workshop, Bungalow Tailwala
Shaheen Tractor Workshop, Ahmadpur East

CHARSADA

Rahim Tractor Workshop, Sardary
Madina Tractor Workshop, Charsadda

CHAKWAL

Naseer Auto Workshop, Dhulian
Ibrar Auto Workshop, Mulhal Mughlan

CHISHTIAN

Ashiq Tractor Workshop, Fort Abbas

JHELUM

Latif Auto Workshop, Bhimber
Awan Auto Store Workshop, Bhimber
Kashmir Tractor Workshop, Domeli
Bismillah Tractor Workshop, Jatlian
Kashmir Tractor Workshop, Kotli
Awami Tractor Workshop, Chakswari
Sargodha Tractor Workshop, Bhimber

JHANG

Yaseen Tractor Workshop, Gojra More
Shahid Latif Tractor Workshop, Shorkot
Ahmed K. Agencies, Chiniot
Sayal Tractor Workshop, Athara Hazari
Al-Nawaz Tractor Workshop, Garh More

JAUHARABAD

Ashraf Tractor Workshop, Rang Pur Bhagoor
Hafeez Tractor Workshop, Quaidabad
Azad Tractor Workshop, Noor Pur Thal

JAM PUR

Gul Muhammad Tractor Workshop, Rajan Pur
Allah Baksh Tractors Workshp, Jam Pur

JACOBABAD

Ustad Adoo Tractor Workshop, Kand Kot
Abdul Jabbar Tractor Workshop, Kashmore

KASUR

Yousaf Tractor Workshop, Bhai Phero
Khokhar Tractor Workshop, Pattoki
Zamindar Tractor Workshop, Ting More
Kissan Tractor Workshop, Noor Pur Kanal

GUJRAT

Traiq Tractor Workshop, Kharian

GUJRANWALA

Wazirabad Tractor Workshop, Wazirabad
Hussain Tractor Workshop, Pindi Bhattian
Yasin Tractor Workshop, Nowshera Virkan
Mughal Tractor Workshop, Kamoke
Dar Tractor Workshop, Whando
Madina Auto, Alipur Chatta
Minhas Tractor Workshop, Hafizabad

HASILPUR

Mushtaq Tractor Workshop, Fort Abbas
Friends Tractor Workshop, Khair
Khalid Javed Tractor Workshop, Jamal Pur
Ghulam Farid Tractor Workshop, Vehari Road
Idrees Tractor Workshop, Mandi Chuna Wall

HYDERABAD

Javed Tractor Workshop, Tando Jam
Sind Tractor Workshop, Hala

KOHAT

Ejaz Tractor Workshop, Kohat
Sher Ali Tractor Workshop, Karya

KHAIRPUR

Bashir Tractor Workshop, Kot Diji
Al-Saddique Tractor Workshop, Ghambat
Tahir Tractor Workshop, Transmission Chowk
Shaukat Tractor Workshop, Pacca Chang
Ghaffar Tractor Workshop, Nara
Bilawal Tractor Workshop, Pir Goth
Baboo Tractor Workshop, Khair Put Mirs

LAHORE

Pakistan Tractor Workshop, Begumkot
Zafar Tractor Workshop, Lahore
Universal Tractor Workshop, Mohlanwal
Highway Tractor Workshop, Manga Mandi
Kissan Auto Services Tractor Workshop,
Lahore Cantt.
Madina Tractor Workshop, Raiwind

LEIAH

Mian Autos Tractor Workshop, Karor Lal Esan

LODHRAN

Multan Tractor Workshop, Kahrur Pacca
Qadir Tractor Workshop, Dunyapur
Imran Tractor Workshop, Dunyapur
Chudhry Tractor Workshop, Haqran

LARKANA

Larkana Tractor Workshop, Dokri
Sind Tractor Workshop, Dokri
Shaurya Tractor Workshop, Qambar Ali Khan

Zamindar Tractor Workshop, Chunian
K.issan Tractor Workshop, Noor Pur
Kissan Tractor Workshop, Khudian
Qalandri Tractor Workshop, Talwandi
Haji Tractor Workshop, Mandi Usman Wala
Kissan Tractor Workshop, Kangan Pur
Kissan Tractor Workshop, Kot Radha Kishan

KHANEWAL

Akram Tractor Workshop, Mian Channu
Mukhtar Tractor Workshop, Abdul Hakeem
Aslam Tractor Workshop, Kabirwala
Sadiq Tractor Workshop, Jehanian

MANDI BAHAUDDIN

Friends Corp. Tractor Workshop, Phalia
Friends Corp. Tractor Workshop, Gojra

MIANWALI

Super United Tractor Workshop,
Kamar Mishani
Younas Tractor Workshop, Piplan
Millat Tractor Workshop, Wan Bachran

MULTAN

Shoiab Tractor Workshop, Qadirpur
Bismillah Tractor Workshop,
Makhdoom Rashid
Amin Tractor Workshop, Bohdla Sant
Gulzar Tractor Workshop, Adda Boosan
Mehar Tractor Workshop, Multan
Madina Tractor Workshop, Basti Lamyar
Riaz Tractor Workshop, Jalalpur Pirwala

MUZAFFARGARI

Mukhtar Tractor Workshop,
Chowk Karm Dad Qureshi
Nazar Tractor Workshop, Alipur
Khadim Tractor Workshop, Rohalianwali
Al Bilal Tractor Workshop, Kot Addu
Ali Tractor Workshop, Chowk Munda
Multan Tractor Workshop, B. M. Haxar

NAWABSHAH

Dilwar Tractor Workshop, Nawab Shah
Qazi Tractor Workshop, Qazi Ahmad
Babar Tractor Workshop, Nowshero Feroz
Khan Tractor Workshop, Kandaro '

OKARA

Madina Tractor Workshop, Basirpur
Khaliqia Tractor Workshop, Depalpur
Khan Tractor Workshop, Haveli Lakha
Al-Madina Tractor Workshop, Haveli Lakha
Modem Tractor Workshop, Rajawal

PESHAWAR

Awami Tractor Workshop, Pandoo Peshawar
New Peshawar Tractor Workshop, Khazana
Millat Tractor Workshop, Pandoo Peshawar
Peshawar Tractor Workshop, Peshawar
New Awami Tractor Workshop, Peshawar

Al-Hillah Tractor Workshop, Warah
Afkal Tractor Workshop, Wagon

MARDAN

Minhaj Tractor Workshop, Swabi
Umer Tractor Workshop, Takhtbhai

MALAKAND

Afghan Tractor Workshop, Malakand
Afghan Tractor Workshop, Dir
Afghan Tractor Workshop, Bajoor
Afghan Tractor Workshop, Dir

PARACHINAR

Samir Tractor Workshop, Sedda
Samir Tractor Workshop, Parachinar

PISHIN

Agah Tractor Workshop, Chaman
Zamindar Tractor Workshop, Muslim Bagh
Zain-ud-Din Tractor Workshop, Gulstan.
Zamindar Tractor Workshop, Mazai Adda

QUETTA

Lali Gatrage Tractor Workshop, Kuchlak
Daavi Autos Tractor Workshop, Khano Zai
Naseeb Ullah Tractor Workshop, Zandra
Shah Tractor Workshop, Drain Garh

RAWALPINDI

Sargodha Tractor Workshop, Kahuta
Hakeera Tractor Workshop, Gujar Khan
Ittefaq Tractor Workshop, Taxila
Al-Karamat Sialkot Tractor Workshop,
Chak Bali Khan

RAHIM YAR KHAN

Anwar Mustafa Tractor Workshop,
Bungalow Minthar
Awais Jamil Tractor Workshop, Sadiqabad
Akhtar Tractor Workshop, Shahbazpur
Javed Tractor Workshop, Sanjar Put
Ghafoor Tractor Workshop, Kot Peeral
Ashraf Tractor Workshop, Khan Pur
Rais Tractor Workshop, Zahir Pir
Shaheen Tractor Workshop, Feroza
Awami Tractor Workshop, Tranda
Muhammad Pinnah
Nazar Tractor Workshop, Liaquat Pur

SIALKOT

Tariq Tractor Workshop, Shakargarh
Adnan Tractor Workshop, Narowal
Sialkot Tractor Workshop, Pastor
Millat Tractor Workshop, Daska
Naseer Tractor Workshop, Zafarwal
Khan Tractor Workshop, Chiwanda
Amjad Tractor Workshop,
Chowk Mundke Goraya

Millat Tractor Workshop, Daska
Riaz Tractor Workshop, Adamke Cheema
Zamindara Tractor Workshop, Budiana
Baba Tractor Workshop, Pasur
Awami Tractor Workshop, Narowal
Al-Madina Tractor Workshop,
Mundayki Goraya, Daska
Manzoor Tractor Workshop, Shakargarh

SHEIKUPURA

Javaid Tractor Workshop, Muridkey
Rafique Tractor Workshop, Narang Mandi
Younas Tractor Workshop, Mandi Faizabad
Hamdan Tractor Workshop, Farooqabad
Nazir Tractor Workshop, Khanqah Dogran
Butt Tractor Workshop, Adda Manawala
New Rehman Tractor Workshop, Shahkot
Sharif Tractor Workshop, Nankana Sahib
Bashir Tractor Workshop, Buchaki
Majeed Tractor Workshop, Warberton
Haji Tractor Workshop, Ahmad Pur

SARGODHA

Iqbal Tractor Workshop, Silanwali
Afzal Tractor Workshop, Kot Momen
Tariq Tractor Workshop, Bhera
Zafar Tractor Workshop, Shahpur
Iqbal Tractor Workshop, Bhalwal
Akram Tractor Workshop, Bhagtanwala
Saeed Tractor Workshop, Sahiwal Town

SAHIWAL

Sahiwal Tractor Workshop, Pakpattan
Sahiwal Tractor Workshop, Arifwala
Sahiwal Tractor Workshop,
Chichawatni
Sahiwal Tractor Workshop, Iqbalnagar
Sahiwal Tractor Workshop, Sikandar Chowk
Sahiwal Tractor Workshop, Ahmad Yar
Tractor House Workshop, Adda Kabeer
Sahiwal Tractor House Workshop,
Adda Kassowal

S U K K U R

Mian Tractor Workshop, Kamber
Moughal Tractor Works, Pannu Aqil
Madina Tractor Workshop, Ghotki
Sabir Tractor Workshop, Khanpur
Awami Tractor Workshop, Sarhad
Hameed Tractor Workshop, Mirpur Mathelo
Millat Tractor Workshop, Ubaro

SHIKARPUR

Shaheen Tractor Workshop, Shikarpur
Shaheen Tractor Workshop, Garhi Yaseen

SANGHAR

Muhammad Hasham Tractor Workshop,
Sanghar
Rehman Tractor Workshop, Khapro

TOBA TAKE SINGH

Sharaz Tractor Workshop, Gojra
Sharaz Tractor Workshop, Kamalia
Sharaz Tractor Workshop, Pirmahal

VEHARI

Zamindara Tractor Workshop, Gaggo Mandi
Manzoor Tractor Workshop, Burewala
Akram Tractor Workshop, Tibba Sultan Pur
Shahid Tractor Workshop, Maitla Chowk
Al-Saleem Tractor Workshop, Garh More
Asghar Tractor Workshop, Mailsi.
Asghar Tractor Workshop, Dakota
Mughal Tractor Workshop, Luddan.
Mian Tractor Workshop, Burewala