



# AL-GHAZI TRACTORS LTD



## SHAPING THE FUTURE

Third Quarter Ended  
September 30, 2022  
(Un-audited)





## SHAPING THE FUTURE

To position the company on a path of growth and become the market leader in the industry through brand recognition & loyalty and consistent improvements that are in line with its business strategy and vision, AGTL management is focused on shaping the future by revamping its resources, processes, and technology, to become an organization that is fit for the future and resultantly create additional value for our shareholders and customer.

# CONTENTS

02	Company Information
04	Directors Review
06	Condensed Interim Statement of Financial Position
07	Condensed Interim Statement of Profit or Loss
08	Condensed Interim Statement of Cash Flows
09	Condensed Interim Statement of Changes in Equity
10	Notes To The Condensed Interim Financial Information

# Company Information

## **BOARD OF DIRECTORS**

Mr. Robert Ian McAllister  
Chairman, Non-Executive Director

Mr. Vincent Wijnen  
Non-Executive Director

Mr. Malik Ehtisham Ikram  
Non-Executive Director

Mr. Marco Votta  
Non-Executive Director

Mr. Vincent Delassagne  
Non-Executive Director

Mr. Matthieu Sejourné  
Non-Executive Director

Ms. Farah Qureshi  
Independent Director

Mr. Shahid Shahbaz Toor  
Independent Director

## **CHIEF EXECUTIVE OFFICE**

Mr. Adeeb Ahmed

## **CHIEF FINANCIAL OFFICE**

Mr. Javed Iqbal

## **AUDIT COMMITTEE**

Ms. Farah Qureshi  
Chairperson, Independent Director

Mr. Malik Ehtisham Ikram  
Member, Non-Executive Director

Mr. Marco Votta  
Member, Non-Executive Director

## **HUMAN RESOURCE & REMUNERATION COMMITTEE**

Ms. Farah Qureshi  
Chairperson, Independent Director

Mr. Malik Ehtisham Ikram  
Member, Non-Executive Director

Mr. Marco Votta  
Member, Non-Executive Director

## **TECHNICAL COMMITTEE**

Mr. Shahid Shahbaz Toor  
Chairman, Independent Director

Mr. Robert Ian McAllister  
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram  
Member, Non-Executive Director

Mr. Matthieu Sejourné  
Member, Non-Executive Director

Mr. Vincent Delassagne  
Member, Non-Executive Director

Mr. Adeeb Ahmed  
Member & CEO

## **COMPANY SECRETARY**

Mr. Mansoor Khan

## **CHIEF INTERNAL AUDITOR**

Mr. Muneeb Ahmed Khan

## **AUDITORS**

A.F. Ferguson & Co.  
Chartered Accountants

**TAX ADVISORS**

EY Ford Rhodes  
Chartered Accountants

Tola Associates  
Chartered Accountants

**LEGAL ADVISORS**

Orr, Dignam & Co.  
Advocates

**BANKERS**

Bank AL-Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Zarai Tarqati Bank Limited

**SHARE REGISTRAR**

FAMCO Associates (Private) Limited  
8-F, Adjacent to Hotel Faran  
Block 6, P.E.C.H.S., Near Nursery  
Shahrah-e-Faisal  
Karachi  
Tel: (92 21) 34380101-5  
Fax: (92 21) 34380106

**REGISTERED AND HEAD OFFICE**

Tractor House, 102 -B,  
16th East Street, DHA Phase I,  
Off. Korangi Road, Karachi.  
Tel: (92 21) 35318901-5  
Fax: (92 21) 35660882  
Email: [agtl@alghazitractors.com](mailto:agtl@alghazitractors.com)  
Website: [www.alghazitractors.com](http://www.alghazitractors.com)

**PLANT**

Sakhi Sarwar Road,  
P.O. Box 38  
Dera Ghazi Khan  
Tel: (92 64) 2463750, 2463812,  
2020750-51

**MARKETING CENTRES**

Dera Ghazi Khan  
Lahore  
Multan  
Islamabad  
Sukkur

# Directors' Review

The Directors are pleased to present the condensed interim review of Al-Ghazi Tractors Limited (the Company) for the nine months ended 30th September 2022.

## Financial Review

The Company has continued to operate in difficult economic and business environment during the period under review as Pakistan's economy is expected to slow in the current fiscal year amid devastating floods, policy contraction, and critical efforts to tackle sizable fiscal and external imbalances. The recent flash flood has adversely affected cotton and other important crops, making the performance of agriculture sector more vulnerable. Government restrictions on foreign remittances including delays in LC approvals resulted in supply chain disruptions and have huge impact on cost of production. All these factors are making the economic outlook uncertain.

Despite all these challenges, the Company has managed to produce 19,008 units of tractors and achieve the sale of 18,891 units in the nine months period as compared to corresponding nine months period of last financial year where 12,547 units were produced and 13,759 units were sold.

The Company earned net revenue of Rs. 26,384 million during the nine months period ended 30th September 2022 which is 73% higher than Rs. 15,221 million earned during the same period last year, whereas, the cost of sales rose by 86% to Rs. 21,703 million from Rs.11,639 million of corresponding period in previous year. As a result, gross profit for the current nine months period has come to Rs.4,680 million which reflects an increase of 31% from the gross profit of Rs. 3,582 million recorded during the nine months period ended 30th September 2021.

The distribution and administrative expenses amounted to Rs. 305 million and Rs. 345 million for the nine months period, showing an increase of 194% and 33% as compared to the same period of last year.

The profit before tax achieved during the period under review amounted to Rs. 3,853 million as compared to Rs. 3,128 million of same period last year showing an increase of 23%.

The after-tax profit for the period under review is Rs. 2,183 million as compared to Rs. 2,215 million registering decrease of 1% due to super tax imposed by government on current and last year's profit at the rate 4% and 10% respectively. The earnings per share for nine months period ended 30th September 2022 is Rs. 37.67 which was Rs. 38.21 for the corresponding period last year.

The Company's annexed financial statements have been recommended by the Audit Committee of the Board and are authorized by the Board for placement on Company's website.

## Future outlook

The Board is positive about the future outlook as reconstruction activities after flash floods have already been started by Government with the help of UN and other donor agencies. Local and international NGOs are also at the forefront of relief and rehabilitation activities and economy will start recovering from the adverse effects of this natural calamity. The Company is committed to improve its product quality and is geared to grab a higher market share.



### **Flood relief CSR initiative**

As a responsible corporate citizen and in line with shareholders' values to support local communities, its employees, and farmers, being an Al-Futtaim group company, the board has initiated Flood relief CSR by donating Rs. 22 million to Prime Minister's National Relief Fund and are providing immediate financial assistance for those impacted by flood for reconstructing activities along with dispatch of food and medical supplies.

### **Change in Board of Directors**

Subsequent to issue of the Company's half yearly report for the period ended 30th June 2022 and till the approval of financial statements for the period under review, Mr. Adeeb Ahmed was appointed as CEO and Mr. Vincent Wijnen was appointed as Al Futtaim nominee director in place of Mr. Ramesh Narasimhan on the Board of Directors of the Company.

### **Acknowledgement**

The Board would like to place on record its gratitude to all the stakeholders, especially its customers as well as the vendors and suppliers, for their continued commitment and support to the Company.

The Board would also like to thank all Board members for their guidance and support, and acknowledges and appreciates the contribution and dedication of all staff members of the Company in performing their tasks with diligence and commitment, particularly in the recent unprecedented challenging work environment.

## **On behalf of the Board of Directors**



**Adeeb Ahmed**  
Chief Executive Officer



**Malik Ehtisham Ikram**  
Director

October 18, 2022

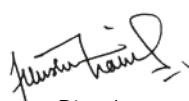
# Condensed Interim Statement of Financial Position

As at Sept 30, 2022 (Un-audited)

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	5	1,211,960	1,108,805
Deferred tax asset		111,714	85,553
Long-term loans		868	1,927
Long-term deposits		9,438	9,407
Employee benefit prepayments		18,988	8,481
		1,352,968	1,214,173
<b>CURRENT ASSETS</b>			
Inventories		3,072,286	2,875,085
Trade receivables		117,880	4,651
Loans and advances		220,810	147,874
Trade deposits and short-term prepayments		752,654	114,772
Interest accrued		2,758	1,396
Other receivables		2,377	8,283
Taxation - payments less provision		-	142,313
Refunds due from the Government		4,136,293	2,983,446
Other financial assets		-	-
Cash and bank balances		918,996	1,998,122
		9,224,054	8,275,942
<b>TOTAL ASSETS</b>		10,577,022	9,490,115
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		289,821	289,821
Unappropriated profit		2,909,086	3,683,446
		3,198,907	3,973,267
<b>NON-CURRENT LIABILITIES</b>			
Deferred staff benefits - compensated absences		64,381	48,914
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,949,672	1,907,361
Customers' and dealers' advances		503,471	3,488,532
Taxation - payments less provision		105,808	-
Unclaimed Dividend		78,544	72,041
Unpaid Dividend		2,416,859	-
Short term financing		1,259,380	-
<b>TOTAL LIABILITIES</b>		7,378,115	5,516,848
<b>COMMITMENTS</b>			
	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		10,577,022	9,490,115

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



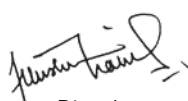
# Condensed Interim Statement of Profit or Loss

For the Third Quarter Ended Sept 30, 2022(Un-audited)

	Note	Quarter ended		Nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		(Rupees in '000)		(Rupees in '000)	
Revenue from contracts with customers	7	6,484,210	5,565,779	26,383,679	15,220,693
Cost of sales	8	(5,963,664)	(4,193,105)	(21,703,260)	(11,639,095)
Gross profit		520,546	1,372,674	4,680,419	3,581,598
Distribution expenses		(67,277)	(33,843)	(304,513)	(103,701)
Administrative expenses		(118,483)	(100,163)	(344,518)	(259,631)
		334,786	1,238,668	4,031,388	3,218,266
Other income		87,918	31,215	148,351	99,245
Other operating expenses		(40,242)	(93,787)	(303,767)	(181,064)
		382,462	1,176,096	3,875,972	3,136,447
Finance costs		(4,616)	(350)	(22,988)	(8,363)
Profit before income tax		377,846	1,175,746	3,852,984	3,128,084
Income tax expense		(125,009)	(341,112)	(1,669,489)	(913,346)
Profit after income tax		252,837	834,634	2,183,495	2,214,738
Basic and diluted earnings per share		4.36	14.40	37.67	38.21

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

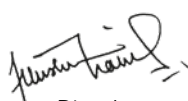
# Condensed Interim Statement of Cash Flows

For the Third Quarter Ended Sept 30, 2022 (Un-audited)

Note	September 30, 2022	September 30, 2021
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	9	
Cash generated from operations	(245,759)	4,067,726
Income tax paid	(1,447,529)	(646,957)
Finance cost paid	(15,129)	(22,654)
Increase/(Decrease) in deferred staff benefits	15,467	13,364
Increase/(Decrease) in employee benefit obligations	(10,507)	1,159
(Increase)/Decrease in long-term deposits	(31)	(5,247)
(Increase)/Decrease in long-term loans	1,059	(908)
Net cash generated from operating activities	(1,702,430)	3,406,483
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets	(187,172)	(72,865)
Proceeds from disposal of fixed assets	1,854	1,932
Return on bank deposits received	83,735	72,605
Net cash used in investing activities	(101,583)	1,672
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Dividend paid	(534,493)	(225,474)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(2,338,506)	3,182,681
Cash and cash equivalents at the beginning of period	1,998,122	(1,358,118)
Cash and cash equivalents at the end of period	(340,384)	1,824,563

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

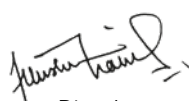
# Condensed Interim Statement of Changes in Equity

For the Third Quarter Ended Sept 30, 2022 (Un-audited)

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees in '000)			
<b>Balance as at January 1, 2022</b>	289,821	-	3,683,446	3,973,267
Transfer from General reserve to Unappropriated profit	-	-	-	-
Profit after tax for the nine months ended Sept 30, 2022	-	-	2,183,495	2,183,495
Other comprehensive income for the nine months ended Sept 30, 2022	-	-	-	-
	-	-	2,183,495	2,183,495
Transactions with the owners recorded directly in equity				
Final dividend @ Rs. 51.03 per share for the year ended December 31, 2021	-	-	(2,957,855)	(2,957,855)
<b>Balance as at Sept 30, 2022</b>	289,821	-	2,909,086	3,198,907
<b>Balance as at January 1, 2021</b>	289,821	1,049,000	949,301	2,288,122
Transfer from General reserve to Unappropriated profit	-	(1,049,000)	1,049,000	-
Profit after tax for the nine months ended Sept 30, 2021	-	-	2,214,738	2,214,738
Other comprehensive income for the nine months ended Sept 30, 2021	-	-	-	-
	-	-	2,214,738	2,214,738
Transactions with the owners in their capacity as owners				
Final dividend @ Rs. 21.39 per share for the year ended December 31, 2020	-	-	(1,239,854)	(1,239,854)
<b>Balance as at Sept 30, 2021</b>	289,821	-	2,973,184	3,263,005

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# Notes to and Forming Part of the Condensed Interim Financial Statements

For the Third Quarter Ended September 30, 2022 (Un-audited)

## 1 THE COMPANY AND ITS OPERATIONS

- 1.1** Al-Ghazi Tractors Limited (the Company) was incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) as a public limited company in June 1983 and is quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacture and sale of agricultural tractors, implements and spare parts.

The Company is a subsidiary of Al-Futtaim Industries Company LLC, U.A.E.

The financial statements are presented in Pak Rupee which is the Company's functional and presentation currency.

- 1.2** The geographical locations and addresses of the Company's business units, including plant are as under:

- The registered office of the Company is situated at Tractor House, 102-B, 16th East Street, DHA Phase I, Off. Korangi Road, Karachi.
- The assembling plant of the Company is situated at Sakhi Sarwar Road, P.O. Box 38, Dera Ghazi Khan
- The marketing centres of the Company are situated at:
  - 10km Sheikhpura Road, Lahore
  - Plot No. 20, Industrial Estate, Near Mill No. 4, Multan
  - Plaza No. 4, 2nd Floor, Sector A, Jinnah Boulevard (East), DHA Phase II, Islamabad
  - Abad Lakha, Shikarpur Road, Sukkur"

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and therefore should be read in conjunction with the annual audited financial statements for the year ended December 31, 2021.

### 2.2 Changes in accounting standards, interpretations and amendments to published accounting and reporting standards

#### a) Standards and amendments to approved accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on January 1, 2022. However, these do not have any significant impact on the Company's financial reporting.

#### b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2023. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

# Notes to and Forming Part of the Condensed Interim Financial Statements

For the Third Quarter Ended September 30, 2022 (Un-audited)

## 3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the company for the year ended December 31, 2021.

## 4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to annual audited financial statements for the year ended December 31, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2021.

## 5 FIXED ASSETS

Additions and disposals of assets during the period are as follow:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Rupees in '000)			
Building	20,249	5,305	-	-
Electrical equipment	3,195	2,023	-	0
Plant and machinery	14,261	3,000	0	-
Furniture and fixtures	12,665	2,341	300	60
Computer hardware	76,372	1,474	217	-
Vehicles	29,990	56,249	-	0
Factory equipments and tools	26,905	771	-	-
Additions to capital work in progress	3,410	20,514	-	19,333
Intangibles	126	520	-	-
	<u>187,172</u>	<u>92,198</u>	<u>517</u>	<u>19,393</u>

## 6 COMMITMENTS

Commitments for capital expenditure outstanding as at Sept 30, 2022 amounted to Rs. 17.88 million (2021: Rs. 114.68 million)

## 7 REVENUE FROM CONTRACTS WITH CUSTOMERS

	September 30, 2022	September 30, 2021
	(Rupees in '000)	
Tractors	27,641,617	15,816,857
Trading goods and others	216,903	136,637
	<u>27,858,520</u>	<u>15,953,494</u>
Less: Commission and discounts	(414,716)	(227,505)
Sales Tax	(1,060,125)	(505,296)
	<u>26,383,679</u>	<u>15,220,693</u>

# Notes to and Forming Part of the Condensed Interim Financial Statements

For the Third Quarter Ended September 30, 2022 (Un-audited)

	September 30, 2022	September 30, 2021
<b>8 COST OF SALES</b>	(Rupees in '000)	
Cost of goods manufactured	21,853,487	11,164,931
Opening stock of finished goods	334,723	537,857
Closing stock of finished goods	(613,403)	(154,167)
Cost of manufactured goods sold	21,574,807	11,548,621
Cost of trading goods and others sold	128,453	90,474
	21,703,260	11,639,095
<b>9 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	3,852,984	3,128,084
Add/(Less) : Adjustment for non cash charges and other items		
Depreciation and amortisation	83,500	62,619
Gain on disposal of fixed assets	(1,337)	(1,872)
Profit on PLS savings and deposit accounts	(85,097)	(72,408)
Mark up on running finance	19,937	7,629
	3,869,987	3,124,052
<b>Effect on Cash Flow due to Working Capital changes</b>		
<b>(Increase) / Decrease in current assets</b>		
Inventories	(197,201)	273,977
Trade receivables	(113,229)	(1,209)
Loans and advances	(72,936)	(91,964)
Trade deposits and short-term prepayments	(637,882)	(240,591)
Other receivables	5,906	1,766
Refunds due from the Government	(1,152,847)	(982,507)
	(2,168,189)	(1,040,528)
<b>Increase in current liabilities</b>		
Trade and other payables	1,037,504	2,230,472
Customers' and dealers' advances	(2,985,061)	(246,270)
<b>Cash generated from operations</b>	(245,759)	4,067,726

## 10 RELATED PARTY TRANSACTIONS

Significant transactions including royalty, dividend & freight payments during the period amounted to Rs 391.74 million (2021: Rs.88.16 million).

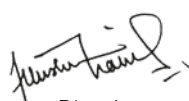
## 11 DIVIDEND

The Board of Directors in its meeting held on October 18, 2022 declared an interim cash dividend of Rs. Nil per share (2021: Rs. Nil per share) amounting to Rs. Nil (2021: Rs. Nil).

## 12 DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements were authorised for issue on October 18, 2022 by the Board of Directors.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**REGISTERED AND HEAD OFFICE**

Tractor House, 102 -B, 16th East Street, DHA Phase I,  
Off. Korangi Road, Karachi.

Tel: 92 21 35318901-5 | Fax: 92 21 35660882

Email: [agtl@alghazitractors.com](mailto:agtl@alghazitractors.com) | Website: [www.alghazitractors.com](http://www.alghazitractors.com)



AL FUTTAIM



AGTL



NEWHOLLAND

QUALITY MANAGEMENT-BRAND STRENGTH

**AL-GHAZI TRACTORS LTD**