



**AL-GHAZI  
TRACTORS  
LTD**



# **ENVISIONING A TURNAROUND**

**First Quarter Ended, March 31, 2023  
(Un-audited)**



## **ENVISIONING A TURNAROUND**

We all know the world is changing around us constantly. From environment to finance, the way we live to the way we work, societies are evolving at a breakneck speed.

Businesses are no exception, and Al-Ghazi Tractors Limited is also in transition. We too, are evolving, with our team of experts, finding our true north with principles of quality and reliability.

Al-Ghazi Tractors Limited has managed to make a name for itself with hard work, reliability and delivering on the promises we make.

This year's annual report dives deep into some of the issues we tackled, and how we sowed the seeds for lasting policies.

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# Company Information

## BOARD OF DIRECTORS

Mr. Robert Ian McAllister  
Chairman, Non-Executive Director

Mr. Malik Ehtisham Ikram  
Non- Executive Director

Mr. Marco Votta  
Non-Executive Director

Mr. Matthieu Sejourné  
Non-Executive Director

Mr. Vincent Delassagne  
Non-Executive Director

Ms. Farah Qureshi  
Independent Director

Mr. Shahid Shahbaz Toor  
Independent Director

Mr. Javed Iqbal  
Acting Chief Executive Officer

## AUDIT COMMITTEE

Ms. Farah Qureshi  
Chairperson, Independent Director

Mr. Marco Votta  
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram  
Member, Non-Executive Director

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Farah Qureshi  
Chairperson, Independent Director

Mr. Marco Votta  
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram  
Member, Non-Executive Director

## TECHNICAL COMMITTEE

Mr. Shahid Shahbaz Toor  
Chairman, Independent Director

Mr. Robert Ian McAllister  
Member, Non-Executive Director

Mr. Matthieu Sejourné  
Member, Non-Executive Director

Mr. Vincent Delassagne  
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram  
Member, Non-Executive Director

Mr. Marco Votta  
Member, Non-Executive Director

## CHIEF FINANCIAL OFFICER

Mr. Javed Iqbal

## 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

KPMG Taseer Hadi & Co.  
Chartered Accountants

## LEGAL ADVISORS

Orr, Dignam & Co.  
Advocates

### **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,  
16<sup>th</sup> 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 financial information of Al-Ghazi Tractors Limited (“**the Company**”) for the period ended 31 March 2023.

### Financial Review

The Company recorded the sale of 2,246 tractors in the quarter ended March 31 2023 as compared to 6,512 tractors sold during the corresponding quarter of the last financial year which is a drop of 65.5%. This decline is primarily attributed to the import restrictions on CKDs imposed by the State Bank of Pakistan to manage depleting foreign exchange reserves. Moreover, the slow recovery from the severe floods of 2022 and the unprecedented devaluation of PKR in Q1 2023, caused supply chain challenges due to abrupt material cost escalations and consequently increase in prices of commodities, including our tractors, resulting in weakened purchasing power of our farmers.

The operating profitability is mainly driven by the drop in sales volume compared to the previous corresponding period. The Company earned an operating revenue of Rs 4,174 million during the first three months of the current financial year which is almost 52% lower than the Rs 8,653 million earned during the same period last year, whereas, the cost of sales also declined by 47% to Rs 3,542 million from Rs 6,740 million of the previous corresponding period. As a result, gross profit for the quarter ended on 31 March 2023 has come to Rs 632 million which reflects a decrease of 67% from the gross profit of Rs 1,913 million accrued during the same period of the last financial year.

The distribution and administrative expenses for the period under review respectively amounted to Rs 85 million and Rs 209 million, showing a marginal decrease of 1% and an increase of 91% respectively when compared to the same period in the financial year 2022. The increase in administrative expenses is mainly due to IT Infrastructure investments incl. SAP implementation & transformational related expenditure being incurred in 2023.

The post-tax profit for the three months period ended 31 March 2023 is Rs 230 million which has declined by 80% as compared to Rs 1,159 million for the same period last year. The earnings per share for the quarter under review is Rs 3.96 which was Rs 19.99 for the same 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 the company's website.

### Future outlook

The prevailing economic conditions in Pakistan continue to pose significant challenges for all sectors, including the automobile industry. Political instability and dwindling foreign exchange reserves have contributed to this difficult environment. The company anticipates these political and economic headwinds will continue during 2023.

Despite the challenges, the company remains committed to its transformation programme of work designed to improve its supply chain, boost sales and launch improved tractor models while focusing on product quality improvements and operational efficiencies. The company aims to navigate the current economic turbulence and emerge stronger and leaner than before.

### Acknowledgement

The Board would like to place on record all 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 appreciate the contribution of all staff members of the Company for performing their tasks with dedication, diligence and commitment in the challenging environment.

**On behalf of the Board of Directors,**



**ROBERT MCALLISTER**  
Chairman of the Board



**JAVED IQBAL**  
Acting CEO

27 April 2023

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

## AS AT MAR 31 ,2023 (UN-AUDITED)

		(Unaudited) Mar 31, 2023	(Audited) December 31, 2022
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
	5		
Fixed assets		1,392,883	1,331,267
Deferred tax asset		105,647	101,819
Long-term loans		2,581	2,666
Long-term deposits		17,870	17,807
Employee benefit prepayments		-	-
		1,518,981	1,453,559
<b>CURRENT ASSETS</b>			
Inventories		6,252,975	5,263,574
Trade receivables		41,941	161,820
Loans and advances		165,819	91,105
Trade deposits and short-term prepayments		1,048,501	372,903
Interest accrued		63,012	1,550
Other receivables		5,038	4,833
Taxation - payments less provision		137,543	-
Refunds due from the Government		4,239,864	4,203,395
Other financial assets		-	-
Cash and bank balances		5,398,796	727,990
		17,353,489	10,827,170
<b>TOTAL ASSETS</b>		<b>18,872,470</b>	<b>12,280,729</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		289,821	289,821
Unappropriated profit		3,071,969	2,842,264
		3,361,790	3,132,085
<b>NON-CURRENT LIABILITIES</b>			
Deferred staff benefits - compensated absences		75,404	73,605
Lease liability		60,042	57,723
Employee benefit obligations		34,333	26,770
		169,779	158,098
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,054,478	2,651,918
Customers' and dealers' advances		7,791,474	111,157
Taxation - payments less provision		-	18,435
Unclaimed Dividend		70,322	75,351
Unpaid Dividend		2,416,858	2,416,858
Current portion of Lease Liability		7,768	7,455
Short term financing		-	3,709,372
		15,510,680	9,148,644
<b>TOTAL LIABILITIES</b>		<b>15,510,680</b>	<b>9,148,644</b>
<b>COMMITMENTS</b>			
	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,872,470</b>	<b>12,280,729</b>

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



Director



Acting Chief Executive



Chief Financial Officer



# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FIRST QUARTER ENDED MAR 31, 2023 (UN-AUDITED)

	Note	Mar 31, 2023	MAR 31, 2022
(Rupees in '000)			
Revenue from contracts with customers	7	4,173,540	8,653,053
Cost of sales	8	(3,541,503)	(6,740,410)
Gross profit		632,037	1,912,643
Distribution expenses		(85,418)	(86,011)
Administrative expenses		(208,817)	(109,536)
		337,802	1,717,096
Other income		117,348	42,316
Other operating expenses		(42,804)	(125,993)
		412,346	1,633,419
Finance costs		(67,870)	(904)
Profit before income tax		344,476	1,632,515
Income tax expense		(114,771)	(473,629)
Profit after income tax		229,705	1,158,886
Other comprehensive income		-	-
Total comprehensive income		229,705	1,158,886
Basic and diluted earnings per share		3.96	19.99

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



Director



Acting Chief Executive



Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS

## FOR THE FIRST QUARTER ENDED MAR 31, 2023 (UN-AUDITED)

	Note	Mar 31, 2023	MAR 31, 2022
(Rupees in '000)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	8,820,681	(606,216)
Income tax paid		(274,577)	(467,976)
Finance cost paid		(121,300)	-
Increase/(Decrease) in deferred staff benefits		1,799	501
Increase/(Decrease) in employee benefit obligations		7,563	(9,012)
(Increase)/Decrease in long-term deposits		(64)	-
(Increase)/Decrease in long-term loans		85	417
Net cash generated from operating activities		<b>8,434,187</b>	<b>(1,082,286)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to fixed assets		(103,247)	(41,667)
Proceeds from disposal of fixed assets		26	108
Return on bank deposits received		54,242	17,164
Net cash used in investing activities		<b>(48,980)</b>	<b>(24,394)</b>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Dividend paid		(5,029)	(1,114)
Lease rentals paid		-	-
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>8,380,178</b>	<b>(1,107,794)</b>
Cash and cash equivalents at the beginning of period		(2,981,382)	1,998,122
Cash and cash equivalents at the end of period		<b>5,398,796</b>	<b>890,328</b>


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



Director



Acting Chief Executive



Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

### FOR THE FIRST QUARTER ENDED MAR 31, 2023 (UN-AUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees in '000)			
<b>Balance as at January 1, 2023</b>	<b>289,821</b>	-	<b>2,842,264</b>	<b>3,132,085</b>
Transfer from General reserve to Unappropriated profit	-	-	-	-
Profit after tax for the three months ended Mar 31, 2023	-	-	<b>229,705</b>	<b>229,705</b>
Other comprehensive income for the three months ended Mar 31, 2023	-	-	-	-
			<b>229,705</b>	<b>229,705</b>
Transactions with the owners recorded directly in equity				
Final dividend @ Rs. Nil per share for the year ended December 31, 2022	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>289,821</b>	<b>-</b>	<b>3,071,969</b>	<b>3,361,790</b>
<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 three months ended March 31, 2022	-	-	1,158,886	1,158,886
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-
	-	-	1,158,886	1,158,886
Balance as at March 31, 2022	289,821	-	4,842,332	5,132,153

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



Director



Acting Chief Executive



Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED MAR 31, 2023 (UN-AUDITED)

## 1. THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) as a public limited company in June, 1983 and is quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at 'Tractor House, Plot No. 102-B, 16th East Street, Off Korangi Road, Phase I, DHA, Karachi'. 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 and it's ultimate parent is Al-Futtaim Holding Limited, 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
- Lahore office situated at Askari Corporate Tower, Plot No. 75D, 76D LDA Scheme Gulberg III, District Lahore
- 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:
  - J6CV - 58, 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 Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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, 2022.

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

#### a) Standards, interpretations and amendments to published approved accounting 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, 2023. However, these do not have any significant impact on the Company's financial reporting.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED MAR 31, 2023 (UN-AUDITED)

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

There are standards and certain other amendments 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 are considered either not to be relevant or not to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

## 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, 2022.

## 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, 2022.

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, 2022.

## 5 FIXED ASSETS

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

	Additions (at cost)		Disposals / Transfers (at net book value)	
	Mar 31, 2023	MAR 31, 2022	Mar 31, 2023	MAR 31, 2022
	Rupees in '000			
Building	616	6,708	-	-
Electrical equipment	4,788	96	-	-
Plant and machinery	196	7,261	-	-
Furniture and fixtures	2,521	4,100	-	-
Computer hardware	1,660	6,526	17	108
Vehicles	22,426	6,190	-	-
Factory equipments and tools	53	380	-	-
Additions to capital work in progress	70,988	10,280	-	-
Intangibles	-	126	-	-
	<b>103,247</b>	<b>41,667</b>	<b>17</b>	<b>108</b>

## 6 COMMITMENTS

Commitments for capital expenditure outstanding as at March 31, 2023 amounted to **Rs. 81.3 million** (2022: Rs. 89.5 million)

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED MAR 31 ,2023 (UN-AUDITED)

	Mar 31, 2023	MAR 31, 2022
	(Rupees'000)	
<b>7 REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Tractors	4,231,419	9,144,393
Trading goods and others	88,227	74,412
	4,319,646	9,218,805
Less: Commission and discounts	(128,548)	(112,128)
Sales Tax	(17,558)	(453,624)
	4,173,540	8,653,053
<b>8 COST OF SALES</b>		
Cost of goods manufactured	2,133,350	6,931,885
Opening stock of finished goods	2,413,775	334,723
Closing stock of finished goods	(1,059,028)	(568,988)
Cost of manufactured goods sold	3,488,097	6,697,620
Cost of trading goods and others sold	53,406	42,790
	3,541,503	6,740,410
<b>9 CASH GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	344,476	1,632,515
Add/(Less) : Adjustment for non cash charges and other items		
Depreciation and amortisation	41,636	24,588
Gain on disposal of fixed assets	(9)	-
Profit on PLS savings and deposit accounts	(115,704)	(15,768)
Interest on lease liability	2,632	-
Mark up on running finance	64,446	690
	337,477	1,642,025
Effect on Cash Flow due to Working Capital changes		
<b>(Increase) / Decrease in current assets</b>		
Inventories	(989,401)	75,599
Trade receivables	119,879	4,353
Loans and advances	(74,714)	(87,206)
Trade deposits and short-term prepayments	(675,598)	(296,184)
Other receivables	(205)	3,450
Refunds due from the Government	(36,469)	(582,239)
	(1,656,508)	(882,227)
<b>Increase in current liabilities</b>		
Trade and other payables	2,459,395	1,285,703
Customers' and dealers' advances	7,680,317	(2,651,716)
	8,820,681	(606,216)
Cash generated from operations	8,820,681	(606,216)
<b>10 RELATED PARTY TRANSACTIONS</b>		
Significant transactions including royalty during the period amounted to Rs. 30.9 Million (2022: Rs.64.4 Million).		

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED MAR 31 ,2023 (UN-AUDITED)

## 11 DIVIDEND

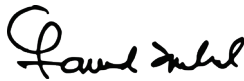
The Board of Directors in its meeting held on April 27, 2023 declared an interim cash dividend of Rs. Nil Per share (2022: Rs. Nil per share).

## 12 DATE OF AUTHORISATION OF ISSUE

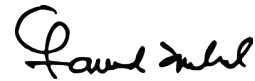
These condensed interim financial statements were authorised for issue on April 27, 2023 by the Board of Directors.



Director



Acting Chief Executive



Chief Financial Officer

REGISTERED 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-GHAZI TRACTORS LTD**