



**AL-GHAZI
TRACTORS
LTD**



ENVISIONING A TURNAROUND

ANNUAL REPORT 2022



An aerial photograph of a vast, green agricultural field. A red tractor is visible in the lower-left quadrant, moving across the field and leaving a distinct track. The rows of crops are densely packed and stretch far into the distance, creating a strong sense of perspective. The lighting is bright, highlighting the vibrant green of the vegetation.

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,
16th East Street, DHA Phase I,
off Korangi Road, Karachi.

Tel: (92 21) 35318901-5

Fax: (92 21) 35660882

Email: agtl@alghazitractors.com

Website: 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

Company Profile

Incorporated in June 1983, privatized in December 1991, Al-Ghazi Tractors Limited, the subsidiary Company of Al-Futtaim group of Dubai, is a story of rollicking success. With consistent corporate achievements, the Company is recognized for its corporate excellence.

With its head office in Karachi, the AGTL plant at Dera Ghazi Khan, some 700 kms away from Karachi, manufactures New Holland (Fiat) tractors in technical collaboration with CNHI - Case New Holland, the Number One manufacturer of agricultural tractors in the world. The AGTL plant, an icon of engineering dynamics operates on high efficiency. With Quality Control and Quality Assurance, quality improvement systems exist at every level.

One of our mission statements reads, "Our most enduring competitive edge is the quality of tractors". Robust and sturdy, the Company's products of 55, 65, 75 and 85 HP, carry a local content of 92% - the highest in the country.

Monitoring the efficiency and effectiveness of each production process is the key to our success. Effort is made to make each process efficient to drive down the cost per tractor. Competent material and plant utilization has resulted in the Company's achieving its core

objective of being the lowest cost producer of quality products. AGTL's produced tractors in all hp ranges are therefore among the most affordable tractors in the world.

Documentation of the entire manufacturing process and improved quality measurement being our priority, Al-Ghazi was the first automobile Company in Pakistan to earn the ISO-9000 certification. With yearly audits the Company is now registered for ISO-9001:2015 upto January 11, 2025.

AGTL products being a household name with the farmer community, our product profile reflects consumer needs. Price and convenience being the customer's first priority. The Company's objectives include: focus on all target markets and focus on all types of customers. As many dealers in every nook and cranny of the country, and over 3000 mechanical workshops across the country to work as customer care centers.

AGTL's name is synonymous with brand strength and customer loyalty and experience. One of the best performing stocks in the automobile sector, AGTL is a story of continued success achieved through resilient and consistent efforts.

At AGTL we believe that effective individuals make a difference; effective teams make a business. Of all the things that we have built the most admired is our teamwork. AGTL's human talent does not depreciate with time. AGTL workers are happy workers. AGTL values the stakeholders, customers, employees and the investors. The management works to ensure that all supply chain associates, dealers, shareholders and employees share in the Company's growth and prosperity.

Al-Futtaim's flagship in Pakistan with over 93% foreign shareholding, Al-Ghazi Tractors Limited is a text book example of good corporate governance, conforming to all the Governance Reforms promulgated by the government.

AGTL's long list of accolades received year after year include Top Companies Award of the Karachi Stock Exchange, Corporate Excellence Award of the Management Association of Pakistan, Best Presented Annual Report Awards of ICAP, Best Calendar Awards of NCCA, Excellence Award on Human Resources and Industrial Relations and Excellence Award in Productivity from the Employer's Federation of Pakistan.

AGTL's Vision Statement is categorical: "To make AGTL a symbol of success." This sets the direction as well as the destination in sight and each of the employee lives to achieve the Company's Mission.

Business Model

Our Capitals:

Our Processes

Financial Capital:

- Equity: PKR 3.13 billion
- Assets: PKR 12.28 billion

Manufactured Capital:

- State-of-the-art Tractor assembling facility
- 30k per annum production capacity

Human Capital:

- 393 Employees
- People-centered culture
- Strong governance

Natural Capital:

- Water, energy & environment conservation
- Waste water treatment plant

Intellectual Capital

- Company's knowledge base,
- Product manufacturing capabilities
- Well-equipped reporting tools
- Corporate Reputation
- Brand (CNHi)

Social & Relationship Capital:

- Relations with customers regulators, communities & other stakeholders
- Vast network of dealers, distributors & end-users

Assembling of Tractors

04



03

Production of Sheet Metal Components



02

Storage & Binning



Procurement and Acquisition of Local & Imported Raw Material

01



Value Creation for our Stakeholders



05 Pre-delivery Inspection of Tractors



06 Transfer of Tractors to Dealers



07 Tractors delivered to customers



08 After-Sale Service

Customers/Suppliers

- Customer satisfaction
- Trust of vendors
- Growing network of vendors, Dealers & customers

Shareholders:

- Delivered strong and healthy returns for shareholders
- Return on equity: 69%

Employees:

- Talent nourishment and growth
- Rewarding high performance and investing in attracting, developing, and retaining our people
- Remuneration & Benefits: PKR 662 Million

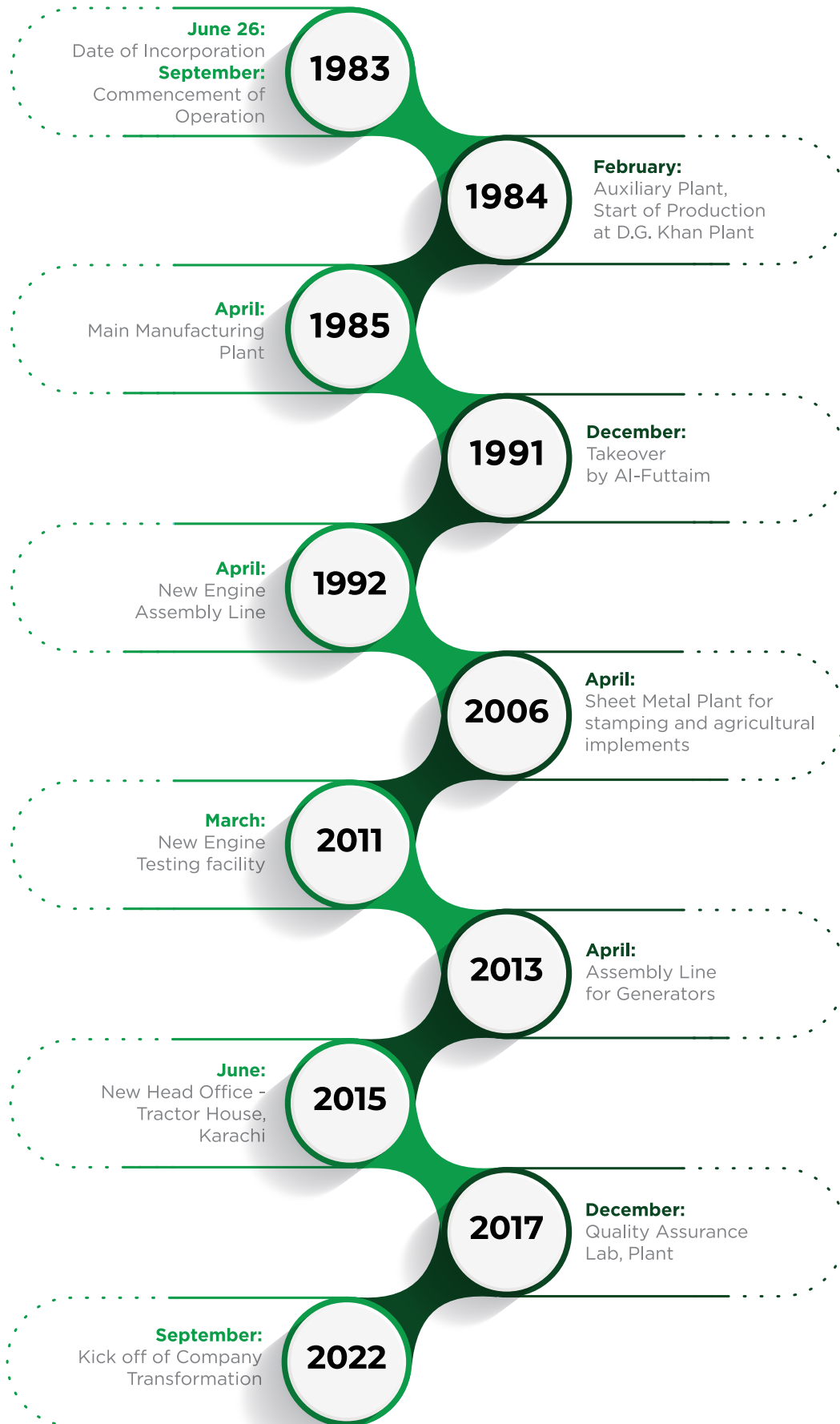
Communities:

- Investment in communities to support communities uplift.
- Refer to page no. 126 of CSR section for our work on communities.

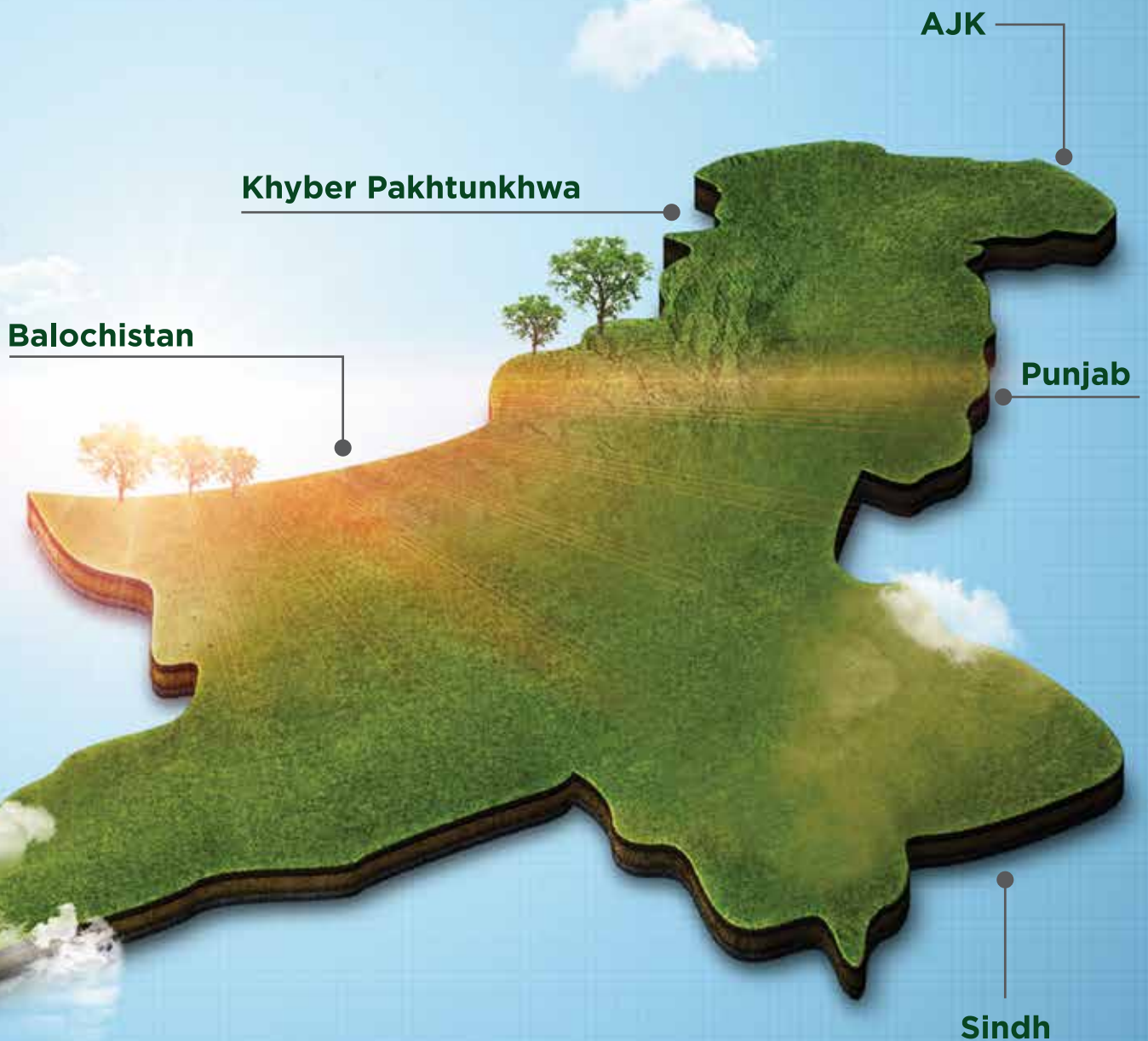
Governing Bodies & Regulators:

- Compliance with all the regulatory requirements
- Contributed PKR 1.6 billion to national exchequer

Our Journey So Far



Geographical Presence



Head Office: Karachi
Plant: Dera Ghazi Khan
Marketing Centres: Lahore,
Multan, Islamabad, Sukkur,
Dera Ghazi Khan

DEALERSHIP NETWORK

For customized customer satisfaction, AGTL has dotted the whole country with a large dealer network, and tractor workshops, in every nook and cranny of the country.





Established in the 1930s as a trading business, Al-Futtaim is one of the most progressive regional business houses headquartered in Dubai, United Arab Emirates.

Al-Futtaim operates through more than 200 companies across sectors as diverse as commerce, industry and services, and employs in excess of 42,000 people across the UAE, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, Egypt, Pakistan, Sri Lanka, Syria, Singapore and Europe. Entrepreneurship and rigorous customer focus have enabled Al-Futtaim to grow its business by responding to the changing needs of the customers and societies in which it operates. Al-Futtaim is committed to offering customers an unrivalled choice of the world's best brands from the USA, UK, Japan, Sweden, France, Germany and Switzerland (from a range of sectors such as automotive, retail, real estate and finance). Al-Futtaim's exceptional standards of customer service and after-sales support is the reason some of the world's most admired and innovative brands trust Al-Futtaim with their own reputation and commercial success.

Structured into seven operational divisions; automotive, electronics, engineering and technologies, retail, financial services, general services, real estate and joint ventures, Al-Futtaim maintains a decentralized approach, giving individual businesses flexibility and versatility to maintain a competitive stance. The decades-long experience allows Al-Futtaim to embrace and foster new, forward-thinking business practices and seamlessly blend those into the corporate DNA. The company's people-first philosophy is about upholding the value of integrity and the spirit of collaboration.

This benefits employees, providing a clearly defined work culture where individuals are empowered with authority and responsibility to accomplish their work.

Al-Futtaim is the holding Company of Al-Ghazi Tractors Limited with 50.02% shares.



CNH Industrial is a global leader in capital goods that implements design, manufacturing, distribution, commercial and financial activities in international markets.

CNH Industrial is an international front-runner in the capital goods sector that designs, produces and sells agricultural and construction equipment (tractors, combines, excavators), wheel loaders, trucks, commercial vehicles, buses and specialty vehicles (including firefighting and civil protection vehicles), in addition to a broad portfolio of powertrain applications. CNHI's symbolism is that they design, manufacture and sell 'machines for work'.

Across its 12 brands, 67 manufacturing plants, 56 research and development centers and a workforce of more than 63,000 people, CNH Industrial is present in 180 countries giving itself unique competitive position.

The Group has the flexibility to pursue the most advantageous strategic options and capitalize on opportunities for growth and consolidation consistent with our ambitions for it to become a leader in the sector.

CNHI holds 43.17% shares of Al-Ghazi Tractors Limited.

Manufacturing Plant



R&D Center



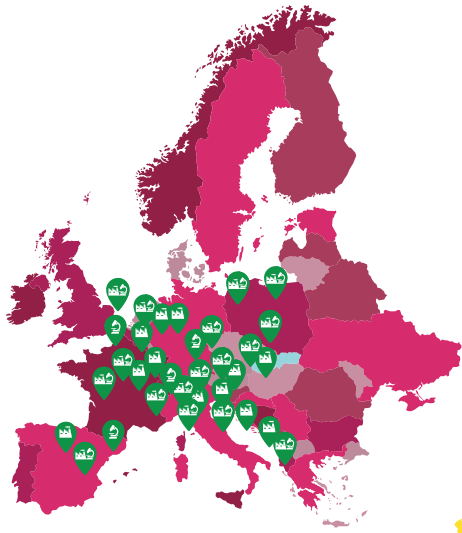
Manufacturing Plant
+R&D Center



North
America



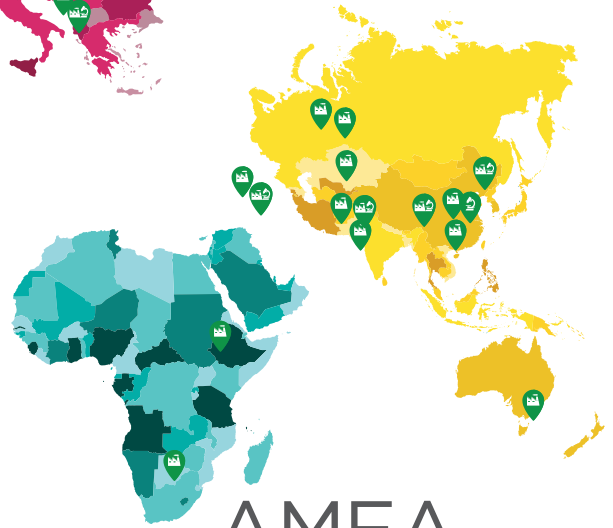
Europe



South
America



AMEA



CNHi Global Footprint

OUR

VISION

To make AGTL a symbol of success



OUR

MISSION

With AGTL's name being synonymous with stability, profitability, brand strength and customer loyalty, AGTL's mission is to retain market leadership as the cost competitive producer of the highest quality products - the most enduring competitive edge being the quality of our tractors. With corporate virtue, AGTL's mission is to be a text book case example of good Corporate Governance and through Corporate Social Responsibility create mutually beneficial relationships between the Company, Stakeholders and the Community.



Values & Ethical Principles

Al-Ghazi Tractors Limited is a public limited Company with 93.19% foreign shareholding. The Company with its superior performance is recognized by all stakeholders as economically rewarding to all parties, acknowledged as being ethically, socially and environmentally responsible, welcomed by the communities, businesses, customers in which it operates. It facilitates economic, human resources and community development within a stable operating environment.

The Directors believe that they can make a difference within their sphere of influence. Thus it is envisaged that:

- The Company should take a leadership role through establishment of ethical business principles.
- That while reflecting cultural diversity, the Company should do business consistent with the requirements of laws & regulations in Pakistan.
- The Company should show ethical leadership.
- The Company should facilitate the achievement of sound financial results and a fair sharing of economic benefits.
- The Company must have open, honest and transparent relationships, which are considered critical to the Company's success.

- The Company should create a business environment, which instigates against bribery and corruption and refrain from participation in any corrupt business practices.
- The Company should maintain good relations with stakeholders including contractors, suppliers and other business participants.
- The Company should aspire for stability and continuous improvement within the operating environment.
- The Company should focus on the protection of environment.
- The Company should promote community efforts as good corporate citizens.
- The Company should ensure consistency with labour laws and standards, ensure health and safety of workers and their rights.
- The Company should promote training and human resource development as an engine for growth with particular reference to the policy on succession planning.

The Company has established a defined code of ethics and business practices which is signed by all directors as well as employees of the Company.



Corporate Focus

To achieve evolution through continuous change with the deliverables being: to pursue lean management, to eliminate all activities which don't add value, to eliminate waste, to reduce costs, to focus on all target markets and customers, and to continuously add customer care centres.

Strategic Planning

With roles and responsibilities clearly defined, strategic planning at Al-Ghazi Tractors aligns its vision with actionable roadmap to ensure optimal performance.

Sound business plans are outlined, brainstormed and developed to coordinate strategies for overall success of the Company. With disciplined efforts to take fundamental decisions and actions that shape and guide the Company with focus on the future, Strategic Planning at AGTL provides the best way to respond to circumstances of the Company's environment and its resources. By incorporating them, the Company remains consciously responsive to a dynamic and changing environment.

Strategic Planning at Al-Ghazi Tractors Limited supports strategic thinking and leads to strategic management - the basis for the making of an effective organization.

Board of Directors



Mr. Robert McAllister

Chairman, Non-Executive Director

Al-Ghazi Tractors Limited (AGTL) appointed Mr. Robert McAllister as Chairman and Non-Executive Director on the Board in January 2022. Mr. McAllister brings with him a wealth of experience and knowledge of the automotive industry, having held several leadership positions with renowned business conglomerates. His understanding of the key factors required for delivering at the highest level coupled with an objective perspective is a valuable asset to the Board. Mr. Robert McAllister's impressive track record in organizing and leading diverse, multicultural teams to achieve outstanding results is a testament to his exceptional leadership skills. Having worked in several different geographic locations, he has demonstrated an adaptable nature that has enabled him to thrive in varied environments and face new challenges with enthusiasm. Furthermore, Mr. McAllister's academic credentials, which include multiple finance degrees, further bolster his qualifications to serve on the Board. His appointment marks an important addition to the team, and the Board eagerly anticipates his valuable contributions towards driving the Company's continued success.



Mr. Malik Ehtisham Ikram

Non-Executive Director

Mr. Malik Ehtisham Ikram was appointed as Director on the Board of AGTL in December 2019.

Mr. Malik Ehtisham Ikram is a seasoned finance executive with a career spanning 19 years in the financial sector with strong emerging-market experience. He joined Al-Futtaim Group in 2012 and has been working at various Senior Finance & Leadership positions, independently handling high profile Automotive Projects for the Group. He has also served as Chief Financial Officer and Acting CEO of AGTL.

Over his career span, he has worked with various consultancy firms including PwC and KPMG. Mr. Ikram is a member of the Institute of Chartered Accountants of Pakistan and holds a postgraduate degree in Managerial Economics.



Mr. Vincent De Lassagne

Non-Executive Director

Mr. Vincent de Lassagne has been appointed on the Board of Al-Ghazi Tractors Limited since October 2015.

Mr. De Lassagne is the brand leader for New Holland Agriculture – Asia Pacific Region. He initially joined CNHI in 1995. Within CNHI, he acquired a significant experience in the CIS, AME and Asia Pacific markets. Since 2004, he has been posted as Business Director in the Asia Pacific Region. Mr. De Lassagne holds an Agronomist Engineer degree and a Master's in Marketing & Sales from the HEC University.



Mr. Matthieu Séjourné

Non-Executive Director

Mr. Matthieu Séjourné has been appointed as a Non-Executive Director on the Board of the Company since February 2020.

Mr. Séjourné joined CNHi in March 2002 covering several sales & marketing positions in the African continent. He also joined TurkTraktor, the JV of CNHi in Turkey, where he was Marketing Director. He then joined the Asia Pacific Region, where he was successively appointed as Head of Product Marketing and afterwards Brand Leader for Case IH. Since January 2019, he is the Brand Leader - New Holland & Case IH for Asia, Middle East and Africa Region.

Mr. Séjourné holds a master's degree in Business Administration from SDA Bocconi - Milan, Italy and master's in Engineering from CESTI - Paris (newly named SUPMECA, Superior Centre of Study in Industrial Techniques - Mechanical Engineering School) with a major in Supply Chain Management.



Mr. Marco Votta

Non-Executive Director

Mr. Marco Votta completed his undergraduate studies at the Business Administration Department of the Luigi Bocconi University of Commerce - Milan, Italy.

He started his career in the industrial automation sector, moving in 1994 to Andersen Consulting as Management Consultant.

Mr. Votta joined the Business Development Department of New Holland in 1998 and was appointed as Assistant General Manager in charge of Business Control at Türk Traktör ve Ziraat Makineleri A.Ş. and New Holland Trakmak Traktör ve Ziraat Makinaları Ticaret A.Ş. in 1999. He then became the Company's CFO from 2006 to 2010, and then the CEO from April 2010 till December 2018. Since the beginning of 2019, Mr. Votta has remained a board member in Türk Traktör ve Ziraat Makineleri A.Ş. In addition, he is associated with CNH Industrial as the Managing Director of Turkey. From 2019 to 2021, he has been in charge of the product offering and development of the tractors up to 130hp as VP of Global Product Line - Small and Specialty Tractors.



Mr. Shahid Shahbaz Toor

Independent Non-Executive Director

Mr. Shahid Shahbaz Toor was elected as Independent Non-Executive Director on the Board of Al-Ghazi Tractors in March 2021.

He has more than 35 years of experience in the tractor manufacturing industry in areas pertaining to management, development, production, quality assurance, project management, supply chain management, etc. He has served as Director Technical at Millat Tractors Limited and CEO at Millat Equipment Limited as well as Mannan Shahid Forgings (an Abraaj Capital UAE Group Company).

Mr. Toor graduated with a degree in Mechanical Engineering from Kingston University, UK. He has attended various professional training courses in Pakistan and abroad in institutions like Ashraigh School of Management - United Kingdom (UK), Perkins Engines, Massey Ferguson Tractors - UK, AOTS - Japan, Pakistan Institute of Management, Lahore University of Management Sciences, Pakistan Institute of Quality Control, etc.

Board of Directors



Ms. Farah Qureshi

Independent Non-Executive Director

Ms. Farah Qureshi was appointed as Independent Non-Executive Director on the Board of the Company in May 2020.

Ms. Qureshi is a fellow member of the Institute of Chartered Accountants of Pakistan. With over 25 years of experience in corporate governance, internal control, accounting, financial reporting, mergers and acquisitions, project feasibilities, banking and financial arrangements, legal, company secretarial and IT.

Her present occupation is providing consulting services in the areas of accounting, finance, IT systems, corporate governance, internal controls, preparing projections and feasibilities, banking and financial arrangements, etc. She has served as Company Secretary on the Board of Jahangir Siddiqui & Co. Limited., a listed Company in financial services sector. Presently, she is on the Board of First UDL Modaraba as Director and in the past, she has remained on the Board of Network Microfinance Bank Limited (subsidiary of Jahangir Siddiqui & Co. Limited). Ms. Qureshi has also served on the sub-committee on taxation of the Overseas Investors' Chamber of Commerce and Industry.



Mr. Javed Iqbal

Acting Chief Executive Officer

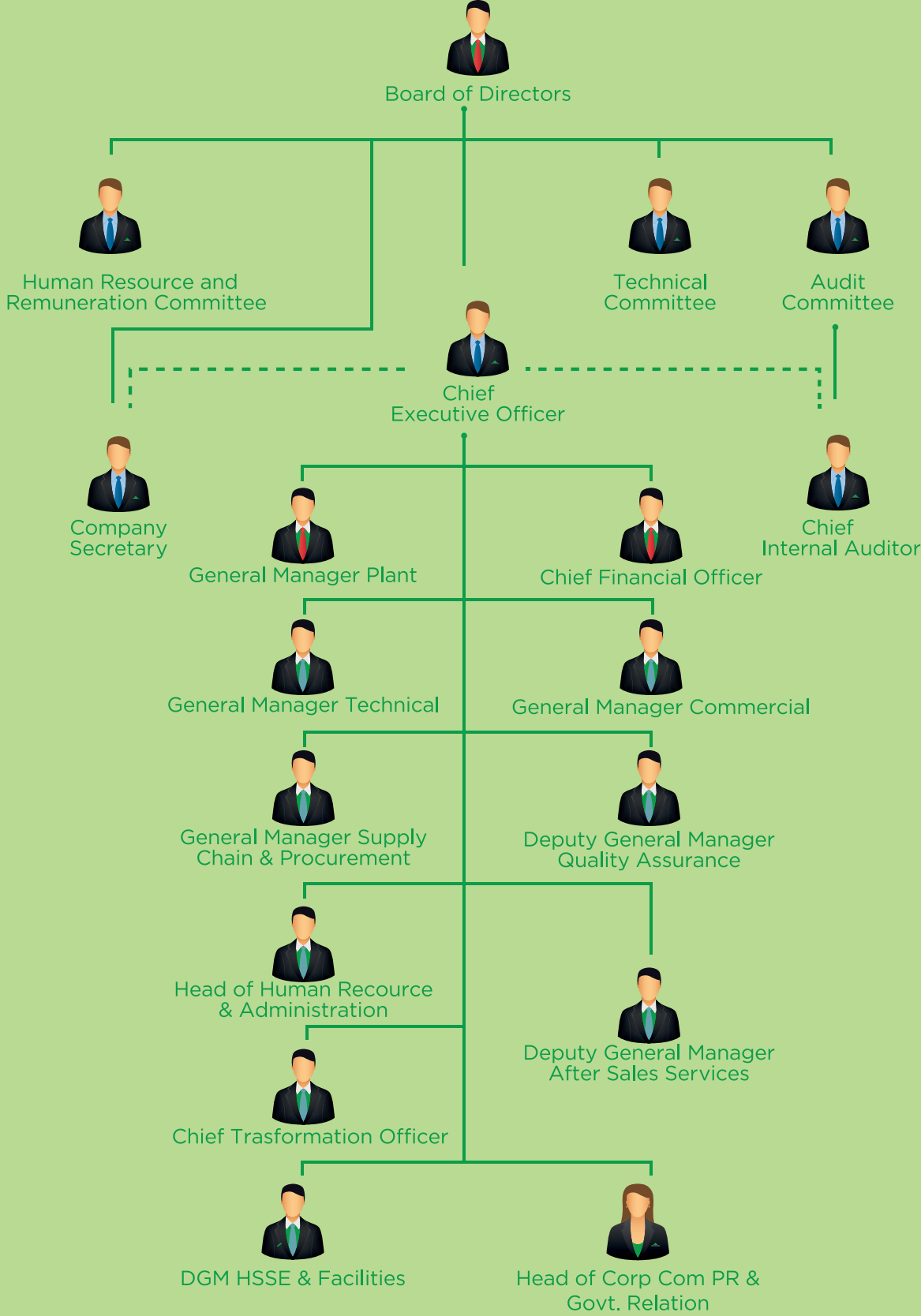
Mr. Javed Iqbal was appointed as the Acting Chief Executive Officer of AGTL in December 2022. He joined AGTL in July 2022 as the Chief Financial Officer and is currently performing both roles.

Javed is a dynamic individual with a career spanning more than 30 years. His core competencies lie in the areas of Finance and Accounting, Corporate Governance, Strategy Planning, Fund Management, and Business Analysis and Development. Prior to joining AGTL, Javed remained in management positions at different high profile corporate companies including Pakistan Services Limited (Hashoo Group), Ittehad Chemicals, Unilever, Daewoo and American Express Bank.

He is a Certified Director and has served on the board of several companies as an Independent Director.

He is a Fellow Member of Institute of Chartered Accountants of Pakistan.

Organizational Chart



Legend
 — Functional Reporting
 - - - - Administrative Reporting

Significant Events 2022

Q1
FEB

The meeting of the Board of Directors (BoD) was held to review annual budget for the financial year 2023 and January 2022 performance and forecast.

Q2
APR

The meeting of the Board of Directors (BoD) was held to approve the financial statements for the year ended December 31, 2021.

Q2
MAY

Annual General Meeting was held to adopt annual financial statements and approve final cash dividend for the year ended December 31, 2021.

Q2
MAY

The meeting of the Board of Directors was held to approve financial statements for the first quarter ended March 31, 2022.

Q3
AUG

The meeting of the Board of Directors was held to approve financial statements for the half year ended June 30, 2022.

Q3
SEP

During the year 2022, AGTL has enhanced its production abilities and market share to 46%, highest in last 14 years.

Q3
SEP

AGTL took flood relief CSR initiative to fulfil its Corporate Social Responsibility by supporting local communities, employees, and farmers affected by floods.

Q3
SEP

AGTL was presented with recognized with the Best Corporate Report Award for its Annual Report in 2021.

Q4
OCT

Various events including annual sports gala were held for 40th anniversary celebrations.

Q4
OCT

The meeting of the Board of Directors was held to approve financial statements for the third quarter ended September 30, 2022.

Q4
OCT

AGTL embarked on a transformation drive with the aim of performance improvements across the organization. The transformation initiatives involves a comprehensive review of the Company's processes, systems, and organizational structure.



A hand holding a white puzzle piece against a background of geometric shapes and a blurred cityscape. The hand is wearing a dark jacket. The puzzle piece is being held in a way that suggests it is being placed into a larger picture. The background features a mix of blue, green, and white geometric shapes, including triangles and squares, overlaid on a blurred cityscape.

MESSAGES FOR **STAKEHOLDERS**



Chairman's Review Report

I am pleased to present the
Review Report for the year ended
December 31, 2022.

Company's performance overview

The year 2022 posed numerous challenges to the economy of Pakistan, which still continues to face inflationary and external sector pressures due to unprecedented rupee devaluation resulting in higher commodity prices in the domestic markets and import costs. Moreover, the country was severely hit by floods in the second half of the year, leaving approximately thirty million people affected and homeless with shortage of food, water and shelter. Agriculture sector was badly affected as the floods damaged the crops and livelihood of farmers.

Despite the difficult economic situation, Al-Ghazi Tractors Limited ("the Company") achieved a sales volume of 19,929 tractors and recorded a profit before tax of PKR 3.8 billion, as compared to PKR 4.1 billion in the previous year. The Company's market share has improved by 41%, reaching 45% against 32% last year. Further details of the Company's performance highlights are presented in the Directors' Report.

One of the key areas of focus in 2022 was to invigorate the Company. In this regard, the management initiated a 360-degree transformation programme aimed at introducing better products to customers, improving the commercial/sales operating model, optimizing supply chain, redesigning the organization and improving manufacturing operations through lean principles and total quality management. Furthermore, the Company is moving from its existing ERP BAAN to SAP S/4 HANA to enable the operational transformation and unlock further capabilities for growth.

As we look ahead, delivering quality products will remain a key focus of our management along with developing robust business plans for the overall success of the Company particularly in under-penetrated areas. I am confident that the Company will successfully navigate through future challenges in line with its vision and mission statements while taking into account the natural calamities and the economic environment affecting the Company.

Board's performance and role effectiveness

Throughout the year, the performance of the Board of Directors of Al-Ghazi Tractors Limited has been impressive and has played a pivotal role in achieving the Company's objectives. The Board's effectiveness in providing strategic guidance, overseeing risk management, ensuring compliance with laws and regulations, and safeguarding the interests of all stakeholders has been a significant advantage for the Company. The Board's commitment to upholding the highest standards of corporate governance has enhanced transparency, accountability, and stakeholder trust.

The Board has worked tremendously hard, exercised its powers and performed its duties as stated in the Companies Act, 2017 and the applicable Code of Corporate Governance. The Company has complied with related principles of the said code as more fully stated in the Company's 2022 statement of compliance with code of corporate governance. Appropriate directors' reviews have been published with all the condensed interim financial information and annual financial statements for the year 2022. The Board has performed its duties diligently and has managed the affairs of the Company in an efficient manner with the aim that the best interest of shareholders of the Company is upheld.

The Board recognizes that well-defined corporate governance processes are indispensable for enhanced corporate accountability. The Board has also established its appropriate committees for its support, in order to have meticulous oversight. The Board met frequently during the year 2022 and held nine meetings in addition to the meetings held by its committees. The effective role played by the Board was the key to managing the affairs of the Company which performed well great in a difficult economic environment.

I am grateful to all the members of the Board for their valuable efforts which contributed significantly in achieving the Company's targets.

I would like to extend my gratitude to our shareholders, customers, suppliers, and other stakeholders for their unwavering support and trust in our Company and commend the Company's Board of Directors, management, and employees for achieving the said performance through dedication and hard work. I look forward to continuing to serve you and create value for all our stakeholders.



Robert Ian McAllister

Chairman

March 30, 2023

کمپنی کی کارکردگی کا جائزہ

سال 2022ء نے پاکستان کی معیشت کے لیے بے شمار چیلنجز کا سامنا کیا، جو اب بھی روپے کی قدر میں کمی کی وجہ سے غیر معمولی مہنگائی اور بیرونی شعبے کے دباؤ کا سامنا کر رہا ہے جس کے نتیجے میں مقامی منڈیوں میں اجناس کی قیمتیں اور درآمدی لاگتیں بلند ہوئیں۔ مزید برآں، ملک سال کے دوسرے نصف میں سیلاب سے شدید متاثر ہوا، جس سے تقریباً 3 کروڑ افراد متاثر ہوئے اور خوراک، پانی اور رہائش کی کمی کے ساتھ ساتھ بے گھر بھی ہوئے۔ زراعت کا شعبہ بری طرح متاثر ہوا کیونکہ سیلاب سے کسانوں کی فصلوں اور ذرائع معاش کو نقصان پہنچا۔

مشکل معاشی صورتحال کے باوجود، الغازی ٹریکٹرز لمیٹڈ ("کمپنی") نے 19,929 ٹریکٹرز کی فروخت کا حجم حاصل کیا اور 3.8 بلین روپے کا قبل از ٹیکس منافع ریکارڈ کیا، جو پچھلے سال 4.1 بلین روپے تھا۔ کمپنی کا مارکیٹ شیئر %41 بہتر ہوا ہے، جو پچھلے سال کے %32 کے مقابلے میں %45 تک پہنچ گیا ہے۔ کمپنی کی کارکردگی کی جھلکیوں کی مزید تفصیلات ڈائریکٹرز کی رپورٹ میں پیش کی گئی ہیں۔

2022ء میں خصوصی توجہ کے اہم شعبوں میں سے ایک، کمپنی کو متحرک کرنا تھا۔ اس سلسلے میں، انتظامیہ نے ایک 360 ڈگری ٹرانسفارمیشن پروگرام شروع کیا جس کا مقصد صارفین کو بہتر مصنوعات متعارف کروانا، کمرشل/سیلز آپریٹنگ ماڈل کو بہتر بنانا، سپلائی چین کو بہتر بنانا، ادارے کو دوبارہ ڈیزائن کرنا اور مینوفیکچرنگ آپریشنز کو سخت مضبوط اصولوں اور کل کوالٹی مینجمنٹ کے ذریعے بہتر بنانا ہے۔ مزید برآں، کمپنی اپنے موجودہ ERP BAAN سے SAP S/4HANA کی طرف بڑھ رہی ہے تاکہ آپریشنل تبدیلی کو قابل بنایا جاسکے اور ترقی کے لیے مزید صلاحیتوں کو کھولا جاسکے۔

جیسا کہ ہم آگے دیکھ رہے ہیں، معیاری مصنوعات کی فراہمی ہماری انتظامیہ کی کلیدی توجہ کے ساتھ ساتھ، خاص طور پر اشریڈریشن میں، کمپنی کی مجموعی کامیابی کے لیے مضبوط کاروباری منصوبے تیار کرنے ہوں گے۔ مجھے یقین ہے کہ کمپنی قدرتی آفات اور کمپنی کو متاثر کرنے والے معاشی ماحول کو مد نظر رکھتے ہوئے اپنے وژن اور مشن کے بیانیے کے مطابق مستقبل کے چیلنجز سے کامیابی کے ساتھ نبرد آزما ہوگی۔

بورڈ کی کارکردگی

پورے سال کے دوران، الغازی ٹریکٹرز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی کارکردگی مؤثر رہی ہے اور اس نے کمپنی کے مقاصد کو حاصل کرنے میں اہم کردار ادا کیا ہے۔ اسٹریٹجی رہنمائی فراہم کرنے، ریسک مینجمنٹ کی نگرانی، قوانین اور ضوابط کی تعمیل کو یقینی بنانے اور تمام اسٹیک ہولڈرز کے مفادات کے تحفظ میں بورڈ کی مؤثریت کمپنی کے لیے ایک اہم استفادہ رہی ہے۔ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو برقرار رکھنے کے لیے بورڈ کے عزم نے شفافیت، جوابدہی، اور اسٹیک ہولڈرز کے اعتماد کو بڑھایا ہے۔

بورڈ نے بہت محنت کی ہے، اپنے اختیارات کا استعمال کیا ہے اور کمپنیز ایکٹ 2017ء اور کارپوریٹ گورننس کے قابل اطلاق کوڈ میں بیان کردہ اپنے فرائض کو انجام دیا ہے۔ کمپنی نے مذکورہ کوڈ کے متعلقہ اصولوں کی تعمیل کی ہے جیسا کہ کمپنی کے بورڈ آف کارپوریٹ گورننس کے ساتھ تعمیل کے 2022ء کے گوشوارے میں مکمل طور پر بیان کیا گیا ہے۔ سال 2022ء کے لیے تمام جامع عبوری مالیاتی معلومات اور سالانہ مالیاتی گوشواروں کے ساتھ موزوں ڈائریکٹرز کے جائزے شائع کیے گئے ہیں۔ بورڈ نے اپنی ذمے داریاں پوری تہدہ ہی سے نبھائی ہیں اور کمپنی کے معاملات کو مؤثر انداز میں سنبھالا ہے اس مقصد کے لیے کمپنی کے شیئر ہولڈرز کے مفاد کو برقرار رکھا گیا ہے۔

بورڈ اس بات کو تسلیم کرتا ہے کہ کارپوریٹ گورننس کے اچھی طرح سے طے شدہ عمل کارپوریٹ جو اب بھی بڑھانے کے لیے ناگزیر ہیں۔ بورڈ نے اپنی معاونت کے لیے اپنی مناسب کمیٹی بھی قائم کی ہیں، تاکہ ہر ایک بٹنی سے نگرانی کی جاسکے۔ بورڈ نے سال 2022ء کے دوران کثرت سے ملاقاتیں کیں اور اپنی کمیٹی کے اجلاس کے علاوہ دیگر اجلاس بھی منعقد کیے۔ بورڈ کی طرف سے ادا کیا گیا مؤثر کردار کمپنی کے معاملات کو سنبھالنے میں کلیدی حیثیت رکھتا تھا جس کی کارکردگی مشکل معاشی ماحول میں بہت اچھی تھی۔

میں بورڈ کے تمام ممبران کا ان کی گرانقدر کوششوں کے لیے شکرگزار ہوں جنہوں نے کمپنی کے اہداف کو حاصل کرنے میں اہم کردار ادا کیا۔

میں اپنے شیئر ہولڈرز، صارفین، سپلائرز، اور دیگر اسٹیک ہولڈرز کا، ہماری کمپنی میں غیر متزلزل حمایت اور اعتماد کے لیے، شکریہ ادا کرنا چاہوں گا اور کمپنی کے بورڈ آف ڈائریکٹرز، انتظامیہ اور ملازمین کو لگن اور محنت کے ذریعے مذکورہ کارکردگی کو حاصل کرنے پر سہاہت بھی چاہوں گا۔ میں آپ کی خدمت جاری رکھنے اور اپنے تمام اسٹیک ہولڈرز کے لیے قدر و منزلت کی مزید تشکیل کیلئے عزم ہوں۔



راہٹ اینڈ اینڈ میک ایلسٹر
چیئر مین

30 مارچ 2023ء

چیرمین کا جائزہ

میرے لیے انتہائی مسرت کی بات ہے کہ میں
31 دسمبر 2022ء کو اختتام پذیر ہونے والے
سال کے لیے جائزہ رپورٹ پیش کر رہا ہوں



Directors' Report

For the year ended 31 December 2022

The Directors of Al-Ghazi Tractors Limited (“the Company” or “AGTL”) are pleased to present the annual report together with the Company’s audited financial statements for the year ended 31 December 2022.

Operating Results

The financial results for the year under review are as follows:

	2022	2021
	(Rupees in '000)	
Sales	28,201,812	20,578,906
Gross Profit	4,962,277	4,721,228
Profit before tax	3,795,949	4,169,730
Taxation	(1,639,905)	(1,211,868)
Profit after tax	2,156,044	2,957,862
Other comprehensive income	(39,371)	(32,863)
Total income	2,116,673	2,924,999

Dividend

For the year ended 31 December, 2022, the Board in its meeting held on March 30, 2023 has proposed a final cash dividend of PKR Nil per share amounting to PKR Nil.

Earnings Per Share

The Basic earnings per share were PKR 37.20 in 2022 compared to PKR 51.03 in 2021.

Performance Highlights

Overall economy and the Agriculture industry remained under extreme pressure due to unprecedented floods in the second half of the year and There was severe rupee devaluation resulting in material cost escalations, import restrictions and domestic inflation, which impacted the purchasing power of consumers. Despite the adverse conditions, AGTL sold 19,929 tractors during the year 2022 as compared to 18,156 tractors sold in the year 2021. The market share achieved by AGTL was 45% compared to 32% last year. The performance was exceptional considering the deteriorating market conditions as AGTL’s volume growth was 10% even with the market contraction of 22%. This was achieved through various efforts to improve supply of parts and boost sales. The Company continued its efforts of engaging with customers & suppliers and ensuring quality improvements and efficiencies in its tractors.

Profit before Tax for the year ended 31 December, 2022 stood at PKR 3,796 billion, 9% lower than the previous year. Gross margin of the Company has been negatively affected, primarily because of higher material cost on account of unprecedented PKR devaluation and inflationary pressure. Furthermore, from July-2022, 17% input sales tax has also become part of material cost, after it was pronounced as non-refundable by Federal Government vide Finance Act 2022.

Out of the pre-tax profit of PKR 3.796 billion, an amount of PKR 1.640 billion was charged on account of corporate income tax. In July 2022, the Federal Government imposed a 10% super tax on previous year income and 4% super tax on current year taxable income by Finance Act 2022 in addition to the corporate tax of 29%. Consequently, the PKR 1.640 billion tax expense includes PKR 407 million relating to previous year ended on 31 December, 2021 and PKR 153 million relating to year ended on 31 December, 2022 on account of super tax.

The after-tax profit thus stands at PKR 2.156 billion translating into earnings per share (EPS) of PKR 37.20 per share.

“Key Operating and Financial Data” and the “Horizontal and Vertical Analyses of Financial Statement” highlighted in the Annual Report testify to the strength of the Company.

Appropriations

The statement of unappropriated profit for the year under review is as follows:

	2022	2021
	(Rupees in '000)	
Unappropriated profit - brought forward	3,683,446	949,301
Total income for the year	2,116,673	2,924,999
Transfer to general reserve from unappropriated profit	-	-
Transfer from general reserve to unappropriated profit	-	1,049,000
Amount available for appropriation	5,800,119	4,923,300
Appropriation:		
Final dividend paid for the year 2021: PKR 51.03 per share (2020: PKR 21.39 per share)	(2,957,855)	(1,239,854)
Unappropriated profit - carried forward	2,842,264	3,683,446

Chairman's Review

The Chairman's review included in this Annual Report deals with the nature of business, Company's performance, explanation of significant deviations from last year, future prospects and uncertainties. The Directors fully endorse the contents of the Chairman's Review included in the Annual Report.

Board Structure

At present, the Board of Directors comprises eight members including CEO of which one member is female and seven are male.

Following are the names of persons who, at any time during the financial year were Directors/CEO of the Company:

1.	Mr. Bernd Erich Schwendtke	Non-Executive Director
2.	Mr. Robert McAllister	Non-Executive Director
3.	Mr. Vincent De Lassagne	Non-Executive Director
4.	Mr. Andrea Trabacchin	Non-Executive Director
5.	Mr. Matthieu Sejourne	Non-Executive Director
6.	Mr. Marco Votta	Non-Executive Director
7.	Mr. Shahid Shahbaz Toor	Independent Director
8.	Ms. Farah Qureshi	Independent Director
9.	Mr. Malik Ehtisham Ikram	Non-Executive Director
10.	Mr. Ramesh Narasimhan	Non-Executive Director
11.	Mr. Raheel Asghar	CEO
12.	Mr. Adeeb Ahmed	CEO
13.	Mr. Javed Iqbal	Acting CEO

During the year under review, Mr. Raheel Asghar resigned as the CEO and Mr. Malik Ehtisham Ikram, the Executive Director and CFO of AGTL was given the additional charge of Acting CEO. Soon after, Mr. Bernd Erich Schwendtke resigned as Chairman and the nominee director of AI-Futtaim Industries Co. LLC., Upon fresh nomination Mr. Robert McAllister was appointed as Director as well as the Chairman of the Board of AGTL. Mr. Andrea Trabacchin also resigned as nominee of CNHi Industrial N.V. and on the basis of new nomination, Mr. Marco Votta was appointed as Non-Executive Director on the Board of the Company.

Later on, Mr. Ramesh Narasimhan resigned as nominee Director of AI-Futtaim Industries Co. LLC. on the Board of the Company. Subsequently, Mr. Malik Ehtisham Ikram resigned as Acting CEO and became Non-Executive Director and Mr. Adeb Ahmed was appointed as CEO. Just before the year end, the Board terminated Mr. Adeb Ahmed from the position of CEO and Mr. Javed Iqbal CFO of AGTL was given the additional charge of Acting CEO.

Gender diversity on the Board:

a)	Male	7
b)	Female	1

Functional diversity on the Board:

a)	Independent Directors	2
b)	Non-Executive Directors	5
c)	Executive Directors	1

Committees

The Board has formed three committees, comprising the following members of the Board as at the year ended 31 December, 2022:

(a) Audit Committee

Ms. Farah Qureshi	Chairperson & Independent Director
Mr. Mr. Marco Votta	Non-Executive Director
Mr. Malik Ehtisham Ikram	Non-Executive Director

(b) Human Resource & Remuneration Committee

Ms. Farah Qureshi	Chairperson & Independent Director
Mr. Marco Votta	Non-Executive Director
Mr. Malik Ehtisham Ikram	Non-Executive Director

(c) Technical Committee

Mr. Shahid Shahbaz Toor	Chairman & Independent Director
Mr. Robert McAllister	Non-Executive Director
Mr. Matthieu Sejourne	Non-Executive Director
Mr. Vincent De Lassagne	Non-Executive Director
Mr. Marco Votta	Non-Executive Director
Mr. Malik Ehtisham Ikram	Non-Executive Director

Directors' Remuneration

In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. The Company has approved remuneration policy of Directors. In accordance with the remuneration policy and the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to Non-Executive Directors except Independent Directors for attending the meetings.

The Company has incurred amount of PKR 2,524 thousand in aggregate on account of Salary/Fee, perquisites, benefits, performance-linked incentives etc, to its Executive Directors.

Kindly refer Note No. 34 of the Financial Statements for details of remuneration of Directors and Chief Executive.

Aggregate amount charged to statement of profit or loss for the year in respect of fee to Directors was PKR 7,218 thousand (2021: PKR 7,720 thousand).

The remuneration package of Directors on account of salary, perquisites, benefits, and fee are:
Chief Executive Office PKR 22,547 thousand
Executive Director PKR 2,524 thousand

Review of CEO's performance

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

Pattern of Shareholding

The pattern of shareholding of the Company is annexed to this report under the section of "Investor Relations".

Foreign holding position

Al Futtaim Industries Co. LLC., incorporated in United Arab Emirates, being the holder of 50.02% shares, is the holding Company of AGTL. CNH Industrial N.V, incorporated in the Netherlands, is the other major shareholder, holding 43.17% shares of AGTL.

Business Continuity Plan

There are no significant doubts upon the Company's ability to continue as a going concern.

Awards & Recognition

AGTL has been awarded with Best Corporate Report Award 2022 yet again by the Joint Committee of ICAP and ICMAP. AGTL's annual report was ranked 4th in the Engineering & Auto sector.

Corporate Social Responsibility

The Company considers social, environmental, and ethical matters in the context of the overall business environment. The Company is committed to working in the best interest of all the stakeholders, in particular the community in which it exists and forms its customer-base as well as employee-base; especially, at the plant located at Dera Ghazi Khan.

The report on Corporate Social Responsibility, including its approach to health and safety, human resources, social, environmental and other related issues are presented in the 'Sustainability Report', which forms a part of this Annual Report.

The Company continued to conduct certain CSR activities. The Company is focused on relevant social endeavours such as developing local talent, employment of special persons and playing an active role in the social welfare of the community especially in Dera Ghazi Khan where the plant is located. Efforts have also been made improve to industrial relations, consumer protection and business ethics. On the environmental impact, the Company is committed and has implemented certain processes related to energy saving, re-using, re-cycling, environmental protection, plantation, fuel efficiency, and others.

Flood relief

During the year review, Pakistan has gone through one of the worst humanitarian crises in its history as a result of unprecedented flash flooding and landsliding caused due to heavy monsoon

rains leaving approximately thirty million people affected and homeless with shortage of food, water and shelter. As a responsible corporate citizen and in line with shareholders' values to support local communities, its employees, and farmers, being an AI-Futtaim group Company, the board has initiated Flood relief CSR by donating PKR 22 million to Prime Minister's National Relief Fund and provided immediate financial assistance for those impacted by flood for reconstruction activities.

Nature of Business

No change has occurred during the financial year concerning the nature of business of the Company.

Default of Payments, Debt/Loan, Taxes and Levies

Adhering to the best business practices, the Company recognizes its responsibility of timely repayment of due amounts. No default on payment of loan/debt was recorded during the year under review. Furthermore, no payment on account of taxes, duties and levies is overdue or outstanding at financial year end.

Macro-Economic Environment and Tractor Industry

As per State Bank of Pakistan's report, the country's economy achieved a real GDP growth of around 6% in FY22. Agriculture sector is indispensable to the country's economic growth, food security, employment generation and poverty alleviation, particularly at the rural level. It constitutes 22.7% of the GDP and provides employment to around 37.4% of the labour force. Overall, the tractor industry witnessed a sales drop of 22% in the calendar year 2022 as compared to last Year. According to published numbers, approx. 43,981 tractors were sold during the current period as compared to 55,990 last year.

Business Performance Highlights

The Company remained principally engaged in the manufacturing and/or sale of agricultural tractors and spare parts. The Company made various improvements to its existing model and launched special edition blue tractors to mark its 40th anniversary. AGTL is in the process of operational transformation with prime focus on improving quality of the existing tractor models.

The Company is committed to improve its product quality at both incoming and assembly stages. A state-of-the-art quality lab set up at the plant ensures quality of inbound components. The lab is operational with further improvements underway as part of the quality enhancement workgroup of operational transformation.

Subsequent Events

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

Adequacy of Internal Controls

The Board of Directors is aware of its responsibility with respect to internal controls environment and accordingly, has established an efficient system of internal financial controls for ensuring effective and efficient conduct of operations, safeguarding of Company's assets, compliance with applicable laws and regulations and reliable financial reporting. The independent Internal Audit function of the Company regularly appraises and monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework and financial statements on quarterly basis.

Future Development & Outlook

Over last many years, the Company has successfully maintained its position as a major player in the industry, particularly in the 55 to 75 HP segments across the country. The changing dynamics in the

industry present an opportunity to the Company to aim to enhance its market share across all HP segments, ensuring delivery of superior product capabilities and services to customers in agriculture, commercial, government and other sectors, while maximizing shareholder value. To achieve this aim, AGTL has embarked upon a holistic transformation journey that is driving the Company to innovate, improve and strengthen its product portfolio and business operations.

The transformation programme is focused on improvement in all Company operations including Supply Chain, Sales and Marketing, Production Enhancement & Development, Information Technology, and Organizational Structure, among others.

However, it is pertinent to mention here that unprecedented challenges faced by the Pakistani economy due to political instability and low levels of foreign exchange reserves are creating pressures for all sectors of economy particularly the automobile sector. Considering the economic turmoil, the Company may experience a difficult period going forward. It is forecasted by experts that PKR may devalue even further in the next few months, which will create more difficulties for the Company especially due to import restrictions and escalation in parts prices. Consequently, the buying power of customers will deteriorate significantly. This may lead to volume drop for the entire tractor sector.

The Company is working tirelessly to ensure mitigation strategies are put in place to minimize the adverse effects of these risks. However, the situation highly depends on external factors i.e., the economic situation and the fiscal policies that the country will promulgate.

Credit Rating

Credit rating is an assessment of credit standing of entities in Pakistan. VIS Credit Rating Company Limited (VIS) has upgraded the entity ratings of AGTL to 'A+/A-1' (Single A Plus/A-One) to AGTL. Long Term Rating of 'A+' reflects good credit quality and adequate protection factors. Risk factors may vary with possible changes in the economy. Short Term Rating of 'A-1' signifies high certainty of timely payment, excellent liquidity factors supported by good fundamental protection factors. Risk factors are minor. Outlook on the assigned ratings is 'Stable'.

Principal Risks, Challenges and Uncertainties

In order to address the main risks and uncertainties facing the Company, effective management through mitigation strategies is being carried out. For instance, the Company's strategies and medium-term business plans take into account relevant internal and external factors to address business risks. In 2022, various strategies were introduced to effectively manage the increasing metal costs. The drive for localization, currently at 92%, combined with short-term supplier management, were key success factors in balancing the increased cost of metal and other raw materials.

The Company's mission is to solidify its position as a market leader by being one of the most cost-effective producers of the highest quality tractors. Its most enduring competitive edge is the quality of its tractors.

Financial and Corporate Governance Framework

The Company has complied with all material requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Following are the statements on financial and corporate governance / control framework:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Accounting policies appropriately disclosed in the financial statements have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements.

- The Company has fully complied with the Listing Regulations of the Pakistan Stock Exchange.
- The Directors, Chief Financial Officer, Head of Internal Audit, Company Secretary and their spouses and minor children have not traded in Company's shares during the year.
- The key audited operating and financial results for the last six years have been included in this Annual Report.
- Nine meetings of the Board of Directors were held during the year, whereas, three meetings of Board's Technical Committee were held and six meetings of the Board's Audit Committee also took place. No meeting of Human Resource & Remuneration Committee was held during the year. Details of attendance by each Director / Member are shown in this Annual Report under the section of "Corporate Governance".
- Board Audit Committee reviewed the related party transactions and the Board approved them. These transactions were in line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 2017. The Company maintains a thorough and complete record of all such transactions. The details of related party transactions are disclosed in a note in the financial statements of the Company.
- Information about taxes and levies is given in the financial statements.

External Auditors

The present auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, shall retire on the day of the Annual General Meetings and being eligible, have offered themselves for re-appointment. The Directors endorse recommendation of the Audit Committee for the re-appointment of Messrs. A. F. Ferguson & Co., Chartered Accountants, as statutory auditors for the financial year 2023.

Financials on Website

The financial results of the year 2022 would be placed and can be viewed on the Company's website i.e., www.alghazitractors.com.

Acknowledgements

The Board is grateful to our employees, our dealers, our suppliers and our principals - CNH Industrial for their continued support and commitment. We look forward to not only continuing deliver great results but also improving them in the coming years.

On behalf of the Board of Directors



ROBERT McALLISTER
Chairman of the Board



JAVED IQBAL
Acting CEO

March 30, 2023

- پچھلے چھ برسوں کے اہم آڈٹ شدہ آپریٹنگ اور مالیاتی نتائج کو اس سالانہ رپورٹ میں شامل کیا گیا ہے۔
- سال کے دوران بورڈ آف ڈائریکٹرز کے نو اجلاس ہوئے، جبکہ بورڈ کی ٹیکنیکل کمیٹی کے تین اجلاس ہوئے اور بورڈ کی آڈٹ کمیٹی کے اجلاس کی تعداد چھ (6) تھی۔ سال کے دوران انسانی وسائل اور معاوضے کی کمیٹی کا کوئی اجلاس منعقد نہیں ہوا۔ ہر ڈائریکٹر/ممبر کی حاضری کی تفصیلات ”کارپوریٹ گورننس“ کے سیکشن کے تحت اس سالانہ رپورٹ میں دکھائی گئی ہیں۔
- بورڈ آڈٹ کمیٹی نے متعلقہ فریق کے لین دین کا جائزہ لیا اور بورڈ نے ان کی منظوری دی۔ یہ لین دین بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) اور کمپنیز ایکٹ 2017ء کے تقاضوں کے مطابق تھے۔ کمپنی ایسے تمام لین دین کے ریکارڈز اچھی طرح اور مکمل طور پر برقرار رکھتی ہے۔ متعلقہ فریق کے لین دین کی تفصیلات کمپنی کے مالیاتی گوشوارے کے ایک نوٹ میں ظاہر کی گئی ہیں۔
- ٹیکس اور لیویز کے بارے میں معلومات مالیاتی گوشوارے میں دی گئی ہیں۔

بیرونی آڈٹرز

موجودہ آڈٹرز، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، سالانہ جنرل میٹنگ کے دن ریٹائر ہو جائیں گے اور اہل ہونے کی بنا پر، خود کو دوبارہ تقرری کے لیے پیش کر چکے ہیں۔ ڈائریکٹرز نے مالی سال 2023ء کے لیے قانونی آڈٹرز کے طور پر میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کر دی ہے۔

ویب سائٹ پر مالیات

سال 2022ء کے مالیاتی نتائج کمپنی کی ویب سائٹ یعنی www.alghazitractors.com پر رکھے جائیں گے اور وہاں دیکھے جاسکتے ہیں۔

اعترافات

بورڈ ہمارے ملازمین، ہمارے ڈیلرز، ہمارے سپلائرز اور ہمارے پرنسپلوں CNH انڈسٹریل کا مسلسل تعاون اور عزم کے لیے شکرگزار ہے۔ ہم آنے والے برسوں میں شاندار نتائج فراہم کرنے کے لیے نہ صرف انہیں جاری رکھنے بلکہ ان میں بہتری لانے کے لیے پُر امید ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے،



جاوید اقبال

قائم مقام سی ای او



رابرٹ میکالسٹر

بورڈ کے چیئرمین

30 مارچ 2023ء

مستقبل کی ترقی اور توقعات

پچھلے کئی برسوں میں، کمپنی نے صنعت میں ایک بڑے کھلاڑی کے طور پر اپنی پوزیشن کو کامیابی کے ساتھ برقرار رکھا ہے، خاص طور پر ملک بھر میں 55 HP سے 75 HP شعبوں میں۔ صنعت میں بدلتی ہوئی صورتحال، کمپنی کو ایک موقع فراہم کرتی ہے کہ وہ تمام HP کے شعبوں میں اپنے مارکیٹ شیئر کو، زراعت، تجارتی، حکومت اور دیگر شعبوں میں صارفین کو اعلیٰ مصنوعات کی صلاحیتوں اور خدمات کی فراہمی کو یقینی بنانے کے ساتھ ساتھ شیئر ہولڈر کی قدر کو زیادہ سے زیادہ بڑھائے۔ اس مقصد کو حاصل کرنے کے لیے، AGTL نے ایک مکمل تبدیلی کے سفر کا آغاز کیا ہے جو کمپنی کو اپنے پروڈکٹ پورٹفو لیو اور کاروباری آپریشنز کو جدید، بہتر اور مضبوط کرنے کی طرف لے جا رہا ہے۔

تبدیلی کا پروگرام کمپنی کے تمام آپریشنز بشمول سپلائی چین، سٹریٹجی مارکیٹنگ، پیداوار میں اضافہ اور ترقی، انفارمیشن ٹیکنالوجی، تنظیمی ڈھانچہ سمیت دیگر کاموں میں بہتری پر مرکوز ہے۔

تاہم یہاں یہ بات قابل ذکر ہے کہ سیاسی عدم استحکام اور زریمبادلہ کے ذخائر کی کم ترین سطح کی وجہ سے پاکستانی معیشت کو درپیش بے مثال چیلنجز معیشت کے تمام شعبوں بالخصوص آٹوموبائل سیکٹر کے لیے باؤ پیدا کر رہے ہیں۔ معاشی بدحالی کو مد نظر رکھتے ہوئے، کمپنی کو آگے بڑھنے میں مشکل دور کا سامنا کرنا پڑ سکتا ہے۔ ماہرین کی طرف سے یہ پیش گوئی کی گئی ہے کہ روپے کی قدر اگلے چند مہینوں میں مزید گر سکتی ہے، جو کمپنی کے لیے خاص طور پر درآمدی پابندیوں اور پرزوں کی قیمتوں میں اضافے کی وجہ سے مزید مشکلات پیدا کرے گی۔ نتیجتاً، صارفین کی قوت خرید نمایاں طور پر خراب ہونے کا امکان ہے۔ یہ پورے ٹریڈ سیکٹر کے حجم میں کمی کا باعث بن سکتا ہے۔

کمپنی ان خطرات کے منفی اثرات کو کم کرنے کے لیے تخفیف کی حکمت عملیوں کو یقینی بنانے کے لیے انتھک محنت کر رہی ہے۔ تاہم، صورتحال کا زیادہ تر انحصار بیرونی عوامل یعنی ملک کی معاشی صورتحال اور ملک کی جانب سے نافذ کردہ مالیاتی پالیسیز پر ہوتا ہے۔

کریڈٹ ریٹنگ

کریڈٹ ریٹنگ پاکستان میں اداروں کے کریڈٹ اسٹینڈنگ کا تخمینہ ہوتا ہے۔ VISA کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے AGTL کے ادارے کی درجہ بندی کو "A+/A-1" (سنگل A-One/A Plus) سے AGTL میں آپ گریڈ کر دیا ہے۔ "A+" کی طویل مدتی درجہ بندی اچھے کریڈٹ کوالٹی اور مناسب تحفظ کے عوامل کی عکاسی کرتی ہے۔ معیشت میں ممکنہ تبدیلیوں کے ساتھ خطرے کے عوامل مختلف ہو سکتے ہیں۔ "A-1" کی قلیل مدتی درجہ بندی بروقت ادائیگی کے اعلیٰ یقین کی نشاندہی کرتی ہے، بہترین لیکویڈیٹی عوامل جن کی حمایت اچھے بنیادی تحفظ کے عوامل سے ہوتی ہے۔ خطرے کے عوامل معمولی ہیں۔ تفویض کردہ درجہ بندی پر آؤٹ لک "مستحکم" ہے۔

بنیادی خطرات، چیلنجز اور غیر یقینی صورتحال

کمپنی کو درپیش اہم خطرات اور غیر یقینی صورتحال سے نمٹنے کے لیے تخفیف کی حکمت عملیوں کے ذریعے مؤثر انتظام کیا جا رہا ہے۔ مثال کے طور پر، کمپنی کی حکمت عملی اور درمیانی مدت کے کاروباری منصوبے کاروباری خطرات سے نمٹنے کے لیے متعلقہ اندرونی اور بیرونی عوامل کو مد نظر رکھتے ہیں۔ 2022ء میں، دھات کی بڑھتی ہوئی قیمتوں کو مؤثر طریقے سے منظم کرنے کے لیے مختلف حکمت عملی متعارف کروائی گئی۔ لوکلائزیشن کی ہم، جو فی الحال 92% ہے، قلیل مدتی سپلائر مینجمنٹ کے ساتھ مل کر، دھات اور دیگر خام مال کی بڑھتی ہوئی قیمت کو متوازن کرنے میں کامیابی کے اہم عوامل تھے۔

کمپنی کا مشن ایک مارکیٹ لیڈر کے طور پر اپنی پوزیشن کو مضبوط کرنا ہے کیونکہ وہ اعلیٰ ترین معیار کے ٹریڈرز کے سب سے زیادہ لاگت والے پروڈیوسر میں سے ایک ہے، اس کی سب سے زیادہ پائیدار مسابقتی برتری اس کے ٹریڈرز کا معیار ہے۔

مالیاتی اور کارپوریٹ گورننس فریم ورک

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کے تمام مادی تقاضوں کی تعمیل کی ہے۔

مالیاتی اور کارپوریٹ گورننس کنٹرول فریم ورک کے بارے میں گوشوارہ جات درج ذیل ہیں:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کی حالت، اس کے کاموں، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کے نتائج کو منصفانہ طور پر پیش کرتے ہیں۔
- مالیاتی گوشواروں میں مناسب طور پر ظاہر کی گئی اکاؤنٹنگ پالیسیز کو مالی گوشواروں کی تیاری میں مسلسل لاگو کیا گیا ہے۔ اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہوتے ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، کی پیروی کی گئی ہے۔
- کمپنی نے پاکستان اسٹاک ایکسچینج کی لسٹنگ کے ضوابط کی مکمل تعمیل کی ہے۔
- ڈائریکٹرز، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ، کمپنی سیکریٹری اور ان کی شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے حصص میں تجارت نہیں کی۔

ادارہ جاتی سماجی ذمے داریوں پر رپورٹ، بشمول صحت اور حفاظت، انسانی وسائل، سماجی، ماحولیاتی اور دیگر متعلقہ مسائل کے بارے میں اس کے نقطہ نظر کو ”پائیداری رپورٹ“ میں پیش کیا گیا ہے، جو اس سالانہ رپورٹ کا ایک حصہ ہے۔

کمپنی نے بعض CSR سرگرمیاں جاری رکھی ہیں۔ کمپنی کی توجہ متعلقہ سماجی کوششوں پر مرکوز ہے جیسے کہ مقامی ٹیلنٹ کی نشوونما، خصوصی افراد کی ملازمت اور کمیونٹی کی سماجی بہبود میں فعال کردار ادا کرنا خاص طور پر ڈیرہ غازی خان میں جہاں یہ پلانٹ واقع ہے۔ صنعتی تعلقات، صارفین کے تحفظ کے اقدامات اور کاروباری اخلاقیات سے متعلق بھی کوششیں کی گئی ہیں۔ ماحولیاتی اثرات کے بارے میں، کمپنی پُر عزم ہے اور اس نے توانائی کی بچت، دوبارہ استعمال، ری سائیکلنگ، ماحولیاتی تحفظ، شجر کاری، ایندھن کی کارکردگی وغیرہ سے متعلق کچھ امور کو نافذ کیا ہے۔

سیلاب سے بحالی

سال کے جائزے کے دوران، پاکستان اپنی تاریخ کے ایک بدترین انسانی بحرانوں میں سے گزر رہا ہے جس میں مومن سون کی شدید بارشوں کے نتیجے میں غیر معمولی سیلاب اور لینڈ سلائیڈنگ کے باعث تقریباً 3 کروڑ افراد متاثر ہوئے اور خوراک، پانی اور رہائش کی کمی کے ساتھ بے گھر ہوئے ہیں۔ ایک ذمے دار کارپوریٹ شہری کے طور پر اور مقامی کمیونٹیز، اس کے ملازمین اور کسانوں کی مدد کے لیے حصص یا فنڈنگ کی اقدار کے مطابق، لفظیم گروپ کی کمپنی ہونے کے ناتے، بورڈ نے سیلاب سے بحالی کی وزیراعظم کے قومی ریلیف فنڈ میں 22 ملین روپے عطیہ کیا ہے اور تعمیر نو کی CSR سرگرمیوں کے لیے سیلاب سے متاثر ہونے والوں کے لیے فوری مالی امداد فراہم کی ہے۔

کاروبار کی نوعیت

مالی سال کے دوران کمپنی کے کاروبار کی نوعیت سے متعلق کوئی تبدیلی نہیں آئی ہے۔

ادائیگیوں کا نادر ہندہ، قرض/مختصر قرض، ٹیکس اور محصول

بہترین کاروباری طریقوں کی پابندی کرتے ہوئے، کمپنی مقررہ رقم کی بروقت ادائیگی کی اپنی ذمے داری کو تسلیم کرتی ہے۔ زیر جائزہ سال کے دوران قرضوں/قرضوں کی ادائیگی پر کوئی ڈیفالٹ ریکارڈ نہیں کیا گیا۔ مزید برآں، مالی سال کے آخر میں ٹیکس، ڈیویڈنڈ اور لیوریٹی کی مدد میں کوئی ادائیگی واجب الادا یا بقایا نہیں ہے۔

میکرو اکنامک انوائرنمنٹ اور ٹریکیٹرانڈسٹری

اسٹیٹ بینک آف پاکستان کی رپورٹ کے مطابق، ملک کی معیشت نے مالی سال 22ء میں تقریباً 6% کی حقیقی جی ڈی پی یعنی شرح نمو حاصل کی۔ زراعت کا شعبہ ملک کی اقتصادی ترقی، غذائی تحفظ، روزگار کے مواقع پیدا کرنے اور غربت کے خاتمے کے لیے خاص طور پر دیہی سطح پر ناگزیر ہے۔ یہ جی ڈی پی کا 22.7% ہے اور تقریباً 37.4% لیبر فورس کو روزگار فراہم کرتا ہے۔ مجموعی طور پر، ٹریکیٹری صنعت نے گزشتہ سال کے مقابلے میں کیلنڈر سال 2022ء میں فروخت میں 22% کی کمی دیکھی۔ شائع شدہ نمبروں کے مطابق، موجودہ مدت کے دوران تقریباً 43,981 ٹریکیٹری فروخت ہوئے جو کہ گزشتہ سال 55,990 تھے۔

کاروباری کارکردگی کی جھلکیاں

کمپنی بنیادی طور پر زرعی ٹریکیٹریوں اور اسپتیر پارٹس کی بنیاد پر اور/یا فروخت میں مصروف رہی۔ کمپنی نے اپنے موجودہ ماڈلز میں مختلف اصلاحات کیں اور 40 ویں سالگرہ کی تقریب کے موقع پر خصوصی ایڈیشن بیویٹریکیٹری کا آغاز کیا۔ AGTL موجودہ ٹریکیٹری ماڈلز کے معیار کو بہتر بنانے پر بنیادی توجہ کے ساتھ آپریشنل تبدیلی کے عمل میں ہے۔

کمپنی، اندر تیار ہونے والے اور اسمبل ہونے والے دونوں مراحل پر اپنی مصنوعات کے معیار کو بہتر بنانے کے لیے پُر عزم ہے۔ پلانٹ میں قائم کی گئی ایک جدید ترین کوالٹی لیب اندرون ملک اجزاء کے معیار کو یقینی بناتی ہے۔ یہ لیب آپریشنل تبدیلی کے معیار کو بڑھانے والے ورک گروپ کے حصے کے طور پر مزید بہتری کے ساتھ کام کر رہی ہے۔

پیش آنے والے واقعات

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں یا عہد و پیمانہ نہیں ہوئے ہیں، سوائے ان واقعات کے جن کو ظاہر کر دیا گیا ہے۔

داخلی کنٹرول کی اکتفایت:

بورڈ آف ڈائریکٹرز داخلی کنٹرول کے ماحول کے حوالے سے اپنی ذمے داری سے آگاہ ہے اور اس کے مطابق، آپریشن کے مؤثر اور مؤثر انعقاد کو یقینی بنانے، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل اور قابل بھروسہ مالیاتی کنٹرول کا ایک مؤثر نظام قائم کیا ہے۔ رپورٹنگ کمپنی کا آزاد اندرونی آڈٹ فنکشن، مالیاتی کنٹرول کے نفاذ کی باقاعدگی سے جانچ اور نگرانی کرتا ہے، جبکہ آڈٹ کمیٹی سہ ماہی بنیادوں پر اندرونی کنٹرول کے فریم ورک اور مالیاتی گوشواروں کے اثرات کا جائزہ لیتی ہے۔

نان ایگزیکٹو ڈائریکٹر	مسٹر مہتھو سچورنے
نان ایگزیکٹو ڈائریکٹر	مسٹر ونسٹ ڈی لاساگنے
نان ایگزیکٹو ڈائریکٹر	مسٹر مارکو وونا
نان ایگزیکٹو ڈائریکٹر	جناب ملک احتشام اکرام

ڈائریکٹر کا معاوضہ

بہترین ٹیلنٹ کو برقرار رکھنے کے لیے، کمپنی کی معاوضے کی پالیسی صنعت کے مرؤچر، رجحانات اور کاروباری طریقوں کے مطابق بنائی گئی ہیں۔ کمپنی نے ڈائریکٹرز کے معاوضے کی پالیسی کی منظوری دے دی ہے۔ معاوضے کی پالیسی اوکوڈ آف کارپوریٹ گورننس کے مطابق اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کا فیصلہ کرنے میں حصہ نہ لے۔ کمپنی، اجلاس میں شرکت کے لیے آزاد ڈائریکٹرز کے علاوہ نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے۔

کمپنی نے اپنے ایگزیکٹو ڈائریکٹرز کو تنخواہ/فیس، مراعات، فوائد اور کارکردگی سے منسلک ترغیبات وغیرہ کی مد میں مجموعی طور پر 2,524 ہزار روپے کی رقم خرچ کی ہے۔

برائے کرم ڈائریکٹرز اور چیف ایگزیکٹو کے معاوضے کی تفصیل کے لیے غیر متفقہ مالیاتی گوشوارے کے نوٹ نمبر 34 کا حوالہ دیں۔

ڈائریکٹرز کو فیس کے سلسلے میں سال کے منافع یا نقصان کے گوشوارے پر وصول کی گئی مجموعی رقم 7,218 ہزار روپے تھی (2021ء: 7,720 ہزار روپے)۔

تنخواہ، مراعات، فوائد اور فیس کے حساب سے ڈائریکٹرز کا معاوضہ/مشاہیرہ پیکیز یہ ہیں:

چیف ایگزیکٹو آفیسر	22,547 ہزار روپے
ایگزیکٹو ڈائریکٹر	2,524 ہزار روپے

CEO کی کارکردگی کا جائزہ

CEO کی کارکردگی کا باضابطہ طور پر تشخیصی نظام کے ذریعے جائزہ لیا جاتا ہے جو معیاری اور معیاری اقدار پر مبنی ہوتا ہے۔ اس میں کاروبار کی کارکردگی، منافع کے حوالے سے مقاصد کی تکمیل، تنظیم سازی، جانشینی کی منصوبہ بندی اور ادارہ جاتی کامیابی شامل ہے۔

شیئر ہولڈنگ کا پیٹرن

کمپنی کے شیئر ہولڈنگ کا نمونہ 'سرمایہ کار تعلقات' کے جزو کے تحت اس رپورٹ کے ساتھ منسلک ہے۔

غیر ملکی ہولڈنگ پوزیشن

الفطیم انڈسٹریز کمپنی LLC، متحدہ عرب امارات میں قائم ہے، جو کہ 50.02% حصص کی حامل ہے، AGTL کی ہولڈنگ کمپنی ہے۔ CNH انڈسٹریل N.V.، نیدرلینڈز میں قائم، دوسرا بڑا شیئر ہولڈر ہے، جس کے پاس AGTL کے 43.17% حصص ہیں۔

کاروبار کے تسلسل کا منصوبہ

جاری وساری ادارے کے طور پر چلتے رہنے کی کمپنی کی صلاحیت کے بارے میں کوئی خاص شک و شبہ نہیں ہے۔

اعزازات اور اعترافات

AGTL کو ICAP اور ICMAP کی مشترکہ کمیٹی نے ایک بار پھر بہترین کارپوریٹ رپورٹس ایوارڈز 2022ء سے نوازا ہے۔ AGTL کی سالانہ رپورٹ انجینئرنگ اور آٹو سیکٹر میں چوتھے نمبر پر تھی۔

ادارہ جاتی سماجی ذمے داری

کمپنی مجموعی کاروباری ماحول کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات پر غور کرتی ہے۔ کمپنی تمام اسٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کے لیے پرعزم ہے، خاص طور پر اس کمیٹی جس میں یہ موجود ہے اور اپنی کسٹمر ٹیم کے ساتھ ساتھ ملازمین کی بنیاد بناتی ہے، خاص طور پر ڈیرہ غازی خان میں واقع پلانٹ میں۔

8-	محترمہ فرح قریشی	آزاد ڈائریکٹر
9-	جناب ملک احتشام اکرام	نان ایگزیکٹو ڈائریکٹر
10-	جناب رمیش زسمین	نان ایگزیکٹو ڈائریکٹر
11-	جناب راجیل اصغر	سی ای او
12-	جناب ادیب احمد	سی ای او
13-	جناب جاوید اقبال	قائم مقام سی ای او

زیر نظر سال کے دوران، جناب راجیل اصغر نے بھی CEO کے عہدے سے استعفیٰ دے دیا اور AGTL کے ایگزیکٹو ڈائریکٹر اور CFO جناب ملک احتشام اکرام کو قائم مقام CEO کا اضافی چارج دیا گیا۔ اس کے فوراً بعد، مسٹر برنڈ ایرک شوٹنکے نے لفظیم انڈسٹریز کے چیئرمین اور نامزد ڈائریکٹر کے عہدے سے استعفیٰ دے دیا اور نئی نامزدگی وصول ہونے پر، مسٹر رابرٹ میک ایلسٹر کو AGTL کے بورڈ میں ڈائریکٹر کے ساتھ ساتھ چیئرمین مقرر کیا گیا۔ مسٹر اینڈریا ٹرا باچن نے بھی CNH انڈسٹریل N.V. کے نامزد امیدوار کے طور پر استعفیٰ دے دیا اور نئی نامزدگی کی بنیاد پر، مسٹر مارکو وونا کو کمپنی کے بورڈ میں نان ایگزیکٹو ڈائریکٹر کے طور پر مقرر کیا گیا۔

بعد ازاں، مسٹر رمیش زسمین نے کمپنی کے بورڈ میں لفظیم انڈسٹریز کے نامزد ڈائریکٹر کے عہدے سے استعفیٰ دے دیا۔ اس کے بعد، جناب ملک احتشام اکرام نے قائم مقام CEO کے عہدے سے استعفیٰ دے دیا اور نان ایگزیکٹو ڈائریکٹر بن گئے اور جناب ادیب احمد کو CEO مقرر کیا گیا۔ سال کے اختتام سے عین قبل، بورڈ نے جناب ادیب احمد کو CEO کے عہدے سے ہٹا دیا اور AGTL کے CFO جناب جاوید اقبال کو قائم مقام CEO کا اضافی چارج دے دیا گیا۔

بورڈ میں صنفی تنوع

(ا)	مرد	7
(ب)	خاتون	1

بورڈ میں فنکشنل تنوع

(ا)	آزاد ڈائریکٹرز	2
(ب)	نان ایگزیکٹو ڈائریکٹرز	5
(ج)	ایگزیکٹو ڈائریکٹرز	1

کمیٹی

بورڈ نے 31 دسمبر 2022ء کو ختم ہونے والے سال کے مطابق بورڈ کے درج ذیل اراکین پر مشتمل تین کمیٹی تشکیل دی ہیں:

(ا)	آڈٹ کمیٹی
	محترمہ فرح قریشی
	مسٹر مارکو وونا
	جناب ملک احتشام اکرام
(ب)	ہیومن ریسورس اینڈ ریمونیشن کمیٹی
	محترمہ فرح قریشی
	مسٹر مارکو وونا
	جناب ملک احتشام اکرام
(ج)	ٹیکنیکل کمیٹی
	جناب شاہد شہباز طور
	مسٹر رابرٹ میک ایلسٹر

31 دسمبر 2022ء کو ختم ہونے والے سال کے لیے منافع قبل از ٹیکس 3,796 بلین روپے رہا، جو پچھلے سال کے مقابلے میں 9% کم ہے۔ مجموعی مارجن جو پچھلے دو سالوں سے دباؤ میں رہا ہے بنیادی طور پر زیادہ مواد کی لاگت اور ان پٹ سیلز ٹیکس کے اثرات کی وجہ سے تھا۔ علاوہ ازیں، جولائی 2022ء سے، 17% ان پٹ سیلز ٹیکس بھی ایشیا کی لاگت کا حصہ بن گیا ہے جبکہ اسے وفاقی حکومت نے فنانس ایکٹ 2022ء کے تحت ناقابل واپسی قرار دیا تھا۔

3,796 بلین روپے کے قبل از ٹیکس منافع میں 1,640 بلین روپے کی رقم کارپوریٹ انکم ٹیکس کی مد میں وصول کی گئی۔ جولائی 2022ء میں، وفاقی حکومت نے گزشتہ سال کی آمدنی پر 10% سپرنٹیکس اور 29% کے کارپوریٹ ٹیکس کے علاوہ فنانس ایکٹ 2022ء کے ذریعے موجودہ سال کی قابل ٹیکس آمدنی پر 4% سپرنٹیکس عائد کیا۔ نتیجتاً، 1,640 بلین روپے میں 407 بلین روپے 31 دسمبر 2021ء کو ختم ہونے والے پچھلے سال سے تعلق رکھنے والے ٹیکس اخراجات میں شامل ہو گئے اور 31 دسمبر 2022ء کو ختم ہونے والے سال سے تعلق رکھنے والے 153 بلین روپے سپرنٹیکس کی مد میں شامل ہو گئے۔

اس طرح بعد از ٹیکس منافع 2,156 بلین روپے ہے جو کہ 37.20 روپے فی حصص آمدن (EPS) رہا۔

”کلیدی عملی اور مالیاتی ذخیرہ معلومات“ اور ”مالی گوشواروں کے انفعی اور عمودی تجزیے“ جو سالانہ رپورٹ میں نمایاں طور پر شامل کیے گئے ہیں کمپنی کے استحکام کا ثبوت ہیں۔

اختصاصات

زیر نظر سال کے لیے غیر مختص منافع کا گوشوارہ حسب ذیل ہے:

2021ء	2022ء
ہزار روپے میں	
949,301	3,683,446
2,924,999	2,116,673
-	-
1,049,000	-
4,923,300	5,800,119
(1,239,854)	2,957,855
3,683,446	2,842,264

آگے لایا گیا غیر مختص منافع

سال کی کل آمدن

غیر مختص منافع سے عمومی ذخائر میں منتقلی:

غیر مختص منافع میں عمومی ذخائر سے منتقلی:

اختصاص کے لیے دستیاب رقم

اختصاص:

سال 2021ء کے لیے ادا کیا گیا حتمی منافع: 51.03 روپے فی شیئر

(2020ء: 21.39 روپے فی شیئر)

آگے بڑھایا گیا غیر مختص منافع

چیئر مین کا جائزہ

اس سالانہ رپورٹ میں شامل چیئر مین کا جائزہ کاروبار کی نوعیت، کمپنی کی کارکردگی، گزشتہ سال سے اہم انحراف کی وضاحت، مستقبل کے امکانات اور غیر یقینی صورتحال سے متعلق ہے۔ ڈائریکٹرز، سالانہ رپورٹ میں شامل چیئر مین کے جائزے کے مندرجات کی مکمل توثیق کرتے ہیں۔

بورڈ کا ڈھانچہ

اس وقت بورڈ آف ڈائریکٹرز سی ای او سمیت آٹھ ممبران پر مشتمل ہے۔ بورڈ میں ایک خاتون اور سات مرد ممبران ہیں۔

ان افراد کے نام درج ذیل ہیں جو مالی سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز سی ای او تھے:

- 1- مسٹر برنڈ ایرک شوٹڈنکے
- 2- مسٹر رابرٹ میک ایلسٹر
- 3- مسٹر فسٹ ڈی لاساگنے
- 4- مسٹر اینڈریاس ریٹز باجن
- 5- مسٹر میتھیو سپورنے
- 6- مسٹر مارکو وونا
- 7- جناب شاہد شہباز طور

نان ایگزیکٹو ڈائریکٹر

نان ایگزیکٹو ڈائریکٹر

نان ایگزیکٹو ڈائریکٹر

نان ایگزیکٹو ڈائریکٹر

نان ایگزیکٹو ڈائریکٹر

نان ایگزیکٹو ڈائریکٹر

آزاد ڈائریکٹر

ڈائریکٹرز کی رپورٹ

31 دسمبر 2022ء کو ختم ہونے والے سال کے لیے

الغازی ٹریڈرز لمیٹڈ ("کمپنی" یا "AGTL") کے ڈائریکٹرز 31 دسمبر 2022ء کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عملی نتائج

زیر نظر سال کے مالیاتی نتائج حسب ذیل ہیں:

2021ء	2022ء
ہزار روپے میں	
20,578,906	28,201,812
4,721,228	4,962,277
4,169,730	3,795,949
(1,211,868)	(1,639,905)
2,957,862	2,156,044
(32,863)	(39,371)
2,924,999	2,116,673

فروخت
مجموعی منافع
منافع قبل از ٹیکس
ٹیکسیشن
منافع بعد از ٹیکس
دیگر جامع آمدنی
کل آمدنی (روپے)

منافع منقسمہ

31 دسمبر 2022ء کو ختم ہونے والے سال کے لیے، بورڈ نے 30 مارچ 2023ء کو منعقد ہونے والے اپنے اجلاس میں فی حصص 000 روپے کے حتمی نقد منافع کی تجویز پیش کی ہے جس کی کل مالیت 1000 ارب روپے بنتی ہے۔

فی شیئر آمدنی

2021ء میں 51.03 روپے کے مقابلے میں 2022ء میں فی حصص بنیادی آمدنی 37.20 روپے تھی۔

کارکردگی کی جھلکیاں

سال کی دوسری ششماہی میں غیر معمولی سیلاب کی وجہ سے معیشت اور زراعت کے شعبے شدید دباؤ میں رہے اور روپے کی قدر میں شدید کمی ہوئی جس کے نتیجے میں ایشیا کی لاگت میں اضافہ، درآمدی پابندیوں اور گھریلو افراط زر میں اضافہ ہوا، جس نے صارفین کی قوت خرید کو متاثر کیا۔ منفی حالات کے باوجود، AGTL نے سال 2022ء کے دوران 19,929 ٹریڈرز فروخت کیے جبکہ سال 2021ء میں فروخت کیے گئے ٹریڈرز کی تعداد 18,156 تھی۔ AGTL کا حاصل کردہ مارکیٹ شیئر گزشتہ سال کے 32% کے مقابلے میں 45% رہا۔ مارکیٹ کی بگڑتی ہوئی صورتحال کو دیکھتے ہوئے کارکردگی غیر معمولی تھی کیونکہ AGTL کے حجم میں اضافہ 10% تھا جب کہ مارکیٹ میں 22% کی کمی دیکھی گئی۔ یہ سب کچھ پرزہ جات کی فراہمی کو بہتر بنانے اور فروخت کو بڑھانے کے لیے مختلف داخلی کوششوں کے ذریعے حاصل کیا گیا۔ کمپنی نے صارفین اور سپلائرز کے ساتھ جڑے رہنے اور اپنے ٹریڈرز کے معیار میں بہتری اور کارکردگی کو یقینی بنانے کی اپنی سی کوششیں جاری رکھیں۔



AWARD IN THE YEAR 2022

Best Corporate Report Award

Al-Ghazi Tractors Ltd. was awarded joint 4th position for “Best Corporate Report Award 2021” in the Engineering & Auto Sector.

This award was presented to AGTL by the Joint Committee of The Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).



Stakeholders' Engagement

AGTL is committed to conducting and enhancing its relationship with all classes of stakeholders acting in good faith, with loyalty, fairness, transparency and due respect for the Company's core ethical values. Further, the objective of the Company's investor relations policy is to govern the disclosure of material information to analysts, shareholders and potential investors in a manner designated to provide broad non-exclusionary distribution of information.

Building and retaining the trust of the Company's internal and external stakeholders is essential to Al-Ghazi's continued business success. Engagement and dialogue are consequently an important component required for the understanding of their expectations, needs and concerns.

Stakeholders' expectation and tools and interaction channel as detailed in adjacent table represent our engagement and relationship management.

Stakeholder	Stakeholders' Expectation
Government and Regulatory Bodies	<ul style="list-style-type: none"> Compliance with laws and regulations Collaboration and access to information Technical support on specific industry related issues
Employees	<ul style="list-style-type: none"> Clarity of organization and protection in periods of uncertainty Clear and transparent reward system Training and professional development Stimulating and safe work environment Information on Company's strategy and results
Employees' families/ Community development	<ul style="list-style-type: none"> Indirect participation in corporate life
Dealers and Service Network	<ul style="list-style-type: none"> Complete and rapidly accessible product information Business profitability Quality and reliability of products/parts Competitive prices Extension of financial and non-financial assistance
Existing and Prospective Customers	<ul style="list-style-type: none"> Quality, reliability and safety of products Competitive prices Speed and efficiency of after sales services
Suppliers	<ul style="list-style-type: none"> Continuity of supply Fulfillment of contractual obligations
Shareholders	<ul style="list-style-type: none"> Access to information Transparent and responsible management Value creation (return on investment, sustainability of business)
Analysts/ Institutional Investors	<ul style="list-style-type: none"> Availability of relevant information
Banks/ Financial Institutions	<ul style="list-style-type: none"> Continuity of business and operations Good financial management
Media	<ul style="list-style-type: none"> Fulfillment of obligations of arrangement

Tools and Interaction channel	Effect on AGTL's Performance and Value
<ul style="list-style-type: none"> • Periodic and ad hoc reporting 	<p>The Company remains focused on having a sufficient level of compliance with laws and regulations.</p>
<ul style="list-style-type: none"> • Daily dialogue • Employee lunches/dinners • Discussions regarding appraisals and development path • In-house communication • Easy access to top management • Adherence to labour laws 	<p>Human resources play a key role in organisation's success.</p>
<ul style="list-style-type: none"> • Staff town with family and bachelors' accommodation • Transport facility • Vaccination/health awareness campaigns • Participation in sports events • Health care plans, and community hall 	<p>Adequate activities of the Company assist in maintaining positive image of the Company at the levels of local community and employees.</p>
<ul style="list-style-type: none"> • Daily contacts and periodic meetings with the network • Individuals responsible for monitoring the network and ensuring fulfillment of contractual standards • Programmes to support dealers, including training, conferences and incentives. • Tractor festivals • After-sales Service programme 	<p>Dealers act as business partners. Satisfactory after-sales services helps in enhanced customer satisfaction.</p>
<ul style="list-style-type: none"> • Market research • Three-way communication through dealership, service centres and mechanical workshops 	<p>Loyalty of customers to our products is key in achieving success and good financial performance.</p>
<ul style="list-style-type: none"> • Daily relationship through Supply Chain Department 	<p>Effective management of suppliers helps in achieving production objectives.</p>
<ul style="list-style-type: none"> • Shareholders meetings • Annual/Quarterly reports • Price sensitive communication and information • Daily dialog (email, telephones) • Investor relations section of the Company's website: www.alghazitractors.com 	<p>Support of shareholders serves as a foundation for Company's efforts to achieve its objectives and vision.</p>
<ul style="list-style-type: none"> • Communication to PSX • Investor relation section of AGTL's website, containing relevant information about the Company 	<p>Availability of adequate information about the Company helps in maintaining positive image of the Company with analysts and institutional investors.</p>
<ul style="list-style-type: none"> • Provision of information as per the requirements of banks • Frequent meetings and interaction 	<p>Attractive rates and terms of overdrafts and other arrangements.</p>
<ul style="list-style-type: none"> • Promotional activities are carried out as per marketing requirements 	<p>Necessary awareness about the Company and its products is imparted.</p>

Notice of 40th Annual General Meeting

Notice is hereby given that the 40th Annual General Meeting of Al-Ghazi Tractors Limited (the Company) will be held on **Thursday, April 27, 2023 at 4:00 PM** at Pearl Continental Hotel, Karachi to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on May 17, 2022.
2. To receive, consider and adopt the Audited Financial Statements together with the Chairman's Review Report, the Directors' Report and the Auditors' Report for the year ended 31 December 2022.
3. To appoint the Auditors for the financial year ending on December 31, 2023 and to fix their remuneration. The retiring Auditors M/s. A. F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for reappointment. The members are hereby notified that the Audit Committee as well as the Board of Directors have recommended the name of retiring auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, for re-appointment as auditors of the Company for the financial year ending on December 31, 2023.

By Order of the Board



MANSOOR KHAN
Company Secretary
Karachi

Date: March 30, 2023

NOTES:

1. The share transfer books of the Company will remain closed from April 21, 2023 to April 27, 2023 (both days inclusive). Transfers received in order at the office of our Share Registrars, M/s. FAMCO Associates (Private) Limited, situated at 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, by the close of business on April 20, 2023 will be treated in time for the purpose of entitlement of the transferees to attend and vote at the meeting.
2. Members holding in aggregate 10% or more shareholding residing at a geographical location other than Karachi, may participate in the meeting through video conference by submitting their application to the Company Secretary at least seven days prior to the date of the meeting. The Company will arrange video conference facility in the requested city subject to availability of such facility in that city. The Company will intimate members regarding venue of the video conference facility at least 5 days before the date of the general meeting along with complete information necessary to enable them to access such facility.
3. A member entitled to attend and vote may appoint a proxy to attend and vote on his/her behalf. Proxies, in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the time of the meeting. Proxies may also be appointed by emailing a scanned copy of signed form by the shareholder authorizing proxy along with email address of proxy and relevant details (as stated above) to agm@alghazitractors.com.

The Form of Proxy in English and Urdu is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC Numbers should be mentioned on the forms. For CDC shareholders, attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form; and in case of corporate entity, the Board of Directors' resolution / power of attorney and attested copy of valid CNIC of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless provided earlier) along with proxy form to the Company. The Form of Proxy is also available on Company's website

4. Shareholders or their proxies are requested to bring with them or otherwise furnish their Computerized National Identity Card or Passport along with the folio number or participants ID

number and their account number at the time of attending the Annual General Meeting physically or through video-conference in order to facilitate their identification. The representatives of corporate bodies should provide attested copies of Board of Directors' resolution/powers of attorney and/or all such documents as are required under Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP") for the purpose.

5. Members (non-CDC) are requested to promptly communicate to the Share Registrars of the Company any change in their addresses. CDC shareholders should submit any change in their addresses to the CDC. The individual members who have not yet submitted photocopy of their valid CNICs and corporate entities who have not yet submitted their NTN are once again reminded to have these details updated with their respective CDS participants, in case of CDC account holders and to send the same at the earliest directly to the Company's Share Registrars at the address given here-in-above, in case of physical shareholders. Please provide folio numbers with the copy of CNIC/NTN.
6. Shareholders who could not collect their previous dividend/shares are advised to contact our Share Registrars to claim their unclaimed dividend or shares, if any. The Unclaimed shares, Dividend which remain so unclaimed or unpaid for a period of three years from the date it is due and payable shall be dealt with in accordance with the requirements of the Companies Act.

As per the provisions of Section-242 of the Companies Act, 2017 and directives of Securities & Exchange Commission of Pakistan vide Circular no. 18 dated August 01, 2017, after October 31, 2017 the cash dividends will only paid through electronic mode directly in the bank accounts of the shareholders, therefore the shareholders are requested to provide copies of their valid CNICs and Dividend Mandate including Name, Bank Account Number, Bank and Respective Branch addresses to the Company in order to enable the Company to pay cash dividend electronically. The Dividend Mandate Form is attached with printed Annual Report and also placed on Company's website.

7. In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30%. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrars of the Company, M/s. FAMCO Associates (Private) Limited, by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members who hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrars, M/s. FAMCO Associates (Private) Limited, in writing. In case the required information is not provided to our Registrars it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

8. The financial statements of the Company for the year ended 31 December 2021 along with reports have been placed on the website of the Company. The Annual Report of the Company for 2021 shall also be electronically available on PUCARS system of Pakistan Stock Exchange Limited and the Company's website under section of Shareholders Information. Additionally, in the interest of shareholders who had previously provided their valid email addresses, arrangements have been made to send 2022's Annual Report to such shareholders through email.
9. As per Section-72 of the Companies Act, 2017, all listed companies are required to replace their physical shares with book-entry form within four years of the promulgation of the Companies Act, 2017. Further SECP vide its letter dated March 26, 2021 had advised to comply with Section 72 of the Act and encourage Shareholders to convert their physical shares into book-entry form. Accordingly, all shareholders of the Company having physical shares are requested to convert their shares into book-entry form at the earliest. The shareholders may contact the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited for the conversion of physical shares into book-entry form.

Investors Relation

At AGTL we are committed to ensuring that shareholders and investors have easy access to clear, reliable and meaningful information on the Company in order to make informed investment decisions. In the context of constantly evolving requirements of disclosure, transparency and corporate governance, we aim to provide investors with an accurate, coherent and balanced account of Company's performance. To do this, multiple communication platforms are utilized including annual general meetings with shareholders and the investor relations section on our website. Apart from financial results, the website, www.alghazitractors.com, has other investor-related information including Company's profile, annual and quarterly reports, major announcements and information on free float shares.

SHAREHOLDING INFORMATION

The Company is listed on Pakistan stock Exchange. The share symbol is AGTL. The share capital of the Company is PKR 289.8 million. With a base price of PKR 5 per share, the total number of the shares is 57,964,201.

There are 2,613 shareholders which are listed as follows:

Al-Futtaim Industries Company	28,992,705 shares	=	50.02%
CNHi Industrial N.V.	25,022,379 shares	=	43.17%
Companies and corporations	648,236 shares	=	1.12%
Individual and others	3,300,881 shares	=	5.69%
Total	57,964,201 shares	=	100.00%

DIVIDEND POLICY

AGTL has a long history of paying rich dividends. The dividend policy is in the best interest of the Company, the shareholders and the stakeholders.

AGTL's equity now stands at PKR 3,132.09 million. The Company's five-rupee share is without any doubt the top stock of the Auto and Industrial Engineering sector of Pakistan.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Karachi, on April 27, 2023 at 04:00 p.m.

DIVIDEND PAYMENTS DURING THE YEAR

During the year, final dividend of PKR 51.03 per share i.e., 1,020.58% for the financial year ended 31 December 2021 was declared and paid to the shareholders.

SHARE REGISTRAR

Share transfers and all other investor related matters are attended to and processed by our registrar FAMCO Associates (Pvt) Limited.

FAMCO Associates (Pvt) Limited
8-F, next to Hotel Faran, Nursery
Block 6, P.E.C.H.S
Shahrah-e-Faisal, Karachi
Tel: 92 21 32420755, 32427012, 32426597
Fax: 92 21 2475604
Timings: 8:30 am to 1:00 pm & 2:00 pm to 3:30 pm

Pattern of Shareholding

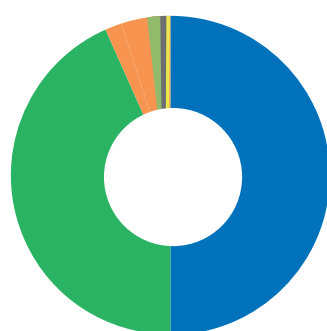
As at December 31, 2022

No. of Shareholders			
No. of Shareholders	From	To	Total Shares
1,036	1	100	42,861
748	101	500	212,760
319	501	1000	249,075
385	1001	5000	832,679
61	5001	10000	444,196
26	10001	15000	344,473
11	15001	20000	182,635
4	20001	25000	88,418
6	25001	30000	162,182
3	30001	35000	97,849
2	35001	40000	74,600
1	40001	45000	42,152
3	45001	50000	145,900
1	65001	70000	68,290
1	85001	90000	90,000
1	100001	105000	100,785
1	165001	170000	166,362
1	270001	275000	273,400
1	330001	335000	330,500
1	25020001	25025000	25,022,379
1	28990001	28995000	28,992,705
2,613			57,964,201

Shareholding Information

As at December 31, 2022

S.No.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage (%)
1	Directors, Chief Executive Officer, and their spouse and minor children	1	1,000	0.00
2	Associated Companies, Undertakings and related Parties	2	54,015,084	93.19
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	5	334,149	0.58
5	Insurance Companies	3	217,312	0.37
6	Modarabas and Mutual Funds	8	96,775	0.17
7	General Public : a. Local b. Foreign	2,553 -	2,834,133 -	4.89 0.00
8	Others	41	465,748	0.80
	Total	2,613	57,964,201	100.00
	Shareholders holding 10%	2	54,015,084	93.19



■ Al-Futtaim Industries Company LLC	50.02%
■ CNHi Global N.V.	43.17%
■ Banks, Development Financial Institutions, Non Banking Financial Institutions	0.58%
■ Insurance Companies	0.37%
■ Modarabas and Mutual Funds	0.17%
■ Others	5.70%

Categories of Shareholding

As at December 31, Year 2022

Associated Companies, Undertakings and related Parties (to be confirm by Company)

SNO.	NAME	HOLDING	PERCENTAGE
1	M/S. AL-FUTTAIM INDUSTRIES COMPANY (LLC)	28,992,705	50.02
2	M/S. CNHi INDUSTRIAL N.V.	25,022,379	43.17
	TOTAL >>	54,015,084	93.19

Banks, Development Financial Institutions, Non-Banking Financial Institutions

SNO.	NAME	HOLDING	PERCENTAGE
1	PAK LIBYA HOLDING COMPANY	183	0.00
2	M/S. CRESCENT INVESTMENT BANK	2,914	0.01
3	M/S. NATIONAL BANK OF PAKISTAN - INVESTAR A/C (FORMER NDFC)	52	0.00
4	BANK AL HABIB LIMITED	330,500	0.57
5	MARGALLA FINANCIAL (PRIVATE) LIMITED	500	0.00
	TOTAL >>	334,149	0.58

Insurance Companies

SNO.	NAME	HOLDING	PERCENTAGE
1	STATE LIFE INSURANCE CORP. OF PAKISTAN	166,362	0.29
2	HABIB INSURANCE CO.LIMITED	32,350	0.06
3	GHAFF LIMITED	18,600	0.03
	TOTAL >>	217,312	0.37

Modarabas and Mutual Funds

SNO.	NAME	HOLDING	PERCENTAGE
1	FIRST PRUDENTIAL MODARABA	675	0.00
2	CDC - TRUSTEE ATLAS STOCK MARKET FUND	15,000	0.03
3	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	36,200	0.06
4	CDC - TRUSTEE NBP STOCK FUND	11,900	0.02
5	CDC - TRUSTEE APF-EQUITY SUB FUND	5,500	0.01
6	CDC - TRUSTEE APIF - EQUITY SUB FUND	6,000	0.01
7	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	16,500	0.03
8	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	5,000	0.01
	TOTAL >>	96,775	0.17

Others

SNO.	NAME	HOLDING	PERCENTAGE
1	M/S. ALVIYA LIMITED	236	0.00
2	M/S. FATEH TEXTILE MILLS LTD.	765	0.00
3	PUNJABI SAUDAGAR MULTIPURPOSE	207	0.00
4	MIDLAND BANK TRUST CORPORATION	274	0.00
5	CITIBANK N.A. HONGKONG	714	0.00
6	M/S. COUTTS & CO.	5,800	0.01
7	M/S. JAMES CAPEL INCORPORATED	13,016	0.02
8	IGI FINEX SECURITIES LIMITED	1	-
9	SHAFFI SECURITIES (PVT) LIMITED	200	0.00
10	PRUDENTIAL SECURITIES LIMITED	270	0.00
11	KIRAN FOUNDATION	850	0.00
12	AUTOMATE INDUSTRIES (PRIVATE) LIMITED	5,000	0.01
13	THE AGA KHAN UNIVERSITY FOUNDATION	15,000	0.03
14	MERCHANT CONSTRUCTION CO.(PVT) LIMTIED	5,500	0.01
15	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	2,500	0.00
16	SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED	2,500	0.00
17	IMPERIAL STAR (PRIVATE) LIMITED	50	0.00
18	TRUSTEES SAEEDA AMIN WAKF	10,125	0.02
19	TRUSTEES MOHAMAD AMIN WAKF ESTATE	34,999	0.06
20	ISMAILIA YOUTH SERVICES	1,000	0.00
21	LOADS LIMITED	1	-
22	K. F. CORPORATION (PRIVATE) LIMITED	9,726	0.02
23	MERIN (PRIVATE) LIMITED	1,000	0.00
24	S.H. BUKHARI SECURITIES (PVT) LIMITED	294	0.00
25	INNOVATIVE INVESTMENT BANK LIMITED (UNDER LIQUIDATION)	1,350	0.00
26	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	12,700	0.02
27	SARFRAZ MAHMOOD (PRIVATE) LTD	100	0.00
28	NH SECURITIES (PVT) LIMITED.	1,350	0.00
29	MAPLE LEAF CAPITAL LIMITED	1	-
30	MEMON SECURITIES (PVT.) LIMITED	1,250	0.00
31	KHAYYAM SECURITIES (PVT.) LIMITED	50	0.00
32	ASSOCIATED CONSULTANCY CENTRE (PVT) LIMITED	1,000	0.00
33	AKHAI SECURITIES (PRIVATE) LIMITED	50	0.00
34	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	1,211	0.00
35	SAAO CAPITAL (PVT) LIMITED	250	0.00
36	MERIN (PRIVATE) LIMITED	5,900	0.01
37	EMPLOYEES OLD AGE BENEFITS INSTITUTION	273,400	0.47
38	FIKREES (PRIVATE) LIMITED	1,208	0.00
39	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	17,300	0.03
40	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	38,400	0.07
41	BACKERS & PARTNERS (PRIVATE) LIMITED - MF	200	0.00
	TOTAL >>	465,748	0.80



A low-angle, upward-looking photograph of several classical stone columns. The columns are light-colored and feature ornate capitals. They are set against a bright blue sky with scattered white clouds. The top of the image shows the dark, recessed ceiling of a classical building, featuring a decorative Greek key pattern.

CORPORATE **GOVERNANCE**

Corporate Governance

Corporate Governance refers to the system of rules, practices, and processes through which a company is directed and controlled. It encompasses the framework of accountability, transparency, and ethical conduct that guides a company's decision-making and relationships with its stakeholders.

At Al-Ghazi Tractors Limited, the Board of Directors is fully committed to upholding the principles of corporate governance and fulfilling its obligations to all stakeholders, including shareholders, employees, customers, and the wider community. We recognize the critical role that effective governance plays in ensuring the long-term success of the Company and strive to maintain the highest standards of governance in all our operations.

In line with this commitment, we have implemented all of the corporate governance reforms mandated by our regulators and have developed a comprehensive framework that aligns with the Revised Code of Corporate Governance 2019. Our governance practices are designed to promote accountability, transparency, and integrity, and ensures that our decision making is always guided by the best interest of the Company and its stakeholders.

We remain committed to maintaining these high standards and will continue to review and improve our governance practices to ensure that we uphold our responsibilities and obligations to all stakeholders.

BOARD OF DIRECTORS

The Board recognizes the importance of transparency, accountability, and effective communication with its stakeholders. It remains committed to ensuring that the Company is managed with integrity, and that its operations are conducted ethically and in compliance with all relevant laws and regulations.

To support these objectives, the Board regularly reviews and updates the Company's policies and procedures, and monitors the implementation of these policies across all departments. It also places a strong emphasis on training and development programmes for its employees, to promote a culture of ethical behaviour and professional excellence.

During the year 2022, the Board focused on overseeing management's performance in implementing the Company's strategies, particularly in the challenging economic environment. It closely monitored the financial position of the Company and approved the financial statements.

Furthermore, the Board reviewed the Company's business operations and development plans, including budgets, and approved revisions to its policies. It also prioritized the development of standard operating procedures (SOPs) across all departments to promote consistency and efficiency.

Looking towards to the year 2023, the Board will continue to focus on these key areas while also monitoring and responding to the evolving business and regulatory landscape. It will strive to maintain the highest standards of corporate governance and ethical behaviour, while delivering sustainable growth and value to its shareholders and other stakeholders.

MATTERS DELEGATED TO THE MANAGEMENT

The Management is responsible for ensuring that the Company's routine business operations and day-to-day management of affairs are carried out in accordance with the policies and decisions of the Board in an effective and ethical manner. It is also their responsibility to identify key risks and opportunities that may impact the Company and to address them appropriately while keeping the Board updated on any significant changes.

In addition to their operational duties, the Management is also responsible for the preparation and presentation of financial statements in compliance with applicable accounting and reporting standards, and for maintaining related internal controls. The Board, on the other hand, oversees the financial reporting process and ensures that the financial statements present a true and fair view

of the Company's financial position and performance.

The Management also plays a key role in implementing the Board's strategic objectives and plans. It is responsible for the day-to-day execution of the Company's strategy, as well as for developing and presenting business plans, budgets, and operational metrics. The Management also works closely with the Board to identify and assess emerging risks and opportunities that could impact the Company's long-term success.

AGTL has a robust corporate governance framework in place that ensures effective oversight, management, and control of the Company's affairs. The Board and Management work together to promote a culture of transparency, accountability, and ethical conduct, and are committed to ensuring the long-term success of the Company for the benefit of its stakeholders. For effective governance, the Board has constituted following management committees and approved TORs of respective committees:

- Product Development, Engineering and Quality Committee
- Marketing Committee
- Learning and Development Committee

BOARD COMPOSITION

AGTL recognizes the importance of having a diverse and competent Board that can effectively oversee and guide the Company's affairs. The Board comprises eight members, including the CEO, of which one member is female and seven are male. All directors, except the CEO, are Non-Executive Directors, and two of them are Independent Directors. The Independent Directors have provided their declaration of independence in accordance with the criteria defined in the Companies Act 2017, as well as the requirements of the Code of Corporate Governance Regulations.

AGTL believes that a diverse Board helps to promote a wider range of perspectives and ideas, leading to better decision-making and ultimately benefiting the Company and its stakeholders. The Board continues to evaluate its composition and regularly reviews the skills and expertise of its members to ensure that it is well-equipped to meet the Company's current and future challenges.

BOARD COMMITTEES

The Board has established an Audit Committee, a Technical Committee and a Human Resource and Remuneration Committee to assist with the discharge of its responsibilities.

The Board Committees are chaired by independent directors. The directors, who are not members of any of the aforesaid Committees may attend their meetings by invitation. Each committee operates under a written specific TORs approved by the Board.

The Chairman/Chairperson of each committee provides a detailed report to the Board along with recommendations of the Committee.

The Composition of above-mentioned committees, as on December 31, 2022, was as follows:

Names of Directors	Audit Committee	Technical Committee	Human Resources & Remuneration Committee
Mr. Robert McAllister	-	Member	-
Mr. Malik Ehtisham Ikram	Member	Member	Member
Mr. Marco Votta	Member	Member	Member
Ms. Farah Qureshi	Chairperson	-	Chairperson
Mr. Shahid Shahbaz Toor	-	Chairman	-
Mr. Vincent Delassagne	-	Member	-
Mr. Matthieu Sejourné	-	Member	-

BOARD EFFECTIVENESS

The Board has access to complete, adequate and timely information and resources. A formal agenda is prepared for all Board meetings. The agenda and supporting documents are circulated to all directors before the meeting.

The Board meets on a quarterly basis to review and approve the release of quarterly results. Ad hoc meetings may be convened as necessary to consider other specific matters. In addition to having meeting, decisions of the Board and its Committees may also be obtained via circular resolution. Schedule of all board meetings and Annual General Meeting (AGM) for the next calendar year is planned in advance.

The Board has access to the CEO, members of the management and the Company Secretary at all times. The Company Secretary provides support to the Board and ensures that Board procedures and applicable rules and regulations are followed. The Company Secretary also assists the Chairman in ensuring proper information flow within the Board and its Committees as well as advising the Board on all governance matters.

The Company Secretary attends all meetings and ensures that minutes of the meetings of the Board are circulated among its members.

The attendance of directors at the meetings of the Board and of the Committees held during the year ended December 31, 2022 was as follows:

Names of Directors	Board	Audit Committee	Technical Committee
Mr. Robert McAllister	9	4	3
Mr. Malik Ehtisham Ikram	9	6	3
Mr. Marco Votta	9	4	3
Ms. Farah Qureshi	9	6	-
Mr. Shahid Shahbaz Toor	9	-	3
Mr. Vincent Delassagne	9	1	2
Mr. Matthieu Sejourne	8	-	3
Mr. Ramesh Narasimhan	6	4	-
Mr. Andrea Trabacchin	2	1	-

No meeting of Human Resource & Remuneration Committee was held during the year under review.

EVALUATION OF BOARD'S PERFORMANCE, ITS MEMBERS AND COMMITTEES

There is a formal process for appraisal of Board performance, members of Board and its committees. Annual appraisals are carried out through a structured questionnaire addressing the following:

- Board organization;
- Board meeting and materials;
- Board responsibility and performance;
- Interaction with management and key stakeholders;
- The Audit Committee, internal audit and corporate reporting;
- Performance of the Board Committees.

The questionnaire also includes the assessment of the Chairman of the Board including his ability to lead the Board meetings. The evaluation and feedback are consolidated and presented to the Board.

CONFLICT OF INTEREST AMONG BOARD MEMBERS

Directors are required to disclose, at the time of appointment and during their term, the directorships they hold in other corporate bodies. As per the provisions of the Companies Act, 2017, every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company.

Closed periods are determined and announced by the Company, precluding the Directors from dealing in the shares of the Company, prior to each Board meeting involving announcement of interim/final

results, distribution to shareholders or any other business decision which could materially affect the share price. Also, all directors are required to disclose any transaction in the shares of the Company immediately to the Company Secretary. All trading in shares of the Company by the Directors or executives and all related party transactions are fully disclosed in the financial statements of the Company.

No conflict of interest was reported during 2022.

POLICY FOR CONFLICTS OF INTEREST AMONG BOARD MEMBERS, AND MANAGEMENT OF CONFLICT OF INTEREST

All business decisions and choices taken on behalf of the Company are made in the best interests of the Company. The Directors are obligated to avoid every possible conflict of interest, with particular regard to personal or family considerations, which might affect the independence of judgment when deciding what is in the Company's interests and what is the most appropriate way to pursue it.

POLICY ON DIRECTORS' REMUNERATION

The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with corporate law and regulations. According to the policy, only independent directors are entitled for the fee for attending the Board and its committee meetings as approved by the Board.

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

AGTL is committed to compliance with all applicable laws and regulations. In addition, the Company also endeavors to go the extra-mile voluntarily in terms of adopting best governance practices exceeding legal requirements and following are examples in this respect:

- Disclosure of various important information in the annual report, as per best practices, like ratios and trends, graphs, commentary, analysis, etc.
- Health, Safety and Environment strategies for the safety of employees and equipment.
- High standards of management and reporting practices, as evident from numerous awards consistently bestowed by ICAP/ICMAP, MAP, etc.

DIVERSITY POLICY

AGTL strives for being an equal opportunity employer, free from any discrimination whatsoever due to gender, caste, creed, religion, ethnicity, colour, or the like. The Company is committed to merit-based environment where there is fair and equal treatment of employees. In all aspects of human resource management, shortlisting of candidates for hiring through to their selection, compensation and benefits - monetary and otherwise, promotions and increments, transfers, social and recreational activities, professional grooming, terminations, etc., we endeavour to remain non-discriminate and free of any bias. Accordingly, in every aspect Employee are treated according to their abilities to meet job requirements and all decisions are free from any form of discrimination.

RELATED PARTIES

Disclosures relating to related parties have been provided in financial statements' section of this annual report, in accordance with applicable approved accounting and reporting standards. The said disclosures include name, basis of relationship and percentage of shareholding of related parties including associated companies with whom the Company had entered into transactions or has arrangements/agreements in place. Related party transactions have also been disclosed in the financial statements appropriately along with other related parties related disclosures.

The Company has a policy of compliance with corporate laws and regulations regarding related party transactions. All such transactions along with relevant information were placed before Audit Committee for quarterly reviews. After review by the Committee, the transactions were considered and approved by the Board keeping in view the recommendations made by the Committee. Directors are also required to disclose their interest, if any, in accordance with requirements of corporate laws and regulations.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY TOWARDS THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The Board of Directors, Audit Committee and the management have been committed to keeping the Company in compliance with accounting and reporting framework as applicable under corporate law. The management is responsible for the preparation and presentation of financial statements as per applicable accounting and reporting standards and for related internal controls.

WHISTLE-BLOWING POLICY

The Company has adopted a whistle-blowing culture to detect and deter any wrongdoing in preparing and implementing accurate and complete financial reports and records as well as the internal controls essential to support its financial and accounting system and operations. Violation of matters referred to in the Code of Conduct signed by all the employees may also be reported. The establishment of whistle-blowing structure also augments the Company's ability to detect potential fraud, providing another level of comfort and assurance to the stakeholders.

The policy provides a mechanism for employees to report possible wrongdoings to the Company Secretary without fear of reprisal or discrimination. Every report case is considered and investigated. The whole process is looked after by the Audit Committee.

The Company also has a policy on "Suggestion System", encouraging all employees to make suggestions. These are discussed and employees are often rewarded for their input.

SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

The Company ensures that all shareholders are treated fairly and equitably. The Company is committed to ensuring that all Shareholders have access to clear, reliable and meaningful information. The Company regularly communicates major developments in business operations to the stock exchange, SECP, press releases, circular to shareholders and placement of information on Company's website. The Company also encourages shareholders' participation at in the general meetings of the shareholders.

All shareholders are invited to participate in the Company's general meeting in person or through proxy. The Chairman delivers a short presentation at each AGM to shareholders to update them on performance of the Company. Every matter requiring approval is proposed as a separate resolution. Shareholders present are given an opportunity to clarify or direct questions on issues pertaining to the proposed resolution. The Board is in attendance to address these queries and obtain feedback from shareholders. External auditors are also present as required by law.

ISSUES RAISED AT LAST AGM

The Company's AGM was held on May 17, 2022. The following were approved by the shareholders:

- Financial statements for the year ended December 31, 2021
- Approval of final cash dividend for the year ended December 31, 2021
- Appointment of M/s. A.F. Ferguson & Co., Chartered Accountants, as external auditors

For above-stated shareholders' approvals, related implementation was timely completed by the Company.

During the AGM held on May 17, 2022 the shareholders asked general queries related to the agriculture sector and tractor industry which were appropriately responded by the directors present in the meeting. No significant matter was raised at the AGM.

PRESENCE OF THE CHAIRMAN OF THE AUDIT COMMITTEE AT AGM

The Chairperson of the Audit Committee was also present at the AGM of the Company held on May 17, 2022 to answer any questions asked on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.

ENCOURAGING MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

The Company's management aims to encourage minority shareholders to attend general meetings. Accordingly, the Company sends notice of its general meetings to all shareholders in addition to these notices being published in Urdu and English newspapers.

UNDERSTANDING OF THE VIEWS OF MAJOR SHAREHOLDERS BY THE DIRECTORS INCLUDING NON-EXECUTIVE DIRECTORS

AGTL is owned to the extent of 93% by two foreign shareholders namely Al-Futtaim Industries Company (L.L.C.) and CNHi Industrial N.V. At the time of induction of each of the new director, the Company carries out orientation in respect of expectation and views of major shareholders.

INVESTOR RELATIONS POLICY AND GRIEVANCE PROGRAMME

The Company is committed to maintaining highest standards of corporate transparency and disclosure and believes that it should provide regular, effective and fair communication with its shareholders. An investor relation programme has been put in place to provide clear, timely and fair disclosure of information about the Company's business development and performance.

Shareholders are also welcome to seek any information that they may require by contacting the Company Secretary at the Head Office – Telephone Number 021-35318901-5. Information/complaints may also be sent in writing or through email. All efforts are made to provide the required information/ resolve their complaints on priority basis.

POLICY OF SAFETY OF RECORDS

The Company places emphasis on safety and storage of its financial and other records. The Company ensures that all data and records are retained to meet legal, administrative and operational requirements. No loss or breach of confidential data was reported during 2021.

BUSINESS CONTINUITY/DISASTER RECOVERY PLAN AND REVIEW BY THE BOARD

The Company places paramount importance on ensuring business continuity/disaster recovery. The following measures are in place to ensure smooth restoration of key operations:

- Application and data back-ups are maintained at different sites to ensure maximum security. In case of failure of primary server, the back-up server with the same configuration is also available.
- Comprehensive fire prevention system has been put in place through mechanical installations as well as frequent fire drills.
- Adequate insurance arrangements have been made to mitigate business risks.
- Preventive maintenance programme coupled with training is carried out intermittently to

minimize business disruptions.

- 24-hour security at the plant, head office and staff town has been provided.

The Board is apprised of matters relating to disaster recovery strategies and mitigating plans.

INFORMATION TECHNOLOGY GOVERNANCE

Information Management and Information Technology are built into AGTL's strategy. IT system plays an important role in supporting AGTL's current operations and its new initiatives. Our ERP system continues to integrate all function across the Company, facilitating greater efficiency and effectiveness of all processes and controls. However, in view of the new business requirement and competencies required to compete with the new business challenges, the Company is moving from its existing BAAN system to SAP S/4HANA to keep abreast of the latest ERP system.

ANALYST'S BRIEFING:

As required under PSX regulations, the Company will be arranging this year, a corporate briefing session for the analyst community.



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AL-GHAZI TRACTORS LIMITED**

Review Report on the Statement of Compliance contained in
Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Al-Ghazi Tractors Limited (the Company) for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.

Chartered Accountants

Karachi

Dated: April 5, 2023

UDIN: CR202210073eZbO3zoaN

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 For the year ended December 31, 2022

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 as per the following:
 - a. Male 7
 - b. Female 1
2. The composition of Board as at the year-end is as follows:

Category	Names
a) Independent Director	Ms. Farah Qureshi
	Mr. Shahid Shahbaz Toor
b) Non-Executive Directors	Mr. Robert McAllister
	Mr. Malik Ehtisham Ikram
	Mr. Marco Votta
	Mr. Vincent De Lassagne
	Mr. Matthieu Séjourné
c) Acting CEO	Mr. Javed Iqbal

*The Board was reconstituted on March 3, 2021 for a term of three years with three independent directors elected out of total number of 10 directors. For the purpose of rounding up of fraction, the Company did not round up the fraction as the Board determined that composition is adequate. On September 15, 2021 one independent director resigned and such casual vacancy is not yet filled as per the requirement of section 155 of the Act, for which directors are considering appointing an appropriate independent director. Further, on October 18, 2022 another non-executive director resigned from the Board and the casual vacancy has not yet been fulfilled.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 [the Act] and the Listed Companies (Code of Corporate Governance) Regulations, 2019 [the Regulations].
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations pertaining to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.
10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has approved formation of Audit Committee, Human Resources and Remuneration Committee and Technical Committee. The composition of the said committees as at December 31, 2022 is as follows:

a) Audit Committee

- Ms. Farah Qureshi (Chairperson)
- Mr. Marco Votta
- Mr. Malik Ehtisham Ikram

b) Human Resource and Remuneration Committee

- Ms. Farah Qureshi (Chairperson)
- Mr. Marco Votta
- Mr. Malik Ehtisham Ikram

c) Technical Committee

- Mr. Shahid Shahbaz Toor (Chairman)
- Mr. Malik Ehtisham Ikram
- Mr. Marco Votta
- Mr. Vincent De Lassagne
- Mr. Matthieu Séjourné
- Mr. Robert Ian McAllister

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as following:

Audit Committee

Four quarterly meetings and two additional meetings held during the year

HR and Remuneration Committee

No meeting held during the year

Technical Committee

Three meetings held during the year

15. The board has set up an effective internal audit function.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. They have further confirmed that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with in all material respects.
19. Explanation for non-compliance with requirements, other than those of regulations 3, 6, 7, 8, 27, 32, 33 and 36, are provided below:

S. No.	Requirement	Explanation	Reg. No.
1.	A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees.	Non - mandatory provisions of the CCG Regulations are partially complied. The Company intends to fully comply with all the provisions by the end of year 2023.	10 (3)
2.	The Chairman of the Board shall, at the beginning of term of each Director, issue letter to Directors setting out their role, obligations, powers and responsibilities in accordance with the Act.	The Chairman discussed the Board's role under the Regulations, during the meetings in which casual vacancies were filled.	10 (5)
3.	All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders It is encouraged that:	All the directors are highly qualified and experienced.	18
4.	<p>(i) by June 30, 2020 at least half of the directors on their Boards.</p> <p>(ii) by June 30, 2021 at least 75% of the directors on their Boards; and</p> <p>(iii) by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.</p> <p>A newly appointed director on the Board may acquire, the directors training program certification within a period of one year from the date of appointment as a director on the Board:</p> <p>Provided that director having a minimum of 14 years of education and 15 years of experience on the Board of a listed company, local and/or foreign, shall be exempt from the directors training program</p> <p>Companies are also encouraged to arrange training for:</p> <p>(i) at least one female executive every year under the Directors' Training program from year July 2020; and</p> <p>(ii) at least one head of department every year under the Directors' Training program from July 2022.</p>	Since the requirement is not mandatory, all the directors are highly qualified and experienced.	19
5.	The committee shall meet at least once in a financial year and may meet more often if requested by a member of the Board, or committee itself or the chief executive officer.	No meeting of Human Resources and Remuneration Committee was held during the year since many of the critical matters pertaining to the said Committee were taken up by the Board itself.	28 (3)

S. No.	Requirement	Explanation	Reg. No.
6.	The Board may constitute a separate committee, designated as the nomination committee, of such number and class of Directors, as it may deem appropriate in its circumstances.	The responsibilities prescribed for the Nomination Committee are being taken care of at Board level.	29
7.	The Board may constitute the Risk Management Committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has tasked the Audit Committee to oversee Risk Management related matters of the Company.	30
8.	The Company may post on its website key elements of its significant policies including but not limited to the following: I. Communication and disclosure policy II. Code of conduct for members of Board of Directors senior management and other employees III. Risk management policy IV. Internal control policy V. Whistle blowing policy VI. Corporate social responsibility / sustainability / environmental, social and governance related policy	As the Regulation provides concession with respect to disclosure of significant policies on the website, only key elements of relevant policies are available on the Company's website.	35



ROBERT MCALLISTER
Chairman of the Board

March 30, 2023

Statement of Adherence with the International Integrated Reporting Framework

This annual report (report) of Al-Ghazi Tractors Limited has been prepared in accordance with the guidelines of the International Integrated Reporting (IR) framework. The Company's primary objective under the subject is to enhance shareholders' and stakeholders' awareness for better understanding and valued decision-making. We always strive to achieve our objective through excellence in corporate governance and management practices regarding human resources.

AGTL has been continuously working towards transparency of the information presented to its stakeholders. It has considered various transformations to adapt to a changing corporate environment and the need for additional information beyond the basic financial statements. This information includes management commentary, governance disclosures, performance analysis, forward outlook and footnotes to the financial statement to better reflect the corporate reporting for information needs of different stakeholders.

The Company has included the following content elements for the users of this report:

- Organizational Overview and External Environment
- Messages for Stakeholders
- Governance
- Strategies, Risks and Opportunities
- Performance Analysis
- Sustainability and Corporate Social Responsibility
- Financial Statements
- other Information

The adoption of integrated reporting requires involvement and support of the Board of Directors and the leadership team. Henceforth, Management of the Company provides guidance to achieve organizational objectives by advising, assessing, and monitoring business strategies; ensuring the execution and modification of strategies; and evaluating their own effectiveness and contribution in these activities. Reporting is being monitored and it is ensured that the relevant information is shared in the most suited way for the stakeholders of the Company.

We will continue to improve the information produced to make it even easier to understand, while taking into account the opinion of stakeholders reading this report.



JAVED IQBAL

Acting Chief Executive Officer

Karachi: March 30, 2023

Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB)

Al-Ghazi Tractors Limited is preparing statutory financial statements in accordance with the IFRS issued by IASB as notified under the Companies Act 2017 including the disclosure requirements of the fourth schedule.

In addition to this, note 2.1.3 to the financial statement specifies a few standards, interpretations and disclosures which are yet to be effective in Pakistan. The Company believes that the impact of such standards, interpretations and disclosures does not have any material impact on the financial statements.



JAVED IQBAL

Acting Chief Executive Officer

Karachi: March 30, 2023

Internal Audit

The Board has set up an effective independent Internal Audit function, which is headed by a Chartered Certified Accountant. The Head of Internal Audit reports functionally to the Chairman of the Audit Committee and administratively to the CEO. Using a risk-based approach, an annual Internal Audit plan is formulated which is reviewed and approved by the Audit Committee.

The key role of the Internal Audit is to assist the Audit Committee to provide reasonable assurance that the Company is maintaining an adequate system of internal controls. The internal audit function examines Company records and operations, ensuring fair financial reporting processes, compliance with applicable laws and adherence with internal control systems. It provides detailed reports to the audit committee on the same.

The Audit Committee ensures that the internal audit function has adequate resources and appropriate standing within the Company. On an ongoing basis, it assesses the effectiveness of the Internal Audit function, such as its scope of work and quality of audit reports.



Report of the Audit Committee

Composition

The Audit Committee, at the year-end, comprised of one independent and two Non-Executive Directors namely:

- Ms. Farah Qureshi Chairperson & Independent Director
- Mr. Marco Votta Non-Executive Director
- Mr. Malik Ehtisham Ikram Non-Executive Director

The Secretary of the Board functions as the Secretary to the Committee.

Charter of the Committee

The terms of reference of the Committee are clearly defined in the Charter of the Committee, salient features of which are stated below:

- To recommend to the Board the appointment and removal of external auditors;
- To review quarterly, half-yearly and annual financial statements;
- To review the internal control systems and internal audit function;
- To monitor compliance of statutory requirements.

Meetings during 2022

The Audit Committee met six times during the year. The attendance of the members at these meetings is stated in the table on page no. 64 of the Annual Report. The Chief Financial Officer and the Chief Internal Auditor attended all meetings.

Role of the Committee

The Audit Committee assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting and compliance, internal controls and risks, internal and external audit functions of the Company.

The Committee ensured compliance with its terms of reference. The Committee has concluded its annual review of the operations of the Company for the year ended December 31, 2022 and reports that:

- The Committee reviewed and approved the quarterly and annual financial statements of the Company and recommended them for approval of the Board.
- Appropriate accounting policies have been consistently applied and all applicable accounting standards were followed in preparation of the financial statements for the year ended December 31, 2022, which present fairly the state of affairs, results of operations, profits, cash flows, and changes in equity of the Company.
- The Acting Chief Executive Officer/Chief Financial Officer has reviewed the financial statements of the Company. He acknowledges his responsibility for true and fair presentation of the financial statements, accuracy of reporting and compliance with regulations and applicable accounting standards.
- Review process of financial statements by Audit Committee also includes detailed consideration of related matters and issues which were dealt in accordance with applicable accounting and reporting standards. Contents of External Audit Report for the financial year 2022 are in accordance with applicable Regulations in Pakistan. The auditors have issued unmodified audit report in respect of the financial statements for the said financial year.
- Accounting estimates are based on reasonable and prudent judgment.

- Proper, accurate and adequate accounting records have been maintained by the Company.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Company has a proper approach in place for risk management whereby identification and mitigation of relevant risks take place. Details regarding risk identified by the Company and mitigating strategies are included in respective section of this annual report and summary is mentioned in the Directors' Report. The Audit Committee has reviewed this information.
- The Audit Committee has reviewed and approved all related party transactions.
- The Committee has reviewed arrangements for staff and management for reporting to the Committee, their concerns, if any, about improprieties in financial and other matters, and remedial and mitigating measures. No cases of complaints regarding accounting, internal accounting controls or audit matters, or whistleblowing were received by the Committee.
- Closed periods were duly determined and announced by the Company, precluding the directors and executives (as defined by the Board to be an employee drawing a basic salary of PKR 1,200,000 and above in a financial year) from dealing in the shares of the Company, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision which could materially affect the share price.
- The Company's 2022 Annual Report is properly structured to provide all necessary information in detail yet in a lucid way. Not only it gives financial information like state of affairs and financial performance as per applicable accounting framework, it also enlightens through financial analysis in easy to comprehend style. Besides the core financial information, it also covers all other necessary domains like background details about Company and its directors, comprehensive management reviews and future prospects, stakeholder's information and corporate governance.

Internal Audit

- The Board has effectively implemented the internal control framework through the Chief Internal Auditor who is a qualified Certified Chartered Accountant.
- The Internal Auditor reviews the risks and control processes. It carries out reviews in accordance with the internal audit plan approved by the Committee.
- The internal audit function has direct access to the Committee. The Committee reviews the findings and observation of the internal audit and provides appropriate guidance.
- The Committee met with the internal audit in absence of the management.


External Audit

- The statutory auditors of the Company, A. F. Ferguson & Co., Chartered Accountants, have completed their audit assignment of the Company's financial statements and the statement of compliance with the Code of Corporate Governance for the year ended December 31, 2022 and shall retire on conclusion of 40th Annual General Meeting.
- The Audit Committee has reviewed and discussed audit observations with the external auditors. A meeting was also held with the external auditors in absence of the management.
- The external auditors have direct access to the Audit Committee and internal audit department, hereby ensuring the effectiveness, independence and objectivity of the audit process.
- The performance, cost and independence of the external auditors is reviewed annually by the

Audit Committee. Being eligible for reappointment under the listing regulations, the Committee has recommended to the Board the reappointment of A. F. Ferguson and Co., Chartered Accountants for the year 2023. A resolution to this effect has been proposed at the forthcoming Annual General Meeting.

Performance of Audit Committee

The Committee views that it discharged its responsibilities as per its terms of reference. A separate mechanism is in place for annual evaluation of members of the Board of Directors and its Committees.

A handwritten signature in black ink, appearing to read 'Farah Qureshi', with a horizontal line underneath the name.

FARAH QURESHI

Chairperson, Audit Committee

March 30, 2023

Human Resource Management (HRM)

AGTL strongly believes in attracting and retaining top talent that can add significant value in the business. For this purpose, we have been focusing on improving employer branding through social media presence and employee engagement initiatives.

AGTL is in the process of developing best in class recruitment process and has recently hired professionals on some very critical positions with star performers in their fields. We believe in diversity and equity to attract, retain and develop high potential employees without any discrimination.

PERFORMANCE APPRAISALS

Performance appraisal process is a key pillar of HRM in which we are using latest tools and techniques to ensure that all targets are aligned to the corporate BSC (balanced score card). Employees and line managers are regularly briefed about the important of performance management and its impact on employee's engagement and motivation. We are in the process of transforming paper-based performance appraisals to a system-based module. This will significantly enhance the user experience and will help improve the digital footprint of HRM.

SUCCESSION PLANNING

As a part of Succession Planning strategy, AGTL has started the process of internal recruitment for filling critical positions in all departments. This will ensure organizational continuity and sustainable talent pipe line for all critical positions. We are also going to develop IDPs (individual development plans) specifically for successors to prepare them according to short, mid-term or long-term readiness levels. We will continue to assess the critical positions to ensure ready successors at all times.

HARASSMENT

AGTL has a harassment policy in place and is compliant with the Protection Against Harassment of Women at Workplace, Act 2010. No instances of harassment were reported during the year 2022.



Report of the Human Resource & Remuneration Committee

Composition

The Audit Committee, at the year-end, comprised of one independent and two Non-Executive Directors namely:

- Ms. Farah Qureshi Chairperson & Independent Director
- Mr. Marco Votta Non-Executive Director
- Mr. Malik Ehtisham Ikram Non-Executive Director

The Secretary of the Board functions as the Secretary to the Committee.

Terms of Reference


The terms of reference of the Committee are clearly defined in the Charter of the Committee, salient features of which are stated below:

Salient Terms of Reference of the Committee are as follows:

- Recommend human resource management policies to the Board.
- Recommend to the Board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit.
- Recommend to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.
- Consideration and approval on the recommendations of CEO on such matters for key management positions who report directly to CEO.
- Assess periodically the Board's performance and the performance of the Committees of the Board.

Meetings during 2022

No meeting of the Committee was held during the year as the Board of Directors itself took up many human resource-related matters at its various meetings.



FARAH QURESHI

Chairperson
Human Resource and Remuneration Committee

March 30, 2023



STRATEGY, RISKS AND **OPPORTUNITIES**



Risks and Opportunities

Risks

To achieve an informed understanding of our tolerance for risks when delivering our overall business plan, we must be mindful that the objective of risk management is not necessarily to eliminate risk but to ensure that the risks we do accept remain within a predetermined level of acceptability and control while pursuing value-enhancing opportunities. The ultimate goal of risk management within AGTL is to continually assess the control environment to prevent and build resilience against any internal or external shocks, both anticipated and unforeseen.

Within the automotive industry, uncertainties stem from various sources including changes in the economy, technology, government regulations, relative prices, and market dynamics.

Following are the major risks that may affect our business operations and mitigating strategies for controlling these risks.

Financial Capital (External Source)				
Risk	Risk level /Impact	Likelihood	Risk Description	Mitigation Strategy
Exchange Rate Fluctuation	High/High	High	It becomes challenging for the Company to compete in the market due to frequent fluctuation of PKR parity against USD.	The Company's product has around 92% local components, thus reducing the dependency on imported material and hence reducing negative consequences resulting from exchange rate fluctuations.
Working Capital Management	Moderate/Moderate	Moderate	Any increase in raw material cost or increase in the volume of raw material stock or debts may limit the avenues for availability of sufficient working capital.	Management has addressed the risk of shortage of working capital by availing the sufficient credit lines from different banks in order to meet the short-term requirements of the Company.
Import Restrictions	High/High	High	It has become challenging for the Company to ensure business continuity and fulfil production demand requirements due to import restrictions on tractor's parts. This is because of record low forex reserves in the country.	Management addresses the risk by escalating the importance of tractor industry and its contribution to agriculture at relevant forums including the central bank. Advocacy efforts being done for exemption of import restrictions for AGTL along with exploring various FOREX funding options including shareholder's funding support.

Human Capital (Internal Source)

Risk	Risk level /Impact	Likelihood	Risk Description	Mitigation Strategy
High Employee Turnover	Moderate/Moderate	Moderate	Key employees and workers may leave the Company causing a lack of a competent workforce.	The Company believes in the importance of having the right people with the requisite qualifications, skills and expertise to achieve its strategic business plans. The Company has in place comprehensive human resources policies and procedures for recruitment, compensation, staff development and management succession.

Manufactured Capital (External Source)

Risk	Risk level /Impact	Likelihood	Risk Description	Mitigation Strategy
Information System Failure risk	Moderate	Moderate	Loss of Company data and theft of sensitive information	<p>A comprehensive disaster recovery policy is in place and addresses the underlying risk. The Company maintains backup servers to recover data in case of any disaster.</p> <p>Further, the Company has a well-established disaster recovery plan and data backup to cope with any unwarranted event.</p>
Natural Catastrophe	Moderate	Moderate	Becoming unable or constrained to continue the business	The Company recognizes that quick recovery and resumption of business operations after a disruption are critical to minimizing financial, operational and reputational impact. To mitigate these risks, the Company has in place a Business Continuity Plan, which complements its ERP framework.

Opportunities

Based on detailed analyses, we have identified various opportunities in the current economic landscape along with the strategy to maximize benefits from it:

Opportunities				
Opportunity	Impact Area	Source	Opportunity Description	Strategy to Capitalize on Opportunity
High Horse Power Tractors.	Manufactured Capital	Internal	The market contains significant potential for high-power tractors.	Under the transformation efforts, with alignment with CNHi, AGTL is currently conducting R&D efforts for the development of durable and superior high horse power tractors.
Modernization of the AGTL Plant	Manufactured Capital	External	Most modern and state-of-the-art machinery for the production of high-quality tractors.	Under the transformation efforts, AGTL with Kaizen Institute has launched a comprehensive plant modernization program at the facility in DG Khan. This will focus on quality management and modernization.
Diversification	Manufactured Capital	External	A potential market for lube oil and spare parts exists.	Under the transformation efforts, AGTL is currently conducting R&D efforts to enter into the spare parts market.
Efficiency at Workplace by Employees	Human Capital	External	Provide a congenial work environment where the employee feels motivated and works for the betterment of the Company.	Provide an effective environment without excessive work pressure. Continuous training and development of employees. Benefit aligned with efficient and effective work and team management.

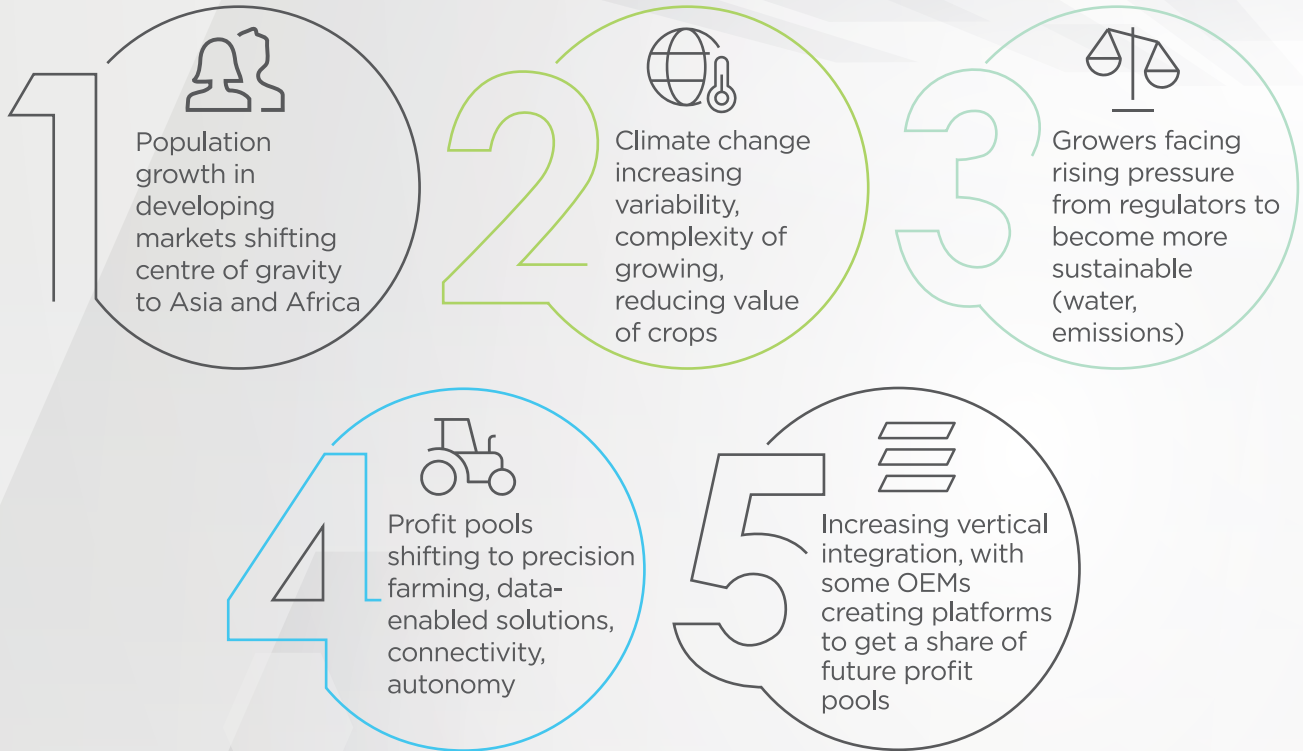


YEAR 2022 IN
REVIEW

Company Transformation

Transformation context & objectives

Mega trends in agriculture are progressively transforming the industry and, in turn, also impacting mid-term countries like Pakistan.



Relevance for Pakistan's Tractor Industry



Opportunity for AGTL

- Over last many years, the Company has successfully maintained its position as a major player in the industry, particularly in the 55 to 75 HP segment. The changing dynamics in the industry, driven by mega trends and country-specific socioeconomic conditions presents an opportunity to the Company to aim for enhancing its market share across all HP types. ensuring delivery of superior product capabilities and services to customers in agricultural, commercial, government and other sectors, while maximizing shareholder value.
- To achieve this aim, AGTL has embarked upon a holistic transformation journey that is driving the Company to innovate, improve and strengthen its product portfolio and business operations.

Transformation objectives & benefits

We have launched a comprehensive turnaround programme with clearly defined objectives and expected benefits for our customers and employees.

Mega Trends

1

Innovating our product portfolio

2

Enhancing customer experience & sales channels

3

Strengthening core supply chain by building quality at source

4

Revamping production operations on the principles of Total Quality Management and Lean manufacturing

5

Reimagining the organizational structure to become an agile and forward-looking workforce

Expected Benefits

Market share & Revenue growth

Delighted customers

Better brand image

Better employee experience

Innovating our product portfolio

Innovating our product portfolio

We are employing leading-edge research and leveraging technical collaboration with our partner CNHi, who is at the forefront of the tractor industry, to strengthen our products across all segments (agriculture & commercial usage) and all HP types. Our focus on product innovation is mainly focused on optimization of hydraulic lift & transmission capabilities, engine performance, product appearance, driver comfort.

Enhancing customer experience & sales channels

Enhancing customer experience & sales channels

Working closely with our dealers, our aim over the next two years is to improve the customer experience across all channels through provision of one-stop shop facilities to customers in terms of buying tractors, spare parts, lubes and as availing well top-notch repair/service operations.

Strengthening core supply chain

Strengthening core supply chain

Our aim to deliver cost-effective tractors to customers with state-of-the-art product capabilities can only be made possible if we can ensure 'Quality at Source', which comes by strengthening our supply chain.

We have launched a number of initiatives that would help to empower our vendors to deliver quality products at optimum costs.

Revamping Manufacturing operations

Revamping Manufacturing operations

We take pride in our manufacturing team running operations at DG Khan for last many years and delivering high-quality tractors in the market. To meet our growing production requirements, we have launched comprehensive plant modernization programme at the facility in DG Khan. Some of the key initiatives of this programme include:

TOTAL QUALITY MANAGEMENT

- Quality defects - not-to-make and not-to-pass defects
- Process improvement - standards and training, autonomous quality
- Process control - firewalls for critical parts
- Root cause analysis - problem-solving tools

TOTAL PULL FLOW

- Production line upgrades - new layout design, new line design
- Productivity enhancements - productivity improvements, ergonomic workstations
- Logistics optimization - internal logistics, supermarkets, logistics milk run
- Process standardization - improve standard work

PULL PLANNING

- Inventory management - improve stock control
- Production planning - improve capacity planning and levelling

Reimagining Organizational structure

Reimagining Organizational structure

In order for our transformation to take flight, we have initiated organizational design (OD) project to instill agile thinking into architecture. The aim of the Org Design project is to align organizational blueprint that enables optimal delivery of our key business processes, clarifies roles and accountabilities, brings empowerment at all levels and create a sense of motivation for our employees to succeed in their careers.

Change Management

Change Management

To make 'change stick' and maximize ROI as a result of the transformation programme, we are executing change readiness plan that includes:

Establishing and aligning engagement strategy and approach with leadership

Developing impactful communications leading to targeted and more detailed engagement

Use your target audience - the community that has the expertise and will be using the system

should contribute heavily to the design, establishing a sense of ownership

Challenging the status quo, applying innovation to create impact - taking calculated risks

Aligning 'People changes' with 'process' and 'system' changes

Ensuring robust deployment and rigorous preparation for the go-live

Information Technology

Project Falcon

Al-Ghazi Tractors Limited, one of Pakistan's largest agricultural equipment manufacturers, has begun a digital transformation and overhaul of its IT infrastructure with an investment of PKR 2 billion. With the integration of the state-of-the-art SAP S/4HANA, an innovative ERP solution, at its core, the Company is revamping strategic decision making as well as the overall operational strength of its existing ecosystem.

The digital transformation at Al-Ghazi Tractors Limited will occur over the next 4 years. However, the project's first phase has begun with the initial preparatory stages that will take 10 months to culminate. The transformation project will be led by a dedicated Steering Committee which includes the Al-Futtaim Group EIT, Transformation and Strategy teams.

SAP Implementation

Digitalization has become fundamental to business sustainability and growth in the modern age. Through the latest in data analysis and performance management systems, Al-Ghazi Tractors Limited aims to build on its promise to deliver unprecedented levels of customer satisfaction as well as shareholder confidence. The SAP S/4HANA allows modern enterprises to adopt a more responsive, flexible and resilient approach toward dynamic consumer demands and ever-changing market requirements. Through a host of advanced technologies including AI, analytics, IoT and machine learning, this newest software suite will enable Al-Ghazi Tractors Limited to streamline its Enterprise Resource Planning (ERP) making it faster, swifter and simpler.

AGTL is fast-evolving into a high-tech, customer-centric organization that is striving to exceed the expectations of its customers and shareholders.

Project Background and Purpose

Till recent times, Al-Ghazi Tractors Limited has been using BAAN which is a 22 years old Software and whose product upgrades are no longer available.

It was found that that a complete transformation could not be realized unless a full-scale ERP implementation was carried out. Therefore, AGTL & AFG decided to implement SAP S/4 Hana ERP across the board.

Scope of the Project

The scope of the project includes several operational areas including Finance and Controlling, Sales and Distribution, Material Management, Customer Service, Logistics, Quality Management, Vehicle Management, Plant Maintenance, Dealer Management, Production Planning, Warehouse Management, Human Resource Capital Management and others.



Project Falcon: SAP S/4 Hana kick-off event

People Engagement Initiatives

HR Activities

The HR department as apprised of the Company's ongoing transformation as anyone else, has made an invaluable contribution to the execution of the phase-wise project. Since the Company was in a state of transition, it was imperative that the department ensured all critical leadership positions remained filled in and operated by able personnel. The HR stayed active and vigilant as it helped the organization to switch to a higher level of performance by developing new capabilities and functions for mid to senior level leadership team members.

The head office relocation plan which was approved on 08 March, 2022 was successfully executed by the HR who managed, finalized and signed off a complex agreement amongst the AI-Futtaim's real estate, AGTL, the management of the new office building, legal counsels and the landlord. An office has been acquired on rent for five years in Lahore through an agreement signed on July 15, 2022.

Retention of talented people in the organization is one of HR's main areas of focus. The HR shortlisted 19 policies that will be developed in 2023. Three of these policies have been drafted and sent to AI-Futtaim Group's TR for their perusal.

Some of the major highlights of the year are as follows:

Employee e-Portal

The Decibel-based Employee e-Portal was launched in July 2022. The portal's modules are Leave & Attendance, Payroll, and Employee Data. The HR is currently coordinating with Decibel to incorporate one more module, Performance Management, in 2023.

Engagement Survey of 2022

AGTL scored 81 on the Engagement Survey of 2022. The score reflects how effective and engaging AGTL's work environment is. To maintain its professional yet lively working conditions, the Company has taken steps e.g., policies revamping communication, salary review, annual sports events, etc.

Learning and Development

The formation of the Learning and Development function is a first in the history of the organization. HR planned and executed soft and technical training programmes to offer employees an opportunity to learn new things and groom their skills. A Technical Training Centre is being developed at the DGK plant for Production Staff and after-sales service mechanics.

Pakistan Resolution Day

On the 23rd of March, Pakistan Resolution Day was celebrated with national zeal and fervour. Members of the leadership and employees got together for a flag hoisting ceremony at the Headquarters. The Company arranged a Resolution Day show that featured patriotic songs, speeches and messages from employees who reiterated their resolve to continue serving the nation.



Flood Relief Activities

AGTL along with its employees and dealers vigorously participated in a flood relief drive for the calamity-affected people in the country. The Company made a direct donation of PKR 22 million to Prime Minister's Flood Relief Fund. The Company extended support to its employees whose houses were washed away by the flood. In a countrywide relief effort, the Company provided food, medicines and other necessities through its dealerships in affected areas.



Al-Futtaim's Senior Leadership Visited Pakistan

In June 2022, Al-Ghazi Tractors Limited welcomed a top delegation of Al-Futtaim's senior leadership at the DGK plant. The foreign delegates were given presentations, tours of the entire facility and a taste of our region's characteristic hospitality. The agreement signing ceremony for the new head office was also held during this visit.



Training Programmes

Training programmes across various levels of the organization were conducted successfully and the completion certificates were awarded in ceremonies. These moments of success keep the motivation level high among employees and inspire them to do even better.



Head Office Relocation Project - KHI to LHR



Annual Sports Day and Family Dinner at DGK



Social & Sports Activities



New Year Celebrations



Pakistan Resolution Day

Social & Sports Activities



Gold Pin Award Ceremony



Recognition Award Ceremony

Health, Safety, & Environment (HSE) Initiatives

OVERVIEW OF HSE ACTIVITIES

As we continue to grow both economically and technologically, the significance of ensuring the safety of all individuals, particularly employees at the workplace, cannot be overstated. Keeping this in view, AGTL established a Health, Safety, and Environment (HSE) department in 2022 to not only guarantee a safe working environment for employees but also to draft a road map to achieve and maintain the certifications in HSE ISO 45001:2018 for Al-Ghazi Tractors in Pakistan.

The HSE department in 2022 focused on reducing workplace incidents and promoting environmental sustainability. The department developed and implemented a comprehensive safety program that involved regular training sessions, workplace assessments, and safety audits. The safety program also emphasized the importance of behavioral safety, encouraging employees to be proactive in identifying and reporting potential hazards.

The department also initiated a series of environmental sustainability projects that were aimed at reducing the Company's carbon footprint. These included energy-saving initiatives, waste management projects and environmental impact assessments. Additionally, the HSE department worked with various stakeholders to promote sustainable practices and minimize the negative environmental impacts.

ACHIEVEMENTS

Through persistent efforts, the Company was able to achieve significant milestones in 2022. The number of workplace incidents decreased, resulting in reduced downtime, medical expenses and compensation claims.

The department was also able to successfully deliver the infrastructure projects to facilitate the Transformation Consultants base in Dera Ghazi Khan for the upgradation of existing plant.

The Security sub department was also successful in preventing security breaches and protecting the company's assets, ensuring the safety and security of our employees and stakeholders.

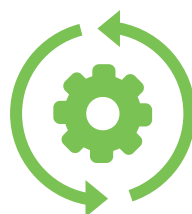
2023 HSE Plan

As we move into a new year, Al-Ghazi Tractors is committed to focus on HSE objectives to ensure ongoing success. This includes setting new goals, measuring performance, and making changes where necessary. The Company wishes to focus on the following in the year 2023:



Maintain a culture of safety:

Continue to engage employees and foster a culture of safety within the organization. Provide training and resources to ensure all employees are aware of potential hazards and know how to prevent accidents and injuries.



Minimize environmental impact:

Work towards minimizing the environmental impact of the business by reducing waste, conserving resources and implementing sustainable practices.

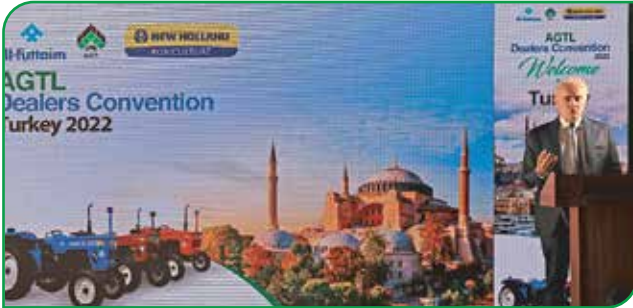


Focus on mental health: Make mental health a priority by providing resources and support for employees. This can include stress management programs, counseling services, or flexible schedules to accommodate work-life balance.

Marketing & Sales Initiatives

Annual Dealers Convention 2022

The Annual Dealers Convention for the year 2022 was organized in Turkey. This grand event acknowledged the achievements of top performers while encouraging AGTL's business partners to push the boundaries even further.



40 Year Celebration with 2023 Models

AGTL celebrated its 40 years of operations with the launch of a special batch of New Holland tractors presented in blue colour for the first time in Pakistan.



MoU Signings

To secure maximum share in the tractor finance segment, AGTL established sound business relationships with leading financial institutions in the country. The agreements incorporated were aimed at fostering a mutually rewarding environment in which both AGTL and banks can achieve their targets. During the year under review, AGTL signed memorandum of understanding with Bank AL Habib, Bank of Punjab, HBL, HBL Microfinance and MCB.



Industrial & Agriculture Exhibition & Farmers Engagement Activities

AGTL participated in last year's edition of Industrial & Agriculture Exhibition organized by University of Agriculture Faisalabad on 22nd March 2022. The Company's stall was designed to cater to a diverse audience that ranged from farmers to university students. The event also highlighted the significance of Prime Minister's Kamyab Jawan Scheme.

Dr Iqrar Ahmad Khan, Vice Chancellor, University of Agriculture Faisalabad and Dr M. Arshad, Dean Faculty of Agri Engineering along with dignitaries appreciated the role of AGTL in farm mechanization in Pakistan.





Briefing Sessions for Farmers

The launch of the 2022 models of Al-Ghazi tractors was a major high point earlier last year. AGTL utilized the occasion as an opportunity to interact with farmers in the Faisalabad region where till recent times the brand hasn't penetrated to its potential. The AGTL team gave 200 of the best farmers an informative briefing on the comparative features of Al-Ghazi products and how they can better answer the specific needs of the region's farmers.



Kissan Mela & Key Distribution Ceremony

AGTL collaborated with National Bank of Pakistan to organize Kissan Mela & Key Distribution Ceremony of Al-Ghazi Tractors at Habib Tractors in Shakar Garh, District Narowal in March 2022. The event was a success as more than 500 farmers visited the brand's stall and expressed their admiration for AGTL products. AGTL also developed coordination with government departments to educate farmers and introduce tractor leasing programmes in the highly underpenetrated areas of Narowal. The activity has resulted in an improved market share of Al-Ghazi tractors.



1st Engineering and Health Care Show

Al-Ghazi Tractors Limited participated in the 1st Engineering and Health Care Show which was organized at Expo Center Lahore by Trade Development Authority of Pakistan in February 2022. AGTL specifically aimed to introduce the AGTL brand to delegates and potential importers from the emerging markets in African countries. AGTL's officials gave the guests detailed previews of the Company's products and answered their queries.



Farmers Awareness Program at United Corporation

AGTL held Farmers Awareness Program at United Corporation Mandi Bahauddin in May 2022. The brand's executives gave briefings on comparative features and process of leasing a tractor through Kamyab Jawan Scheme. The event succeeded in enhancing brand image and forming new relationships in the region of Gujranwala. Another awareness session was held in Sanghar, Sindh.



Farmers Feedback Sessions

AGTL arranged Farmers Feedback Sessions at Taiba Farm Industries in Sheikhpura and Rehar Tractors in Gujranwala in August 2022. The Session were attended by over 200 progressive farmers who were HHP users. The Company learnt first-hand knowledge of the market needs and what it takes to produce a competitive product based on actual users' feedback and suggestions.



Key Distribution of BOP KJS Tractors

AGTL organized Key Distribution of BOP KJS Tractors along with a seminar on the role of Farm Mechanization to increase in sugar cane production. The occasion was organized at Shadab Tractor House in Samundri in February 2022 and was attended by around 400 progressive farmers and landlords of the area. The activity resulted in a boost in Al-Ghazi's market share as well as an increase in brand awareness.

*Hafiz Mumtaz Ahamad, Provincial Minister for Excise & Taxation, Mr M Akram, Dr. M. Akram Kasori, Director Farm Mechanization Punjab, Dr. M Ashraf AMRI Faisalabad, Mr Muhammad Aammad Karim DGM-North, Mr Manzar Abbas AM-Gujranwala





Free Service & Customer Training Program

AGTL organized Free Service & Customer Training Program at United Corporation in Gujrat at the end of 2022. This session was attended by around 100 farmers whose tractors were serviced at the spot. This proactive step led to an increase in brand loyalty and motivation for repeat purchase.





Software Index/Technology Se

Software Index 63.95%

Corp. (Daily) 112.39

PERFORMANCE ANALYSIS



lect Sector

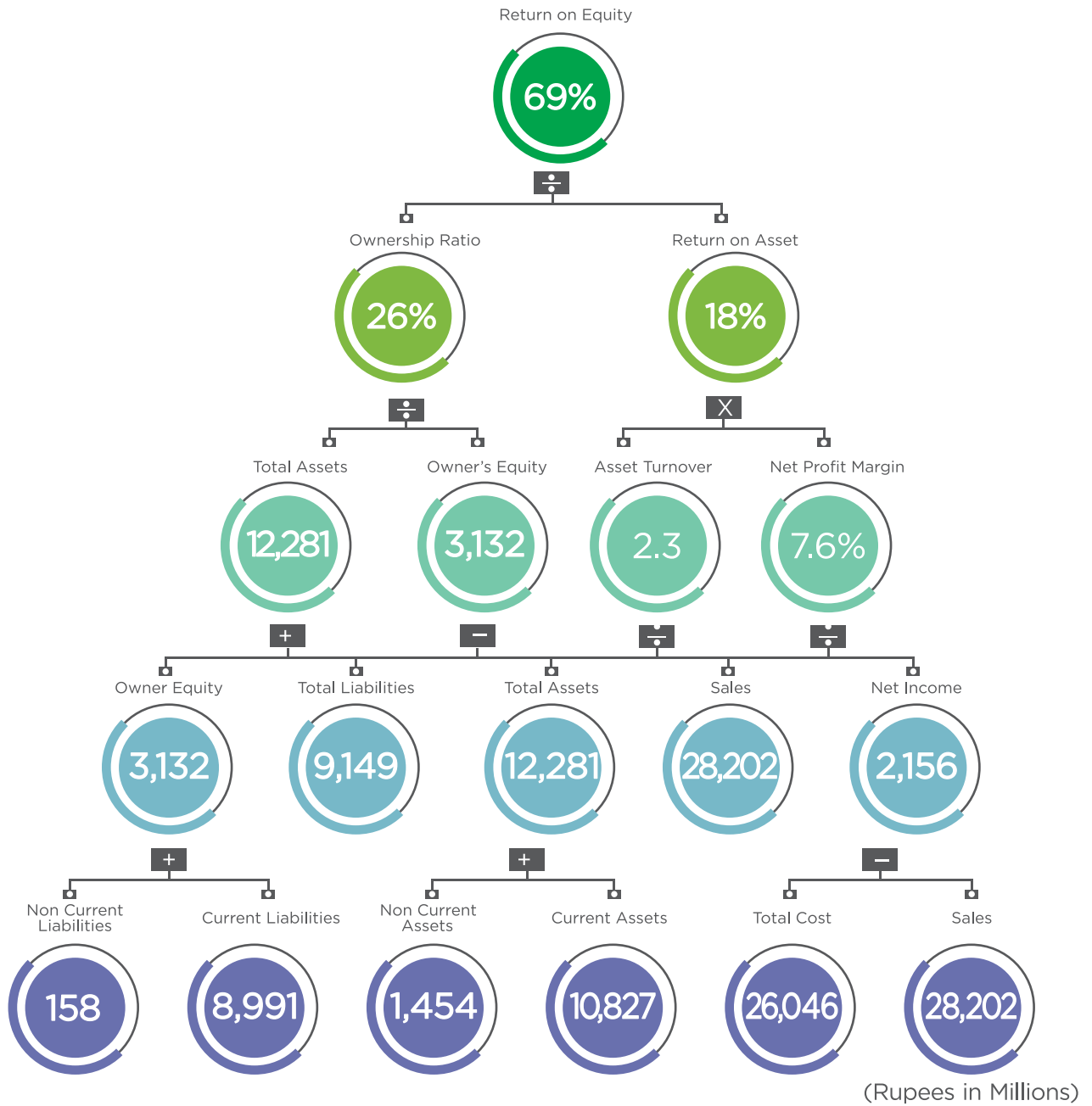
Fund 12.31%



Key Operating and Financial Data

	2022	2021	2020	2019	2018	2017
Quantitative Data						
Units:						
Sales	19,929	18,156	12,142	15,719	23,933	24,423
Production	21,216	17,120	12,654	15,400	24,823	24,091
(Rupees in '000)						
Profitability						
Revenue	28,201,812	20,578,906	11,935,172	13,992,388	19,372,522	18,871,448
Gross profit	4,962,277	4,721,228	2,766,012	2,544,716	4,665,484	5,259,738
Depreciation	120,952	84,846	81,512	80,836	70,061	59,042
Operating Profit (before investment income)	3,688,799	4,078,670	1,887,289	1,330,943	3,705,802	4,476,958
Investment income	107,150	91,060	40,618	17,581	29,033	108,055
Profit before taxation	3,795,949	4,169,730	1,927,907	1,348,524	3,734,835	4,585,013
Income tax expense	1,639,905	1,211,868	578,250	370,872	1,282,321	1,461,893
Profit for the year	2,156,044	2,957,862	1,349,657	977,652	2,452,514	3,123,120
Earnings before investment income, tax and depreciation (EBITDA)	3,809,751	4,163,516	1,968,801	1,411,779	3,775,863	4,536,000
Manpower Cost - Direct	515,339	397,871	302,194	345,368	375,240	336,868
Manpower Cost - Indirect	356,872	263,703	283,646	287,773	303,572	236,217
Total Manpower Cost	872,211	661,574	585,840	633,141	678,812	573,085
Financial position						
Fixed assets	1,331,267	1,108,805	1,066,974	1,068,382	828,804	714,732
Other non-current assets	20,473	11,334	4,941	4,757	4,696	4,660
Employee benefit prepayments	-	8,481	36,197	-	-	-
Deferred tax asset	101,819	85,553	111,756	87,090	-	-
	1,453,559	1,214,173	1,219,868	1,160,229	833,500	719,392
Current assets	10,827,170	8,275,942	3,963,576	4,315,154	5,951,957	5,161,939
Current liabilities	8,990,546	5,467,934	2,849,239	4,442,078	5,299,961	3,670,255
Net working capital	1,836,624	2,808,008	1,114,337	(126,924)	651,996	1,491,684
Less: Non-current liabilities	158,098	48,914	46,083	129,588	116,099	85,260
Capital employed	3,132,085	3,973,267	2,288,122	903,717	1,369,397	2,125,816
Represented by:						
Share capital	289,821	289,821	289,821	289,821	289,821	289,821
Reserves	-	-	1,049,000	-	-	1,000,000
Unappropriated profit	2,842,264	3,683,446	949,301	613,896	1,079,576	835,995
	3,132,085	3,973,267	2,288,122	903,717	1,369,397	2,125,816
CASH FLOWS						
Operating activities	(4,270,631)	4,630,496	2,125,302	1,936,798	(1,155,682)	3,827,376
Investing activities	(162,817)	(34,067)	(38,909)	(303,716)	(151,004)	10,187
Financing activities	2,353,917	(1,240,189)	(4,708)	(1,393,589)	(3,713,121)	(3,803,822)

Dupont Analysis



Analysis of Financial and Non-Financial Performance

AGTL believes in the achievement of business objectives through both financial and non-financial factors. From financial indicators like sales revenue, net profit, gearing, liquidity, etc. to non-financial indicators like brand image, customer centricity, shareholders satisfaction, and human resource development, the Company focuses on all the aspects to maintain sustainable growth and to timely identify key focus areas for remedial actions and growth.

Budgets are set for both financial and non-financial factors and performance is assessed accordingly. Overall, the majority of the targets set by the Company were achieved.

Financial Indicators

Actual Results

Year 2022 has been tough and challenging due to multiple macro-economic factors which have affected the country as a whole and the Tractor industry in particular. Severe rupee devaluations and restrictions of import from central bank resulted in unprecedented material cost escalation and the timely arrival of imported parts. Additionally, government imposed super tax on current and prior year profit which has impacted the profitability of the company. In the second half of 2022, the country faced unprecedented and devastating floods leaving approximately 30 million people affected and homeless with shortage of food, water and shelter.

Despite these adverse conditions, AGTL was able to sell 19,929 tractors during the year 2022 as compared to 18,156 tractors in the year 2021. Overall the tractor industry has contracted, however, AGTL Market share has improved by 41% (FY22-45% Vs. FY21-32%) from 2021 as a result of internal efforts to boost sales and improve supply of parts.

The Company continued its efforts of engaging with customers and ensuring quality improvements and efficiencies. The Company was able to achieve after-tax profit of Rs 2,156 million translating into earnings per share (EPS) of Rs 37.20/-

The summarized operating performance of the Company for the current year as compared to last year is as follows:

	2022	2021
	(Rupees in '000)	
Sales	28,201,812	20,578,906
Gross Profit	4,962,277	4,721,228
Profit before taxation	3,795,949	4,169,730
Taxation	(1,639,905)	(1,211,868)
Profit after tax	2,156,044	2,957,862

Production and sales volumes for the years 2022 and 2021 are as follows:

	2022	2021
	Units	
Sales	19,929	18,156
Production	21,216	17,120

Methods and Assumptions in Compiling Indicators

The Company has identified indicators that effectively reflect the Company's performance and profitability. The Company analyzes market positioning, competitors, and general market conditions while compiling key indicators.

Sales are monitored on daily basis through various management reports and future lines of action are decided accordingly. Gross profit, expenses, profit after tax, and EPS are monitored on monthly basis to gauge performance. For management reporting purposes, the Company has developed a mix of systems based on ERP and dashboard reports to compute various KPIs.

An effective financial reporting system coupled with various management reports and a three-layer review system enables AGTL to report accurate, complete, and reviewed information to all its stakeholders.

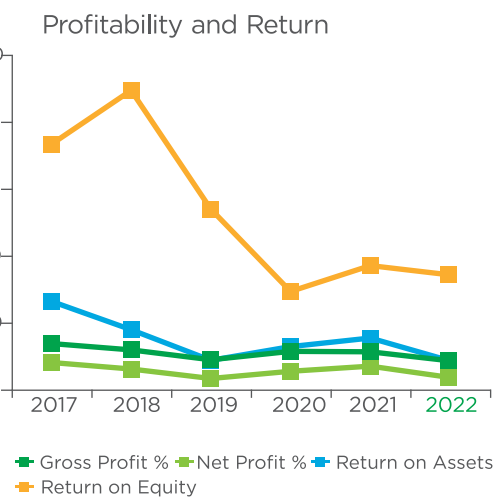
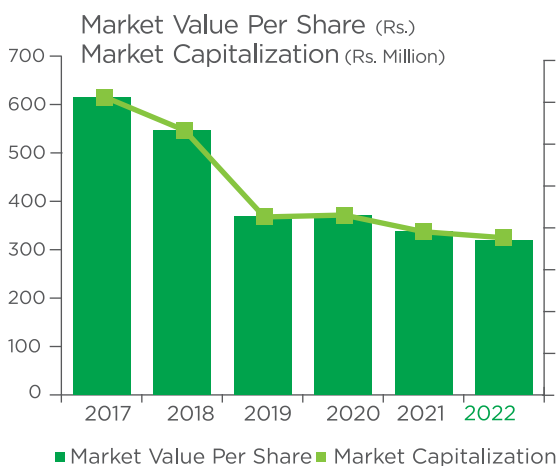
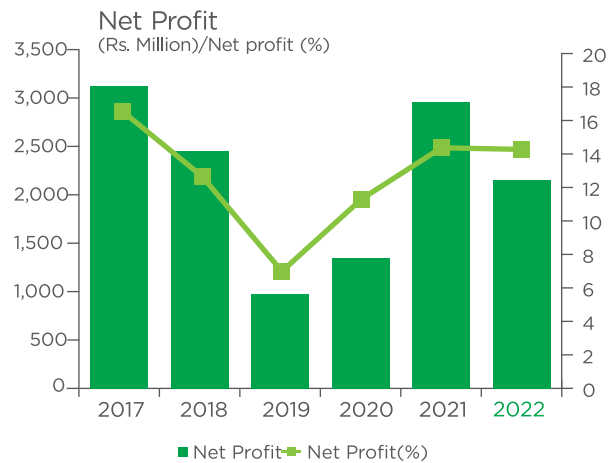
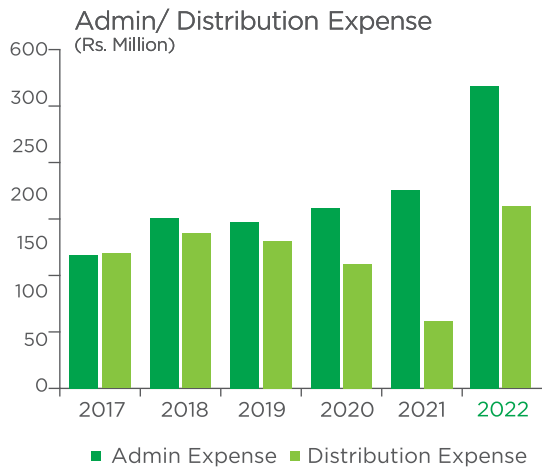
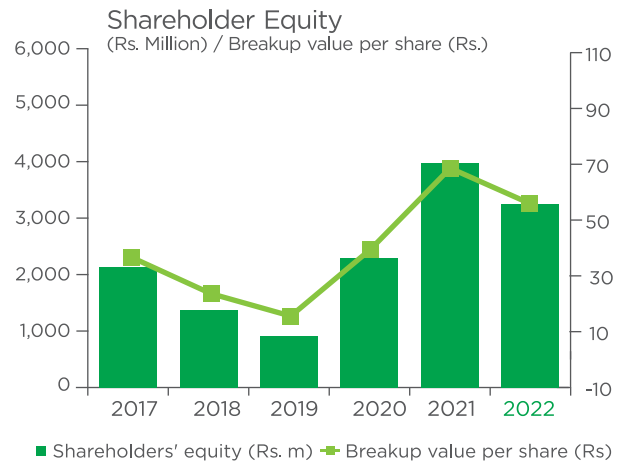
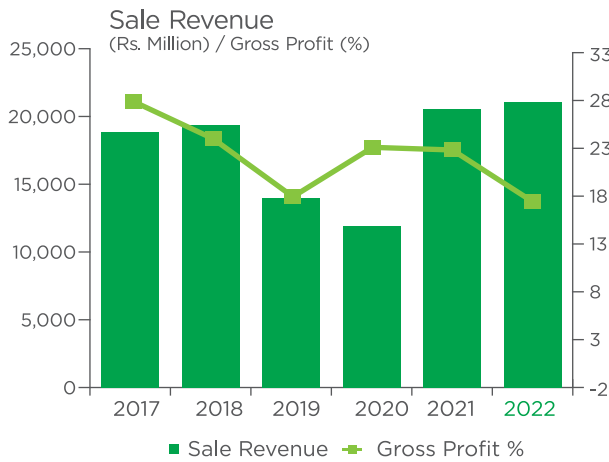
Non-Financial Indicators

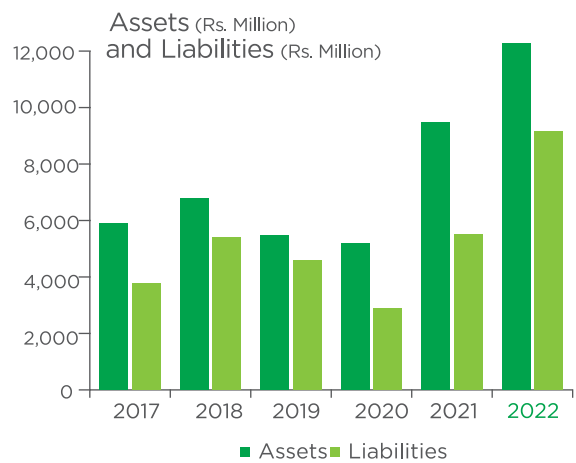
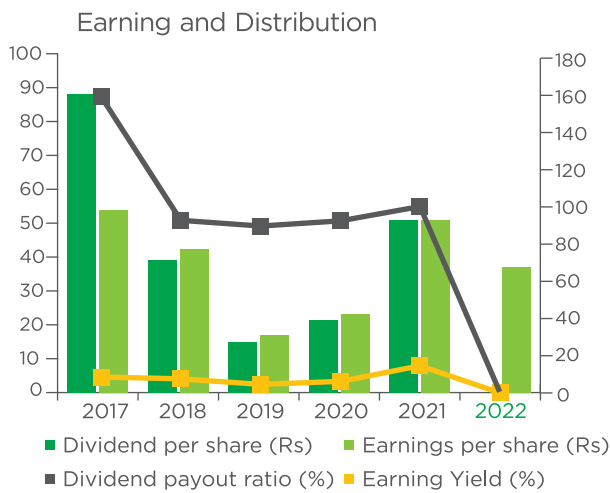
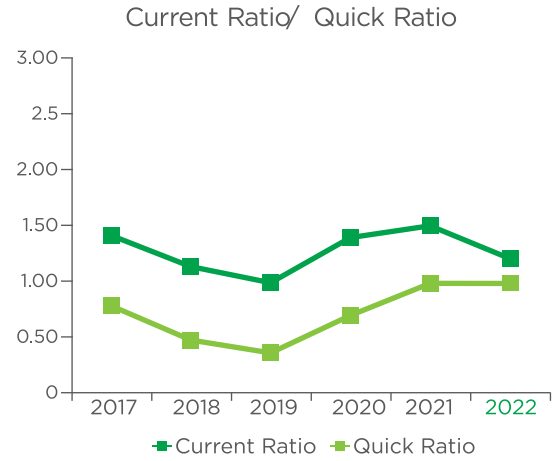
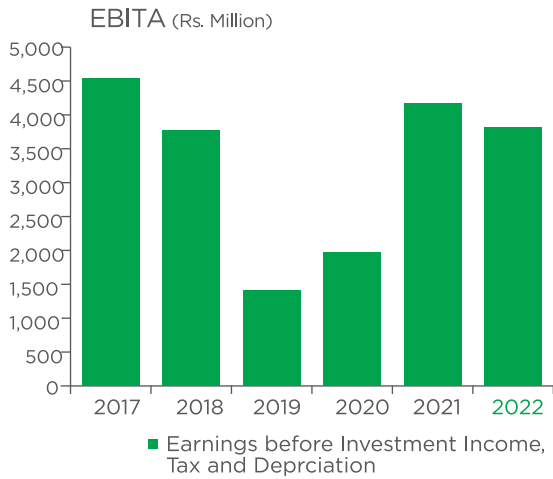
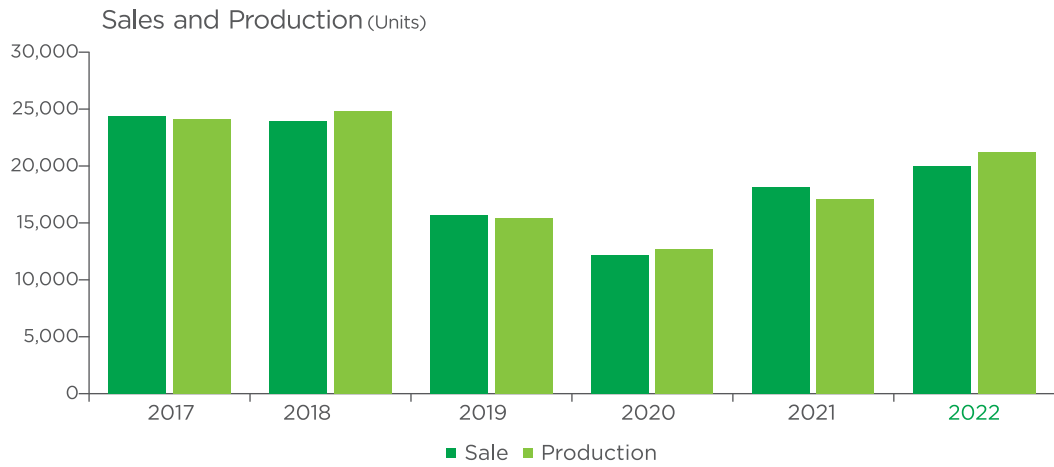
Objective	Monitoring
Manufactured Capital	
Product Development	Research and Development projects undertaken in collaboration with CNHi to enable production of high-quality tractors bearing low cost
Increase in Market Share	Aggressive marketing strategies resulting in increased market share, operational efficiency and effectiveness
Operational Efficiency and Effectiveness	Continuous commitment to operational effectiveness through monitoring of production efficiency ratios and minimal production losses
Economize on Cost - Eliminating Redundancies	Optimum utilization of resources resulting in elimination of redundant costs
Human Capital	
Health, Safety and Environment	Effective system of horticulture and annual plantation projects result in AGTLs contribution to the environment.
Training and Education	Continuous training of employees and workers. Monitoring training need analysis with special focus on safety at work
Relationship Capital	
Supplier relationship	Timely payment to vendors to enhance vendor confidence and reliance
Customer relationship	Providing exquisite after sales services and support services to enhance customer loyalty and trust

Analysis of Financial Ratios

	2022	2021	2020	2019	2018	2017
Profitability Ratios						
Gross profit ratio	17.60%	22.94%	23.18%	18.19%	24.08%	27.87%
Pre-tax profit ratio	13.46%	20.26%	16.15%	9.64%	19.28%	24.30%
Net profit to Sales	7.65%	14.37%	11.31%	6.99%	12.66%	16.55%
EBITDA margin to sales	13.51%	20.23%	16.50%	10.09%	19.49%	24.04%
Operating Leverage ratio	-0.23	1.54	-2.68	2.25	-6.31	1.10
Return on asset	17.56%	31.17%	26.04%	17.86%	36.14%	53.10%
Return on Equity / Capital employed	68.84%	74.44%	58.99%	108.18%	179.09%	146.91%
Liquidity Ratios						
Current Ratio	1.20	1.51	1.39	0.97	1.12	1.41
Quick Ratio	0.62	0.99	0.69	0.34	0.46	0.78
Cash to current liabilities	0.08	0.37	0.08	0.04	0.06	0.37
Activity / Turnover Ratios						
Inventory turnover ratio	5.71	6.50	3.83	3.64	5.05	7.37
Receivables turnover ratio	339	9,455	2,480	423	565	129
Creditors turnover ratio	16.31	18	28	26	22	22
Fixed assets turnover ratio	21.18	18.56	11.19	13.10	23.37	26.40
Total assets turnover ratio	2.30	2.17	2.30	2.56	2.86	3.21
Operating Cycle						
No. of days in inventory	64	56	95	100	72	50
No. of days in receivables	1	0	0	1	1	3
No. of days in payables	22	21	13	14	17	17
Operating Cycle	43	36	83	87	56	36
Capital Structure Ratios						
Financial leverage ratio	0.38	0.39	0.75	0.88	0.44	0.00
Weighted average cost of debt	3.84%	0.00%	0.00%	10.87%	3.10%	0.00
Debt to equity ratio (As per book value)	1.18	0.00	0.08	4.02	2.90	0.00
Debt to equity ratio (As per market value)	0.17	0.00	0.00	0.00	0.12	0.00
Interest cover ratio	0.54	477.32	14.22	4.38	30.74	0.00
Investment / Market ratios						
Pre-Tax Earning per share (Basic and diluted)-Rs	65.49	71.94	33.26	23.26	64.43	79.10
Post -Tax Earning per share (Basic and diluted)-Rs	37.20	51.03	23.28	16.87	42.31	53.88
Price earnings ratio	8.55	6.60	15.95	21.79	12.90	11.41
Dividend yield ratio	0.00%	15.14%	5.76%	4.08%	7.14%	14.24%
Dividend ratio	-	6.60	17.37	24.50	14.00	7.02
Dividend payout ratio	0.00%	100.00%	91.86%	88.93%	92.17%	162.40%
Dividend cover	-	1.00	1.09	1.12	1.08	0.62
Dividend per share						
- Cash	-	51.03	21.39	15.00	39.00	87.50
- Bonus	-	-	-	-	-	-
Dividend payout - Rs ' 000	-	2,957,862	1,239,854	869,463	2,260,604	5,071,868
Cash dividend - %	0%	1021%	428%	300%	780%	1750%
Market value per share - Rs						
- Closing	318.0	337.0	371.5	367.5	546.00	614.55
- High	470.0	408.0	418.8	564.0	775.31	784.04
- Low	315.0	320.1	210.2	232.0	490.04	525.00
Market capitalisation - Rs Million	18,433	19,534	21,531	21,302	31,648	35,622
Breakup value per share - Rs	54.03	68.55	39.47	15.59	23.62	36.67
Market price to break up value	5.89	4.92	9.41	23.57	23.11	16.76
Earning Yield (%)	11.70%	15.14%	6.27%	4.59%	7.75%	8.77%

Graphical Analysis





Six Years Horizontal Analysis

	2022	2021	2020	2019	2018	2017
	(Rupees in '000)					
BALANCE SHEET						
Fixed assets	1,331,267	1,108,805	1,066,974	1,068,382	828,804	714,732
Long-term investments	-	-	-	-	-	-
Long-term loans and deposits	20,473	11,334	4,941	4,757	4,696	4,660
Employee benefit prepayments	-	8,481	36,197	-	-	-
Deferred tax asset	101,819	85,553	111,756	87,090	-	-
Inventories	5,263,574	2,875,085	2,004,517	2,786,893	3,507,588	2,321,164
Trade receivables	161,820	4,651	-	9,624	56,606	12,023
Loan and advances	91,105	147,874	86,561	93,216	132,337	201,688
Trade deposits and short-term prepayments	372,903	114,772	24,925	7,398	43,305	11,871
Interest accrued	1,550	1,396	197	-	1	947
Other receivables	4,833	8,283	8,225	108,134	12,964	11,972
Taxation - payments less provision	-	142,313	157,786	347,462	108,040	40,075
Refunds due from the Government	4,203,395	2,983,446	1,450,847	773,334	1,797,206	1,221,688
Other financial assets	-	-	-	-	-	-
Cash and bank balances	727,990	1,998,122	230,518	189,093	293,910	1,340,511
Total assets	12,280,729	9,490,115	5,183,444	5,475,383	6,785,457	5,881,331
Current liabilities	8,990,546	5,467,934	2,849,239	4,442,078	5,299,961	3,670,255
Non-current liabilities	158,098	48,914	46,083	129,588	116,099	85,260
Total liabilities	9,148,644	5,516,848	2,895,322	4,571,666	5,416,060	3,755,515
Capital employed	3,132,085	3,973,267	2,288,122	903,717	1,369,397	2,125,816
Share capital	289,821	289,821	289,821	289,821	289,821	289,821
Reserves	2,842,264	3,683,446	1,998,301	613,896	1,079,576	1,835,995
Capital employed	3,132,085	3,973,267	2,288,122	903,717	1,369,397	2,125,816
PROFIT AND LOSS ACCOUNT						
Revenue	28,201,812	20,578,906	11,935,172	13,992,388	19,372,522	18,871,448
Cost of sales	23,239,535	15,857,678	9,164,670	11,447,672	14,707,038	13,611,710
Gross profit	4,962,277	4,721,228	2,770,502	2,544,716	4,665,484	5,259,738
Distribution expenses	322,944	120,631	221,904	263,946	276,950	240,830
Administrative expenses	536,715	353,849	322,675	296,763	305,425	237,798
	4,102,618	4,246,748	2,225,923	1,984,007	4,083,109	4,781,110
Other income	184,613	146,057	58,798	61,423	61,902	144,076
Other operating expenses	345,416	214,321	211,025	298,443	284,608	339,244
	3,941,815	4,178,484	2,073,696	1,746,987	3,860,403	4,585,942
Finance cost	145,866	8,754	145,789	398,463	125,568	929
Profit before taxation	3,795,949	4,169,730	1,927,907	1,348,524	3,734,835	4,585,013
Income tax expense	1,639,905	1,211,868	578,250	370,872	1,282,321	1,461,893
Profit for the year	2,156,044	2,957,862	1,349,657	977,652	2,452,514	3,123,120

Six Years Horizontal Analysis

	2022	2021	2020	2019	2018	2017
	Increase / (decrease) from preceeding year in Rs 000					
BALANCE SHEET						
Fixed assets	222,462	41,831	(1,408)	239,578	114,072	64,835
Long-term investments	-	-	-	-	-	-
Long-term loans and deposits	9,139	6,393	184	61	36	(1,158)
Employee benefit prepayments	(8,481)	(27,716)	36,197	-	-	-
Deferred tax asset	16,266	(26,203)	24,666	87,090	-	-
Inventories	2,388,489	870,568	(782,376)	(720,695)	1,186,424	893,547
Trade receivables	157,169	4,651	(9,624)	(46,982)	44,583	(267,736)
Loan and advances	(56,769)	61,313	(6,655)	(39,121)	(69,351)	107,646
Trade deposits and short-term prepayments	258,131	89,847	17,527	(35,907)	31,434	5,752
Interest accrued	154	1,199	197	(1)	(946)	(3,360)
Other receivables	(3,450)	58	(99,909)	95,170	992	(28,877)
Taxation - payments less provision	(142,313)	(15,473)	(189,676)	239,422	67,965	40,075
Refunds due from the Government	1,219,949	1,532,599	677,513	(1,023,872)	575,518	402,550
Other financial assets	-	-	-	-	-	-
Cash and bank balances	(1,270,132)	1,767,604	41,425	(104,817)	(1,046,601)	23,741
Total assets	2,790,614	4,306,671	(291,939)	(1,310,074)	904,126	1,237,015
Current liabilities	3,522,612	2,618,695	(1,592,839)	(857,883)	1,629,706	2,467,928
Non-current liabilities	109,184	2,831	(83,505)	13,489	30,839	2,740
Total liabilities	3,631,796	2,621,526	(1,676,344)	(844,394)	1,660,545	2,470,668
Capital employed	(841,182)	1,685,145	1,384,405	(465,680)	(756,419)	(1,233,653)
Share capital	-	-	-	-	-	-
Reserves	(841,182)	1,685,145	1,384,405	(465,680)	(756,419)	(1,233,653)
Capital employed	(841,182)	1,685,145	1,384,405	(465,680)	(756,419)	(1,233,653)
PROFIT AND LOSS ACCOUNT						
Revenue	7,622,906	8,643,734	(2,057,216)	(5,380,134)	501,074	6,772,620
Cost of sales	7,381,857	6,693,008	(2,283,002)	(3,259,366)	1,095,328	4,861,623
Gross profit	241,049	1,950,726	225,786	(2,120,768)	(594,254)	1,910,997
Distribution expenses	202,313	(101,273)	(42,042)	(13,004)	36,120	78,742
Administrative expenses	182,866	31,174	25,912	(8,662)	67,627	(12,538)
	(144,130)	2,020,825	241,916	(2,099,102)	(698,001)	1,844,793
Other income	38,556	87,259	(2,625)	(479)	(82,174)	(9,853)
Other operating expenses	131,095	3,296	(87,418)	13,835	(54,636)	127,541
	(236,669)	2,104,788	326,709	(2,113,416)	(725,539)	1,707,399
Finance cost	137,112	(137,035)	(252,674)	272,895	124,639	(89)
Profit before taxation	(373,781)	2,241,823	579,383	(2,386,311)	(850,178)	1,707,488
Income tax expense	428,037	633,618	207,378	(911,449)	(179,572)	511,252
Profit for the year	(801,818)	1,608,205	372,005	(1,474,862)	(670,606)	1,196,236

Six Years Vertical Analysis

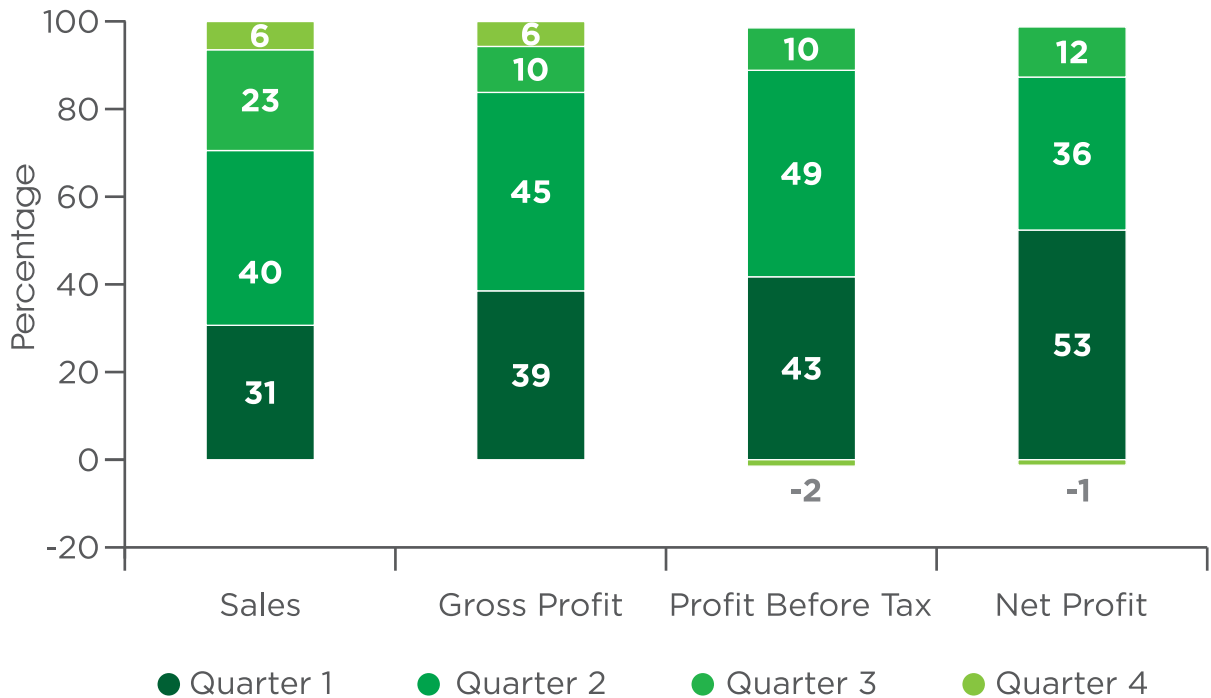
	2022	2022	2021	2021	2020	2020
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
BALANCE SHEET						
Fixed assets	1,331,267	42.50%	1,108,805	27.91%	1,066,974	46.63%
Long-term investments	-	0.00%	-	0.00%	-	0.00%
Long-term loans and deposits	20,473	0.65%	11,334	0.29%	4,941	0.22%
Employee benefit prepayments	-	0.00%	8,481	0.21%	36,197	1.58%
Deferred tax asset	101,819	3.25%	85,553	2.15%	111,756	4.88%
Inventories	5,263,574	168.05%	2,875,085	72.36%	2,004,517	87.61%
Trade receivables	161,820	5.17%	4,651	0.12%	-	0.00%
Loan and advances	91,105	2.91%	147,874	3.72%	86,561	3.78%
Trade deposits and short-term prepayments	372,903	11.91%	114,772	2.89%	24,925	1.09%
Interest accrued	1,550	0.05%	1,396	0.04%	197	0.01%
Other receivables	4,833	0.15%	8,283	0.21%	8,225	0.36%
Taxation - payments less provision	-	0.00%	142,313	3.58%	157,786	6.90%
Refunds due from the Government	4,203,395	134.20%	2,983,446	75.09%	1,450,847	63.41%
Other financial assets	-	0.00%	-	0.00%	-	0.00%
Cash and bank balances	727,990	23.24%	1,998,122	50.29%	230,518	10.07%
Total assets	12,280,729	392.09%	9,490,115	238.85%	5,183,444	226.54%
Current liabilities	8,990,546	287.05%	5,467,934	137.62%	2,849,239	124.52%
Non-current liabilities	158,098	5.05%	48,914	1.23%	46,083	2.01%
Total liabilities	9,148,644	292.09%	5,516,848	138.85%	2,895,322	126.54%
Capital employed	3,132,085	100.00%	3,973,267	100.00%	2,288,122	100.00%
Share capital	289,821	9.25%	289,821	7.29%	289,821	12.67%
Reserves	2,842,264	90.75%	3,683,446	92.71%	1,998,301	87.33%
Capital employed	3,132,085	100.00%	3,973,267	100.00%	2,288,122	100.00%
PROFIT AND LOSS ACCOUNT						
Revenue	28,201,812	100.00%	20,578,906	100.00%	11,935,172	100.00%
Cost of sales	23,239,535	82.40%	15,857,678	77.06%	9,164,670	76.79%
Gross profit	4,962,277	17.60%	4,721,228	22.94%	2,770,502	23.21%
Distribution expenses	322,944	1.15%	120,631	0.59%	221,904	1.86%
Administrative expenses	536,715	1.90%	353,849	1.72%	322,675	2.70%
	4,102,618	14.55%	4,246,748	20.64%	2,225,923	18.65%
Other income	184,613	0.65%	146,057	0.71%	58,798	0.49%
Other operating expenses	345,416	1.22%	214,321	1.04%	211,025	1.77%
	3,941,815	13.98%	4,178,484	20.30%	2,073,696	17.37%
Finance cost	145,866	0.52%	8,754	0.04%	145,789	1.22%
Profit before taxation	3,795,949	13.46%	4,169,730	20.26%	1,927,907	16.15%
Income tax expense	1,639,905	5.81%	1,211,868	5.89%	578,250	4.84%
Profit for the year	2,156,044	7.65%	2,957,862	14.37%	1,349,657	11.31%

Six Years Vertical Analysis

	2019	2019	2018	2018	2017	2017
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
BALANCE SHEET						
Fixed assets	1,068,382	118.22%	828,804	60.52%	714,732	33.62%
Long-term investments	-	-	-	-	-	-
Long-term loans and deposits	4,757	0.53%	4,696	0.34%	4,660	0.03%
Employee benefit prepayments						
Deferred tax asset	87,090	9.64%				
Inventories	2,786,893	308.38%	3,507,588	256.14%	2,321,164	109.19%
Trade receivables	9,624	1.06%	56,606	4.13%	12,023	0.57%
Loan and advances	93,216	10.31%	132,337	9.66%	201,688	9.49%
Trade deposits and short-term prepayments	7,398	0.82%	43,305	3.16%	11,871	0.56%
Interest accrued	-	0.00%	1	0.00%	947	0.04%
Other receivables	108,134	11.97%	12,964	0.95%	11,972	0.56%
Taxation - payments less provision	347,462	38.45%	108,040	7.89%	40,075	1.89%
Refunds due from the Government	773,334	85.57%	1,797,206	131.24%	1,221,688	57.47%
Other financial assets	-	0.00%	-	0.00%	-	0.00%
Cash and bank balances	189,093	20.92%	293,910	21.46%	1,340,511	63.06%
Total assets	5,475,383	605.87%	6,785,457	495.51%	5,881,331	276.66%
Current liabilities	4,442,078	491.53%	5,299,961	387.03%	3,670,255	172.65%
Non-current liabilities	129,588	14.34%	116,099	8.48%	85,260	4.01%
Total liabilities	4,571,666	505.87%	5,416,060	395.51%	3,755,515	176.66%
	-	-	-	-	-	-
Capital employed	903,717	100.00%	1,369,397	100.00%	2,125,816	100.00%
Share capital	289,821	32.07%	289,821	21.16%	289,821	13.63%
Reserves	613,896	67.93%	1,079,576	78.84%	1,835,995	86.37%
Capital employed	903,717	100.00%	1,369,397	100.00%	2,125,816	100.00%
PROFIT AND LOSS ACCOUNT						
Revenue	13,992,388	100.00%	19,372,522	100.00%	18,871,448	100.00%
Cost of sales	11,447,672	81.81%	14,707,038	75.92%	13,611,710	72.13%
Gross profit	2,544,716	18.19%	4,665,484	24.08%	5,259,738	27.87%
Distribution expenses	263,946	1.89%	276,950	1.43%	240,830	1.28%
Administrative expenses	296,763	2.12%	305,425	1.58%	237,798	1.26%
	1,984,007	14.18%	4,083,109	21.08%	4,781,110	25.34%
Other income	61,423	0.44%	61,902	0.32%	144,076	0.76%
Other operating expenses	298,443	2.13%	284,608	1.47%	339,244	1.80%
	1,746,987	12.49%	3,860,403	19.93%	4,585,942	24.30%
Finance cost	398,463	2.85%	125,568	0.65%	929	0.00%
Profit before taxation	1,348,524	9.64%	3,734,835	19.28%	4,585,013	24.30%
Income tax expense	370,872	2.65%	1,282,321	6.62%	1,461,893	7.75%
Profit for the year	977,652	6.99%	2,452,514	12.66%	3,123,120	16.55%

Quarterly Analysis

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Annual
	(Rupees in '000)				
	Mar-22	Jun-22	Sep-22	Dec-22	
Revenue	8,653,053	11,246,416	6,484,210	1,818,133	28,201,812
Cost of sales	(6,740,410)	(8,999,186)	(5,963,664)	(1,536,275)	(23,239,535)
Gross profit	1,912,643	2,247,230	520,546	281,858	4,962,277
Gross profit %	22.1%	20.0%	8.0%	15.5%	17.6%
Distribution expenses	(86,011)	(151,225)	(67,277)	(18,431)	(322,944)
Administrative expenses	(109,536)	(116,499)	(118,483)	(192,197)	(536,715)
	(195,547)	(267,724)	(185,760)	(210,628)	(859,659)
Other income	42,316	18,117	87,918	36,262	184,613
Other operating expenses	(125,993)	(137,532)	(40,242)	(41,649)	(345,416)
Operating Profit	1,633,419	1,860,091	382,462	65,843	3,941,815
Finance cost	(904)	(17,468)	(4,616)	(122,878)	(145,866)
Profit before taxation	1,632,515	1,842,623	377,846	(57,035)	3,795,949
Income tax expense	(473,629)	(1,070,851)	(125,009)	29,584	(1,639,905)
Profit for the year	1,158,886	771,772	252,837	(27,451)	2,156,044
	13.4%	6.9%	3.9%	-1.5%	7.6%



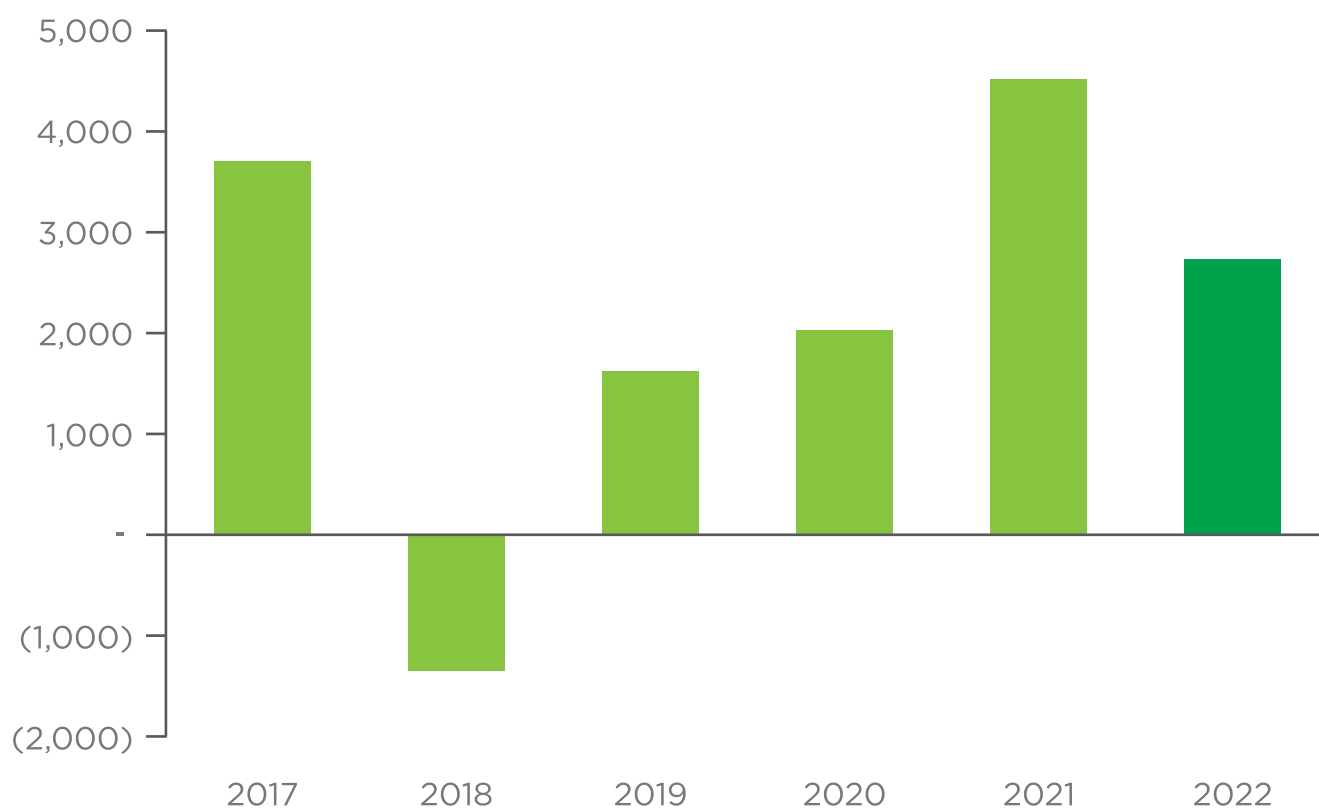
Direct Cash Flow Statement

For the Year Ended December 31, 2022

	2022	2021
	(Rupees in '000)	
Cash flows from operating activities		
Cash receipts from customers	24,667,268	23,939,781
Cash paid to suppliers / service providers and employees	(25,759,729)	(16,202,628)
Workers Funds	(283,664)	(270,325)
Income tax paid	(1,495,592)	(1,170,192)
Sales tax refund / (Payment)	(1,219,949)	(1,532,599)
Finance costs paid	(18,835)	(22,661)
Retirement benefits	(25,605)	(21,370)
Loans, deposits & other operating income - net	75,237	(88,364)
(Decrease) / increase in long-term loans	(209,762)	(1,146)
Net Cash (used) / generated from operating activities	(4,270,631)	4,630,496
Cash flows from investing activities		
Fixed Capitale Expenditure	(272,627)	(126,743)
Proceeds from disoposal of fixed assets	2,814	2,815
Return on bank deposits	106,996	89,861
Net Cash (used) / generated from investing activities	(162,817)	(34,067)
Cash flows from financing activities		
Dividend paid	(537,687)	(1,240,189)
Musharkah facility obtained	2,784,973	-
Short term boworrying obtained	115,000	-
Lease rentals paid	(8,369)	-
Net (decrease) / increase in cash and cash equivalents	(2,079,531)	3,356,240
Cash and cash equivalents at beginning of the year	1,998,122	(1,358,118)
Cash and cash equivalents at end of the year	(81,409)	1,998,122

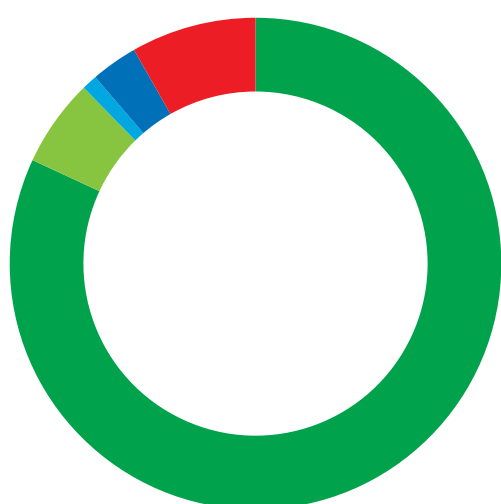
Free Cash Flows

	2022	2021	2020	2019	2018	2017
	(Rupees in '000)					
Profit before taxation	3,795,949	4,169,730	1,927,907	1,348,524	3,734,835	4,585,013
Adjustment of non cash items	175,530	14,896	204,542	475,355	175,568	(47,148)
working capital changes	(971,384)	445,869	(8,803)	112,919	(5,066,085)	(710,489)
Net cash generated from operating activities	3,000,096	4,630,495	2,123,646	1,936,798	(1,155,682)	3,827,376
Capital expenditure	(272,627)	(126,743)	(94,945)	(320,631)	(184,195)	(129,451)
Free Cash flows	2,727,469	4,503,752	2,028,701	1,616,167	(1,339,877)	3,697,925



Statement of Value Addition

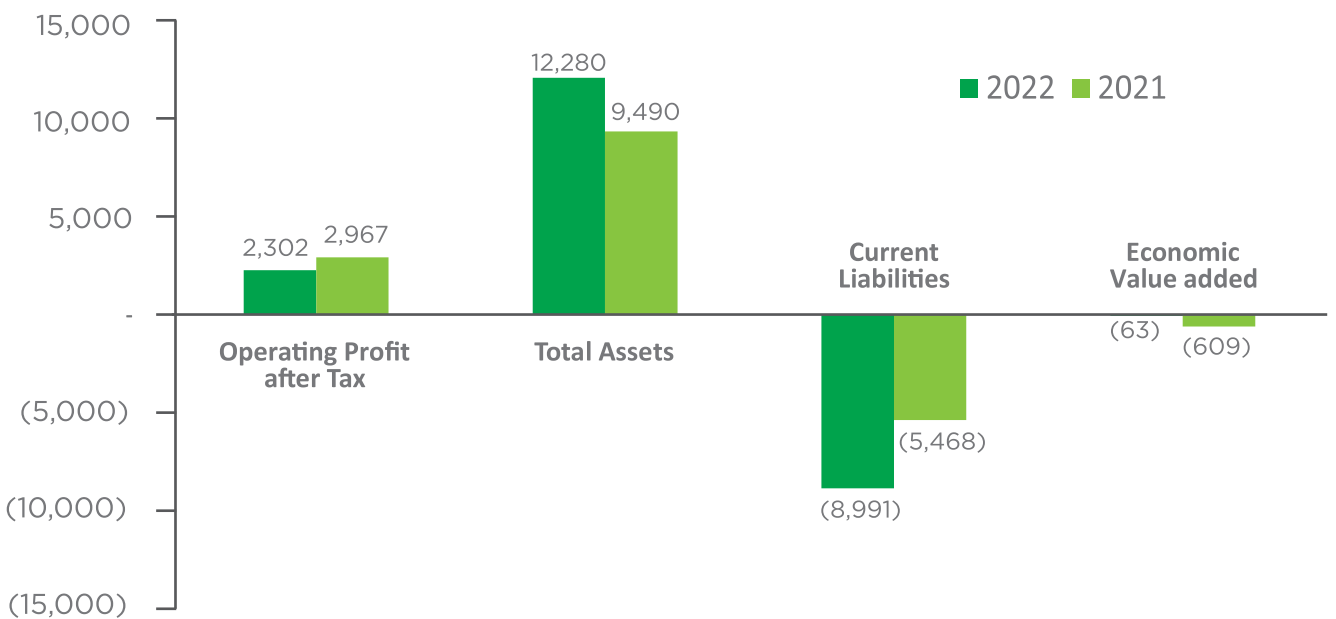
	2022		2021	
	Rs in '000	%	Rs in '000	%
Wealth Generated				
Sales	28,201,812	99.3%	20,578,906	99.3%
Other income	184,613	0.7%	146,057	0.7%
	28,386,425	100%	20,724,963	100%
Distribution of Wealth				
Cost of sales & overheads (excluding remuneration)	23,251,897	82%	15,594,492	75%
To employees as remuneration	872,211	3%	661,574	3%
To government as tax	1,639,905	6%	1,211,868	6%
WPPF and WWF	286,468	1%	312,308	2%
To shareholders as dividend	-	0%	2,957,862	14%
Cash Retained within the business	2,335,944	8%	(13,141)	0%
	28,386,425	100%	20,724,963	100%



■ Cost of sales and overheads	82%
■ To government as tax	6%
■ WPPF and WWF	1%
■ To employees as remuneration	3%
■ Retained within the business	8%
■ To shareholders as dividend	0%

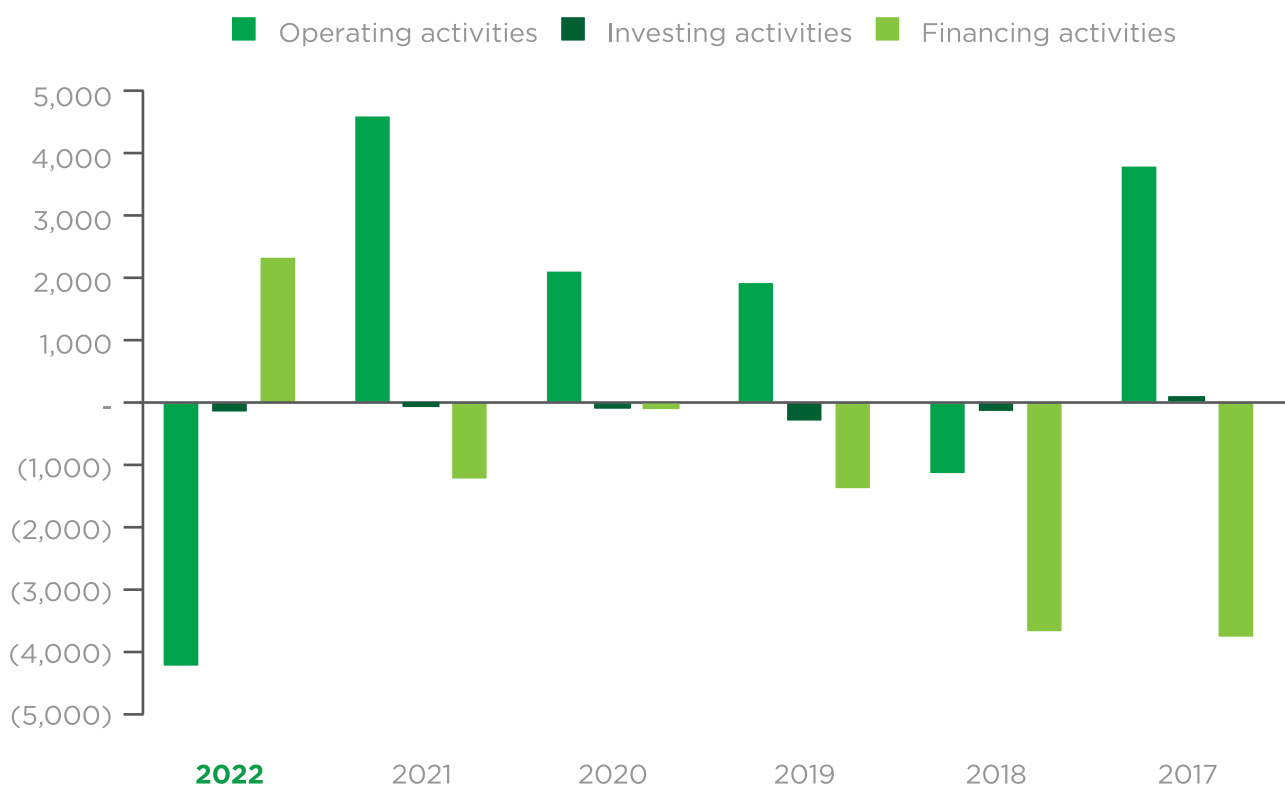
Economic Value Added

	2022	2021
	(Rupees in '000)	
Net Operating Profit after Tax	2,301,910	2,966,616
Cost of Capital	(63,464)	(609,046)
Economic Value Added	2,238,446	2,357,570
Total Assets	12,280,729	9,490,115
Current Liabilities	(8,990,546)	(5,467,934)
Invested Capital	3,290,183	4,022,181
WACC	1.93%	15.14%
Cost of Capital	63,464	609,046



Summary of Statement of Cash Flows-Last Six Years

	2022	2021	2020	2019	2018	2017
	(Rupees in '000)					
Net cash (used in) / generated from operating activities	(4,270,631)	4,630,496	2,125,302	1,936,798	(1,155,682)	3,827,376
Net cash used in investing activities	(162,817)	(34,067)	(38,909)	(303,716)	(151,004)	10,187
Net cash generated from / (used in) financing activities	2,353,917	(1,240,189)	(4,708)	(1,393,589)	(3,713,121)	(3,803,822)
Net (decrease) / increase in cash and cash equivalents	(2,079,531)	3,356,240	2,081,685	239,493	(5,019,807)	33,741
Cash and cash equivalents as at the beginning of the year	1,998,122	(1,358,118)	(3,439,803)	(3,679,296)	1,340,511	1,306,770
Cash and cash equivalents as at the end of the year	(81,409)	1,998,122	(1,358,118)	(3,439,803)	(3,679,296)	1,340,511



Share Price Sensitivity Analysis

The company's share price is interlinked with the Company's financial performance and has a positive correlation with the factors influencing the Company's performance.

In the prevailing business scenario, management considers the following factors to which the share price of the Company may be sensitive.

AGRICULTURE

Pakistan's economy is predominantly agricultural in character. Almost 62% of the country's population abodes in rural areas and is linked with agriculture for their livelihood. This sector plays a pivotal role in the performance of the Company. Agricultural growth is contingent on crop acreage, weather conditions, availability of irrigation water & farm inputs, and support prices. Favorable agricultural factors mean a boost can be seen in the company's sales and thus ultimately increasing the company's profitability and share price.

GOVERNMENT DECISIONS AND POLICIES

Government decisions on crop prices, taxes, subsidized tractor schemes, etc. are important drivers of the Company's share prices. Decisions favorable to the overall agricultural industry also create positive vibes in the tractor industry which ultimately leads to an increase in share price, whilst decisions to the contrary have a negative impact on the share price.

PLANT OPERATIONS

The stability of plant operations is of paramount importance. Stable plant operations allow for higher production and add to the profitability of the Company which can positively affect the share price.

VARIATION IN MATERIAL COSTS

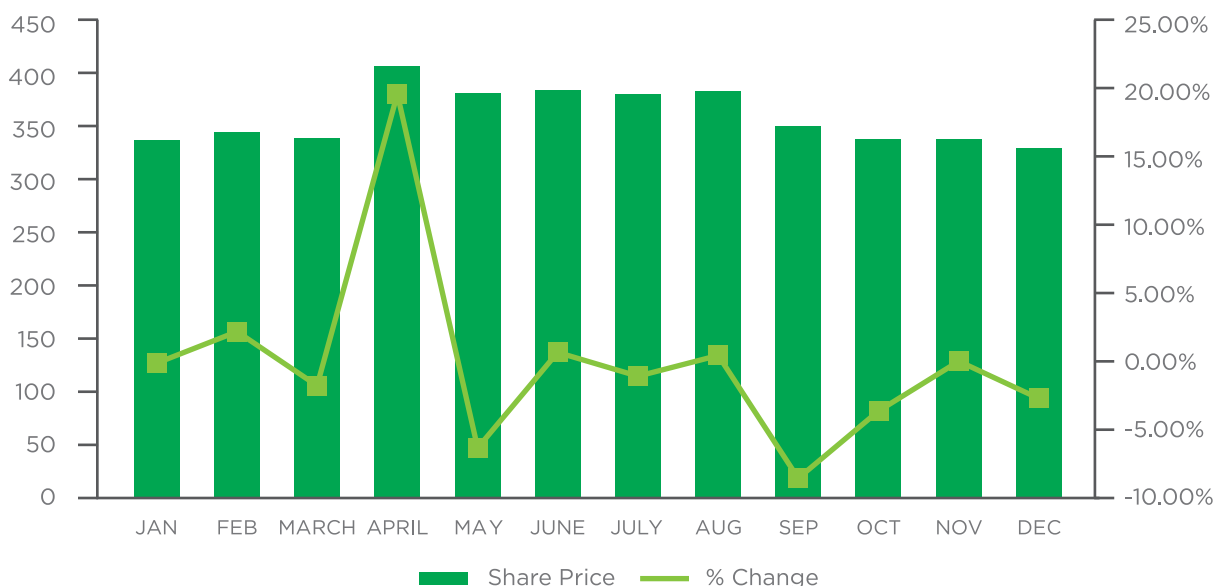
Being a manufacturing concern, material cost comprises a significant portion of variable costs. Any increase in material costs impacts the gross profit and results in reduced profits. This may adversely affect the share price.

LAW AND ORDER

Political uncertainty makes businesses skittish and jeopardizes economic and business activity. Production suffers because of supply chain issues arising out of law and order problems.

EXCHANGE FLUCTUATION

The Company is exposed to exchange rate fluctuations since most of the raw materials are imported in nature and procured indirectly by vendors or directly by the company. Continuous depreciation of the Pak Rupee can also adversely affect the financial performance of the Company.



Segmental Review of Business

MARKET SEGMENT/SHARE

The agriculture sector is regarded as the lifeline of Pakistan’s economy as it accounts for an important part of the country’s GDP and employs the bulk of the total workforce.

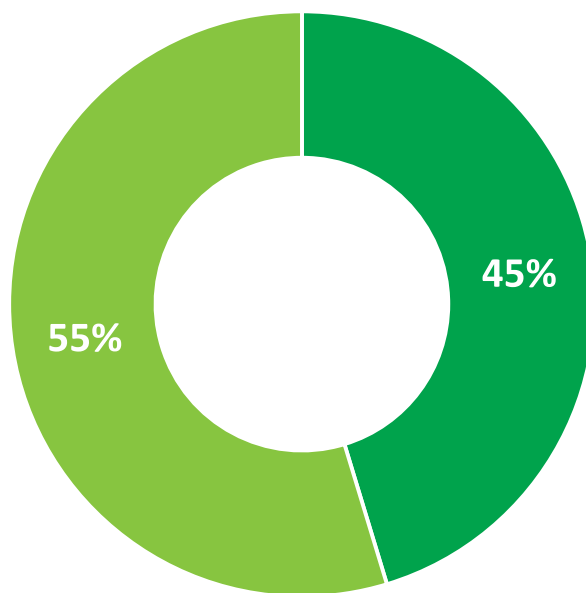
This sector has reported decline as against the previous year. Despite starting with growth in the initial phase, overall industry slumped down due to severe and devastating floods, extraordinary rupee devaluation & substantial material price increase. The tractor industry observed a decline of 22% in the calendar year 2022 as compared to the previous year.

According to published numbers, 43,981 tractors were sold during the current period as against 55,546 last year. AGTL is the second-largest player in the tractor industry in Pakistan. An increase of 37% over last year was observed mainly due to an increase in sales volume owing to the internal efforts of the management of increasing the market share to 45% compared to 32% of last year even with Total Industry Volume contraction of 22%. AGTL sold 19,929 tractors compared to 18,156 tractors in last year.

OPERATING SEGMENTS

The Company remained principally engaged in the manufacture and/or sale of agricultural tractors, implements, and spare parts.

The financial statements of the Company have been prepared on the basis of a single reportable segment.



■ AGTL Market Share ■ Competitors Market Share





A hand is shown from the bottom left, holding a yellow and black butterfly. The background is a soft, out-of-focus green field with bright, circular bokeh light spots. The text is positioned in the upper right quadrant.

SUSTAINABILITY AND **CORPORATE SOCIAL RESPONSIBILITY**

Sustainability and Corporate Social Responsibility

Under a multidimensional CSR policy

As a leading corporate entity in the country, Al-Ghazi Tractors Limited is committed to playing a responsible and effective role in socioeconomic progress, environment conservation and sustainable development. During the year under review, the Company directed its efforts towards answering challenges that may in the future impede the flow of industrial supply chains, the smooth running of livelihoods and availability and access to basic needs of life.

AGTL's success on its CSR front is a step towards shaping a mutually beneficial future for people as well as organizations.

AGTL has an intersectional interest in the areas of the automobile industry and the agriculture sector. It believes that it has a responsibility to play an active role in achieving sustainability in both the industries. Through different initiatives focused on all stakeholders, most importantly farmers, the Company remains the flagbearer sustainable practices in the areas of farming and agriculture.

Food Security

AGTL believes that it can take industrial scale measures towards resolving the issues pertaining to food security. Through farm mechanization, upgrading skill sets and social empowerment, the Company is paving the way for a culture of efficient food production and consumption. The Company's efforts are focused on systemizing the food cycle to secure the following three areas:

- Production
- Accessibility
- Utilization

AGTL has taken a number of initiatives to achieve its aims and is in the process of shaping a benevolent and self-sustaining environment.

Intersectionality

Al-Ghazi Tractors Limited is a firm proponent of equality and inclusion. The Company believes in refined and noble aims, which lead a business entity to benefit everyone regardless of their

class, creed, colour or religion. This value has been at the heart of AGTL's operations and the key to shaping its altruistic and benevolent corporate character.

Sustainable Farming

The scarcity of energy and receding natural resources have forced the world to move on from conventional fuels and explore possibilities that are efficient, abundant and sustainable. Renewable energies such as solar and hydel powers are replacing the expensive and scarce grid electricity, and opening a world of infinite possibilities for people and industries around the world.

Water, the basic requisite of agriculture, can be conserved by embracing the modern methods of irrigation. AGTL is in the process of researching on an extensive range of solutions to enable highly efficient, cost-effective irrigation methods that not only fulfil farming needs but also result in saving water.

In Pakistan, vast farm fields can be sufficiently irrigated by using the new methodologies and higher yields can be reaped by economizing on water as well as other energy resources. The Company is performing extensive research on drip irrigation, sprinkler system, cloud-automated system, and surface irrigation.

The promulgation of these techniques will benefit the farming community immensely and will serve as a game-changing avenue for Pakistan, a country which is highly dependent on agriculture.

Community & Dealer Engagement

AGTL's dealers and farmers remain an integral part of its operations and offer the Company valuable insight and feedback, enabling it to achieve higher standards in products and services. Throughout the year, the Company continued its role in community-building and facilitation. The Company, during the year 2022, arranged several cooperation sessions with stakeholders to facilitate knowledge sharing and problem-solving.

Flood Relief

During the year 2022, Pakistan experienced unprecedented rainfalls, exceeding four times the rates recorded during the past 30 years. This resulted in one of the most devastating floods in the country's history. The impact was far-reaching - the rain-triggered flash floods affected one-third of the country, destroying everything from homes, farmlands, schools, and infrastructure. It is estimated that the floods have impacted more than 33 million people in different parts of the country. AGTL's plant's home city Dera Ghazi Khan (DGK) is one of the most impacted areas.

In response to the humanitarian crisis unfolding in Pakistan and in line with the Govt. of Pakistan's 2022 Pakistan Floods appeal, AI-Ghazi Tractors jointly with its Group announced the provision of PKR 100 million in aid to help those affected by the devastating floods in Pakistan.

The aid was in the form of direct food support, medicine, and other necessities to the local farmer community, individuals and families affected by the massive floods, in addition to donations to the official flood relief funds in Pakistan. The Company will also be providing monetary support to its employees and extensive network of local farmers who have suffered any damage. In total, the Company jointly with its principal shareholder AI-Futtaim Group donated PKR 100 million, with PKR 61 million contributed by AI-Futtaim Group and remaining PKR 40 million from CNHi and other AI-Ghazi shareholders. Out of this total PKR 100 million CSR drive, an amount of PKR 22 million went directly to the Pakistani government. A representative from AI-Ghazi met with the Prime Minister of Pakistan,



Mr. Malik Ehtisham Ikram Board Member AGTL presenting Flood Relief Donation to Prime Minister Shahbaz Sharif

Mian Muhammad Shahbaz Sharif, to handover the cheque personally.

At the end of August, the Government of Pakistan, jointly with the United Nations, raised a formal donation appeal 2022 Pakistan Floods Response Plan (FRP) to both national and international organizations. The appeal focuses on the needs of 5.2 million people, with life-saving response activities covering food security, assistance for agriculture and livestock, shelter and non-food items, nutrition programmes, primary health services, protection, water and sanitation, women's health, and education support, as well as shelter for displaced people.

As the situation in Pakistan evolved, a high-level task force was established to examine how AI-Futtaim Group could support both its employees as well as the wider community. The team was tasked with quickly developing effective measures to help the affected communities.

Resolving the water shortage

With a full-fledged manufacturing plant established in a desert zone, AGTL believes that it must direct its capabilities towards resolving the issue of water scarcity in the region. The Company supplies clean, drinking water to its neighbouring communities through its main pipeline, and also extends new water connections to people on filling a simple application.

Manufacturing that creates opportunities

AGTL ensures that the social, environmental and ethical aspects of its operation are aligned with the general framework of its business. It maintains an interactive and mutually beneficial relationship with farmers. The Company emphasizes education and training of the farmers and their children in order to shape their future and create opportunities to succeed in life. Farmers are provided with agri-education and training that comprise new farming techniques, farm management and low-cost marketing of crop yields.

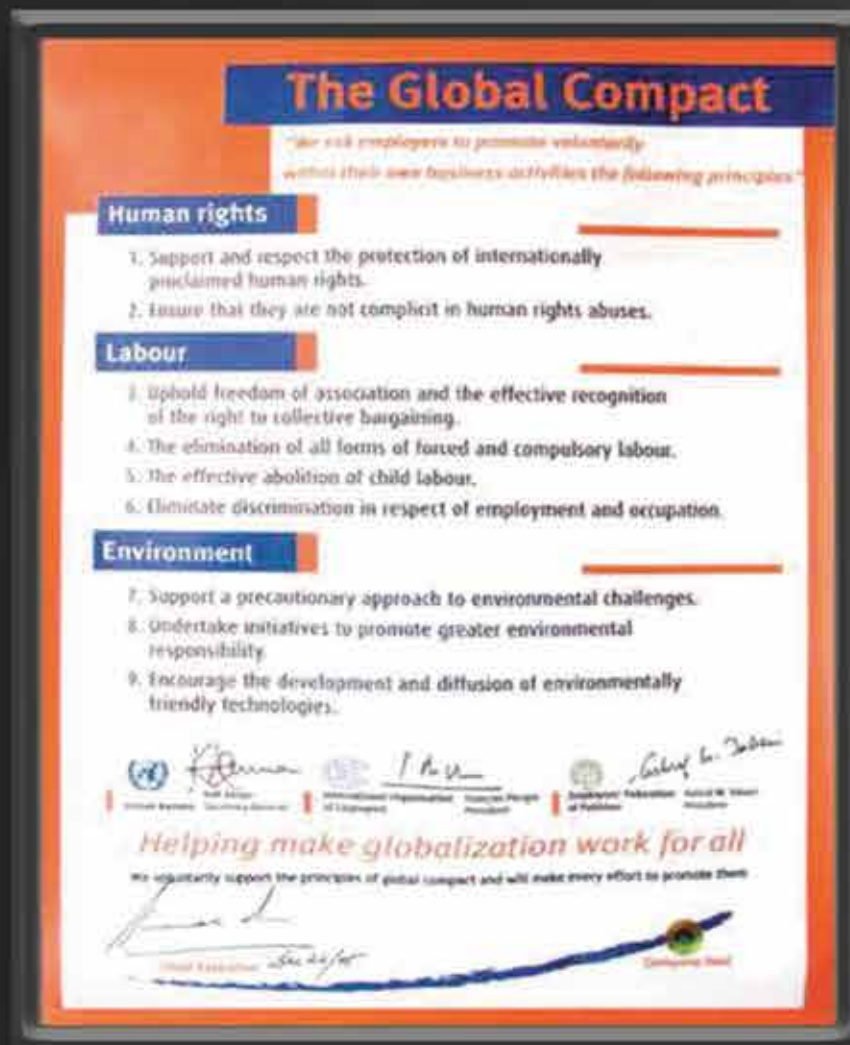
The Company has a special focus on seeking and grooming talented individuals and giving them opportunities to realize their potential. Differently abled persons, also a part of the productive AGTL workforce, are playing a positive role in the social welfare of the community.

Certifications for Best Practices



Every year the Company is audited for upkeep of its activities.
Documentation is a pre-requisite for this certification.
ISO certification is now valid upto 2025.





AGTL was the founding member of the UN "Global Compact" initiative when it was launched in December 2005. The Company adheres to all the principles of the Global Compact with reference to Human Rights, Labour, Environment and Ethical practices.





FINANCIAL STATEMENTS 2022



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AL-GHAZI TRACTORS LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Al-Ghazi Tractors Limited (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*A. F. Ferguson & co ., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>*

■ Karachi ■ Lahore ■ Islamabad



Following are the Key Audit Matters:

S. No. Key Audit Matter

How the matter was addressed in our audit

(i) Revenue from contracts with customers

(Refer note 21 to the annexed financial statements)

The Company recognizes revenue from the sale of agricultural tractors, implements and spare parts when the performance obligation is satisfied by transferring control of a promised good to the customer. During the year, net sales to customers have increased significantly by 37% substantially due to increase in agricultural tractor's prices and market growth.

We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and for the year revenue has increased significantly as compared to the last year. In addition, revenue was also considered as an area of significant risk as part of the audit process.

We performed, amongst others, the following audit procedures:

- evaluated management controls over revenue and checked their validation;
- performed verification of sales with underlying documentation including gate pass and invoice;
- performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period;
- verified that sales prices are approved by appropriate authority;
- recalculated the commission as per Company's policy and verified related distribution expenses; and
- Assessed the adequacy of the disclosures made by the Company in accordance with applicable accounting and reporting standards.



S. No. Key Audit Matter

How the matter was addressed in our audit

(ii) Inventories

(Refer note 4 to the annexed financial statements)

The Company has significant level of inventories comprising of raw material, work-in-process and finished goods. The Company makes provision against inventory items that are either obsolete, rejected or slow moving. Significant judgements, assumptions and estimates are involved to determine the inventory at lower of cost and net realizable values.

Given the level of significant management judgements and estimates involved we considered inventory valuation a key audit matter.

We performed, amongst others, the following audit procedures:

- obtained understanding of valuation methodology, the basis and process for making the inventory provision;
- obtained understanding of design, implementation and operating effectiveness of the key controls management has established for inventory provision computations;
- recalculated a sample of items included within the inventory provision to ensure accuracy of calculation and that inventories are stated at the lower of cost or net realizable value at the reporting date by reviewing relevant documents and sales prices of inventories subsequent to the reporting date; and
- assessed the adequacy of the disclosures made by the Company in accordance with applicable accounting and reporting standards.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: April 05, 2023

UDIN: AR202210073dtlj9uQZP

Statement of Financial Position

As at December 31, 2022

	Note	2022	2021
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	3	1,331,267	1,108,805
Deferred tax asset	14	101,819	85,553
Long-term loans		2,666	1,927
Long-term deposits and prepayments		17,807	9,407
Employee benefit prepayments	32	-	8,481
		1,453,559	1,214,173
CURRENT ASSETS			
Inventories	4	5,263,574	2,875,085
Trade receivables	5	161,820	4,651
Loans and advances	6	91,105	147,874
Trade deposits and short-term prepayments	7	372,903	114,772
Interest accrued	8	1,550	1,396
Other receivables	9	4,833	8,283
Taxation - payments less provision		-	142,313
Refunds due from the Government	10	4,203,395	2,983,446
Other financial assets	11	-	-
Cash and bank balances	12	727,990	1,998,122
		10,827,170	8,275,942
TOTAL ASSETS		12,280,729	9,490,115
SHARE CAPITAL AND RESERVES			
Share capital	13	289,821	289,821
Unappropriated profit		2,842,264	3,683,446
		3,132,085	3,973,267
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		73,605	48,914
Lease liability	15	57,723	-
Employee benefit obligations	32	26,770	-
		158,098	48,914
CURRENT LIABILITIES			
Trade and other payables	16	2,651,918	1,907,361
Customers' and dealers' advances	17	111,157	3,488,532
Taxation - provision less payments		18,435	-
Unclaimed dividend		75,351	72,041
Unpaid dividend	18	2,416,858	-
Current portion of Lease Liability	15	7,455	-
Short term financing	19	3,709,372	-
		8,990,546	5,467,934
TOTAL LIABILITIES		9,148,644	5,516,848
COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		12,280,729	9,490,115

The annexed notes 1 to 40 form an integral part of these financial statements.


Acting CEO and CFO


Director

Statement of Profit or Loss

For the Year Ended December 31, 2022

	Note	2022	2021
		(Rupees in '000)	
Revenue from contracts with customers	21	28,201,812	20,578,906
Cost of sales	22	(23,239,535)	(15,857,678)
Gross profit		4,962,277	4,721,228
Distribution expenses	23	(322,944)	(120,631)
Administrative expenses	24	(536,715)	(353,849)
		4,102,618	4,246,748
Other income	25	184,613	146,057
Other expenses	26	(345,416)	(214,321)
		3,941,815	4,178,484
Finance costs	27	(145,866)	(8,754)
Profit before taxation		3,795,949	4,169,730
Income tax expense	28	(1,639,905)	(1,211,868)
Profit for the year		2,156,044	2,957,862
Earnings per share (Rupees) - Basic and diluted	29	37.20	51.03

The annexed notes 1 to 40 form an integral part of these financial statements.


Acting CEO and CFO


Director

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2022

Note	2022	2021
	(Rupees in '000)	
Profit for the year	2,156,044	2,957,862
Other comprehensive loss:		
Items that will not be subsequently reclassified in profit or loss		
Remeasurements of post employment benefit obligations	(39,371)	(32,863)
Total comprehensive income for the year	2,116,673	2,924,999

The annexed notes 1 to 40 form an integral part of these financial statements.


Acting CEO and CFO


Director

Statement of Cash Flows

For the Year Ended December 31, 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	30	(2,746,152)	5,848,281
Income tax paid		(1,495,592)	(1,170,192)
Finance cost paid		(18,835)	(22,661)
Increase in long-term deposits		(8,399)	(5,247)
Employee benefit obligations paid		(25,605)	(21,370)
Increase in deferred staff benefits - compensated absences		24,691	2,831
Increase in long-term loans		(739)	(1,146)
Net cash (outflow) / inflow from operating activities		(4,270,631)	4,630,496
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets		(272,627)	(126,743)
Proceeds from disposal of fixed assets		2,814	2,815
Return on bank deposits received		106,996	89,861
Net cash outflow from investing activities		(162,817)	(34,067)
CASH FLOW FROM FINANCING ACTIVITY			
Dividend paid		(537,687)	(1,240,189)
Musharkah facility obtained		2,784,973	-
Short term borrowing obtained		115,000	-
Lease rentals paid		(8,369)	-
Net (decrease) / increase in cash and cash equivalents		(2,079,531)	3,356,240
Cash and cash equivalents at beginning of the year		1,998,122	(1,358,118)
Cash and cash equivalents at end of the year	31	(81,409)	1,998,122

The annexed notes 1 to 40 form an integral part of these financial statements.


Acting CEO and CFO


Director

Statement of Changes in Equity

For the Year Ended December 31, 2022

	Issued, subscribed and paid-up capital	Revenue Reserves		Total
		General reserve	Unappropriated profit	
(Rupees in '000)				
Balance as at January 1, 2021	289,821	1,049,000	949,301	2,288,122
Transfer from General reserve to Unappropriated profit	-	(1,049,000)	1,049,000	-
Transactions with the owners recorded directly in equity				
Final dividend @ Rs. 21.39 per share for the year ended December 31, 2020	-	-	(1,239,854)	(1,239,854)
Total comprehensive income for the year ended December 31, 2021				
Profit for the year ended December 31, 2021	-	-	2,957,862	2,957,862
Other comprehensive loss for the year ended December 31, 2021	-	-	(32,863)	(32,863)
	-	-	2,924,999	2,924,999
Balance as at January 1, 2022	289,821	-	3,683,446	3,973,267
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)
Total comprehensive income for the year ended December 31, 2022				
Profit for the year ended December 31, 2022	-	-	2,156,044	2,156,044
Other comprehensive loss for the year ended December 31, 2022	-	-	(39,371)	(39,371)
	-	-	2,116,673	2,116,673
Balance as at December 31, 2022	289,821	-	2,842,264	3,132,085

The annexed notes 1 to 40 form an integral part of these financial statements.


Acting CEO and CFO


Director

Notes to and Forming Part of The Financial Statements

For the Year Ended December 31, 2022

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, D.H.A, Karachi'. The Company is principally engaged in the manufacture and sale of agricultural tractors, generators, implements and spare parts and providing irrigation solutions for agriculture.

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

1.3 During the previous year, the Competition Commission of Pakistan (CCP) has initiated proceedings against the Company under relevant provisions of the Competition Act, 2010. CCP has issued an enquiry report and multiple show cause notices to the Company. The Company has filed a petition against CCP proceedings and obtained interim relief from Islamabad High Court through which CCP is restrained from passing any adverse order against the Company during the pendency of the petition. Based on the relevant facts and the advice of Company's legal counsel, the Company believes that there are no grounds which could result in any adverse order against the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan 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.

2.1.2 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The matter involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are provision for taxation and provision for staff retirement benefit.

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There were no significant judgements involved in the application of Company's accounting policies. The management has made the following estimates which are significant to the financial statements:

i. Employee benefit obligations

The Company has made certain actuarial assumptions as disclosed in note 32 to the financial statement for valuation of present value of defined benefit obligations and fair value of planned assets, based on actuarial valuation.

ii. Current and deferred income taxes

In making the estimates for income taxes payable by the Company, management considers current income tax laws and the decisions of appellate authorities on certain cases issued in the past. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined. Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

iii. Property, plant and equipment and intangible assets

Estimates with respect to residual values and useful lives and pattern flow of economic benefit are based on the recommendation of technical teams of the Company. Further, the Company reviews the internal and external indicators for possible impairment of assets on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment (note 3) and intangible assets (note 3.3) with a corresponding effect on the depreciation charge, amortisation charge and impairment.

iv. Provisions

Provisions are considered, among others, for legal matters, disputed indirect taxes and warranty obligations where a legal or constructive obligation exists at the statement of financial position's date and reliable estimate can be made of the likely outcome. The nature of these costs is such that judgement is involved in estimating the timing and amount of cashflows.

v. Inventories

Estimates with respect to obsolete and slow moving inventories are based on the management's assessment on aged based analysis regarding their future usability.

2.1.3 Changes in accounting standards, interpretations and pronouncements

- 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 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 published approved accounting standard 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.

2.2 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policy notes.

2.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation / amortisation and impairment, if any, except freehold land which is stated at cost less impairment, if any.

The cost of leasehold land is amortised over the period of lease. Depreciation on all other assets is charged to statement of profit or loss applying straight-line method whereby the cost of an asset less residual value is written off over its estimated useful life. The useful life of the assets as estimated by the management is as follows:

- Leasehold land	99 years
- Building	40 years
- Plant and machinery	10 years
- Furniture and fixtures	4 - 10 years
- Office equipment	10 years
- Computer hardware	3 years
- Vehicles	4 years
- Factory equipments and tools	10 years
- Intangible assets	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of statement of financial position.

Depreciation on additions is charged from the month during which the asset is available for use whereas no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal / retirement of fixed assets are included in statement of profit or loss.

2.4 Capital work-in-progress (CWIP)

Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to operating assets as and when assets are available for use.

2.5 Impairment

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and the resulting impairment is charged to statement of profit or loss.

2.6 Loans, advances, deposits and prepayments

Loans, advances, deposits and prepayments are non-derivative financial assets with fixed and determinable payments. These are included in current assets, except those with maturities greater than twelve months after the reporting date, which are classified as non-current assets.

Interest free loans to employees are stated at amortised cost.

2.7 Taxation

Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability.

Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is charged or credited in the statement of profit or loss and statement of profit or loss and other comprehensive income. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.8 Inventories

These are valued at the lower of cost and net realisable value. Cost is determined on moving average method except for stock-in-transit which is valued at invoice value plus other charges incurred thereon.

Cost of finished goods includes prime cost and appropriate portion of manufacturing expenses.

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

Stores and spares are valued at average cost. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.9 Trade and other receivables

Trade and other receivables are initially recognised at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.27 for a description of the Company's impairment

policies.

2.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, cheques, demand drafts in hand and balances with banks on current, savings and deposit accounts and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents also include bank overdrafts / short term borrowings that are repayable on demand. Further, contractual borrowings are not part of cash and cash equivalents and are part of financing activities.

2.11 Staff retirement benefits

(i) Defined contribution plan

The Company operates an approved contributory provident fund for its permanent employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary.

(ii) Defined benefit plan

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors, such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the Statement of Financial Position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds or the market rates on Government bonds. These are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related employee benefit obligation.

The Company operates an approved funded gratuity scheme for all its permanent employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to a minimum qualifying period of service under the scheme.

Contributions to the gratuity scheme are based on actuarial recommendations. The latest actuarial valuation of the scheme was carried out as at December 31, 2022 using the Projected Unit Credit Method.

The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Past-service costs are recognised immediately in statement of profit or loss.

2.12 Deferred staff benefits - compensated absences

The Company accounts for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned. The liability recognised in respect of compensated absences is based on employees last drawn salary.

2.13 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in unconsolidated statement of profit and loss and other comprehensive income if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

2.14 Trade and other payables

Trade and other payables are initially measured at cost which is the fair value of the consideration received. These are subsequently measured at amortised cost.

2.15 Contract asset and contract liability (Advance from customers')

A contract asset is recognised for the Company's right to consideration in exchange for goods that it has transferred to a customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable

A contract liability (Advance from customers') is recognised for the Company's obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good to the customer, the entity shall present the contract as a contract liability (Advance from customers') when the payment is made or the payment is due (whichever is earlier).

2.16 Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

2.17 Warranty obligations

The Company recognises the estimated liability, on an accrual basis, to repair or replace products under warranty at the reporting date, and recognises the estimated product warranty costs in the statement of profit or loss when the sale is recognised.

2.18 Foreign currencies

Assets and liabilities in foreign currencies are recorded at the rates of exchange prevailing on

the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rates of exchange approximating to those prevailing at the date of statement of financial position. Exchange gains and losses are taken to statement of profit or loss.

2.19 Revenue from contracts with customers

Revenue from contracts with customers is recognised in time when control over the goods transfers to the customer that is when the customer has the ability to control the use of the transferred goods provided and generally derive their remaining benefits and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Revenue is recognised as follows:

- revenue from local sales is recognised on dispatch of goods from the premises of the Company.
- revenue from export is recognised on the basis of the terms of sale with the customer.

It is measured at the transaction price which the Company expects to be entitled to and represents the amount of goods supplied, after netting of discounts, returns and value added taxes.

2.20 Other income

Sale of fixed assets is recognised as income when risk and rewards of ownership are transferred.

Profit from savings accounts is accounted for as income on accrual basis.

2.21 Borrowings and their costs

Borrowings are initially recognised at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are recognised at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

2.22 Dividend distribution

Dividend distribution to shareholders is recognised as liability in the financial statements in the period in which the dividends are approved by the shareholder / directors, as appropriate.

2.23 Share Capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.24 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.25 Financial instruments - Initial recognition and subsequent measurement

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss (FVTPL),
- at fair value through other comprehensive income (FVTOCI), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business models for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

2.26 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss (FVTPL), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

2.27 Subsequent measurement

(i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

(ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

(iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities initially carried at FVTPL are initially recorded at fair value and transaction costs are expressed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

2.28 Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and fair value through OCI at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 30 days past due.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

2.29 Derecognition

(i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

(ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

2.30 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. FIXED ASSETS

Property, plant and equipment

	Note	2022	2021
(Rupees in '000)			
Operating assets	3.1	1,264,102	963,659
Capital work-in-progress	3.2	66,511	143,848
		1,330,613	1,107,507
Intangible assets	3.3	654	1,298
		1,331,267	1,108,805

3.1 Operating assets

	Land		Building		Plant and machinery	Furniture, fixtures and office equipment	Computer hardware	Vehicles	Factory equipment and tools	Right of use assets (3.1.2)	Total
	Freehold	Lease hold	on freehold land	on lease hold land							

(Rupees in '000)

Net carrying value basis Year ended December 31, 2022

Opening net book value	4,334	71,769	388,782	150,061	111,657	33,723	10,213	72,930	120,190	-	963,659
Additions	-	-	16,292	3,957	101,730	23,851	77,105	55,249	71,529	71,374	421,087
Disposals											
Cost	-	-	-	-	3,785	1,050	929	4,251	425	-	10,440
Accumulated depreciation	-	-	-	-	(3,785)	(750)	(641)	(4,251)	(425)	-	(9,852)
	-	-	-	-	-	300	288	-	-	-	588
Depreciation charge	-	(824)	(12,870)	(4,643)	(24,238)	(7,128)	(20,370)	(31,988)	(14,902)	(3,093)	(120,056)
Closing net book value	4,334	70,945	392,204	149,375	189,149	50,146	66,660	96,191	176,817	68,281	1,264,102

Gross carrying value basis At December 31, 2022

Cost	4,334	81,599	519,734	186,676	527,571	87,217	119,930	234,737	212,747	71,374	2,045,919
Accumulated depreciation	-	(10,654)	(127,530)	(37,301)	(338,422)	(37,071)	(53,270)	(138,546)	(35,930)	(3,093)	(781,817)
Net book value	4,334	70,945	392,204	149,375	189,149	50,146	66,660	96,191	176,817	68,281	1,264,102

Net carrying value basis Year ended December 31, 2021

Opening net book value	4,334	72,593	329,622	154,629	128,131	33,164	9,336	40,938	16,190	-	788,937
Additions	-	-	70,224	-	6,651	6,451	6,107	61,409	107,232	-	258,074
Disposals											
Cost	-	-	-	-	-	590	-	13,563	-	-	14,153
Accumulated depreciation	-	-	-	-	-	(524)	-	(13,563)	-	-	(14,087)
	-	-	-	-	-	66	-	-	-	-	66
Depreciation charge	-	(824)	(11,064)	(4,568)	(23,125)	(5,826)	(5,230)	(29,417)	(3,232)	-	(83,286)
Closing net book value	4,334	71,769	388,782	150,061	111,657	33,723	10,213	72,930	120,190	-	963,659

Gross carrying value basis At December 31, 2021

Cost	4,334	81,599	503,442	182,719	429,626	64,416	43,754	183,739	141,643	-	1,635,272
Accumulated depreciation	-	(9,830)	(114,660)	(32,658)	(317,969)	(30,693)	(33,541)	(110,809)	(21,453)	-	(671,613)
Net book value	4,334	71,769	388,782	150,061	111,657	33,723	10,213	72,930	120,190	-	963,659

3.1.1 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage	Total Area (acres)
Sakhi Sarwar Road, P.O. Box 38, Dera Ghazi Khan	Assembling Plant / Staff Colony	90
Plot No. 20, Industrial Estate, Near Mill No, 4, Multan	Marketing Centre	10
J6CV - 58 , sheikhpura Road, Lahore	Marketing Centre	1.86
Tractor House, 102-B, 16th East Street, DHA Phase I, Off. Korangi Road, Karachi	Head Office	0.18

3.1.2 This represents lease of premises acquired for business operations in Lahore.

3.2 CAPITAL WORK-IN-PROGRESS

	2022				2021			
	Balance as at January 1, 2022	Additions - Note 3.2.1	Transfers	Balance as at December 31, 2022	Balance as at January 1, 2021	Additions	Transfers	Balance as at December 31, 2021
	(Rupees in '000)							
Civil works	101,517	8,592	(82,299)	27,810	147,236	14,061	(59,780)	101,517
Factory equipment and tools	1,952	-	(1,952)	-	71,713	35,782	(105,543)	1,952
Advances to suppliers	40,379	99,462	(101,140)	38,701	56,929	33,755	(50,305)	40,379
Total	143,848	108,054	(185,391)	66,511	275,878	83,598	(215,628)	143,848

3.2.1 These include expenditure incurred mainly in respect of renovation of premises acquired for business operations in Lahore amounting to Rs. 8.59 million (2021:Nil).

3.3 INTANGIBLE ASSETS

Net carrying value basis

	2022	2021
Opening net book value	1,298	2,159
Additions	251	699
Amortisation	(895)	(1,560)
Closing net book value	654	1,298

Gross carrying value basis

Cost	17,339	17,088
Accumulated amortisation	(16,685)	(15,790)
Net book value	654	1,298

	2022	2021
Average remaining useful life in years	1.7	1.2

	Note	2022	2021
		(Rupees in '000)	
4. INVENTORIES			
Raw materials and components - including in transit Rs. 532.69 million (2021: Rs. 307.74 million)	4.1	2,889,465	2,621,419
Less: Provision for obsolescence	4.2	(282,145)	(226,904)
		2,607,320	2,394,515
Work-in-process		88,231	104,727
Stores and spares		175,662	59,760
Less: Provision for obsolescence	4.2	(21,414)	(18,640)
		154,248	41,120
Finished goods - tractors and implements		2,400,451	322,191
Less: Provision for obsolescence	4.2	(4,960)	(4,027)
		2,395,491	318,164
Trading stock - spare parts		18,284	16,559
		5,263,574	2,875,085

4.1 The amount includes raw materials of Rs. 0.46 million (2021: Rs. 0.46 million) held by third parties.

	Note	2022	2021
		(Rupees in '000)	
4.2 Provision for obsolescence			
(i) Raw material			
Opening balance		226,904	323,952
Charge / (reversal) for the year		55,241	(97,048)
Closing balance		282,145	226,904
(ii) Stores and spares			
Opening balance		18,640	20,553
Charge / (reversal) for the year		2,774	(1,913)
Closing balance		21,414	18,640
(iii) Finished goods			
Opening balance		4,027	3,053
Charge for the year		933	974
Closing balance		4,960	4,027
5. TRADE RECEIVABLES			
Unsecured	5.1	191,230	7,477
Less: Provision against doubtful receivables	5.2	(29,410)	(2,826)
		161,820	4,651

5.1 As at December 31, the age analysis of trade receivables is as follows:

	Note	2022	2021
(Rupees in '000)			
Not yet due		81,776	4,379
1 to 6 months		96,870	-
6 to 12 months		9,608	2,109
More than 1 year		2,976	989
		<u>191,230</u>	<u>7,477</u>

5.2 **Provision for doubtful receivables**

Opening balance		2,826	2,157
Provision made during the year		26,584	1,341
Written off during the year		-	(672)
Closing balance		<u>29,410</u>	<u>2,826</u>

6. **LOANS AND ADVANCES – considered good**

Loans to employees	6.1 & 6.2	7,335	4,282
Advances to suppliers for goods and services		83,770	143,592
		<u>91,105</u>	<u>147,874</u>

6.1 These represent current portion of interest free loans given to employees under employee loan schemes to facilitate purchase of domestic appliances and motor cycles. The said loans are repayable over a period of 24 to 36 months and are secured against provident fund balances.

6.2 Loans to employees have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements.

	Note	2022	2021
(Rupees in '000)			
7. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
LC margin against imports	7.1	364,784	89,957
Prepayments		7,606	12,269
Other deposits	7.2	513	12,546
		<u>372,903</u>	<u>114,772</u>

7.1 This includes Rs. 360.81 million (2021: Rs. 66.63 million) being 100% cash margin on import of specified items kept with commercial banks in accordance with the requirements of Circular No. 02 of 2017 of Banking Policy & Regulations Department, State Bank of Pakistan.

7.2 These deposits do not carry any mark-up.

	Note	2022	2021
(Rupees in '000)			
8. INTEREST ACCRUED			
Mark-up accrued on bank deposits		1,550	1,396
9. OTHER RECEIVABLES			
Due from Workers' Profits Participation Fund	9.1	-	3,447
Receivable from CNH Industrial N.V.	9.2	4,632	4,632
Others		201	204
		<u>4,833</u>	<u>8,283</u>
9.1 Workers' Profits Participation Fund			
At beginning of the year		3,447	1,194
Allocation for the year		(204,120)	(224,102)
		<u>(200,673)</u>	<u>(222,908)</u>
Less: Amount paid during the year		200,673	226,355
		<u>-</u>	<u>3,447</u>

9.2 This represents receivable from related party, CNH Industrial N.V. (formerly CNH Global N.V.) against reimbursement of clearing, forwarding and transportation charges. The said receivable is outstanding for more than 1 year.

9.2.1 The maximum aggregate due from the related party at the end of any month during the year was Rs. 4.63 million.

	Note	2022	2021
(Rupees in '000)			
10. REFUNDS DUE FROM THE GOVERNMENT			
Sales tax	10.1	4,267,370	3,047,421
Less: Provision for Sales Tax		(63,975)	(63,975)
		<u>4,203,395</u>	<u>2,983,446</u>
Special excise duty	10.2	-	-
		<u>4,203,395</u>	<u>2,983,446</u>

10.1 This represents sales tax refund which has been accumulating since July 2019. The company has filed Refund applications through RCPS (Refund claim processing system) of FBR. However processing of refund through STARR (Sales Tax Automated Refund Replication) and RPOs (Refund Payment Orders) are pending at FBR end . The company is actively following up with FBR and is taking all necessary steps including legal recourse for realization of sales tax refund and is confident that the amount will be recovered in full.

		2022	2021
(Rupees in '000)			
10.2	Balance as at January 1	132,647	132,647
	Provisions	(132,647)	(132,647)
	Balance as at December 31	<u>-</u>	<u>-</u>

Special Excise Duty was levied on tractor components through Finance Act 2008 from July 2007 at the rate of 1% of the invoice value, which was subsequently discontinued in June 2011. This 1% was refundable in the same manner as normal sales tax refunds.

Due to non-routine processing of the SED refunds the outstanding balance kept accumulating to the tune of Rs. 263 million till September 2013.

The matter was then taken up with the Federal Tax Ombudsman (FTO), and an appeal in this regard was filed. FTO decided the matter in the Company's favor and directed FBR to process the unprocessed claim. Certain claims were processed and refund payment order (RPO) of Rs. 118 million was issued till December 2014.

During the year ended December 31, 2019, the Company re-assessed its assessment for recovery of Special excise duty recoverable since 2008 and after due consideration on a prudent basis a provision of Rs 132.6 million has been created against balance for special excise duty.

	Note	2022	2021
(Rupees in '000)			
11. OTHER FINANCIAL ASSETS			
Investment			
Held at amortised cost - Certificate of Investment		49,300	49,300
Less: Provision for impairment	11.1	(49,300)	(49,300)
		-	-

11.1 This represents investment in Certificate of Investment (COI) of Saudi Pak Leasing Company Limited (SPLCL) which matured in January 2009, however, encashment proceeds were not received due to liquidity problem of SPLCL. The Board of Directors filed a winding-up petition against SPLC in Sindh High Court for recovery of the said outstanding amount and appointed M/s Saiduddin and Co. for the said purpose.

In 2018, the Company entered into a settlement agreement with SPLC through The High Court and accordingly, petition was disposed off by the High Court. It had been agreed that SPLC will pay the outstanding amount within 9 months of the settlement agreement.

During the current year, the Company has received nil amount (2021: nil) from SPLC and are in consultation with their Legal Counsel for further action.

	Note	2022	2021
(Rupees in '000)			
12. CASH AND BANK BALANCES			
With banks on			
Conventional			
- Current accounts		6,936	79,108
- Savings and deposit accounts	12.1	216,577	1,378,393
Islamic			
- Current accounts		59,339	56,079
- Savings and deposit accounts	12.1	210,490	415,220
Cash in hand		890	592
Demand drafts in hand		233,758	68,730
		727,990	1,998,122

12.1 At December 31, 2022, the mark-up rates on savings and deposit accounts range from 7% to 14.5% per annum (2021: 4% to 7.25% per annum).

13. SHARE CAPITAL

13.1 Authorised share capital

120,000,000 ordinary shares of Rs. 5 each
(2021: 120,000,000 ordinary shares of Rs. 5 each)

13.2 Issued, subscribed and paid-up capital

Ordinary shares of Rs. 5 each

2022		2021	
4,500,000	4,500,000	Shares allotted for consideration paid in cash	22,500
53,464,201	53,464,201	Shares allotted as bonus shares	267,321
<u>57,964,201</u>	<u>57,964,201</u>		<u>289,821</u>

2022	2021
(Rupees in '000)	
600,000	600,000
22,500	22,500
267,321	267,321
<u>289,821</u>	<u>289,821</u>

13.3 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

13.4 As at December 31, 2022, AI-Futtaim Industries Company LLC, U.A.E., the holding company, and CNH Industrial N.V. (formerly CNH Global N.V.), an associated company, held 50%, i.e., 28,992,705 (2021: 28,992,705) and 43%, i.e., 25,022,379 (2021: 25,022,379) shares of Rs. 5 each respectively.

14. DEFERRED TAX ASSET

(Credit) / debit balance arising on account of

- accelerated tax depreciation allowances	(144,295)	(85,887)
- deferred staff benefits - compensated absences	24,290	14,185
- provision for impairment on investment	16,269	14,297
- provision for slow moving inventories	75,927	62,941
- provision for doubtful receivables	9,705	820
- provision for Sales Tax	21,112	18,553
- provision others	24,588	16,662
- provision warranty	8,940	5,514
- provision for special excise duty	43,774	38,468
- lease liabilities	21,509	-
	<u>101,819</u>	<u>85,553</u>

14.1 Under the Finance Act, 2019 corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. As per Finance Act, 2022, companies operating in certain sectors, including automobile, are liable to pay super tax at 10 % for tax year 2022, and upto 4% for subsequent years. Accordingly, deferred tax assets and liabilities have been recognised using the expected applicable rate.

	2022	2021
	(Rupees in '000)	
15. LEASE LIABILITY		
Opening balance	-	-
Additions to lease liability	71,374	-
Unwinding of finance cost	2,173	-
Lease rentals paid	(8,369)	-
Balance at end of the year	65,178	-
Current portion	7,455	-
Non-current portion	57,723	-
	65,178	-

15.1 Lease liabilities payable are as follows:

	2022			2021
	Minimum lease payments	Interest	Present value of minimum lease payments	Present value of minimum lease payments
	(Rupees in '000)			
Less than one year	17,574	10,119	7,455	-
Between one and five years	76,241	18,518	57,723	-
	93,815	28,637	65,178	-

15.2 Finance charge at rate of 17.06% (2021: Nil) per annum has been used for discounting factor.

	Note	2022	2021
		(Rupees in '000)	
16. TRADE AND OTHER PAYABLES			
Creditors	16.1	897,243	238,111
Accrued liabilities		964,433	1,268,073
Accrued markup		121,294	-
Deposits	16.2	76,180	73,279
Taxes deducted at source		18,854	31,163
Workers' Welfare Fund	16.3	84,579	85,222
Payable to employees' provident fund	16.4	25,476	8,250
Royalty payable to CNH Industrial N.V. - associated company		317,795	98,279
Provision for warranty services	16.5	27,091	19,012
Others		118,973	85,972
		2,651,918	1,907,361

16.1 These include amount payable to a related party, CNH Industrial N.V. (formerly CNH Global N.V.), amounting to Rs. 1.64 million against purchases made in prior year.

16.2 These include security deposits received from dealers / customers utilisable for the purpose of the business in accordance with requirements of written agreements, in terms of section 217 of the Companies Act, 2017.

		2022	2021
		(Rupees in '000)	
16.3	Workers' Welfare Fund		
	At beginning of the year	85,222	40,986
	Allocation for the year	82,348	88,206
		167,570	129,192
	Less: Amount paid during the year	(82,991)	(43,970)
		84,579	85,222

16.4 All investments out of provident fund have been made in the in collective investment schemes, listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

		2022	2021
		(Rupees in '000)	
16.5	Provision for warranty services:		
	Balance as at January 1, 2022	19,012	34,607
	Recognised during the year	37,925	1,982
	Expenses against provision	(29,846)	(17,577)
	Balance as at December 31, 2022	27,091	19,012

17. CUSTOMERS' AND DEALERS' ADVANCES

These represent amount received in advance from customers against performance obligations / sales made in subsequent periods i.e. sale of tractors, and carry no mark-up and are unsecured. Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy as described in note 2.18 is satisfied.

During the year, the Company recognised revenue amounting to Rs. 3.39 billion (2021: Rs. 86.16 million) out of the advance balance outstanding at beginning of the year.

18. UNPAID DIVIDEND

This represents unpaid dividend for the year ended December 31, 2021, awaiting approval from the State Bank of Pakistan.

		2022	2021
		(Rupees in '000)	
19.	SHORT TERM FINANCING - under mark up / profit arrangement		
	Islamic Finances	2,784,973	-
	Conventional Finances	924,399	-
		3,709,372	-

- 19.1** The facility for running musharkah available from banks amounted to Rs. 3.5 billion (2021: Rs. 2.5 billion) out of which the amount unavailed at the year end was Rs 715.03 million (2021: Rs. 2.5 billion). Rates of profit ranges from one month KIBOR plus 0.4% (2021: one month KIBOR plus 0.4%) to three months KIBOR plus 0.25% (2021: three months KIBOR plus 0.25%) per annum.
- 19.2** The facility for running finance available from banks amounted to Rs. 1.5 billion (2021: Rs. 1.5 billion) out of which the amount unavailed at the year end was Rs. 576.6 million (2021: Rs. 1.5 billion). Rates of mark-up ranges from one month KIBOR plus 0.5% (2021: one month KIBOR plus 0.5%) to three months KIBOR plus 1% (2021: three months KIBOR plus 1%) per annum. Running finance facility payable on demand amounted to Rs. 809.4 million (2021: Nil).
- 19.3** The facilities for opening letters of credit and guarantees as at December 31, 2022 amounted to Rs. 2.85 billion (2021: Rs. 2.45 billion) out of which unutilised balance at year end amounted to Rs. 2 billion (2021: Rs 0.97 billion).

The above arrangements are secured by way of hypothecation of selected plant and machinery and pari-passu charge against hypothecation of Company's present and future current assets amounting to Rs. 6.67 billion.

20. COMMITMENTS

Commitments for capital expenditure outstanding as at December 31, 2022 amounted to Rs. 53.69 million (2021: Rs. 153.84 million).

21. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022			2021		
	Tractors	Trading goods and others	Total	Tractors	Trading goods and others	Total
	(Rupees in '000)					
Local sales	29,393,168	278,665	29,671,833	21,695,106	202,446	21,897,552
Export sales	10,275	-	10,275	22,168	-	22,168
	<u>29,403,443</u>	<u>278,665</u>	<u>29,682,108</u>	<u>21,717,274</u>	<u>202,446</u>	<u>21,919,720</u>
Less:						
- Commission and incentives	(425,183)	(5,235)	(430,418)	(259,163)	(3,995)	(263,158)
- Sales tax	(1,006,952)	(42,926)	(1,049,878)	(1,040,622)	(37,034)	(1,077,656)
	<u>(1,432,135)</u>	<u>(48,161)</u>	<u>(1,480,296)</u>	<u>(1,299,785)</u>	<u>(41,029)</u>	<u>(1,340,814)</u>
	<u>27,971,308</u>	<u>230,504</u>	<u>28,201,812</u>	<u>20,417,489</u>	<u>161,417</u>	<u>20,578,906</u>

- 21.1.** These financial statements do not include disclosure relating to IFRS 8 "Operating Segments" as the Company is considered to be a single operating segment.
- 21.2** Management considers that revenue from its ordinary activities are shariah compliant.

	Note	2022	2021
(Rupees in '000)			
22. COST OF SALES			
Manufactured goods			
Raw materials and components consumed	22.1	23,766,250	14,113,072
Salaries, wages and benefits		499,149	386,779
Charge for defined benefit plan		8,698	4,956
Charge for defined contribution plan		7,493	6,136
Stores and supplies		315,493	188,946
Royalty and technical fee		242,101	176,442
Insurance		2,194	5,026
Depreciation		54,392	38,061
Fuel, power and electricity		114,965	68,276
Inwards freight and transportation		23,145	6,668
Repairs and maintenance		86,450	66,636
Travelling, vehicle running and entertainment		18,732	7,115
Rent, rates and taxes		1,176	890
Communication		635	410
Printing and stationery		16,173	2,576
Others		4,925	7,417
Opening stock of work-in-process		104,727	550,987
Closing stock of work-in-process		(88,231)	(104,727)
Cost of goods manufactured		25,178,467	15,525,666
Opening stock of finished goods		318,164	525,250
Closing stock of finished goods		(2,395,491)	(318,164)
		23,101,140	15,732,752
Trading goods			
Opening stock		16,559	12,607
Purchases		140,120	128,878
		156,679	141,485
Closing stock		(18,284)	(16,559)
		138,395	124,926
		23,239,535	15,857,678

22.1 During the previous year, the Company received three show cause notices from Collector of Customs (Adjudication - I) for recovery of duty and taxes amounting to Rs. 115 million in respect of imports made during past years. Subsequently the Collector of Customs (Adjudication - I) has decided these notices by upholding the charges leveled in the notices. The Company filed appeals before Customs Appellate Tribunal, Karachi against the order. The appeals were allowed in favour of the Company where the orders passed by Collector of Customs (Adjudication - I) was set aside. The Directorate of Intelligence and Investigation, Karachi, has filed three applications before Sindh High Court. The Company, based on the legal advisor's opinion, is confident that outcome of the case would be in the Company's favour. Further, in case of a similar matter, filed by the The Directorate of Intelligence and Investigation before the Customs Appellate Tribunal, the appeals were dismissed by the Tribunal in favor of the Company.

	Note	2022	2021
(Rupees in '000)			
23. DISTRIBUTION EXPENSES			
Salaries, wages and benefits		109,775	73,563
Charge for defined benefit plan		3,934	2,871
Charge for defined contribution plan		3,471	2,673
Insurance		2,196	988
Provision against doubtful receivables		26,584	670
Depreciation / amortisation		12,343	9,613
Electricity		4,862	2,788
Travelling, vehicle running and entertainment		29,317	12,665
Repairs and maintenance		1,099	1,056
Rent, rates and taxes		3,349	2,961
Communication		2,036	2,043
Advertisement and promotion		62,483	5,016
After sales expense		7,729	6,436
Warranty expense		37,925	1,982
Freight charges / (reversal)		7,569	(10,945)
Legal and professional charges		4,121	3,591
Printing and stationery		1,236	1,237
Others		2,915	1,423
		322,944	120,631
24. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		222,202	169,123
Charge for defined benefit plan		8,853	8,396
Charge for defined contribution plan		8,637	7,077
Insurance		2,874	829
Depreciation		54,216	37,172
Electricity		12,470	9,486
Travelling, vehicle running and entertainment		20,974	9,370
Repairs and maintenance		2,672	2,050
Rent, rates and taxes		11,726	9,099
Fees and subscription	24.1	57,359	17,043
Communication		16,203	14,233
Auditors' remuneration	24.2	13,450	6,419
Advertising		112	189
Legal and professional charges		38,146	56,278
Printing and stationery		2,230	1,488
Donation	24.3	63,886	129
Others		705	5,468
		536,715	353,849

24.1 This includes fees paid to directors amounting Rs. 7.22 million (2021: Rs. 7.72 million).

24.2 Auditors' remuneration

	2022	2021
	(Rupees in '000)	
Audit fee	2,500	2,000
Fee for limited review of half yearly financial statements	500	500
Certification for compliance with Code of Corporate Governance, certifications for government and other agencies and other services	9,700	3,372
Out of pocket expenses	750	547
	13,450	6,419

24.3 This includes donations paid to Prime Minister Relief Fund and employees amounting to Rs. 22 million and Rs. 9.71 million respectively. This also includes donation to be paid to the farmers impacted by the floods amounting to Rs. 32 million. None of the Directors or their spouses had any interest in the donees.

25. OTHER INCOME**Income from financial assets**

	2022	2021
	(Rupees in '000)	
Return on savings and deposit accounts	107,150	91,060

Income from other assets

Scrap sales	73,710	46,157
Profit on disposal of fixed assets	2,226	2,749
Others	1,527	6,091
	77,463	54,997
	184,613	146,057

26. OTHER EXPENSES

Workers' Profits Participation Fund	204,120	224,102
Workers' Welfare Fund	82,348	88,206
Charge / (Reversal) of provision against slow moving and obsolete inventories	58,948	(97,987)
	345,416	214,321

	Note	2022	2021
(Rupees in '000)			
27. FINANCE COSTS			
Bank charges and commission		3,564	1,118
Mark up on islamic financing		124,902	7,557
Mark up on running finance		15,227	79
Finance charges on finance lease		2,173	-
		<u>145,866</u>	<u>8,754</u>
28. INCOME TAX EXPENSE			
Current			
- for the year		1,257,936	1,188,632
- prior year charge / (reversal)	28.2	398,237	(2,967)
Deferred		(16,268)	26,203
		<u>1,639,905</u>	<u>1,211,868</u>
28.1 Relationship between tax expense and accounting profit:			
Accounting profit before tax		<u>3,795,949</u>	<u>4,169,730</u>

	2022	2021	2022	2021
Tax at applicable rate	29%	29%	1,100,825	1,209,222
Effect of final tax on exports	(0.01%)	(0.03%)	(305)	(1,116)
Tax credit	(0.17%)	-	(6,380)	-
Super tax				
- Current year	4.04%	-	153,250	-
- Prior year	10.49%	-	398,237	-
Others	(0.15%)	0.09%	(5,722)	3,762
	43%	29%	<u>1,639,905</u>	<u>1,211,868</u>
Effective rate (percentage)			<u>43%</u>	<u>29%</u>

28.2 This represents super tax at the rate of 10 % under Finance Act 2022 for the tax year 2022.

	2022	2021
(Rupees in '000)		
29. EARNINGS PER SHARE - Basic and diluted		
Profit after taxation attributable to ordinary shareholders (Rupees in thousand)	<u>2,156,044</u>	<u>2,957,862</u>
Weighted average number of shares in issue during the year (in thousand)	<u>57,964</u>	<u>57,964</u>
Basic and diluted earnings per share (Rupees)	<u>37.20</u>	<u>51.03</u>

29.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2022 and 2021 which would have any effect on the earnings per share if the option to convert exercised.

	Note	2022	2021
		(Rupees in '000)	
30. CASH GENERATED FROM OPERATIONS			
Profit before income tax		3,795,949	4,169,730
Add / (less): Adjustment for non-cash charges and other items			
Depreciation and amortisation		120,951	84,846
Retirement benefits charge		21,653	16,223
Gain on disposal of fixed assets		(2,226)	(2,749)
Return on bank deposits		(107,150)	(91,060)
Interest on lease liability		2,173	-
Mark up on running finance		140,129	7,636
		<u>3,971,479</u>	<u>4,184,626</u>
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Inventories		(2,388,489)	(870,568)
Trade receivables		(157,169)	(4,651)
Loans and advances		56,769	(61,313)
Trade deposits and short-term prepayments		(258,131)	(89,847)
Other receivables		3,450	(58)
Refunds due from the Government		<u>(1,219,949)</u>	<u>(1,532,599)</u>
		<u>(3,963,519)</u>	<u>(2,559,036)</u>
(Decrease) / Increase in current liabilities			
Trade and other payables		623,263	857,463
Customers' and dealers' advances		<u>(3,377,375)</u>	<u>3,365,228</u>
		<u>(6,717,631)</u>	<u>1,663,655</u>
		<u>(2,746,152)</u>	<u>5,848,281</u>
31. CASH AND CASH EQUIVALENTS			
Cash and bank balances	12	727,990	1,998,122
Short term financing	19.2	<u>(809,399)</u>	-
		<u>(81,409)</u>	<u>1,998,122</u>

32. EMPLOYEE BENEFIT OBLIGATIONS / PREPAYMENT

32.1 As stated in note 2.11 (ii) the Company operates an approved funded gratuity scheme for all its permanent employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to a minimum qualifying period of service under the scheme. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuations of the scheme was carried out as at December 31, 2022.

32.2 Plan assets held in trusts are governed by local regulations which mainly include Trust Act, 1882 (which is now repealed, and Provincial Trust Acts are promulgated in September 2020), Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deeds of the Plans. Responsibility for governance of the Plans, including investment decisions and contribution schedules, rests with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

32.3 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

Final Salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in short term savings accounts. However, instruments in Open-ended Mutual Funds is subject to adverse fluctuation as a result of change of market price.

Discount rate fluctuation - The plan liabilities are calculated using discount rate set with reference to market yields on government bonds. A decrease in market yields on government bonds will increase plan liabilities.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of plan investments.

Risk of insufficiency of assets - This is managed by making regular contribution to the fund as advised by the actuary.

32.4 The latest actuarial valuation of the Plan as at December 31, 2022 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	Note	2022	2021
		(Rupees in '000)	
32.5 Statement of financial position reconciliation as at December 31			
Present value of defined benefit obligation	32.6	302,263	247,409
Fair value of plan assets	32.7	(275,493)	(255,890)
		<u>26,770</u>	<u>(8,481)</u>
32.6 Movement in present value of defined benefit obligation			
Obligation as at January 1		247,409	207,226
Current service cost		26,454	21,732
Interest expense		23,779	18,225
Remeasurement on obligation		30,226	21,596
Benefits paid		(25,605)	(21,370)
Obligation as at December 31		<u>302,263</u>	<u>247,409</u>
32.7 Movement in the fair value of plan assets			
Fair value as at January 1		255,890	243,423
Interest income		28,748	23,734
Remeasurement on plan assets		(9,145)	(11,267)
Employer contributions		25,605	21,370
Benefits paid		(25,605)	(21,370)
Fair value as at December 31		<u>275,493</u>	<u>255,890</u>
32.8 Expense recognised in statement of profit or loss			
Current service cost		26,454	21,732
Interest (income) / expense - net		(4,969)	(5,509)
		<u>21,485</u>	<u>16,223</u>

		2022	2021
		(Rupees in '000)	
32.9	Remeasurement recognised in other comprehensive income		
	Experience losses	(30,226)	(21,596)
	Remeasurement of fair value of plan assets	(9,145)	(11,267)
	Remeasurements	<u>(39,371)</u>	<u>(32,863)</u>
32.10	Net recognised liability / (asset)		
	Balance as at January 1	(8,481)	(36,197)
	Expense for the year	21,485	16,223
	Employer contributions	(25,605)	(21,370)
	Remeasurement recognised in other comprehensive income	39,371	32,863
	Balance as at December 31	<u>26,770</u>	<u>(8,481)</u>

		2022		2021	
		Rupees in thousand	%	Rupees in thousand	%
32.11	Composition of plan assets:				
	Cash at bank	194,026	70.43	178,776	69.86
	Mutual Funds	81,467	29.57	77,114	30.14
		<u>275,493</u>	<u>100.00</u>	<u>255,890</u>	<u>100.00</u>

		2022	2021
32.12	Actuarial assumptions		
	Expected rate of increase in salaries		
	- Management staff		
	- Short-term - 1 year	10.00%	10.50%
	- Long-term - more than 1 year	15.50%	10.50%
	- Non-management staff		
	- Short-term - 1 year	10.00%	10.50%
	- Long-term - more than 1 year	15.50%	10.50%
	Discount factor used	14.50%	10.50%

32.13 Pre-Retirement mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down one year.

32.14 The Company ensures asset / liability matching by investing in short-term deposits and does not use derivatives to manage its risk.

32.15 The expected return on plan assets has been determined by considering the expected returns available on the assets underlying the current investment policy.

32.16 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)	
Discount rate at December 31	1%	(18,381)	16,119
Future salary increases	1%	17,289	(19,736)

If longevity increases by 1 year, the resultant decrease in obligation is insignificant.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

32.17 Historical information

	2022	2021	2020	2019	2018
	(Rupees in '000)				
As at December 31					
Present value of defined benefit obligation	302,263	247,409	207,226	258,137	180,396
Fair value of plan assets	(275,493)	(255,890)	(243,423)	(206,938)	(158,794)
Deficit / (surplus)	<u>26,770</u>	<u>(8,481)</u>	<u>(36,197)</u>	<u>51,199</u>	<u>21,602</u>
Experience adjustments					
(Loss) / gain on obligation	(30,226)	(21,596)	39,065	(50,016)	(15,719)
Loss on plan assets	(9,145)	(11,267)	(4,317)	(2,172)	(5,183)
	<u>(39,371)</u>	<u>(32,863)</u>	<u>34,748</u>	<u>(52,188)</u>	<u>(20,902)</u>

32.18 The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the fund, at the beginning of the period.

32.19 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

As per actuarial advice, the Company is expected to contribute Rs. 40.07 million towards gratuity fund in 2023 (2022: Rs. 20.57 million).

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the gratuity fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

32.20 The weighted average duration of non-management employees is 2.65 years and of management employees is 10.79 years.

32.21 Expected maturity analysis of undiscounted retirement benefit plan.

At December 31, 2022	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years	Total
(Rupees in '000)						
Retirement benefit plan	78,361	39,826	112,404	129,028	1,222,258	1,581,877

33. RELATED PARTY TRANSACTIONS

33.1 The related parties comprise related group companies, staff retirement benefits, directors, key management personnel and close members of the family of directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties.

Transactions with related parties are as follows:

Nature of relationship	Nature of transactions	2022	2021
		(Rupees in '000)	
i. Holding company			
AI-Futtaim Industries Company (LLC)	Dividend paid	-	620,154
ii. Associate company			
CNH Industrial N.V. (formerly CNH Global N.V.)	Dividend paid	-	535,229
	Royalty paid	10,160	159,981
	Royalty charge	209,843	153,102
AI Futtaim Logistics Company(LLC)	Services Rendered	133,317	-
iii. Other related parties			
AI-Ghazi Tractors Limited Staff Provident Fund	Contribution paid	23,170	8,753
AI-Ghazi Tractors Limited Employees' Gratuity Fund	Contribution paid	25,605	21,370
Key management personnel *	Salaries and other employee benefits	162,031	109,849
	Retirement benefits	26,906	8,960

* Key management personnel includes CEO, CFO and all Head of the Departments.

The outstanding balances of related parties as at December 31, 2022 are included in trade and other payables and other receivables respectively. These are settled in the ordinary course of business.

33.2 Following are the related parties including associated companies with whom the Company had entered into transactions or have arrangements / agreements in place:

S. No.	Name of Related Party	Relationship	Direct Share Holding %
1	Al-Futtaim Industries Company (LLC)	Parent	50.02%
2	CNH Industrial N.V. (formerly CNH Global N.V.)	Associate	43.17%
3	Al-Futtaim Logistics (LLC)	Associate	0.00%

33.2.1 Al-Futtaim Industries Company (LLC) is a Company incorporated in Dubai.

33.2.2 CNH Industrial N.V. (formerly CNH Global N.V.) is a Company incorporated in the Netherlands.

33.2.3 Al-Futtaim Logistics (LLC) is a Company incorporated in Dubai.

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Director		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Managerial remuneration	5,707	37,651	2,398	12,107	98,047	41,277
Bonus	-	-	-	-	2,479	1,260
House rent	1,044	11,395	-	-	28,403	13,847
Utilities	246	1,266	126	-	3,429	3,077
Retirement benefits	7,936	4,643	-	-	36,063	5,872
Leave passage	7,614	4,980	-	-	25,882	5,865
	<u>22,547</u>	<u>59,935</u>	<u>2,524</u>	<u>12,107</u>	<u>194,303</u>	<u>71,198</u>
Number of persons	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>46</u>	<u>15</u>

- The Chief Executive and Executives are also provided with Company maintained cars and are entitled to medical benefits and club subscription in accordance with their entitlements.
- Director is also provided with Company maintained car and furnished house in accordance with his entitlements. Furthermore, the Director is entitled to other remuneration which is borne by the Parent Company therefore, it is not included here.
- Aggregate amount charged to statement of profit or loss for the year in respect of fee to director was Rs. 7.22 million (2021: Rs. 7.72 million).
- During the year under review, Mr. Raheel Asghar resigned as the CEO and Malik Ehtisham Ikram, the executive director and CFO of AGTL was given the additional charge of Acting CEO. Subsequently, Malik Ehtisham Ikram resigned as Acting CEO and became Non-Executive Director and Mr. Adeb Ahmed was appointed as CEO. Just before the year end, the Board terminated Mr. Adeb Ahmed from the position of CEO and Mr. Javed Iqbal CFO of AGTL was given the additional charge of Acting CEO.

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Financial risk factors

The Company's activities expose it to variety of financial risks namely market risks (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

35.2 Financial assets and liabilities by category and their respective maturities

	Interest / mark-up bearing			Non interest bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
(Rupees in '000)							
FINANCIAL ASSETS							
Loans and receivables							
Loans and advances	-	-	-	7,335	2,666	10,001	10,001
Deposits	-	-	-	365,297	17,807	383,104	383,104
Interest accrued	-	-	-	1,550	-	1,550	1,550
Trade receivables	-	-	-	161,820	-	161,820	161,820
Other receivables	-	-	-	201	-	201	201
Cash and bank balances	427,067	-	427,067	300,923	-	300,923	727,990
2022	427,067	-	427,067	837,126	20,473	857,599	1,284,666
2021	1,793,613	-	1,793,613	316,149	11,334	327,483	2,121,096
FINANCIAL LIABILITIES							
At amortised cost							
Trade and other payables	-	-	-	2,521,394	-	2,521,394	2,521,394
Unclaimed dividend	-	-	-	75,351	-	75,351	75,351
Short term borrowings	3,709,372	-	3,709,372	-	-	-	3,709,372
Lease liability	7,455	57,723	65,178	-	-	-	65,178
Unpaid dividend	-	-	-	2,416,858	-	2,416,858	2,416,858
2022	3,716,827	57,723	3,774,550	5,013,603	-	5,013,603	8,788,153
2021	-	-	-	1,844,005	-	1,844,005	1,844,005
Off balance sheet items							
Financial commitments:							
Contracts for capital expenditure							53,694
Letters of credit and guarantee							664,713
2022							718,407
2021							1,630,813

The effective mark-up rates for the monetary financial assets are mentioned in respective notes to the financial statements.

(i) Concentrations of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. Out of the total financial assets of Rs. 1284.67 million (2021: Rs. 2121.1 million) the financial assets exposed to the credit risk amount to Rs. 1050.02 million (2021: Rs. 2051.77 million) which mainly comprise of balances with banks.

The Company places surplus funds with various reputed banks having credit ratings ranging from "A-1" to "A-1+" as assigned by credit rating agencies. The Company monitors its exposure to a single bank its ratings on continuous basis.

(iii)Market risk

a) Currency risk

Currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. At December 31, 2022 trade and other payables exposed to foreign currency risk amount to Rs. 563.03 million (2021: Rs. 217.57 million).

The company imports raw materials and components in US Dollar and is exposed to Rupee / US Dollar exchange risk. If the Pakistan Rupee had weakened / strengthened by 4% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 22.52 million (2021: Rs. 8.70 million), mainly as a result of foreign exchange losses / gains on settlement of US Dollar denominated trade payables.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company only as at the statement of financial position date and assumes this is the position for the year. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentage per annum.

b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Company's interest rate risk arises from short-term financing which includes running finance facilities (note 19), cash and bank in savings accounts and deposit accounts (note 12). Short-term financing availed at variable rates expose the Company to cash flow interest rate risk.

As at December 31, 2022, the Company's interest bearing financial assets amounted to Rs. 427.07 million (2021: Rs. 1793.61 million) and liabilities of Rs. 3.71 billion (2021: Nil) had the interest rate varied by 100 basis points with all the other variables held constant, profit before tax for the year would have been approximately higher / lower by Rs. 32.82 million (2021: Rs. 17.94 million) as a result of lower / higher interest income on savings and deposit accounts.

c) Price risk

Price risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the fund or it's management company.

There is no exposure to price risk as at December 31, 2022 as the Company does not hold any financial assets subject to price risk.

(iv)Fair values of the financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at December 31, 2022, all financial assets and financial liabilities are carried at amortised cost.

The carrying value of all financial assets and liabilities reflected in these financial statements approximate their fair values. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a)** Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- b)** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity).
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market).

There were no financial instruments classifiable under level 1, 2 or 3 of the fair value hierarchy during the year.

36. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

37. PLANT CAPACITY AND PRODUCTION

Plant capacity (single shift) - units

Actual production - units

Actual production of tractors varies in line with the market demand.

	2022	2021
	(Rupees in '000)	
Plant capacity (single shift) - units	30,000	30,000
Actual production - units	21,216	17,120

38. NUMBER OF EMPLOYEES

38.1 Number of employees including contractual employees at 31 December

38.2 Average number of employees including contractual employees during the year

	2022	2021
38.1 Number of employees including contractual employees at 31 December	393	393
38.2 Average number of employees including contractual employees during the year	389	392

39. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on March 30, 2023 have proposed a final cash dividend of Rs. Nil per share amounting to Rs. Nil (2021: Rs. 51.03 per share amounting to Rs. 2.9 billion) subject to approval of the Company in the forthcoming annual general meeting.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 30, 2023 by the Board of Directors. The directors have the power to amend and reissue the financial statements.


Acting CEO and CFO


Director



PRODUCT PORTFOLIO



NH-GHAZI (65HP)



NH - 480 (55HP)



NH - 640 (75HP)



NH-DABUNG (85HP)



NH - 70-56 4WD (85HP)

NH-DABUNG (85HP)

POWER STEERING

Engine Power	85 HP
Operating Weight	2,865 kg
Number of Cylinders	4
Bore and stroke	104 x 115 mm
Piston Displacement	3.908 cc
Max. Power	@2600 RPM 85 HP
Max. Torque	@1600rpm 29.7 kgm
Pump	Distribution type fuel injection pump with Mechanical speed governor.
Battery	12 Volts 107 Ah
Air Filter	Oil Bath with pre cleaner
Fuel Filter	02 replaceable cartridges
Fuel Tank Capacity	65 Liters
Transmission	Gear box with constant-mesh gears 8 forward and 2 reverse speeds
Brakes	Oil immersed disc Brakes
Brakes Parking	Manual lever on right hand side of operator
Steering	Hydraulic Power Steering capacity 1.8 liters with complete filtering system.
Driver's Seat	Fully upholstered with parallelogram suspension, and adjustable foot step for ease.
Power Take-off	540 pm (1318 * - 6 Spline Shaft) @ 2160 Engine RPM.
Hyd. Pump	Gear type pump driven from engine.
Pump Capacity	26.7 Umin
Maximum Lifting Capacity	2,150kg
Tyre Front	7.50-16
Tyre Rear	18.4/ 15-30
D.T.O	Hight speed 35mm dia / same speed as engine.



NH - 70-56 4WD (85HP)

4X4 LIFT-O-MATIC HYDROSTATIC POWER STEERING

Engine Power	85 HP
Operating Weight	2,600 kg
Number of Cylinders	4
Bore and stroke	104 x 115 mm
Piston Displacement	3908 cc
Max. Power	85 HP
Max. Torque	@1500rpm 27kgm
Pump	Distribution Injection type pump with Mechanical and Hydraulic speed governor
Battery	12 Volts 110/ 120 Ah
Air Filter	Oil Bath with pre cleaner and Semi-automatic dust unloader
Fuel Filter	02 replaceable cartridges
Fuel Tank Capacity	61.01 Liters
Transmission	Gearbox with constant-mesh gears Synchronmesh on 3rd, 4th, 7th & 8th speeds
Brakes	Oil immersed multi disc type, Brakes actuation Hydraulic
Brakes Parking	With hand control lever and flashing warning light
Steering	Hydrostatic Power Independent circuit
Driver's Seat	De luxe with parallelogram suspension and Hydraulic shock absorber, adjustable to driver's weight
Power Take-off	540 rpm(1750 Engine RPM)
Pump Capacity	34.5 L/min
Maximum Lifting Capacity	2,200Kg
Tyre Front	12.4/11-24
Tyre Rear	18.4/15-30



NH - 640 (75HP)

POWER STEERING

Engine Power	75 HP
Operating Weight	2,070 kg
Number of Cylinders	4
Bore and stroke	100 x 115 mm
Piston Displacement	3613 cc
Max. Power	@2500 RPM 75 HP
Max. Torque	@1500rpm 22.5 kgm
Pump	Distribution type fuel injection pump with Mechanical speed governor.
Battery	12 Volts 120 Ah
Air Filter	Oil Bath with pre cleaner and Semi-automatic dust unloader
Fuel Filter	02 replaceable cartridges
Fuel Tank Capacity	54 Liters
Transmission	Gearbox with constant-mesh gears 8forward and 2 reverse speeds Synchronesh on 3rd, 4th, 7th & 8th speeds
Brakes	Service dry band type with mechanical control, oil immersed disc Brakes
Brakes Parking	With hand lever on right hand side of operator
Steering	Hydraulic Power with independent oil pump of flow capacity 12 litres / min and separate oil tank capacity 1.8 liters with complete filtering system.
Driver's Seat	Fully upholstered with parallelogram suspension, and adjustable to driver's weight.
Power Take-off	540 pm (1318" - 6 Spline Shaft) @ 2160 Engine RPM.
Hyd. Pump	Gear type pump driven from engine.
Pump Capacity	24.8 L/min
Maximum Lifting Capacity	1,650kg
Tyre Front	7.5/ 16
Tyre Rear	16.9/ 14-30
D.T.O	Speed same as engine - Anti clock wise



NH-GHAZI (65HP)

POWER STEERING

Engine Power	65 HP
Operating Weight	1,770 kg
Number of Cylinders	3
Bore and stroke	104 x 115 mm
Piston Displacement	2931 cc
Max. Power	@2500 RPM 65 HP
Max. Torque	@1500rpm 19.0 kgm
Pump	Distribution type fuel injection pump with Mechanical speed governor.
Battery	12 Volts 90/95 Ah
Air Filter	Oil Bath with pre cleaner and Semi-automatic dust unloader
Fuel Filter	02 replaceable cartridges
Fuel Tank Capacity	54Liters
Transmission	Gearbox with constant-mesh gears 8 forward and 2 reverse speeds Synchronesh on 3rd, 4th, 7th & 8th speeds
Brakes	Service dry band type with mechanical control, oil immersed disc Brakes
Brakes Parking	With hand lever on right hand side of operator
Steering	Hydraulic Power with independent oil pump of flow capacity 12 litres / min and separate oil tank capacity 1.8 liters with complete filtering system
Driver's Seat	Fully upholstered with parallelogram suspension, and adjustable to driver's weight.
Power Take-off	540 pm (1318 * - 6 Spline Shaft) @ 2160 Engine RPM.
Hyd. Pump	Gear type pump driven from engine.
Pump Capacity	22.7 L/min
Maximum Lifting Capacity	1,650kg
Tyre Front	6.0-16
Tyre Rear	14.9/ 13-28
D.T.O	Speed same as engine - Anti clockwise



NH - 480 (55HP)

Engine Power	55 HP
Operating Weight	1,710 kg
Number of Cylinders	3
Bore and stroke	100 x 115 mm
Piston Displacement	2710 cc
Max. Power	@2500 RPM 55 HP
Max. Torque	@1500rpm 16.5 kgm
Pump	Distribution type fuel injection pump with Mechanical speed governor.
Battery	12 Volts 90/95 Ah
Air Filter	Oil Bath with pre cleaner and Semi-automatic dust unloader
Fuel Filter	02 replaceable cartridges
Fuel Tank Capacity	54Liters
Transmission	Gearbox with constant-mesh gears 8 forward and 2 reverse speeds Synchronesh on 3rd, 4th, 7th & 8th speeds
Brakes	Service dry band type with mechanical control
Brakes Parking	With hand lever on right hand side of operator
Steering	Manual, Recirculating ball type, Centre lever Joint to lubricated for life.
Driver's Seat	Fully upholstered with parallelogram suspension, and adjustable to driver's weight.
Power Take-off	540 rpm (1318 * - 6 Spline Shaft) @ 2160 Engine RPM.
Hyd. Pump	Gear type pump driven from engine.
Pump Capacity	22.7 L/min
Maximum Lifting Capacity	1,450kg
Tyre Front	6.0-16
Tyre Rear	12.4/ 11-28
D.T.O	Speed same as engine - Anti clockwise



Investor Feedback Form

To request information or submit a comment / query to the Company, please complete the following and return this page to-

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

Comment / Query : _____

Name : _____

Permanent Mailing Address : _____

Contact Numbers (Tel) : _____

(Fax) : _____

Email : _____

Name of Company (If Applicable) : _____

Designation (If Applicable) : _____

Company Address : _____

(If Applicable) _____

FAMCO ASSOCIATES (PVT) LTD.
8-F, Near Hotel Faran, Nursery
Block 6, P.E.C.H.S.
Shahra-e-Faisal
Karachi.

Date:

Dear Sirs,

ELECTRONIC CREDIT MANDATE FORM (MANDATORY)

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Name of share-holder/certificate-holder : -----
Folio Number/CDC Account No. : ----- Company/Entity: -----
Contact number : -----
Title of Bank Account : -----
IBAN Number (see Note below) : -----
Name of Bank : -----
Bank branch name & full mailing address : -----

CNIC No. (copy attached) : -----
NTN (in case of corporate entity) : -----
Cell / Landline number : -----

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company/Modaraba informed in case of any changes in the said particulars in future.

Shareholder/Certificate-holder's Signature

Notes and Instructions:

1. Please provide complete IBAN Number (24 digits), after checking with your concerned branch to enable electronic credit directly into your bank account.
2. The payment of cash dividend will be processed based on the account number alone. Company/Modaraba will rely on the account number as per Shareholder/Certificate holder's instructions and shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Company/Modaraba.
3. Shareholders holding shares in physical form must submit this form separately for each Company/Modaraba where they hold their shares/Modaraba Certificates quoting their folio number.
4. CDC shareholders are requested to submit their Dividend Mandate directly to their broker (participant)/CDC Investor Accounts Services. It is not required to file separate form for each Company.

FORM OF PROXY

I / We _____

of _____

of Al-Ghazi Tractors Limited and holding _____

ordinary shares, as per Registered Folio _____

hereby appoint _____

of _____

or failing him, _____

of _____

to vote for me/us and on my/our behalf at the Annual General Meeting of Al-Ghazi Tractors Limited to be held on April 27, 2023 at 04:00 pm at Karachi as well as through video-link arrangement.

Signed on this _____ day of _____, 2023 in the presence of:

1. Signature: _____

2. Signature: _____

Name: _____

Name: _____

Address _____

Address _____

CNIC or Passport No.: _____

CNIC or Passport No.: _____

Signature of
member(s)
across
Revenue Stamp
of PKR 5/-

Important:

1. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him. No person shall act as proxy (except for a corporation) unless he is entitled to be present and vote in his own right.
2. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.
3. The proxies shall be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

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AFFIX
CORRECT
POSTAGE

The Company Secretary
Al-Ghazi Tractors Limited
Tractor House, 102-B,
16th East Street, DHA Phase I,
Off. Korangi Road, Karachi.

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درست رقم کا ٹکٹ
چسپاں کریں

کمپنی سیکریٹری
الغازی ٹریڈرز لمیٹڈ،
ٹریڈرز ہاؤس، B-102،
16 ایسٹ اسٹریٹ، ڈی ایچ اے فیز 1،
کورنگی روڈ، کراچی۔

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Fold Here

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 | Website: www.alghazitractors.com



AL-GHAZI TRACTORS LTD