

# COMMITTED TO GROWTH



**AL-GHAZI TRACTORS LTD**



QUALITY MANAGEMENT-BRAND STRENGTH

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# OUR VISION AND MISSION

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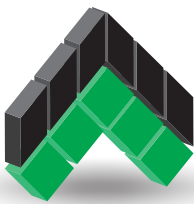
## OUR VISION

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 lowest cost 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.



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## COMPANY INFORMATION

### Share Registrar

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

### Auditors

A.F. Ferguson & Co.  
Chartered Accountants  
Karachi

### Tax Advisors

Ernst & Young Ford Rhodes  
Sidat Hyder  
Karachi

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants  
Karachi

### Legal Advisors

Saiduddin & Co.  
Karachi

### Bankers

Askari Bank Limited  
Bank AL-Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Meezan Bank Limited

### Registered and Head Office

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

### Plant

Sakhi Sarwar Road, P.O. Box 38  
Dera Ghazi Khan  
Tel: 92 64 2463750, 2463812,  
2020750-51  
Fax: 92 64 2462117

### Marketing Centres

Dera Ghazi Khan  
Lahore  
Multan  
Islamabad  
Sukkur

## BOARD OF DIRECTORS AND BOARD COMMITTEES

### Board of Directors

Mr. Charles Leonard Hunt  
Non-Executive Chairman

Mr. Mohammad Shahid Hussain  
CEO & Managing Director

Mr. M. Ali Qaiyum  
Independent Non-Executive Director

Mr. Majd-ul-Ahsan Syed  
Non-Executive Director

Mr. Kashif Lawai  
Executive Director & CFO

Mr. Vincent Delassagne  
Non-Executive Director

Mr. Mark Brinn  
Non-Executive Director

Mr. Damiano Cretarola  
Non-Executive Director

### Audit Committee

Mr. M. Ali Qaiyum  
Chairman, Independent Non-Executive Director

Mr. Majd-ul-Ahsan Syed  
Member, Non-Executive Director

Mr. Damiano Cretarola  
Member, Non-Executive Director

### Human Resource and Remuneration Committee

Mr. Charles Leonard Hunt  
Chairman, Non-Executive Director

Mr. Majd-ul-Ahsan Syed  
Member, Non-Executive Director

Mr. Vincent Delassagne  
Member, Non-Executive Director

### Company Secretary

Ms. Sobika Zubair

### Chief Internal Auditor

Syed Faisal Bin Maaz

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## DIRECTORS' REPORT

The Company has had a tremendous start of the first quarter with sales of 6,455 tractors compared with 3,927 delivered during same period last year. Company's sales volume took an upturn mainly on account of improved farmer's economic health, recognition of Company's quality initiatives and launch of new model Dabung. The Company managed to earn a Gross Profit of 30.1% compared with 26.8% of same period last year on the back of additional sales volume and effective cost management.

With resilient good management practices and good governance which are central to AGTL's approach to business, the company has earned a record high post-tax profit of Rs. 919.6 million, an increase of 97% over the same period last year. This translates into record high first quarter EPS of Rs 15.86 per share.

With its Commitment to Growth, AGTL is becoming a story of sustained excellence. With the intention to contribute towards farmer community and for better crop yield, Al-Ghazi Tractors has brought in first of its kind New Holland Brand Combine Harvester into Pakistan for trial. The Company will explore the opportunity to commence assembly of these Combines locally in collaboration with Case New Holland (CNHI).

The Company recently signed a corporate partnership agreement with Meezan Bank Limited and Karandaaz Pakistan. This initiative will offer fast track financing solution to Company's small and medium size vendors and facilitate the vendor industry towards capacity enhancement and quality improvement.

During the period under review, AGTL received the coveted award of the Best Managed Company from the Management Association of Pakistan.

The Company's financial results have been recommended by the Audit Committee of the Board and will be placed on the company's website at [www.alghazitractors.com](http://www.alghazitractors.com).

For and on behalf of  
the Board



**Charles Leonard Hunt**  
Chairman

Karachi: April 25, 2017

**CONDENSED INTERIM BALANCE SHEET**

AS AT MARCH 31, 2017 (UN-AUDITED)

	Note	(Unaudited) March 31, 2017	(Audited) December 31, 2016
(Rupees'000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	3	652,060	649,897
Long-term loans		2,185	2,280
Long-term deposits		3,062	3,538
		657,307	655,715
<b>CURRENT ASSETS</b>			
Stores and spares		19,258	18,731
Stock-in-trade		1,368,083	1,408,886
Trade debts		42,144	279,759
Loans and advances		134,134	94,042
Short-term deposits and prepayments		13,060	6,119
Accrued mark-up		365	4,307
Other receivables		128	40,849
Refunds due from the Government		1,075,510	819,138
Cash and bank balances		3,767,262	1,316,770
		6,419,944	3,988,601
<b>TOTAL ASSETS</b>		7,077,251	4,644,316
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		289,821	289,821
Reserves		3,989,226	3,069,648
		4,279,047	3,359,469
<b>NON-CURRENT LIABILITIES</b>			
Deferred staff benefits - compensated absences		38,538	41,940
Staff retirement benefit		-	9,715
Deferred taxation		31,511	30,865
		70,049	82,520
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,678,454	1,156,858
Taxation		49,701	45,469
<b>COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	4	7,077,251	4,644,316

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE FIRST QUARTER ENDED MARCH 31, 2017 (UN-AUDITED)

	Note	Quarter ended	
		March, 31 2017	March, 31 2016
		(Rupees' 000)	
Sales	5	4,964,031	2,814,786
Cost of goods sold	6	<u>(3,467,433)</u>	<u>(2,060,651)</u>
Gross profit		1,496,598	754,135
Distribution cost		(60,427)	(24,344)
Administrative expenses		<u>(58,877)</u>	<u>(55,580)</u>
		1,377,294	674,211
Other income		34,149	52,041
Other operating expenses		<u>(97,344)</u>	<u>(50,112)</u>
		1,314,099	676,140
Finance cost		<u>(254)</u>	<u>(37)</u>
Profit before taxation		1,313,845	676,103
Taxation		(394,267)	(209,645)
Profit after taxation		<u>919,578</u>	<u>466,458</u>
Other comprehensive income		-	-
Total comprehensive income		<u>919,578</u>	<u>466,458</u>
Earnings per share-Basic and diluted		<u>15.86</u>	<u>8.05</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT**

FOR THE FIRST QUARTER ENDED MARCH 31, 2017 (UN-AUDITED)

	Note	March, 31 2017	March, 31 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	7	2,991,332	1,335,776
Income taxes paid		(389,389)	(237,652)
Decrease in deferred staff benefits		(3,402)	(200)
Decrease in staff retirement benefits		(9,715)	(1,728)
Decrease / (Increase) in long-term deposits		476	(1,117)
Decrease in long-term loans		95	-
Net cash inflow from operating activities		<u>2,589,397</u>	<u>1,095,079</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(16,342)	(10,206)
Proceeds from disposal of fixed assets		10	6
Placement in term deposits - net		-	(600,000)
Return on investments		34,285	70,127
Net cash inflow from investing activities		<u>17,953</u>	<u>(540,073)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(156,858)	(10,782)
<b>Net decrease in cash and cash equivalents</b>		<u>2,450,492</u>	<u>544,224</u>
Cash and cash equivalents at the beginning of period		1,306,770	1,420,238
Cash and cash equivalents at the end of period		<u><u>3,757,262</u></u>	<u><u>1,964,462</u></u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

  
 Chief Executive

  
 Director



# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED MARCH 31, 2017 (UN-AUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	← (Rupees'000) →			
<b>Balance as at January 1, 2016</b>	289,821	1,000,000	4,498,759	5,788,580
Final dividend @ Rs. 25 per share for the year ended December 31, 2015	-	-	(1,449,105)	(1,449,105)
Interim dividend @ Rs. 25 per share for the year ending December 31, 2016	-	-	(1,449,105)	(1,449,105)
Second dividend @ Rs. 25 per share for the year ending December 31, 2016	-	-	(1,449,105)	(1,449,105)
Profit for the year ended December 31, 2016	-	-	1,926,884	1,926,884
Other comprehensive income for the year ended December 31, 2016	-	-	(8,680)	(8,680)
<b>Balance as at December 31, 2016</b>	<b><u>289,821</u></b>	<b><u>1,000,000</u></b>	<b><u>2,069,648</u></b>	<b><u>3,359,469</u></b>
<b>Balance as at January 1, 2017</b>	289,821	1,000,000	2,069,648	3,359,469
Profit for the first quarter ended March 31, 2017	-	-	919,578	919,578
Other comprehensive income for the first quarter ended March 31, 2017	-	-	-	-
<b>Balance as at March 31, 2017</b>	<b><u>289,821</u></b>	<b><u>1,000,000</u></b>	<b><u>2,989,226</u></b>	<b><u>4,279,047</u></b>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED MARCH 31, 2017 (UN-AUDITED)

### 1 THE COMPANY AND ITS OPERATIONS

Al-Ghazi Tractors Limited (the Company) was incorporated in Pakistan under the Companies Act, 1913 (now the Companies Ordinance, 1984) 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, Phase I, D.H.A, off Korangi Road Karachi'. The Company is principally engaged in the manufacture and sale of agricultural tractors, implements and spare parts.

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

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

### 2 BASIS OF PREPARATION

This condensed interim financial information of the company for the three months ended March 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange.

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the company for the year ended December 31, 2016.

### 3 FIXED ASSETS

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

	Additions (at cost)		Disposals / Transfers (at net book value)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	← Rupees '000 →			
Building	-	-	-	-
Electrical equipment	80	-	-	-
Plant and machinery	2,166	5,910	-	-
Furniture and fixtures	630	835	-	-
Computer hardware	2,070	1,313	-	-
Vehicles	8,656	-	-	-
Factory equipments and tools	35	780	-	-
Additions to capital work in progress	3,484	1,223	779	-
Intangibles	-	145	-	-
	<u>17,121</u>	<u>10,206</u>	<u>779</u>	<u>-</u>

### 4 COMMITMENTS

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Commitments for capital expenditure outstanding as at March 31, 2017 amounted to Rs.37.59 million (2016: Rs. 26.16 million)

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### FOR THE FIRST QUARTER ENDED MARCH 31, 2017 (UN-AUDITED)

	March, 31 2017	March, 31 2016
	(Rupees'000)	
<b>5 SALES</b>		
Tractors	5,349,125	3,113,929
Trading and others	8,649	24,866
	5,357,774	3,138,795
Less: Commission and discounts	(76,285)	(40,085)
Sales Tax	(317,458)	(283,924)
	4,964,031	2,814,786
	March, 31 2017	March, 31 2016
	(Rupees'000)	
<b>6 COST OF GOODS SOLD</b>		
Cost of goods manufactured	3,147,651	1,675,537
Opening stock of finished goods	334,423	420,067
Closing stock of finished goods	(19,183)	(57,931)
Manufactured goods	3,462,891	2,037,673
Trading and others	4,542	22,978
	3,467,433	2,060,651
<b>7 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	1,313,845	676,103
Add/(Less) adjustment for non cash charges and other items		
Depreciation / amortisation	14,179	14,462
Profit on disposal of fixed assets	(10)	(6)
Return on investments and bank deposits	(30,343)	(47,652)
Profit before working capital changes	1,297,671	642,907
<b>Effect on Cash Flow due to Working Capital changes</b>		
Decrease / (Increase) in current assets		
Stores and spares	(527)	11,961
Stock in trade	40,803	669,197
Trade debts	237,615	(309,498)
Loans and advances	(40,092)	6,636
Short-term deposits and prepayments	(6,941)	(5,821)
Other receivables	40,721	38,290
Refunds due from the Government	(256,372)	34,871
	15,207	445,636
Increase in trade and other payables	1,678,454	247,233
Cash generated from operations	2,991,332	1,335,776

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
FOR THE FIRST QUARTER ENDED MARCH 31, 2017 (UN-AUDITED)

**8 RELATED PARTY TRANSACTIONS**

There were no significant related party transactions during the quarter ended March 31, 2017 (2016: NIL).

**9 DIVIDEND**

The Board of Directors in its meeting held on April 25, 2017 declared an interim cash dividend of Rs. 12.5 per share (2016: Rs. 25) amounting to Rs. 724.5 million (2016: Rs. 1449.1 million).

**10 AUTHORISATION OF ISSUE**

These financial statements were authorised for issue by the Board of Directors on April 25, 2017 .



Chief Executive



Director



NEW

**NH - DABUNG**

(85Hp)

**NH - 480**

(55Hp)







QUALITY MANAGEMENT-BRAND STRENGTH