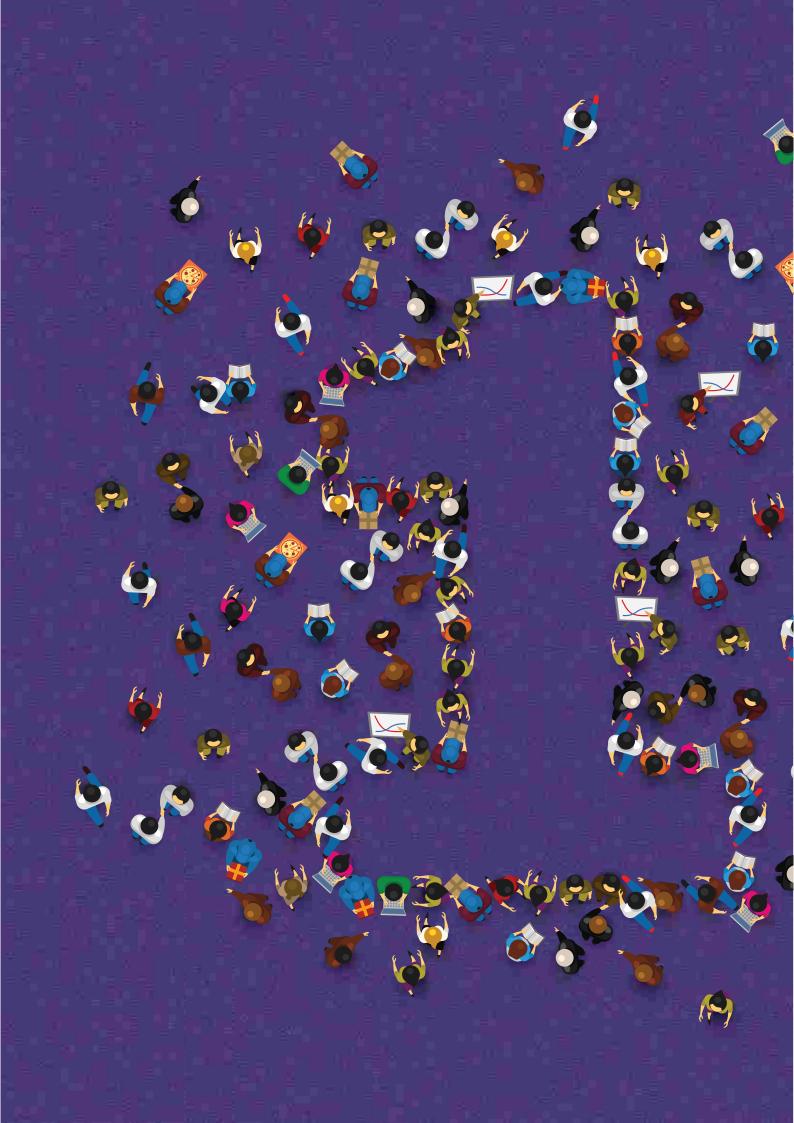
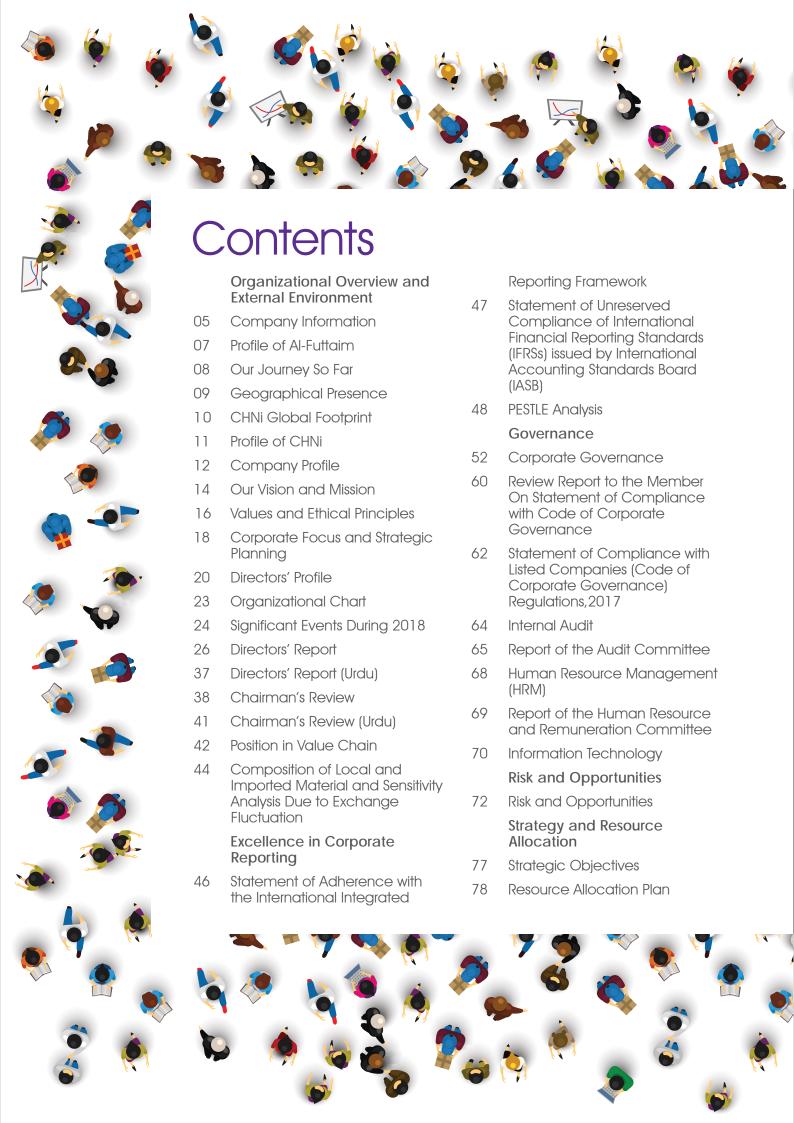
Winning as

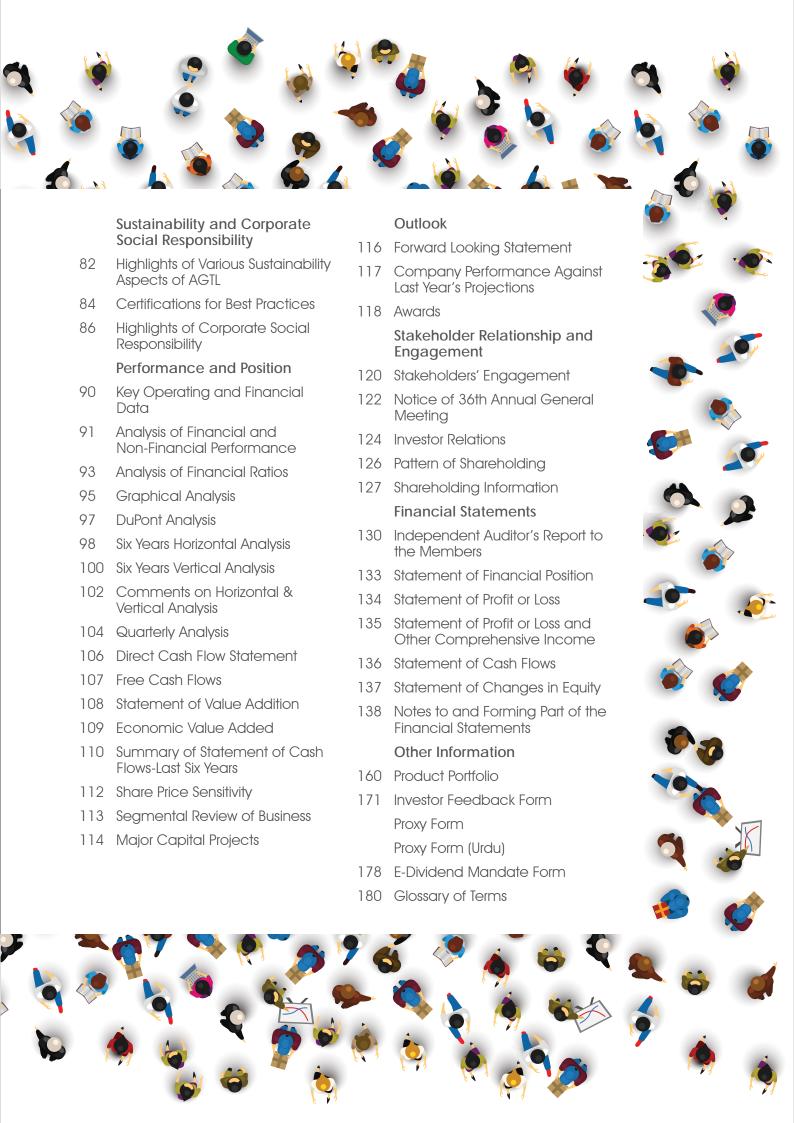


AL-GHAZI TRACTORS LTD
AGIL Annual Report 2018











Company Information

BOARD OF DIRECTORS

Mr. Charles Leonard Hunt Non-Executive Chairman

Mr. Colin William Corderv Non-Executive Director

Mr. Mohammad Shahid Hussain **CEO & Managing Director**

Mr. Kashif Lawai **Executive Director & CFO**

Mr. M. Ali Qaiyum Independent Non-Executive Director

Mr. Vincent Delassaane 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. Colin William Cordery Member, Non-Executive Director

Mr. Damiano Cretarola Member, Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

Mr. Colin William Cordery Member, Non-Executive Director

Mr. Vincent Delassaane Member, Non-Executive Director

COMPANY SECRETARY Mr. Muhammad Babar Khan

CHIEF INTERNAL AUDITOR Syed Faisal Bin Maaz

SHARE REGISTRAR

FAMCO Associates (Private) Limited 8-F, Next To Hotel Faran, Núrsery 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

E&Y Ford Rhodes Chartered Accountants Karachi

Tola Associates 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 Website: www.alghazitractors.com

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







Al-Futtaim operates through more than 200 companies across sectors as diverse as commerce, industry and services, 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 has Al-Futtaim to arow 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 with exceptional standards of customer service and after sales support.

Structured into seven operational divisions; automotive, electronics, engineering and technologies, retail, financial services, general services, real estate and joint ventures, maintains Al-Futtaim a decentralised approach, giving individual businesses flexibility and versatility to maintain a competitive stance. This benefits employees, providing a clearly defined work culture where individuals are empowered with authority and responsibility for their work.

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

Our Journey So Far



000

1984-



1983

June 26: Date of Incorporation

September: Commencement of Operation February: Auxiliary Plant, Start of Production at D.G. Khan Plant April: Main Manufacturing Plant







2006

April: Sheet Metal Plant for stamping and agricultural implements **April:** New Engine Assembly Line

December: Take Over by Al-Futtaim







March: New Engine Testing facility

April: Assembly Line for Generators June: New Head Office -Tractor House, Karachi



2017 < December

December: Quality Assurance Lab, Plant

Geographical Presence



DEALERSHIP NETWORK

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

CNHi Global Footprint



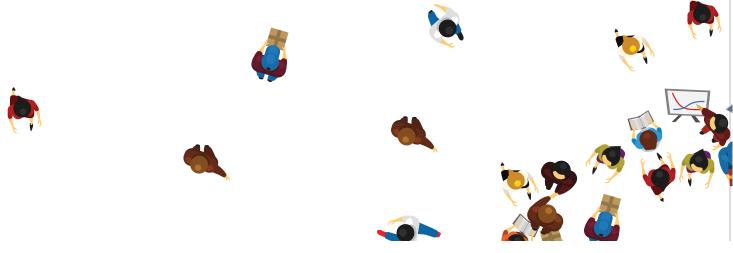


CNH Industrial is a global leader in the capital goods sector that, through its various businesses, designs, produces and sells agricultural and construction equipment, trucks, commercial vehicles, buses and specialty vehicles, in addition to a broad portfolio of powertrain applications. Present in all major markets worldwide, CNH Industrial is focused on expanding its presence in high-growth markets, including through joint ventures.

From tractors and combines, excavators, wheel loaders, trucks, buses, firefighting and civil protection vehicles to powertrain solutions for on and off road and marine, the Group designs, produces and sells 'machines for work'. Across its 12 brands, 64 manufacturing plants, 49 research and development centers and a workforce of more than 69,000 people, CNH Industrial is present in 190 countries giving it a 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.



AGTL 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 corporate excellence and "Best Corporate Performance".

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 statement 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 core strategy of being the lowest cost producer of quality products. AGTL's produced tractors in all hp ranges are therefore the cheapest quality tractors in the whole world.

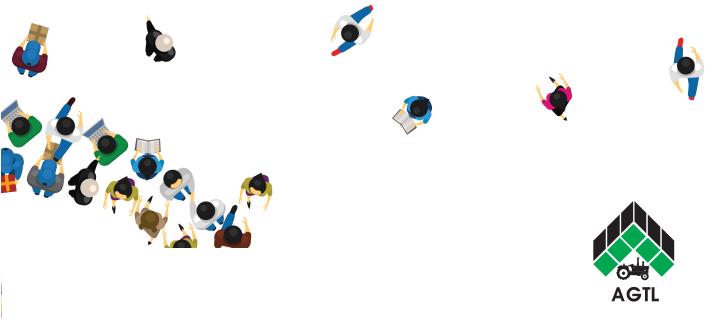
Documentation of the entire manufacturing process and improved quality measurement being our priority, Al-Ghazi was the first automobile company in Pakistan to earn the ISO-9000 certification. With yearly audits the company is now registered for ISO-9001:2015 upto September 15, 2021.

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 customers. As many dealers in every nook and cranny of the country, and over 3000 mechanical workshops dot the country to work as customer care centers.

AGTL name is synonymous with stability, brand strength, customer loyalty and profitability. The Top Stock of the automobile industry of Pakistan with market capitalization of over hundred times, dividends tell our real story. To the shareholders we give returns which are almost un-matched in Pakistan's corporate world.

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 stake holders, 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.

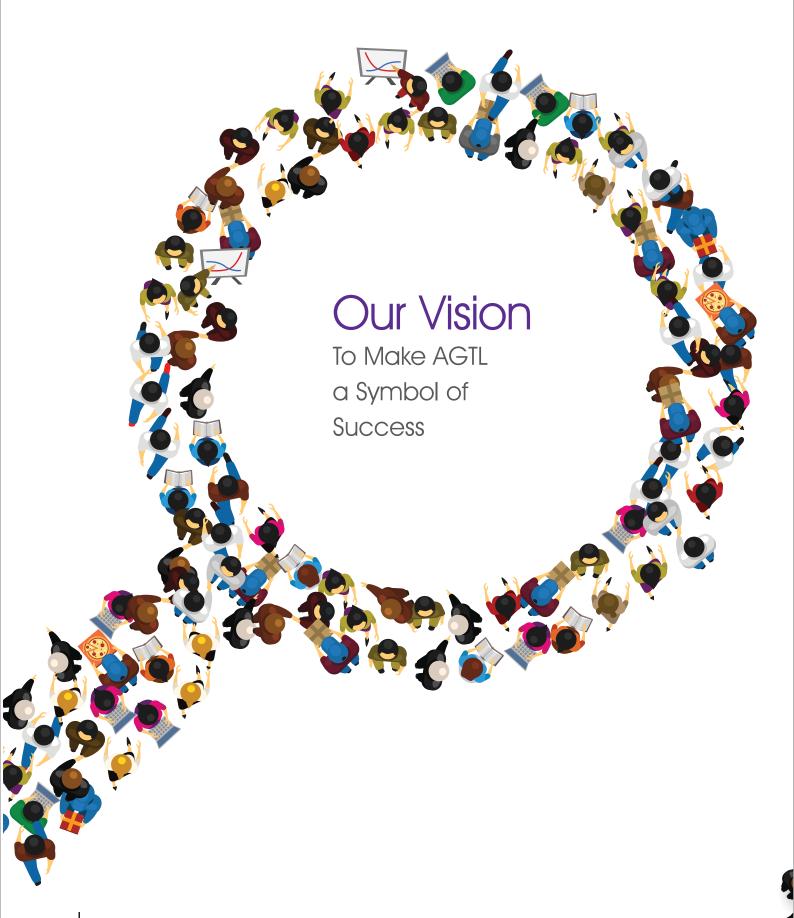
Al-Futtaim's flagship in Pakistan with over 93% foreign shareholding, Al-Ghazi Tractors Limited is a text book example of good corporate governance, conforming to all of the Corporate Governance Reforms promulgated by the government.

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 categoric: "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.









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 Responsibility create mutually beneficial relationships between the Company, Stakeholders and the Community.



Values & Ethical Principle

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 welcomed responsible, by communities, businesses, customers in which it operates. It facilitates economic, human resources and community development within a stable operating environment.

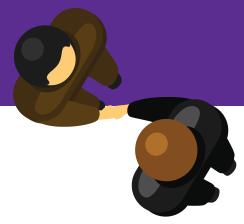
The Directors believe that they can make a difference within their sphere of influence. Thus it envisaged that:

- 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 and 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 activities.
- The Company should aspire for stability and continuous improvement within the operating environment.
- The Company should provide protection of environment.
- The Company should promote

- community efforts as good corporate citizens.
- The Company should ensure consistency with labour laws, 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.







Strategic Planning

With Company's Vision that sets the destination in sight; the Company's Mission, which is stirring, challenging, believable, and evolved through consensus; Goals, Objectives, Action Plans, Roles and Responsibilities clearly defined, Strategic Planning at Al-Ghazi Tractors Limited aligns the actionable vision of the Company to reach optimal performance.



Sound business plans are outlined, brainstormed and developed to coordinate strategies for overall success of the Company.

With disciplined efforts to produce 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, its resources, and thus incorporating them into being consciously responsive to a dynamic changing environment.

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



Directors' Profile



Mr. Charles Leonard Hunt Non-Executive Chairman Appointed August 4, 2009

A seasoned automotive professional, Mr. Hunt brings to Al-Ghazi Tractors many years of expertise and experience in the automobile industry of UK and USA.

He was educated at Sheffield University, UK.

Mr. Charles Leonard Hunt serves as the non-executive Chairman of the Board. As Chairman, Mr. Hunt is responsible for leading the Board, setting its agenda and ensuring its effectiveness in all aspects of its role.

He is also a Certified Director from Pakistan Institute of Corporate Governance.



Mr. Mohammad Shahid Hussain CEO & Managing Director Appointed August 05, 2015

Mr. Mohammad Shahid Hussain has more than 30 years of experience working for Multinationals such as Berger Paints, Philips, Tetra Pak & Makro Cash & Carry. He is a Marketer by profession besides having hands on experience in operations and General Management. His last assignment before joining AGTL was as CEO & Managing Director of General Tyre Pakistan where he served for more than 6 years.

He holds a Bachelors degree in Economics, and has attended various Management Development courses at LUMS, Malaysia, Singapore and Sweden along with Business Program Diploma from (International Institute of Management Development) IMD Switzerland.

He is also a Certified Director from Pakistan Institute of Corporate Governance.



Mr. Colin William Cordery Non-Executive Director Appointed December 06, 2017

Mr. Colin William Cordery was appointed to the Board in 2017. Mr. Cordery serves as a Non-Executive Director of the Board. He is also a member of the Board's Human Resource and Remuneration Committee and the Board's Audit Committee. Mr. Cordery has served AGTL's majority shareholder, Al-Futtaim Group, for over a decade and currently heads all its international automotive businesses.



Mr. Kashif Lawai Executive Director & CFO Appointed Dec 07, 2011

Mr. Kashif Lawai was appointed as Chief Financial Officer and Director on the Board in 2011. He had earlier served as Chief Internal Auditor of the Company. Mr. Lawai started his professional career in 1996 from A.F.Ferguson & Co, a member firm of the PwC network. His experience includes serving Pakistan Refinery Limited as Company Secretary & Financial Controller. He is a fellow member of Institute of Chartered Accountant of Pakistan and holds a Masters Degree in Economics. He is also a Certified Director from Pakistan Institute of Corporate Governance.



Mr. M. Ali Qaiyum Independent Non-Executive Director Appointed December 06, 2014

Mr. M. Ali Qaiyum is a fellow member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Pakistan. With over 30 years of financial experience, he has worked in areas such as auditing, treasury, mergers and acquisitions, risk management, strategy, financial planning and forecasting, implementation of ERPs and financial reporting. He has worked in these areas in Pakistan, UAE, Oman and UK. Mr. M. Ali Qaiyum was appointed as an independent Director on December 06, 2014 and chairs the Audit Committee of the Board. He is also a Certified Director from Pakistan Institute of Corporate Governance.



Mr. Vincent De Lassagne Non-Executive Director Appointed Oct 23, 2015

Mr. Vincent is the Brand Leader for New Holland Agriculture Asia Pacific Region. He initially joined the CNH in 1995. Within CNH he acquired a significant experience in the CIS, AME and Asia Pacific markets. Since 2004 he has been posted as Business Director in Asia Pacific Region. Mr. Vincent de Lassagne has been appointed on the Board of Al-Ghazi Tractors Ltd from October 23, 2015. Mr. Vincent holds an Agronomist Engineer degree & Masters in Marketing & Sales from the HEC University.



Mr. Mark Brinn Non-Executive Director Appointed October 25, 2016

Mr. Mark Brinn is Head of SEA, Pakistan & Japan at CNH Industrial being responsible for the Company's business geographic area which include agricultural equipment (New Holland and Case IH Agriculture), construction equipment (New Holland and CASE Construction) and commercial vehicles (Iveco brands). Mr. Mark is engaged with CNH Industrial for 20 years. He subsequently moved to Bangkok, where he took on responsibility for product marketing activities for the agricultural equipment brands in South East Asia and Japan, and was later appointed Business Director for agricultural equipment operations in the area. Mr. Mark holds a Bachelor's degree in Agricultural Technology and Management.



Mr. Damiano Cretarola Non-Executive Director Appointed August 15, 2012

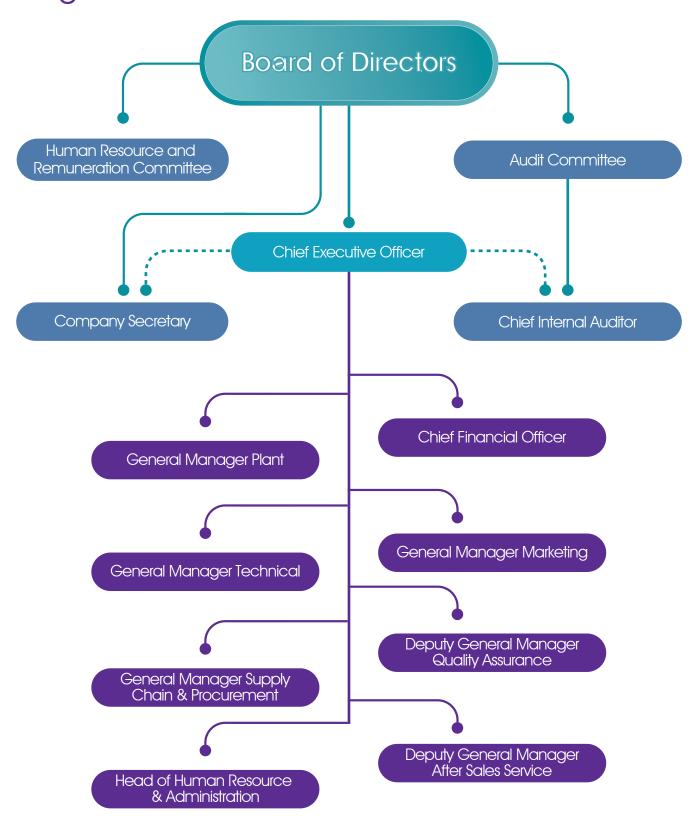
Mr. Damiano Cretarola joined the Fiat Group in 2004, first working with Fiat Group International SA as Head of Administration and Control Department, then serving in the Finance Department of Fiat SpA Group.

In June 2008 he assumed responsibility as a Chief Accounting Officer of CNH International Region and in 2010 he was appointed Chief Financial Officer. In 2013, he was appointed as Chief financial officer of CNH Industrial N.V. APAC Region.

Mr. Damiano Cretarola holds a degree in Business Economics from the University of Fribourg, Switzerland, and a Federal Diploma as Certified Public Accountant from the "Akademine fur Wirtschaftsprufung" of Zurich.

Mr. Damiano Cretarola was appointed on the Board in 2012 as a non-executive director. He is also a member of the Audit Committee.

Organizational Chart





^{*}Number of employees as at Dec 31, 2018 and average number of employees for the year including factory employees are disclosed in note 37 to the financial statements

Significant Events During 2018

Jan



AGTL received the coveted award of the Best Managed Company from the Management Association of Pakistan.



The Board of Directors (BOD) meeting was held to review and approved audited financial statements for the year ended December 31st 2017.

Mar



Second All AGTL Cricket Tournament was held at DGK Plant in the month of March.





Annual General Meeting of shareholders of the company was held in April 2018 where distribution of cash dividend of Rs. 25 per share was approved.

BOD Meeting was held in the month of April for the approval of 1st quarter financial results.





Annual picnic was organized by the Company at Dream World Resort in June.



New dealerships were inaugurated country wide for strengthening dealers network.



Mr. Mohammad Shahid Hussain CEO & MD was awarded Gold Pin by the Parent Company Al-Futtaim on his outstanding performance.



BOD Meeting for the 2nd Quarter was held in the month of July for the approval of half year financial results and interim dividend of 600% was announced.



Foundation for construction of new Components Storage Shed was laid at DGK plant.



Independence Day was celebrated at all AGTL · locations.



Dealers Convention and Sales Conference was held in Thailand in September.





AGTL staff and management visited CNHi assembly facility in Thailand



AGTL was awarded 3rd position in "Best Corporate Report Award" by joint committee of ICAP and ICMAP.

BOD Meeting was held in the month of October for the approval of 3rd quarter financial results.





Engineers Club Convention was organized in Multan in the month of October.



BOD Meeting for the approval of annual budget 2019 was held in the month of December in Dubai.



The Directors of Al-Ghazi Tractors Limited ('the Company' or 'AGTL') have pleasure to present the annual report together with the Company's audited financial statements for the year ended December 31, 2018.

Operating Results	2018	2017
	(Rupees in '000)	
Sales	19,372,522	18,871,448
Gross Profit	4,665,484	5,259,738
Profit before taxation	3,734,835	4,585,013
Taxation	(1,282,321)	(1,461,893)
Profit after tax	2,452,514	3,123,120
Other comprehensive income	(20,902)	(9,457)
Total comprehensive income	2,431,612	3.113.663

Company Performance

The Company sold 23,933 tractors during the year 2018 as compared to 24,423 tractors sold in the year 2017. The momentum of growth in the Company's sales continued till the first half of the year. However, during the second half of the year sales volume was low in the backdrop of off-season, worsening water crisis affecting farmers' economic health, post-election scenario and slowdown of overall economic activity. This resulted in sales volume of the year slightly lower than that of previous year.

Profit before tax for the year ended December 31, 2018 at Rs. 3,735 million is 19% lower than that of previous year. The Company gross margin remained under pressure owing to significant rupee devaluation, cost of inflation owing to steep rise of metal prices in the international market and resulting extra-ordinary push from vendors for increase in prices of components. Further, the Company is currently facing liquidity challenges and incurring huge financial cost due to hold up of our due sales tax refunds by the authority to the tune of Rs 1.8 billion approximately. Significant financial cost was incurred due to increased utilization of overdraft facility to support business operations on need basis.

Out of the pre-tax profit of Rs 3,735 million, an amount of Rs 1,282 million was charged on account of corporate tax. The after-tax profit thus stands at Rs 2,452 million translating into earnings per share (EPS) of Rs 42.31.

"Key Operating and Financial Data", the "Horizontal and Vertical Analysis of Financial Statement" highlighted in the Annual Report testify to the strength of the Company. The Annual Report of the Company was yet again awarded the prestigious one of the Best Annual Report Award by the Joint Committee of ICAP and ICMAP. This recognition motivates the Company to provide improved information to its shareholders.

JCR-VIS has assigned Ratings of 'A/A-1' (Single A/A-One) to Al-Ghazi Tractors Limited.

Appropriations

The financial results for the year under review are as follows:	2018	2017
	(Rupees i	in '000)
Total comprehensive income	2,431,612	3,113,663
Transfer of general reserve to unappropriated profit	1,000,000	-
Unappropriated profit – brought forward	835,995	2,069,648
Amount available for appropriation	4,267,607	5,183,311
Final dividend paid for the year 2017: Rs. 25 per share (2016: Rs. 12.5 per share)	(1,449,105)	(724,553)
Interim dividend paid for the year 2018: Rs. 30 per share (2017: Rs 62.5 per share)	(1,738,926)	(3,622,763)
Unappropriated profit – carried forward	1,079,576	835,995

As far as movement in general reserve during the year is concerned, balance of general reserve as at December 31, 2017 was Rs. 1 billion. The Board of Directors in its meeting held 19 February 2018 resolved to transfer general reserves balance as at 31 December 2017 to unappropriated profit. Accordingly, there is no balance of general reserve as at December 31, 2018.

For the year ended December 31, 2018, the Board in its meeting held on February 11, 2019, has proposed a final cash dividend of Rs. 9 per share amounting to Rs.521.6 million.

Macro Economic Environment and Tractor Industry

Pakistan has achieved 5.79 percent GDP growth during FY 2017-18. Agriculture sector regarded as lifeline of Pakistan's economy as it accounts for an important part of the country's GDP and employed bulk of the total work force. Agriculture sector recorded a growth of 3.81 percent in FY 2018 as compared to the growth of 2.07 percent in corresponding previous year. The country's agricultural production is closely linked, inter alia, with the availability of irrigation water and weather conditions. The farmer community and allied industries may reap benefits depending on improvement of infrastructure including transport network and other blocks of modern supply chain, government initiatives, increased demand for high-value perishable products (due to growth of urban areas), etc.

Overall the tractor industry witnessed a decrease in the calendar year 2018 as compared to the comparable period. According to published numbers, 63,060 tractors were sold during the current period as against 66,369 last year.

Business performance highlights

The Company remained principally engaged in the manufacture and/or sale of agricultural tractors, implements and spare parts. The Company launched its improved version of Dabung model during the year in order to strengthen Company's presence in high HP segment. Also, the Company has brought in first of its kind New Holland Brand Combine Harvesters, Balers, and 95 HP tractors into Pakistan on exploratory basis.

The Company is committed to improve product quality at both incoming and assembly stages. A sophisticated lab is, therefore, being set up at the plant to ensure receiving of quality components. The Company is also focusing on vendor capacity building to further strengthen its supply chain in anticipation of growing demand of high HP tractors. Other areas of plant are also on focus like projects of store sheds, construction of quality lab, installation of Dynamometers (Engine shop), etc.

The Company has structured its CSR framework to achieve relevant objectives. The Company is focused on relevant social endeavors such as providing scholarships to merit students of the Universities, 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. Considerable efforts have also been made relating to industrial relations, consumer protection measures and business ethics. On the environmental impact and measures, the Company has been committed and it has taken certain measures relating to energy saving, re-use, re-cycling, environmental protection, plantation, fuel efficiency, etc. With the importance of contributing to the society and environment, during the year the Company contributed a tractor to the municipality of Dera Ghazi Khan, free of charge.

AGTL received the coveted award of the Best Managed Company from the Management Association of Pakistan. On April 12 and 13, 2018, AGTL's five rupee share was traded at Rs 780 on the Pakistan Stock Exchange - that is a market capitalization of 156 times - thus giving AGTL a total market value of Rs 45.21 billion. Without any doubt AGTL is one of the top stocks of the automobile industry in Pakistan.

Future Outlook

In line with the mission statement and keeping in view the economic environment affecting the Company as highlighted above, the Company remains focused on delivery of quality products - the most enduring competitive edge. Sound business plans are outlined, brainstormed and developed to coordinate strategies for overall success of the Company. AGTL is driven by optimism and belief on its ever agile workforce. Being cost effective, having hands on management style along with the high standards of workmanship makes AGTL a perfect example for growth and development.

The Company continues to focus on quality production and, given its one of values being to provide protection of environment, envisages to embark on the journey of introducing environment friendly products while continuously up-grading existing models in order to remain competitive in the challenging business dynamics. This engagement will enable the Company to knock the doors of international market.

Credit rating is an assessment of the credit standing of entities in Pakistan. During the year, JCR-VIS Credit Rating Company Ltd. (JCR-VIS) has performed the credit rating exercise and has assigned ratings of 'A/A-1' (Single A/A-One) to Al-Ghazi Tractors Limited. 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 'A1' 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'.

Effective management through mitigating strategies has been done in response to main risks and uncertainties facing the Company. For instance: In addressing business risk the Company's strategies, plans and oversight takes into account relevant factors; Risk of increase in price of raw materials is kept in check by price revision committee of the Company; Exchange rate risk has been reduced as the Company's product has around 92% local components; Risk of inability to source raw material is managed by constantly monitoring the supply base to ensure uninterrupted procurement.

Financial and Corporate Governance Framework

The Company has complied with all material requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Following are the statements on financial and corporate governance framework:

- Al Futtaim Industries Co. LLC., incorporated in UAE, is the holding company of Al-Ghazi Tractors Limited, being the holder of 50.02% shares of the Company.
- The Board of Directors of the Company consists of:

Total number of directors:

- a) Male 8 b) Female -
- Composition of board:
- a) Independent Directorb) Other Non-Executive Directorsc) Executive Directors2
- The names of directors and Members of board committees are disclosed in this Annual Report.
- 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.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards. 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 system of internal control is sound in design and has been effectively implemented and monitored.
- The Basic earnings per share were Rs 42.31 in 2018 compared to Rs. 53.88 in 2017.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- The Company has fully complied with the Listing Regulations of the Pakistan Stock Exchange.
- The pattern of shareholding has been included in this Annual Report.
- 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.
- Five meetings of the Board of Directors were held during the year. Number of meetings of the Board's audit committee and Human Resource & Remuneration Committee was four and two respectively.
 Details of attendance by each director / member are shown in this Annual Report.
- Independent director is entitled only for the fee for attending the meetings as approved by the Board. The level of fee is appropriate and commensurate with the level of responsibility and expertise. Other non-executive directors are not entitled to any remuneration. Audited financial statements of the Company contain details of aggregate amount of remuneration separately of executive and non-executive directors.
- 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 of the financial statements of the Company.

- Information about taxes and levies is given in the financial statements.
- Statement of value of investments of retirement funds is as follows:

	(Rupees in '000)	Year Ended
Gratuity fund Provident fund	•	June 30, 2018 June 30, 2018
Toviaci Tana	101/170	04110 00, 2010

External Auditors

The present auditors, Messrs. A.F. Ferguson & Co. Chartered Accountants retire and, being eligible, offer themselves for re-appointment. The directors endorse recommendations of the Audit Committee for the re-appointment of Messrs. A.F. Ferguson & Co. as the auditors for the financial year 2019.

Financial Statements on Website

The financial results of the year 2018 would be placed on the Company's website and can be viewed on www.alghazitractors.com.

Acknowledgements

AGTL's recognition owes its successes to its talented employees – the officers and the workers who leave no opportunity to shine and devote themselves whole heartedly to the prosperity of the Company.

The Board is grateful to our employees, our supply chain associates, our dealers and our principals – CNH for their continued support and commitment. We look forward to continuing to deliver results in the coming years.

On behalf of the Board of Directors

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Director

Mohammad Shahid Hussain Chief Executive Officer

Karachi: February 11, 2019

بورڈ کی آ ڈٹ کمیٹی نے متعلقہ فریق سے لین دین پرنظر ثانی کی اور انہیں منظور کیا۔ یہ لین دین انٹرنیشل فنانشل رپورٹنگ اسٹینڈ رڈز (IFRS) اور کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق کی گئی ہیں۔ کمپنی نے اس طرح کی تمام لین دین کا مکمل اور جامع حساب کتاب محفوظ رکھا ہے۔ متعلقہ فریق سے لین دین کی تفصیلات کمپنی کے مالیاتی گوشوارے کے نوٹس میں وضع کی گئی ہیں۔

🖈 مالیاتی بیانے میں قرضہ جات اورٹیکس سے متعلق معلومات موجود ہیں۔

🖈 سبدوشی فنڈ میں کی گئی سر مایہ کاری کا بیا نیہ درج ذیل ہے:

روپے ہزار میں سال اختیام پذیر 2018ء 30 میں 130,217 2018ء 30 میں 151,193

بيرونی آ ڈیٹرز:

موجودہ آڈیٹرز،میسرزاے۔ایف فرگوسنز اینڈ کمپنی، چارٹرا کا وُنٹنٹ سبکدوش ہوئے اور با اہل ہونے کے ناطے، دوبارہ تقرری کیلئے خود کو پیش کیا۔ڈائر یکٹرز نے میسرز فرگوسنز اینڈ کمپنی کوبطور آڈیٹر برائے مالی سال 2019 کیلئے دوبارہ تقرری کومنظور کیا۔

ویب سائٹ پر مالیاتی گوشوارے:

گریجویٹی فنڈ

ىروپۇنٹ فنڈ

مالیاتی نتائج برائے سال 8 1 0 2 سمپنی کی ویب سائٹ پر رکھی جائیں گی جو کہ www.alghazitractors.comپردیکھی جاسکیں گی۔

تسليمات:

AGTL کی کامیابی اس کے ہنر مند ملاز مین پر منحصر ہے۔ کمپنی کے آفیسر زاور ملاز مین کوئی موقعہ ہاتھ سے جانے نہیں دیتے جس سے کمپنی کی کارکردگی میں بہتری آئے اوراس کا نام روشن ہو۔

بورڈ اپنے ملاز مین، اپنی ترسیلی چین ساتھی ، اپنے ڈیلرز اور ہماری بنیاد CNHi کوان کی مسلسل معاونت اور وابستگی پرشکر گزار ہیں۔ہم آئندہ سالوں میں مسلسل بہتر نتائج کے منتظر ہیں۔

بورڈ آف ڈائر یکٹرز کی جانب سے

گسسم کنفرس کاشف لوائی ڈائر کیٹر

معملاً محمشا بدهسین چیف ایگزیکٹوآفیسر

کراچی، 11 فروری، 2019 Annual Report 2018

- 🖈 🖈 بورڈ کی کمیٹیوں کے ڈائر یکٹرزاور ممبران کے نام سالا نہریورٹ میں ظاہر کیے گئے ہیں۔
- کمپنی کی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی بیانیے ، شفافیت کے ساتھ ، کمپنی کی موجودہ حالت ، با کار نتائج ، نقذ کا بہاواور صصی تبدیلیاں پیش کرتے ہیں۔
 - 🖈 تستمپنی کی ا کا ؤنٹ کتب باضا بطہ طور پر تیار کی گئی ہیں۔
- الیاتی بیانیے کی تیاری میں مناسب اکاؤنٹنگ پالیسی مسلسل لاگو کی گئی ہیں ماسوائے ان تبدیلیوں ، ترمیمیات اورتشری کے جوموجودہ معیار میں فوری پہلے وقوع پذیر یہوئی ہوں۔ اکاؤنٹنگ گوشوارے معقول اور دانشمندانہ فیصلوں پرمنی ہیں۔
- ہیں الاقوامی مالیاتی رپورٹنگ معیارات جن کا اطلاق پاکستان پر ہوتا ہے حالیہ مالیاتی گوشوارے میں مقدم رکھا گیاہے۔
 - 🖈 اندرونی نظم ونتق کا نظام موثر طرز سے ترتیب دیا گیا ہے اوراس پرموثر انداز میں عملدرآ مدونگرانی جاری ہے۔
 - اس 2018 میں بنیادی آمدنی فی حس 42.31روپے رہی، اس کے مقابلہ میں سال 2017 میں فی حس کے مقابلہ میں سال 2017 میں فی حس کے مقابلہ میں سال 2018 میں فی حس کے مقابلہ میں سال 33.88 میں بنیادی آمدنی 53.88 میں بنیادی آمدنی کے مقابلہ میں سال 2017 میں فی حس
 - 🖈 سنمینی کے جاری وساری کاروبار میں کمپنی کی صلاحیت پر کوئی اہم ابہام موجوز نہیں ہیں۔
 - 🖈 سنمپنی نے پاکستان اسٹاک ایسینج کی جانب سے وضع کیے گئے ضابطوں کی ممل یا سداری کی ہے۔
 - 🖈 مصص داران کا خاکہ اس کی سالانہ رپورٹ میں شامل کیا گیا ہے۔
- ٹ ڈائر کیٹرز، چیف فنانشل آفیسر، اندرونی آڈٹ ہیڈ، کمپنی سیکریٹری اوران کی ازواج اوران کے جیھوٹے بچول ہے ۔ نے سال رواں کے دوران کمپنی کے صص میں کاروبارنہیں کیا ہے۔
- ک آڈیٹڈ آپریٹنگ کے اہم نکات اور کچھے چھ سالوں کے مالیاتی نتائج اس سالانہ رپورٹ میں شامل کیے گئے ہیں۔ ہیں۔
- رواں سال بورڈ آف ڈائر کیٹرز کی 5 میٹنگ منعقد کی گئی ہیں۔ بورڈ کی آڈٹ سمیٹی اور ہیومن ریسورسز اور ﷺ تنخواجات کی سمیٹی کی میٹنگ کی تعداد 4 اور 2 رہی۔ ہرڈائر کیٹر کی حاضری اس سالا ندر پورٹ میں ظاہر کی گئی ہے۔ ہے۔
- کے صرف آزاد ڈائر کیٹر ہی میٹنگ میں شرکت کرنے کیلئے فیس وصول کرنے کا حقدار ہے جبیبا کہ بورڈ نے منظور کیا ہے۔ دیگر نان کیا ہے۔ فیس کی شرح مناسب ہے اوراس کی ذمہ داریوں اور مہارت کے حساب سے موذوں ہے۔ دیگر نان ایگزیکٹوڈ ائر کیٹرزکسی شخواہ جات کے حقدار نہیں ہیں۔ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے ایگزیکٹوڈ ائر کیٹر اگر کیٹوڈ ائر کیٹرزکی علیحدہ مجموعہ شخواہ جات کی تفصیلات فراہم کرتے ہیں۔

کریڈٹ ریٹنگ دراصل یا کستان میں قائم اداروں کے کریڈٹ کی استعداد کا تجزیہ ہے۔اس سال کے دوران، JCR-VIS جو کہ ایک کریڈٹ ریٹنگ ادارہ نے ایک کریڈٹ ریٹنگ سرانجام دی جس میں الغازی ٹریکٹرزلمیٹڈ کو درجہ" A/A-1"سےنوازا گیا۔ لمبے عرصے سے درجہ "A" کی ریٹنگ حاصل کرناا چھے کریڈٹ کے معیار کی عکاسی ہے اور لاحق خطرات سے نمٹنے کیلئے معقول اقدامات کی نشاندہی ہے۔ کچھا قتصادی تبدیلیوں سے ممکنہ لاحق خطرات میں کمی لائی جاسکتی ہے۔مخضر دورانیہ میں درجہ "A1" کا حصول بروقت ادائیگی ، بہترین سیّا لی عوامل کے یقینی ہونے کی علامت ہے۔مکنہ خطرات نہایت کم ہیں ۔نوازی گئی ریٹنگ کےخلاصہ سے ہماری حالت مشحکم ہے۔

کمپنی کودرپیش بنیادی خطرات اورغیرمتوقع حالات کے تناظر میں ماہرانہ حکمت عملی کے ذریعے موثرنظم ونسق کیا گیا ہے مثلاً: کمپنی کے حکمت عملی ،منصوبہ بندی اور پڑا حتیاط نگرانی کی مدمیں متعلقہ امور کیلئے؛ خام مال کی قدر میں بڑھور ی کے خطرے کیلئے اسے کمپنی کی نظر ثانی کرنے والی کمیٹی کے ذریعے بڑتال کی جائے گی، ایسیجینج نرخ میں اضاضے کے خطرے کیلئے تمپنی کی براڈ کٹ 92 فیصدلوکل جزوتر کیبی بیشتمل ہے؛ خام مال کے حصول کیلئے ذرائع نہ ہونے کے خطرے کی نظم ونتق کیلئے مسلسل سیلائی ہیں کی نگرانی کی جائے تا کہ بلاروک پیداوارکویقینی بنایا جاسکے۔

مالياتي اور كاربوريك گورننس فريم ورك:

کمپنی نے لٹڈ کمپنیز ریگولیشن 2017 کے تحت کار پوریٹ گورننس کے تمام بنیادی ضابطوں کی یاسداری کی

مالياتي اوركار يوريث گورننس فريم ورك يربيانيه درج ذيل بين:

متحدہ عرب امارات میں بنائی گئی انفطیم انڈسٹریز کمپنی ،ایل ایل سی ،الغازی ٹریکٹر زلمیٹڈ کی بالا دست کمپنی ہے ، اور کمپنی کے 50.02 فیصد خصص کی ما لک ہے۔

کمپنی کے بورڈ آف ڈائر یکٹرز درج ذیل مشتمل ہیں:

ڈائر یکٹرز کی کل تعداد

8	(الف) مرد
-	(ب) زن
	بوردهٔ کامریب:
1	(الف) آزاد ڈائر کیٹرز
5	(ب) دیگرنان ایگزیکٹوڈائریکٹرز
2	(ج) ایگزیکٹوڈائزیکٹر

کی تغمیری استعداد کی جانب بھی اپنی توجہ مبذول کرر کھی ہے تا کہ بڑے HP ٹریکٹر کی بڑھتی ہوئی طلب کی مدمیں اس کی سیلائی چین کی صلاحیت میں مزید بہتری لائی جاسکے۔ پلانٹ نے اس کے علاوہ اپنی توجہ دیگر منصوبوں جیسا کہ اسٹور شیڈز،معیاری لیبارٹری کی تغمیر،ڈائنومیٹرزنصب کرنے (لیعنی انجن شاپ) وغیرہ پربھی مبذول کی ہوئی ہے۔

تمینی نے متعلقہ امداف کے حصول کیلئے ،اپنا CSR فریم ورک ترتیب دیا ہے۔ کمپنی متعلقہ ساجی خد مات کیلئے سعی و جہد کررہی ہے جبیبا کہ یو نیورسٹیوں کے میرٹ طلباء کواسکالرشپ کی فراہمی ، مقامی ٹیلنٹ کی افزائش ،خصوصی افراد کی ملازمت اور ساجی فلاح و بہبود کیلئے متحرک کردارخصوصی طور پر ڈیرہ غازی خان میں جہاں پلانٹ واقع ہے۔ صنعتی تعلقات،صار فی محافظتی تدابیراور کاروباری ضابطه کار کیلئے گراں قدرِ کوششیں کی گئی ہیں۔ ماحولیاتی اثرات اور ضابطہ کارکیلئے، کمپنی نے وابسگی ظاہر کی ہے اور اس مدمیں اس طرح کے اقد امات کیے ہیں جس میں تو نائی کی بجیت، دوباره استعال، ریسائکلنگ، ماحولیاتی تحفظ، شجر کاری، ایندهن کا تناسب، وغیره شامل ہیں۔

مینجنٹ ایسوسی ایشن آف یا کستان نے AGTL ''بہترین انظامی کمپنی'' کا ایوارڈ سے نواز اہے۔مورخہ 12 ایریل، 2018، کو AGTL کا یانچ رویے حصص اضافہ ہو کریا کتان اسٹاک ایکھینج میں 780رویے پر کاروبار کیا۔ یہ بازاری سرماییکاری میں 156 گناہ زیادہ ہے-اس طرح اس نے AGTL کیکل مارکیٹ قدر 45.21 بلین رویے یر پہنچادی۔ بغیر کسی شک وشبہ کے، AGTL یا کستان کی آٹومو بائل صنعت میں صف اول کے اسٹاک کی حامل ہے۔

آئنده امکانات:

بیان کردہ امداف کے تحت اور نمایاں کردہ کمپنی کے اقتصادی ماحول کو مدِ نظر رکھتے ہوئے ، کمپنی نے اپنی توجہ معیاری براڈ کٹ کی ترسیل برمرکوز رکھی ہوئی ہے۔ جو کہ دیریا مسابقتی اثر ورسوخ کی علامت ہے۔مؤثر کاروباری منصوبہ بندی متعین کی گئی ہے اور معاونی حکمت عملی اور بہترین د ماغی صلاحیتوں کا استعال کیا گیا تا کہ کمپنی کی مجموعی کامیا بی ممکن ہوسکے۔AGTL امید پروری پر جاری وساری ہے اوراپنی مستعدا فرادی قوت پر بھروسہ رکھتی ہے۔

تمپنی نے مسلسل اپنی توجہ معیاری پراڈ کٹ پر مرکوز رکھی ہوئی ہے اور ماحولیاتی تحفظ فراہم کرنے ، متعارف کرانے کیلئے دوستانہ ماحول کے قیام کیلئے مسلسل موجودہ ماڈلز کونز قی دے رہی ہے تا کہ رونما کاروباری تبدیلیوں میں مسابقت رکھی جا سکے۔ یہ گہما گہمی کمپنی کو بین الاقوامی مارکیٹ کا درواز ہ کھٹکھٹانے کے قابل بنائے گی۔ سال کے دوران عام محفوظ فنڈ زیرِ غور رہا، جبیا کہ 31، رسمبر 2017 تک اس کا بیلنس 1 بلین رویے تھا۔ بورڈ آف ڈائر یکٹرز نے اپنی میٹنگ منعقدہ 19 فروری 2018 میں پیر طے کیا 31 دسمبر 2017 تک کے عام محفوظ فنڈ کوغیرتصرف شدہ منافع میں منتقل کیا جائے۔لہٰذااب یعنی 31 دسمبر 2018 تک عام محفوظ فنڈ زمیں کچھ باقی

برائے سال اختیام پذیر 31 دسمبر 2018 ، بورڈ نے اپنی میٹنگ منعقدہ 11 فروری، 2019 میں حتمی نقد ڈوینڈ نڈملغ 9رویے فی حصص لینی 521.6 ملین روپے کی تجویز پیش کی۔

ميكروا قنضادي ماحول اورٹر يکٹرصنعت:

یا کتان نے مالی سال 18-2017 میں 5.79 فیصد GDP اضافہ حاصل کیا۔زراعت کا شعبہ یا کتان کی معیشت کی حیات ہے جبیبا کہ ملک کے GDP اور کل مز دوروں کی تعداد کا ایک بڑا حجم رکھتا ہے۔ زراعت کے شعبے نے مالی سال 2018 میں 3.81 فیصداضا فہ کیا ،اس کے مقابلے میں پچھلے سال 2.07 فیصداضا فہ تھا۔ ملک کی زراعت کا دارومدار ، منجملہ دیگر، آبیاشی کے یانی اور موسمی حالات پر ہوتا ہے۔کسانوں کا ساج اور متعلقہ صنعتیں کے ثمرات انفرااسٹر کچر کی اصلاح بشمول ٹرانسپورٹ نیٹ ورک اور دیگر جدیدسیلائی چین کے ذرائع ، گورنمنٹ کی پیش رفت ،جلد خراب ہونے والی اشیاء کی مہنگی قدر (جس کی وجہشہری علاقوں کی آباد کاری ہے)وغیرہ پر منحصر ہیں۔

مجموعی طور پرٹریکٹر کی صنعت سابقہ دورانیہ کے مقابلے میں ، کلینڈر سال 2018 میں کچھ کمی کی شامد ہے۔اشاعت کے مطابق 63,060 ٹر مکٹرزفروخت ہوئے جبکہ بچھلے سال اسی دورانیہ میں فروختگی 66,369 ٹرریکٹرزتھی۔

کاروباری کارکردگی کے اہم نکات

ہماری تمپنی نے اپنی مرکزی توجہ ذرعی ٹریکٹرز،اس کے سازوسا مان اور آلات کی تیاری اور / یاان کی فروخت پر مرکوز کررکھی ہے۔ کمپنی نے بھاری ہارس یا ور کے سلسلے میں کمپنی کی اہلیت کو تفویت پہنچانے کے سلسلے میں اس سال کے دوران Dabung ماڈل کا ایک اصلاحی ورژن پیش کیا ہے۔اس کےعلاوہ کمپنی نے یا کستان میں سب سے پہلے نیو ہالینڈ برانڈ کےمشتر کہ ہارویسٹرز، بیلرزاور 95ایج پی بھی آ زمائشی بنیادوں پرمتعارف کرائے ہیں۔

تمینی نے دونوں درآ مدکرنے اور جوڑنے کے مراحل کی مدمیں پراڈ کٹ کے معیار کی بہتری کا تہیہ کررکھا ہے۔ایک تصنعی لیبارٹری کو پلانٹ پرنصب کیا گیا ہے تا کہ معیاری ساز وسامان کی حصولی کویقینی بنایا جاسکے۔ کمپنی نے فروشندگان چیلنجز کا سامنا ہے اور کمپنی نے گورنمنٹ اتھارٹیز سے سازٹیکس کی مد میں قابل وصول رقم تقریباً 1.8 بلین روپے کی وجہ سے اظافی لاگت برداشت کررہی ہے۔کاروباری عملیات کی حمایت اور ضروری عوامل کے سلسلے میں بینک کی بیش وصولی سہولت کا استعال کیا گیا جس کی وجہ سے کمپنی کی کاروباری لاگت میں قابلِ ذکر اضافہ ہوا ہے۔

قبل ازئیس منافع مبلغ 3,735 ملین روپے میں سے مبلغ 1,282 ملین روپے کارپوریٹ ٹیکس کی مدمیں ادا کیے گئے۔لہذا بعداز ٹیکس منافع مبلغ 2,452 ملین روپے گھرا،اس طرح فی حص آمدن (EPS) مبلغ 2,451 روپے رہی۔

'' کی آپریٹنگ اور مالیاتی ڈیٹا'' ، سالانہ رپورٹ میں نمایاں کی گئ''مالیاتی بیانیے کی افقی اور عمودی تشریح'' کمپنی کی مضبوطی کی شاہد ہے۔ کمپنی کی سالانہ رپورٹ کوابھی دوبارہ ، ICAP کی جوائٹ کمپٹی اور ICMAP کی جانب سے ،اعلی درجے کی بہترین سالانہ رپورٹ ایوارڈ سے نوازا گیا تھا۔ یہ قدرشناسی کمپنی کے صص داران کو بہتر انداز میں معلومات کی فراہمی پر اُبھارتی ہے۔

JCR-VIS نے الغازی ٹریکٹر زلم پیٹڈ کو"A/A-1" کے درجہ سے نواز اہے۔

تصرفات:

وجوده سال کیلئے مالیاتی نتائج کا جائز ہ درج ذیل ہے:	2018 روپي ټرا	2017 رمیں
ئل مجموعي آمد ني	2,431,612	3,113,663
الممحفوظ فنذ كوغير تضرف شده منافع مين منتقل كيا گيا	1,000,000	-
برتصرف شدہ منافع - آ گےلایا گیا	835,995	2,069,648
فسرفات كيلئة دستياب منافع	4,267,607	5,183,311
مر ن :		
تمی ادا ئیگی برائے سال 2017		
؛2روپے فی حصص (12.5:2016روپے فی حصص)	(1,449,105)	(724,553)
ا ئىگى عبورى ڈويڈنڈ (منقسمہ) برائے سال 2018		
ادروپے فی حصص (2017: 62.5روپے فی حصص)	(1,738,926)	(3,622,763)
اصل سابق غير تصرف شده منافع	1,079,576	835,995

ڈائر یکٹرز کی رپورٹ

الغازی ٹریکٹرزلمیٹڈ (سمینی یا AGTL) کے ڈائریکٹرزسالا نہریورٹ بمع سمینی کے آڈٹ شدہ مالیاتی بیانیے برائے سال اختتام پذیر 31 دسمبر 2018 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

2017 ارمیں	2018 دوپي ټر	آپريٹنگ نتائج:
18,871,448	19,372,522	فروخت
5,259,738	4,665,484	مجموعي منافع
4,585,013	3,734,835	قبل از عیکس منافع
(1,461,893)	(1,282,321)	ش ب یس
3,123,120	2,452,514	بعداز ٹیکس منافع
(9,457)	(20,902)	ديگر جامع آمدني
3,113,663	2,431,612	كل جامع آمدني

تمپنی کی کارکردگی:

تحمینی نے سال 2018 کے دوران 23,933ٹریرز فروخت کیے ، اس کے مقابلے میں پچھلے سال 2017 میں 24,423 ٹریکٹرز فروخت ہوئے تھے۔ کمپنی کا فروختی رجحان پہلی ششماہی تک جاری رہا۔ تاہم دوسری ششاہی میں فروخنگی حجم میں کمی واقع ہوئی جس کی وجہ سیزن نکل جانا، یانی کے شدید مسائل جنہوں نے کسانوں کونقصان پہنچایا،ا قتصادی حالتِ زار، مابعدا نتخابی عمل کے نتائج اورا قتصادی سرگرمیوں میں مجموعی طور پر میں کمی واقع ہونا تھا۔اس وجہ سے اس سال تمپنی کے فروختگی جم میں پچھلے سال کے مقابلے میں ہلکی ہی کمی واقع ہوئی۔

سال اختتام پذیر مورخه 31 دسمبر 2018 کیلئے منافع ماقبل ٹیکس مبلغ 3,735 ملین رویے رہاجو کہ بچھلے سال کے مقابلے میں 19 فیصد کمی کوظا ہر کرتا ہے۔۔ تمپنی کا شرح منافع زیر دباؤر ہاجس کی وجہرویے کی قدر میں قابلِ ذکر کمی، بین الاقوا می مارکیٹ میں دھاتوں کی قیمتوں میں اضا فہ کےسبب لاگت میں اضا فہ ہونا ہے۔ بوجیفر وشندگان پرغیر معمولی حد تک دباؤ ڈالا گیا کہ وہ مصنوعات کی قیمتوں میں اضافہ کریں۔مزید بہمپنی کواس وقت نقذی کے سلسلے میں سیالی



Chairman's Review Report

It gives me immense pleasure to present the review report for the year ended December 31, 2018.

Company's performance overview

2018 was comparatively a challenging year in terms of profit margins of Al-Ghazi Tractors Limited ('the Company'). As more fully explained in the directors' report, the Company was successful in reaching to profit before tax to Rs. 3.74 billion mainly due to sales volume of 23,933 tractors and effective cost management but with constant pressure on gross margins owing to cost inflation, rupee devaluation and economic condition of farmers community. Moving ahead, in line with the Company's vision and mission and while giving regard to economic environment affecting the Company, focus of the Company's management will remain on delivery of quality products and sound business plans for the overall success of the Company. The Company is fueled by the confidence of its fundamental strengths, the quality of its devoted workforce, the supply systems, and with its nationwide distribution network and customer care centres. I am confident that the Company will be successful in meeting the future challenges and targets.

Board's performance and role effectiveness

The overall performance of the Company's Board of Directors ('the Board') and effectiveness of the role played by the Board in achieving the objectives of the Company, have remained key assets throughout the year.

The Board has performed its duties diligently and has managed the affairs of the Company in an effective and efficient manner. The best interest of shareholders of the Company has been upheld. The Board has exercised its powers and has 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 2018 statement of compliance with code of corporate governance. Appropriate directors' reviews have been published with all the condensed interim financial information and 2018 annual financial statements.

The Board recognises that well defined corporate governance processes are vital in enhancing corporate accountability. It is thus committed to ensuring high standards of corporate governance to preserve and maintain shareholder value. The Board has access to complete, adequate and timely information and resources. Further, in order to have effective and detailed oversight, the Board has established its appropriate committees for its support. The Board met frequently enough during the year 2018 to discharge its responsibilities and held five meetings in addition to the meetings held by its committees. The effective role played by the Board was the key in managing the affairs of the Company whose performance was remarkable.

During the year, the Company's Board of Directors has played an effective role in ensuring that the Company objectives are achieved. I am grateful to the Board for the continued, invaluable and consistent efforts which were pivotal in achieving excellent results of the Company.

I would like to congratulate all stakeholders for the impressive performance of the Company and commend the Company's Board of Directors, management and employees for achieving the said performance.

Charles Leonard Hunt

Chairman

Karachi: February 11, 2019

بورڈ سمجھتا ہے کہ وضع کردہ کارپوریٹ گورننس طریقے کار، کارپوریٹ احتساب کی تروت کی اساس ہیں۔ اس لئے حصص داران کی قدرکو محفوظ و برقر ارر کھنے کیلئے کارپوریٹ گورننس کے اعلی معیارات کی پاسداری بقینی بنائی گئی ہے۔ بورڈ کے پاس مکمل کرنے بمتوازی کرنے اور بروقت معلومات وزرائع پردسترس موجود ہے۔ علاوہ ازیں بمؤثر اور تفصیلی نگرانی کیلئے بورڈ نے اس مقصد کیلئے مناسب کمیٹیاں تھکیل دی میں۔ بورڈ نے سال 20 18 کے دوران اپنی ذمہ داریاں نبھاتے ہوئے متواتر ملاقا تیں کیس اور پانچ میٹنگز کیس ، جواس کی کمیٹیوں کی جانب سے انعقاد کی گئی میٹنگز کے علاوہ میں۔ بورڈ کی کارکرد گی غیر معمولی اور قابلی دیورہی جیسا کہ بورڈ کا موثر کردار کمپنی کے مسائل کی نظم ونت میں کلیدی حیثیت رکھتا ہے۔

سالِ رواں کے دوران، کمپنی کے بورڈ آف ڈائر کیٹرز نے کمپنی کے مقاصد کے حصول کو بقینی بنانے کیلئے نمایاں کر دارا داکیا۔ میں ، بورڈ کی جانب سے مسلسل ، میش بہااور بااصول کوششوں کا شکرگز ارہوں جو کہ کمپنی کے بہترین نتائج کے حصول کیلئے ناگزیرتھیں۔

میں تمام شراکت داروں کو کمپنی کی متاثر کن کا کردگی کیلئے مبار کباد پیش کرنا چاہوں گااور ندکورہ کارکردگی کے حصول کیلئے کمپنی کے بورڈ آف ڈائریکٹرز،انتظامیہاورملاز مین کامعتر ف ہوں۔

حإرليز ليونار ڈہنٺ

چيئر ملين

کراچی 11، فروری 2019



چیئر مین کی جائز ہر پورٹ

یہ میرے لئے انتہائی مسرت کی بات ہے کہ میں اختتام پذیر سال . مورخه 31 دسمبر 2018 کی جائز ہ رپورٹ پیش کررہا ہوں۔

سمینی کی کارکردگی کاعمومی جائزہ

سال 2018،الغازی ٹریکٹرزلمیٹڈ (متعلقہ کمپنی) کےمنافع کی شرح کےحوالے ہے ایک چیلنجز والاسال رہا۔جیسا کہڈائر یکٹررپورٹ میں اس کی تفصیل دی گئی ہے، کمپنی قبل ازٹیکس منافع مبلغ 3.74 بلین رویے حاصل کرنے میں کامیاب ہوئی جس کی اصل وجہ 23,933 ٹریکٹرز کا فروخنگی جم اور پیداواری لاگت کے سلسلے میں بہترین حکمت عملی تھی ۔ مگراس کے ساتھ ساتھ ہمارے مجوی منافع کی شرح پرمسلسل دباوُر ہاجس کی وجہ لاگت میں اضافہ، رویے کی بے قدری اور کسانوں کی معاشی حالت زارہے۔ کمپنی کے نظرییا ورمقصد کے حصول اور کمپنی کے اقتصادی ماحول کی تر ویج کیلئے ، کمپنی انتظامیہ نے اپنی توجہ معیاری پراڈ کٹ کی ترسیل اورموثر کاروباری منصوبہ بندی پرمرکوز رکھی ۔ کمپنی اس کی بنیادی اہلیت، وفاشعار ماہر کارکنان ، ترسیلی انتظامات ، اورملک گیر رسدی نیٹ ورک اور کسٹمر کیئرسینٹر پر بھروسے سےلبریز ہے۔ میں پراعتاد ہول کہ پنی در پیٹی چیلنجز اورا ہداف کا میابی کے ساتھ عبور کرے گی۔

بورڈ کی کاردگی اورموثر کر دار

سمپنی کے بورڈ آف ڈائریکٹرز (متعلقہ بورڈ) کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول کیلئے بورڈ کی جانب سےادا کیا گیاموثر کر دار، یورے سال کلیدی اثاثہ رہا۔

بورڈ نے اپنے فرائض تندہی کےساتھ نبھائے اور کمپنی کےمسائل کا کامل اورموثر بندوست کیا۔ کمپنی کےصص داران کا بہترین مفاد برقر اررکھا گیا ہے۔ بورڈ نے کمپینیز ایک 2017 اور قابلِ اطلاق کار پوریٹ گورنٹس کے ضابطوں کے مطابق اسپنے فرائضِ منصبی سرانجام دیئے اوراختیارات کا استعمال کیا۔ کمپنی نے فدکورہ ضابطہ کے تمام تر متعلقہ شرائط وضوابط پر کار پوریٹ گورنش کے ضابطوں کے ساتھ عملدرآ مدکیا جو کہ کمپنی کے گوشوارے برائے سال 2018 میں تفصیلی طور پر موجود ہے۔ ڈائز کیٹرز کی مناسب جائزہ رپورٹ تمام ترعبوری مالیاتی معلومات اور سال 2018 کے سالا نہ مالیاتی گوشواروں کے ساتھ شائع کی گئی ہے۔

Position in Value Chain

Our ability to enrich peoples life with quality products depends on the quality of input raw material, efficient production cycle, vigilant pre delivery inspections supported by our dealers coordination and finest after sales services for end users. The process is further augmented through sustainable relationship with suppliers, collaborated environment for employees with strong leadership and using Information Technology platform.



Raw material Acquisition Imported Components



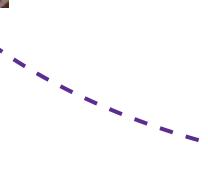
Storage and Binning



Locally Procured Components



After Sales Services



Delivery to Customers







Assembling of Tractors -production of the sheet metal components and final assembly



Pre-delivery Inspection of Tractors



Transfer of Tractors to Dealers



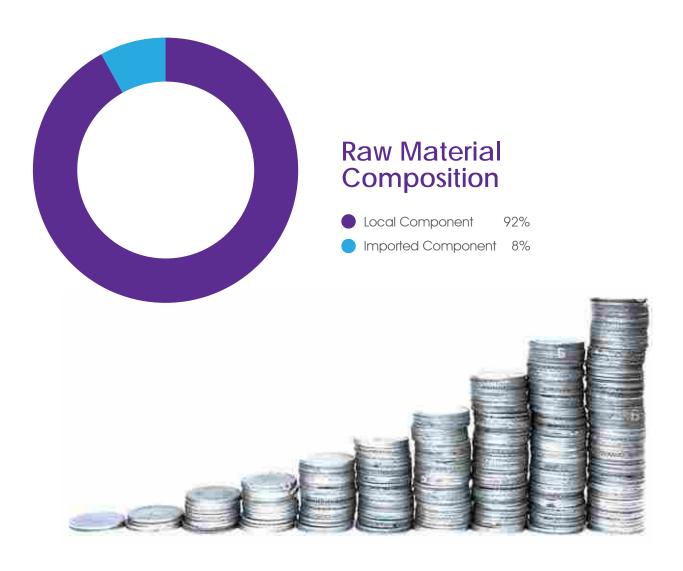
The company procures high quality of raw material from its local and imported vendors and assembles NEW HOLLAND tractors as per international standards to meet customer demand.

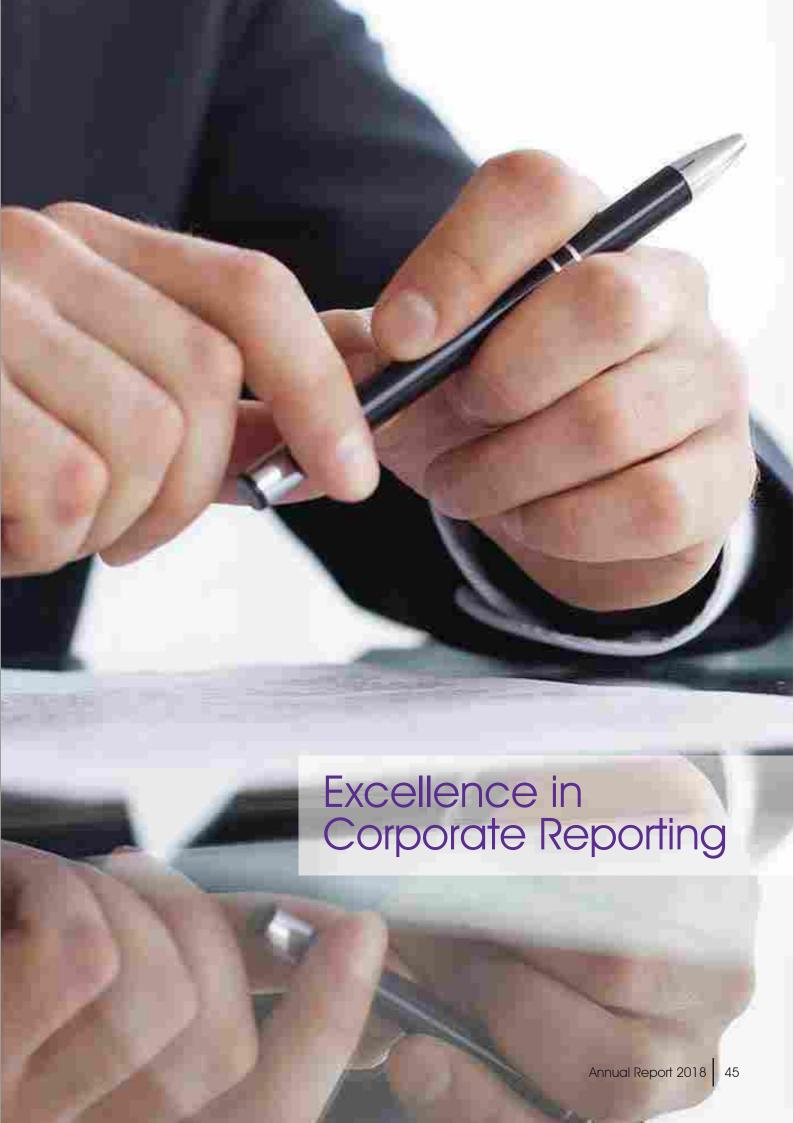
Composition of Local and Imported Material and Sensitivity Analysis Due to Exchange Fluctuation

The Company is exposed to foreign currency fluctuation not only for its direct imported raw materials but also for those materials which are although procured locally but comprises substantially of imported content.

Due to considerable increase in local and imported metal prices owing to drastic rupee devaluation, the gross margins remained under extra ordinary pressure during the year 2018.

The exchange rate increased by around 25% during the year, which resultantly increased the raw material cost by estimated 11%.





Statement of Adherence with the International Integrated Reporting Framework

Building and retaining the trust of the Company's internal and external stakeholders is essential to Al-Ghazi's continued business success. The Company's primary objective under the subject is to enhance shareholder' and stakeholders' awareness for better understanding and valued decision making. We always strive to achieve our objective through excellence in corporate governance and human resource practices.

AGTL has been continuously working towards transparency of the information presented to its stakeholders. It has taken into account 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 is working with a strategy for generating value creation for the organization and its stakeholders. The presented information is an overview of organisation's strategy, governance, performance and prospects. It is imperative to ensure, that the material is presented in such a way that it gives all our stakeholders more holistic view of the organisation.

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

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Stakeholder's relationship and engagement
- Performance and position
- Outlook
- Sustainability and corporate social responsibility
- Excellence in corporate reporting

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 company 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.

Mohammad Shahid Hussain
Chief Executive Officer

Karachi: February 11, 2019

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

Composition

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 fourth schedule.

In addition to this, note 3.1.3 to the financial statement specify 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 to the financial statements.

Mohammad Shahid Hussain Chief Executive Officer

Karachi: February 11, 2019

Significant Factors Affecting the External Environment & the Organization's Response

Invariably changing external environment affects political, economic, technological, environmental and social fronts of an organization. The volatility may impact our capability to create value. Some of these factors and their affect on the company are discussed below:

FACTORS		P	E	S
		Political	Economic	Social
	DESCRIPTION	 Political turbulence and law and order situation of the country generally impacts organizations negatively 	Economic conditions of a country such as changes in rupee devaluation, interest cost, economic growth rate, balance of payment and natural calamities affects the overall organization's business.	Companies have to plan strategies to adapt to the social trends. Such as improvement of living standards, price sensitive customers, seeking value for money behavior of customers.
	SIGNIFICANT CHANGES FROM LAST YEAR	 New Political Party emerged winning elections in July 2018. Inconsistent policies 	 Limited farmers' subsidies by Goverment. Rupee devaluation Increase in interest rate Increased inflation rate Huge trade deficit 	 Rising customer emphasis on aesthetics, luxury and comfort. Rapid urbanization of rural regions due to increased access of technology
	ORGANIZATIONAL RESPONSE	Political environment of the country is being appropriately monitored to address changes in political and business policies which may have a considerable impact on the company's business. Further, the company duly approach the regulators in order to highlight the business challenges and its resolutions.	AGTL set out appropriate actions to address the changes in its business economic environment through efficient working capital management etc. However, decline in overall economic conditions in general and farmers economic wealth in particular may pose an adverse effect on the company's performance.	Launching of Limited Editions of tractor models with different aesthetic features. Further, free services and training programs are also arranged to facilitate customers and create awareness.

	L	
Technological	Legal	Environmental
 Technological factors include technological aspects such as Research & Development activity, quality of the product, technology incentives have a major role in company's success. 	Companies are required to abide by the laws and regulations as laid by the Govt. of the country in which it operates	 Environmental factors such as weather, climate, and climatic changes affects the manufacturing concerns in general and tractor industry in particular.
Increased demand of quality products due to increased awareness owing to enhanced usage of information medium such as internet and smart phones,	 Applicably of Companies, Act 2017 Finance Act, 2018 Applicably of various IFRSs 	 Water shortage affecting crop yield and eventually farmers' economy Increased emphasis of the authorities over the environment protection Major concern of climate change due to pollution
The company keep focusing on technological and quality advancements AGTL has recently beefed up its tractors with excellent quality features. Further, a State of the art fully equipped Quality Assurance Lab is constructed for technologically and quality upgraded products.	The Company gives due importance to compliance with all the laws and regulation applicable in its legal environment. AGTL hires professional associates to ensure strict compliance to all the applicable statues.	AGTL is committed towards reducing the environmental impact and protection of environment. A modern Effluent Treatment Plant is functional which treats waste water from the factory for utilization in Plantation activities. All other effluents of smoke, noise, health and safety fully meet National Environmental Quality Standards (NEQS). Further, over 1000 plants were planted during the year as a part of Clean Green Pakistan Drive.





Corporate Governance

Corporate Governance is the system of rules, practices and processes by which a company is directed and controlled. The Board of Directors of Al-Ghazi Tractors Limited is committed to providing satisfactory returns to its shareholders and fulfilling its corporate governance obligations and responsibilities in the best interest of the Company and its stakeholders

In pursuit of the highest standards of governance, AGTL has embraced all of the Corporate Governance Reforms promulgated by its regulators. AGTL's corporate governance framework adheres to the guidelines of the Revised Code of Corporate Governance 2017.

BOARD OF DIRECTORS

The Board is the apex body responsible and accountable for the long term success of the Company.

In addition to its statutory duties, the Board provides entrepreneurial leadership, sets strategic objectives, establishes and maintains a framework of prudent risk management and control, sets the Company's values and ethical standards and considers sustainability issues.

The Board has delegated some of its functions to its Committees. These Committees report to the Board and matters deliberated by the Committee are approved by the Board.

The Company's CEO has responsibility for the day-to-day management and is supported in this function by the AGTL Management Team.

In fulfilling its roles and responsibilities, some key focus areas for the Board during the year 2018 are set out below:

Key focus areas of the Board during the year 2018 included:

- Overseeing management's performance in strategy implementation and monitoring the financial position of the Company including approval of the financial statements
- Reviewing business operations and development plans including budgets
- Approving the interim dividend of Rs. 30 per share and recommending a final dividend of Rs. 9 per share.
- Approving revisions to the Company's policies.

MATTERS DELEGATED TO THE MANAGEMENT

Key responsibility of the management is to ensure that routine business operations and day-to-day management of affairs are conducted in accordance with the policies and decisions of the Board and in an effective and ethical manner. The management is also concerned with identification of key risks and opportunities that could have a relevance to the Company, addressal of the same and to update the Board with any salient related changes. The Management is responsible for the preparation and presentation of financial statements as per applicable accounting and reporting standards and for related internal controls, while the Board oversees the financial reporting process.

BOARD COMPOSITION

AGTL is committed to ensuring that the composition of the Board continues to include directors who bring an appropriate mix of skills, experience, expertise and diversity to the Board's decision making.

The Directors believe in having members who can exercise judgment independently, in good faith and in the best interest of the Company. Hence, out of the eight Directors, only the CEO, Mr. Mohammad Shahid Hussain and the CFO, Mr. Kashif Lawai are executive directors. To reinforce this believe, the Board is chaired by a non-Executive Chairman, Mr. Charles Leonard Hunt.

The Independent Director, Mr. M. Ali Qaiyum, has provided his declaration of independence as per the criteria defined in the Companies Act 2017 to the Chairman of the Board, as per CCG Regulations.

The requirement for a female director on the board of a listed company has been recently promulgated. The Company, accordingly, shall address the matter of induction of a female director on its board in the next election of directors.

BOARD COMMITTEES

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

All Board Committees are chaired by and comprise only of non-executive directors. Other directors may attend the meeting by invitation. Each committee operates under a written specific charter approved by the Board.

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

Names of Director	Board Appointment	Board Comm	nittees
		Audit Committee	Human Resource and Remuneration Committee
Charles Leonard Hunt (Chairman) Colin William Cordery Mohammad Shahid Hussain (CEO) Kashif Lawai	Non-Executive Non-Executive Executive Executive	Member	Member
M. Ali. Qaiyum Damiano Cretarola Mark Brinn	Independent Non-Executive Non-Executive Non-Executive	Chairman Member	Chairman
Vincent DeLassagne	Non-Executive		Member

In determining the composition of the Board, consideration is given to the optimal mix of background, skills and experience that will position the Board to guide the Company. The current board members comprise of business leaders, professionals with financial audit, accounting, human resource backgrounds and engineers. The Directors' academic and professional qualifications are shown on pages 20 to 22 of this Annual Report.

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 at least seven days 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 are circulated within the stipulated time.

Directors	Board Meetings		Audit Committee Meetings		Human Resource	
					and Remun Committee	
	Held	Attended	Held	Attended	Held	Attended
Charles Leonard Hunt						
(Chairman)	5	3				
Colin William Cordery	5	4	4	4	2	2
Mohammad Shahid Hussain	5	5				
Kashif Lawai	5	5	4	4		
M. Ali. Qaiyum	5	5	4	4	2	2
Damiano Cretarola	5	2	4	2		
Mark Brinn	5	4				
Vincent DeLassagne	5	3			2	2

^{*} Out of the five Board meetings, four meetings were held in Karachi, Pakistan and one meeting regarding 2019 budget was held in Dubai, UAE.

DIRECTORS TRAINING PROGRAM AND ORIENTATION

As part of the Company's continuing education for all Directors, articles, reports and press releases relevant to the Company's business are circulated to keep all directors updated on industry issues and trends. Changes in regulations are also informed to the Board. The external auditors routinely update the Audit Committee on new and revised financial reporting standards relevant to the Company.

As required by the Securities and Exchange Commission of Pakistan (SECP), which mandates Board members to require certification, the Chairman, Mr. Charles Lenard Hunt, the CEO, Mr. Shahid Hussain, the CFO, Mr. Kashif Lawai and the independent director Mr. M.A. Qaiyum are also Certified Directors from PICG.

Further, at the time of induction of a new director, orientation is carried out for the director to acquaint him of roles and responsibilities to effectively govern the affairs of the Company.

ROLE AND RESPONSIBILITIES OF CHAIRMAN

The Chairman of the Board Mr. Charles Leonard Hunt, is a non-executive director. The Chairman is responsible for leadership and effective performance of the Board and for maintenance of relationships between directors that are open, cordial, and conducive to productive corporation.

Duties of the Chairman are:

- To lead and oversee the Board of Directors.
- To facilitate an open flow of information between management and the Board, thus to involve the Board in the process of effective decision making for the Company.
- To lead a critical evaluation of Company's management, practices and adherence to the Company's strategic plan and objectives.
- In accordance with Company law and as and when required chair the meetings of the Board and meetings of the shareholders in accordance with their terms of reference.
- To establish, in consultation with the Company Secretary and the CEO, an agenda for each meeting of the Board.
- To seek compliance of the management to implement the decisions of the Board.
- To work closely with the CEO and provide support and guidance for the management on major issues.
- To promote the highest standards of corporate governance.
- To ensure that the Company has an effective and clear communication with its shareholders.

To ensure that new directors receive appropriate induction into the Company.

ROLE AND RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER

The CEO has executive responsibility over the business directions set by the Board. The CEO is accountable to the Board for the conduct and performance of the Company.

Responsibilities of the CEO are:

- To align the entire Company to the Vision, Mission and Strategy evolved by the Board, such that everyone will focus his efforts to the success of the Company.
- To build a corporate culture and be a role model for the entire organisation.
- To set performance standards for the Company and promote those standards with confidence.
- To manage the day-to-day operations of the Company's business, strategic planning, budgeting, financial reporting and risk management.
- · To build good relationship between and among the employees of the Company, the government, the supply chain associates, the dealers and other stakeholders of the Company.
- To provide strategic leadership to the organisation to ensure its future growth through unexpected as well as foreseen threats, opportunities and to keep the Company in focus with competition, markets, products and growth technology.
- To set standards required to maintain a competitive advantage in the industry and implement these standards into the output of the Company.
- To build a talented team (hire talent and fire non-performers) and to lead the team to working together in a common direction thus to steer the Company to its strategy and vision through direction and effective communication.
- To set budgets, to fund projects which support the strategy and ramp down projects which lose money. To manage the Company's capital judiciously and carefully control the Company's expenditures.
- · To provide leadership and develop policies and procedures of the Company to ensure compliance of these procedures and policies.
- To develop human resource of the Company, the Company's staffing needs of the future, training, compensation packages and to create a corporate culture of high standards and good value.
- To build effective PR for the Company.

EVALUATION OF BOARD PERFORMANCE, MEMBERS OF BOARD AND OF ITS 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 committees and 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, through the Human Resource and Remuneration Committee, for discussion on areas of strengths and weaknesses.

PERFORMANCE REVIEW OF CEO

Board has an obligation to shareholders to ensure that the Company is led well. Evaluation of the CEO is therefore a continuous process and is formally taken up by the Board with reference to the "Responsibilities of the CEO" as formally approved by the board.

The performance of the CEO is appraised by the Human Resource and Remuneration Committee of the Board and discussed by the Board. CEO's performance is evaluated on the performance of business, accomplishments of objectives with particular reference to profit, goals and corporate success.

CONFLICT OF INTEREST AMONG BOARD MEMBERS

The Company in compliance with the Code of Corporate Governance annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and Directors. 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 Ordinance, 1984, 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 2018.

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 NON-EXECUTIVE AND INDEPENDENT DIRECTORS' REMUNERATION

The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with corporate law and regulations. Only independent director is entitled for the fee for attending the Board meetings as approved by the Board.

POLICY OF RETENTION OF BOARD FEE BY THE EXECUTIVE DIRECTOR EARNED BY HIM AS NON-EXECUTIVE **DIRECTOR IN OTHER COMPANIES**

AGTL has two executive directors on the Board who are not serving as Board member of any other listed company.

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

AGTL is committed to compliance with all applicable laws and regulations, In addition thereto, 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 the receiving of numerous awards consistently from ICAP/ICMAP, MAP, etc.

DIVERSITY POLICY

AGTL strives for being an equal opportunity employer, free from any discrimination whatsoever due to gender, cast, creed, reliaion, 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 resources management, short-listing 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., our endeavor is to remain non-discriminate and free of any bias. Accordingly, in every aspect employees 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 have 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 law and regulations regarding related party transactions. All related party transactions along with relevant information were placed before audit committees for review quarterly. 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 law 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 keep 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 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.

No reportable cases of whistle blowing were raised during 2018.

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.

SHAREHOLDER 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' website. The Company also encourages shareholder participation at 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.

Issue raised at last AGM:

The Company's AGM was held on April 25, 2018. The following were approved by the shareholders:

- Financial statements for the year ended December 31, 2017;
- Declaration of final cash dividend @ Rs. 25 per share; and
- Appointment of M/s A.F. Ferguson & Co. as external auditors.

For above-stated shareholders' approvals, related implementation was timely completed by the Company. During the AGM held on April 25, 2018 the shareholders asked general queries which were appropriately responded by directors present in the meeting. However, no significant matter was raised.

Presence of the chairman of the audit committee at AGM:

Chairman of the audit committee was also present at the AGM of the Company held on April 25, 2018 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 send notice of its general meetings to all shareholders in addition to these notice 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 LLC and CNH Global 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 maintain 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 2018.

BUSINESS CONTINUITY /DISASTER RECOVERY PLAN AND REVIEW BY THE BOARD

The Company places paramount importance on 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 hours security at the plant, head office and staff town has been provided.

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

INFORMATION TECHNOLOGY GOVERNANCE

Information Management and Information Technology is 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.

ANALYST BRIEFING:

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



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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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Al-Ghazi Tractors Limited (the Company) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

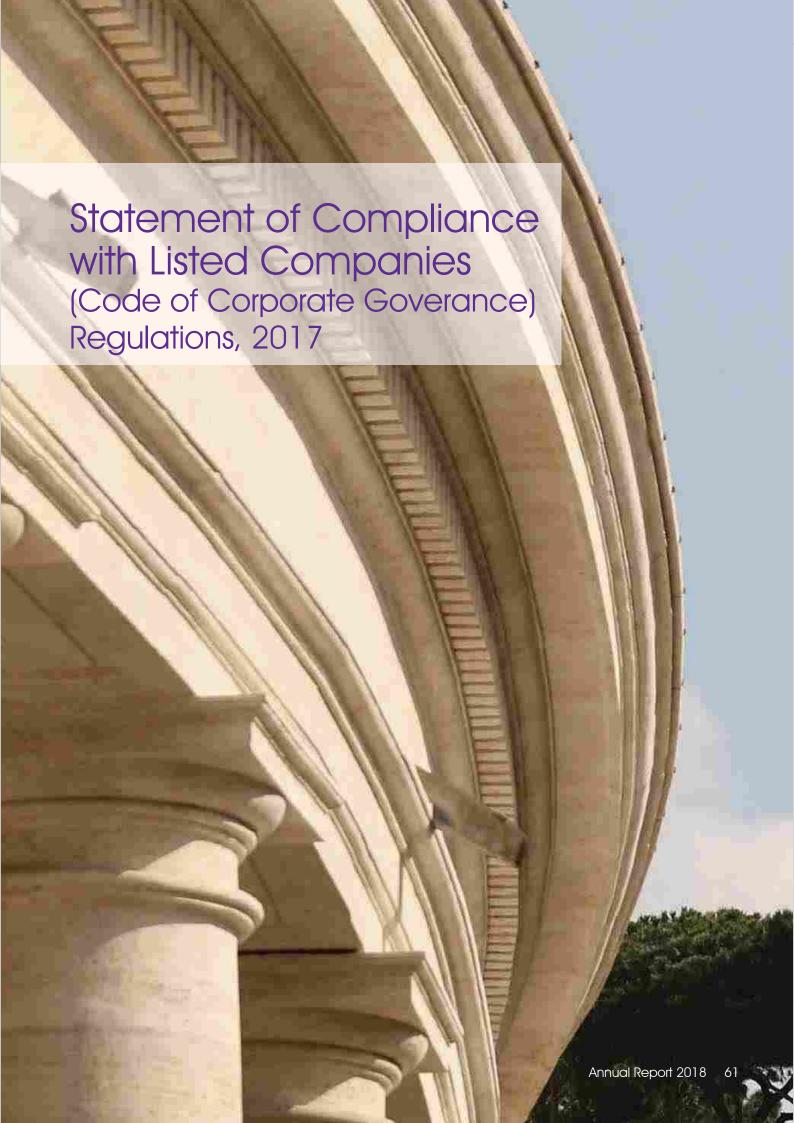
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.

Chartered Accountants

Karachi

Dated: March 6, 2019

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, 1.1. 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>



Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

For the year ended December 31, 2018

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

1. The total number of directors is eight as per the following:

a. Male: 8 b. Female: -

2. The composition of board is as follows:

Category	Names
a) Independent Director	Mr. M. Ali Qaiyum
b) Non-Executive Directors	Mr. Charles Leonard Hunt Mr. Colin William Cordery Mr. Vincent De Lassagne Mr. Damiano Cretarola Mr. Mark Brinn
c) Executive Directors	Mr. Mohammad Shahid Hussain Mr. Kashif Lawai

- 3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- 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 Act and these 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. All the Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. Further, the Company is compliant with the requirement that at least half of the directors on its Board have certification under Directors' Training Program.
- 10. The board has approved appointment of 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. CFO and CEO duly endorsed the financial statements before approval of the board.
- 12. The board has formed committees comprising of members given below:

Audit Committee

- Mr. M. Ali. Qaiyum, Chairman
- Mr. Colin William Cordery
- Mr. Damiano Cretarola

HR and Remuneration Committee

- Mr. M. Ali. Qaiyum, Chairman
- Mr. Colin William Cordery
- Mr. Vincent De Lassagne
- 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 of the committees was as follows:

Audit Committee	Four quarterly meetings during the financial year ended 31 December 2018
HR and Remuneration Committee	Two meetings during the financial year ended 31 December 2018

- 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 the ICAP and registered with Audit Oversight Board of Pakistan, 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 the 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, these 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 other requirements of the Regulations have been complied with.

CHARLES LEONARD HUNT

Chairman

Karachi: February 11, 2019

Internal Audit

The Company has its own in-house Internal Audit Department which is headed by a qualified Chartered Accountant. Internal Audit reports directly to the Chairman of the Audit Committee on audit matters and administratively to the CEO. Using risk based audit methodology Internal Audit plans its assignments every quarter, 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 by periodic reviews of material controls and procedures. A comprehensive Internal Audit report is presented to the Audit Committee at each meeting for discussion.

The Board has been kept informed of the Audit Committee's review of internal audit reports and the management controls in place and is satisfied with the adequacy of the Company's internal controls.

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 auditors, such as its scope of work and quality of audit reports.



Report of the Audit Committee

Composition

The Committee is appointed by the Board and at the year-end comprised of three Non-Executive Directors:

Mr. M. Ali Qaiyum – Independent Non-Executive Chairman

Mr. Colin William Corderv

Mr. Damiano Cretarola

The current Chairman of the Committee, Mr. M. Ali Qaiyum, an independent Non-Executive Director is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Chartered Accountants of England and Wales (ICAEW). The profile of members is given on pages 20 to 22.

The Board Secretary 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.

Meeting during 2018

The Audit Committee met four times during the year. The attendance of the members at these meetings is stated in the table on page 54 of the annual report. The Chief Financial Officer and the Chief Internal Auditor attended all meetings. The external auditor attends meetings when matters pertaining to their functions come up for consideration and attended two meetings during the year.

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, 2018 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, 2018, which present fairly the state of affairs, results of operations, profits, cash flows, and changes in

equity of the Company;

- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company. They acknowledge their 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 the audit committee also include detailed consideration of related matters and issues which were dealt in accordance with applicable accounting and reporting standards. The fourth schedule to the Companies Act, 2017 became applicable for the first time to 2018 financial statements and, accordingly, it was complied with in preparation and presentation of the financial statements. Contents of the 2018 External Audit Report have changed as compared to that of previous year in accordance with the Auditors (Reporting Obligations) Regulations, 2018; the auditors have issued unmodified audit reports in respect of the said 2018 financial statements:
- 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 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 whistle blowing 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 Rs. 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 2018 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, stakeholders information and corporate governance.

Internal Audit

The Board has effectively implemented the internal control framework through the Chief Internal Auditor who is a qualified 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.

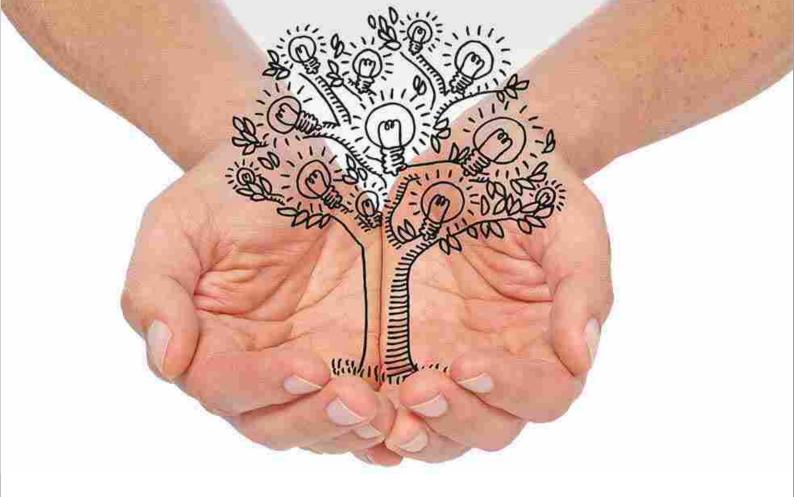
External Audit

- 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, 2018 and shall retire on the conclusion of the 36th 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 2019. A resolution to this effect has been proposed at the forthcoming Annual General Meeting.

The 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.

M. Ali Qaiyum Chairman, Audit Committee February 11, 2019



Human Resource Management (HRM)

AGTL recognizes that motivated and professional employees are an essential factor for maintaining competitiveness and for creation of shareholder value and customer satisfaction.

The Company is committed to providing equal opportunities to all its employees, both on the job and in their career advancement. All aspect of employment, such as recruitment, training, compensation, promotion and transfer are free from any form of discrimination.

Performance appraisal is one of the important components of HRM. The performance management system at AGTL continues to be an essential tool to provide regular feedback to align employee performance with business strategy.

SUCCESSION PLANNING

Succession Planning is a proactive approach to managing talent as it involves identification of high potential employees for anticipated future needs and the tailored development of these people so that there is a talent pool or leadership pipeline available to meet AGTL's demands as they arise. AGTL has formulated a comprehensive succession plan for all key positions. Succession Planning is formally addressed by the Board of Directors.

HARASSMENT

AGTL has a harassment policy in place and is in compliance with the Protection Against Harassment of Women at Workplace, Act 2010. No instances of harassment were reported during the year 2018.

Report of the Human Resource and Remuneration Committee

Composition

The HR&R Committee appointed by and responsible to the Board comprises of three Non-Executive Directors presently:

Mr. M. A. Qaiyum - Chairman - Independent Director

Mr. Colin William Cordery

Mr. Vincent DeLassagne

The Board Secretary functions as the Secretary to the Committee.

Salient terms of reference

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

Meetings during 2018

The Committee met two times during the year 2018. The attendance of the members at these meetings is stated in the table on page 54 of the annual report.

M. Ali Qaivum Chairman, Human Resource and Remuneration Committee February 11, 2019

INFORMATION TECHNOLOGY

Every aspect of management relies heavily on information to thrive. Companies use information to set strategies and accomplish business objectives. AGTL is no exception and gives high importance to MIS. It is the lifeblood of the business and ensures that there are systems and infrastructures built to meet the demands of business and individuals.

The hardware in use at AGTL includes: IBM RISC Servers, CISCO Routers, 3COM and CISCO Switches and IBM/HP Printers. Al-Ghazi Tractors also has its website www.alghazitractors.com to facilitate business and business partners by providing detailed information about organization's Vision, Mission, Management, Products, Financial Reports, Operations and Human Resources.

Enterprise Resource Planing

AGTL places heavy reliance on its Enterprise Resource Planning System (BaaN), which is fully integrated incorporating Sales and Distribution, Material Requirement Planning (MRP), Material anagement, Manufacturing, Inventory and Finance. In house developed applications for payroll, warranty stock / claims, and noncomponent purchases have been added to the system. This application is implemented across AGTL and a high speed communication infrastructure is in place.

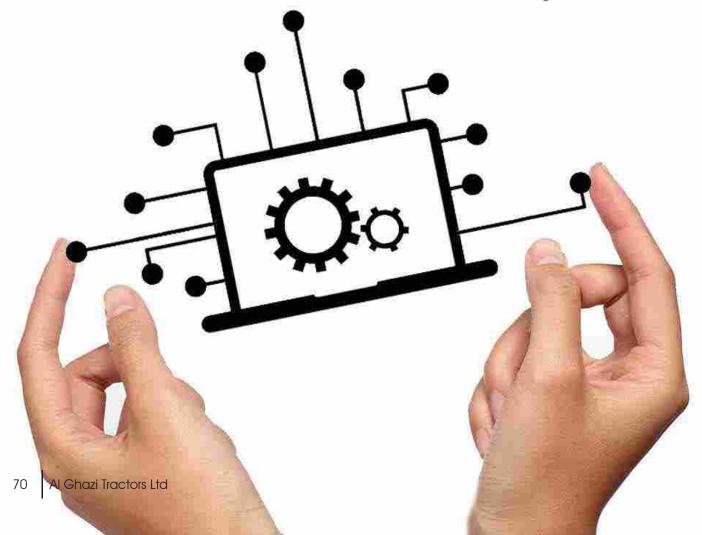
AGTL offices in Lahore, Multan & Dera Ghazi Khan are connected to Head Office Karachi, through a video Conferencing facility resulting in efficient and fast communication among all departments to achieve the Company's objectives.

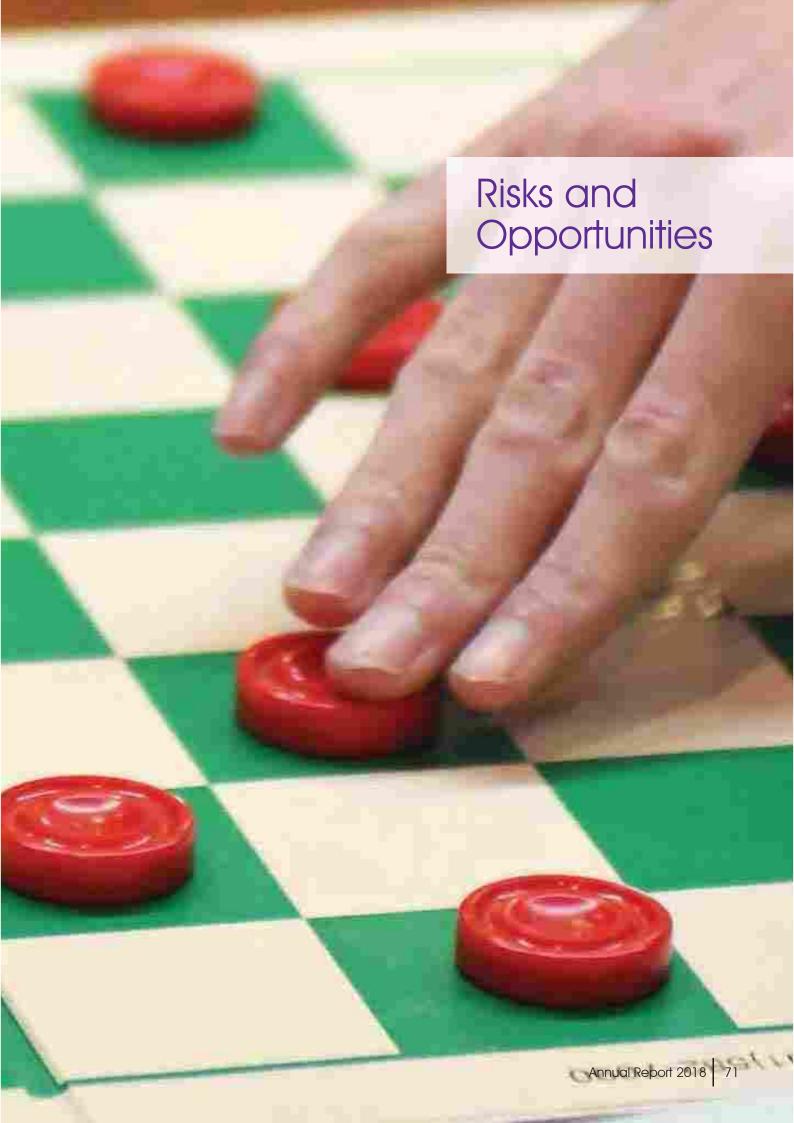
Disaster Recovery Planing

The Company gives high importance to Disaster recovery and a Disaster Recovery Plan is in place, which ensures minimum down-time, in case of a major disaster. Most importantly, MIS also holds the function of backing up vital data guaranteeing that a business isn't at risk of losing vital information. Application and data back-ups are maintained at different sites to ensure maximum security. Back-up hardware is also available in case of failure of the main server.

Safety and Security of IT Record

In order to safeguard data integrity, a detailed policy on IT Security is in place. The objective is to ensure that highest level of security is provided to the system. Access controls are rigidly monitored based on job descriptions. Regular training on I.T. security is given to the employees to create awareness and enhance the importance of I.T. Security. Software/hardware firewalls have also been installed to block unwanted traffic and hacking.





Risks and Opportunities

Risks

The Company recognizes the fact that effective risk management is critical to continued profitability and long-term sustainability of business. Like all businesses, the Company is equally affected by, and must manage, risks and uncertainties that can impact its ability to deliver the business strategy.

While the risks can be numerous, the principle risks faced by the Company in 2018 and valid as of the date of this report's publication and as identified by the Board, are described below along with the corresponding mitigating actions and changes in the risk level during the year.

Risk	Risk level / Impact	Likelihood	Risk Description	Mitigation Strategy
		Financial C	Capital (External Source)	
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.
Inability to source raw material & rising cost of raw material	Moderate/ Moderate	Moderate	Raw material cost constitutes a substantial part of the overall cost of production of the Company. Suppliers increase the cost of products supplied in view of economic scenarios including rupee devaluation and rising costs of international fuel prices.	As part of the Company's vendor succession planning, alternate vendors are continuously explored to cope with increase in raw material prices. Moreover, the Company has strategic relationships with key raw material suppliers which benefit the company in price negotiation and prompt material delivery. For major raw material components, orders are split among vendors for reducing reliance on single vendor.
		Human Ca	pital (Internal Source)	
High Employee turnover	Moderate/ Moderate	Moderate	Key employees and workers may leave the Company causing lack of competent workforce.	The Company believes in the importance of having the right people with the requisite qualification, skills and expertise to achieve its strategic business plans. The Company has in place comprehensive human resource policies and procedures for recruitment, compensation and staff development and management succession.

Risk	Risk level / Impact	Likelihood	Risk Description	Mitigation Strategy
		Manufactu	red Capital (External Source)	
Information system failure risk	Low/ Low	Low	Loss of Company data and theft of sensitive information	A comprehensive disaster recovery policy is in place and addresses the underlying risk. The Company maintains back-up servers to recover data in case of any disaster. Further, the Company has well-established disaster recovery plan and data backup to cope with any unwarranted event.
Natural Catastrophe	Low/ Low	Low	Destruction of production facility due to natural disaster.	The Company has comprehensive insurance cover in case of any catastrophic event. The Company has taken into consideration every possible aspect of safety measures to preserve the factory building and plant.
Business Continuity Risk	Low/ Low	Low	The Company may be unable or constrained to continue 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

The Company is committed to investing in new projects and increasing the productivity of existing ones for fueling future growth. The Company has strengthened the basis for further growth in the coming years by making strategic investments to modernize and improve existing businesses processes while at the same time developing innovative ideas to support achievement of Company's stated vision.

Few opportunity descriptions are analyzed below:

Opportunity	Impact Area	Source	Opportunity Description	Strategy to Capitalize Opportunity
High power tractor market	Manufactured Capital	Internal	The market contains a significant potential for high power tractors.	Under guidance of CNHi experts a state of the art plant equipped with advanced technology for premium high power tractors production is in the planning stage.
Modernization of AGTL plant	Manufactured Capital	External	Most modern and state-of-the-art machinery for production of high quality tractors.	The Company is in continuous process to upgrade the plant with efficient machinery which will enable the company to operate with the minimum cost of production, thereby offering its customers high quality tractors in cheap price. Quality Assurance lab and Store sheds are some major projects under this strategy.
Diversification	Manufactured Capital	Internal	Potential markets for lube oil and spare parts exist.	The Company is inclined to diversify in the related fields and is committed to search all possible avenues to maximize the pace of growth of the Company and Shareholders wealth.
Efficiency at work place by employees	Human Capital	External	Provide congenial work environment where employee feels motivated and works for the betterment of the Company.	Provide effective environment without excessive work pressure. Continuous training and development of employees. Benefit aligned with efficient and effective work and team management.

BOD's Commitment to Risk Mitigation

As a business reality, the Company is susceptible to various risks. However, through comprehensive planning and business understanding, the Board of Directors continues to identify and mitigate actual, potential and perceived risks.

The Board of Directors have carefully carried out a robust assessment of the principal risks facing the Company, including those that would threaten the business model, future performance and solvency of the Company while establishing and maintaining a control framework comprising clear structures, authority limits and accountabilities, well implemented policies and procedures and budgeting for review processes.

Further, it is confirmed that no defaults in payments of any debts were made and that the Company has adequate capital structure. Any deficiencies in the capital structure identified are aggressively addressed to mitigate accordingly.

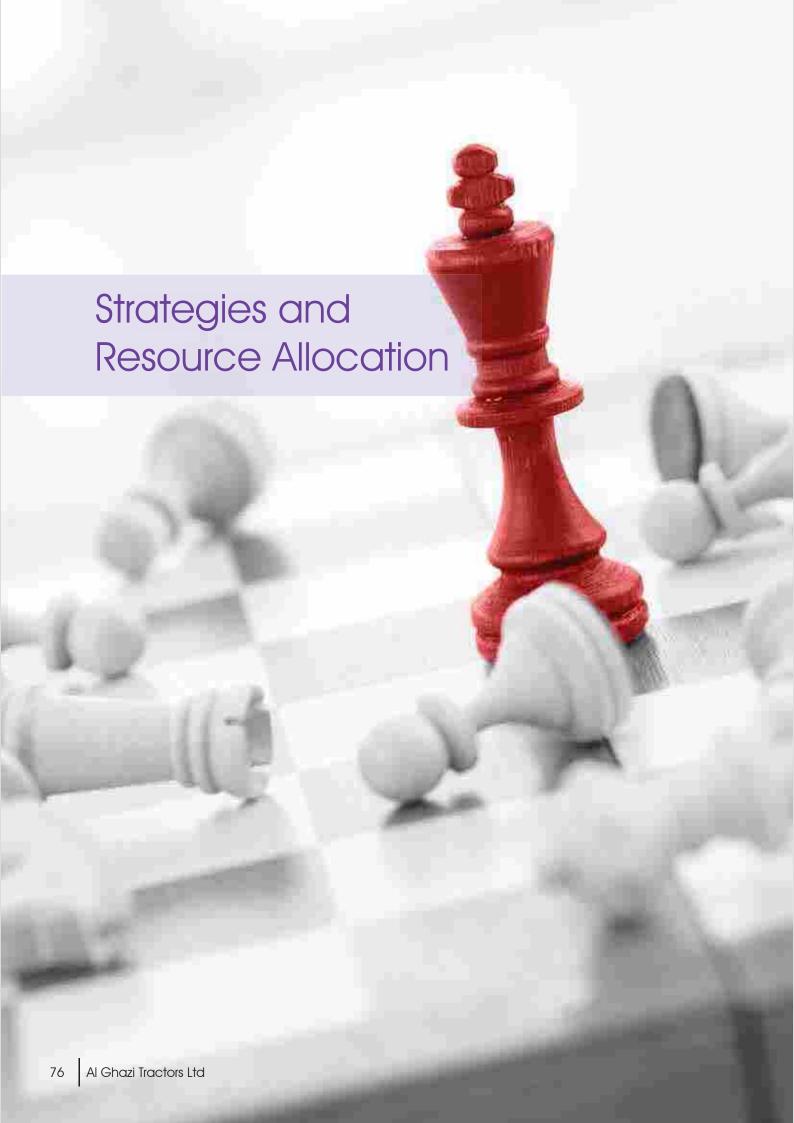
Materiality Approach

Determination of materiality levels other than those provided under the regulations, is judgmental and varies between organizations. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company. Materiality levels are reviewed periodically and are appropriately updated.

Powers of the Board of Directors and the Management of the Company are in compliance with the Companies Act, 2017, the Code of Corporate Governance, the Articles of Association of the Company and guidelines and frameworks issued by professional bodies and best practices.

The Board powers include approvals for capital expenditure, disposal of fixed assets, annual business plans, policy formulation, risk management, human resource management, donations, matters relating to health, safety and the environment, and other matters required by law, or internal policies.

Authorizations for transactions and delegation of powers have also been defined clearly and carried out through formalized processes keeping in view defined materiality levels.



Strategic Objectives

The ultimate objective is to ensure achievement of the overall corporate and strategic objectives by becoming the leading Company in the tractor industry, continuously improving our operations and hence enhancing profitability and return to shareholders.

Short Term Objective

Our short-term objective is change in perception through continuous product quality and achievement of highest level of customer satisfaction.

Medium Term Objective

Our medium term objective is to continuously scale up our market share through improved customer engagement.

Long Term Objective

Long term objective is to demonstrate a comprehensive product range which interest all the needs of farmers.

Strategies in Place

To achieve our objectives, the management strategically strives to enhance stakeholders' value and customer satisfaction. The shareholders' value is maximized through return on investment, which management believes can be achieved through revenue maximization and cost control measures.

Sales and Marketing

Sales and Marketing targets and budgets are aggressively set-forth by management to achieve highest possible returns. The targets are backed by seriously thought-out strategies coupled with ownership of all stakeholders and management's commitment to ensure achievement of the same. Major strategies devised to ensure achievement of targets are:

- Dealers' revamping, performance review and their profitability
- Development of Market Intelligence tools for informed decision making
- Enhanced engagement with dealers for quality feedback

Quality Initiative

AGTL is an ISO certified company since 1994. The company has paramount focus on quality of its tractors and a road map to achieving this objective, the company has placed several quality control strategies.

The company invests regularly in Product Quality Development as number of improvements are regularly incorporated in the tractors parts and processes.

For achievement of this objective a number of initiatives were introduced including construction of Quality Assurance lab, construction of store shed and a comprehensive coordinated activity was launched in collaboration with principal CNH to add value to the production processes.

Collaboration with CNHi also included action plans and trainings and exposure of AGTL staff at CNHi facilities to improve quality.

After Sales Services

Exceptional after sales service forms part of the Company's long enduring strategy. The Company puts strong focus on After Sales Service which is the basis of customer's satisfaction. Following strategies were introduced to achieve the After Sales Services objectives:

- Free Service Camps
- Organizing Engineer's Club Convention
- Set up of Centralized Call Center
- Customer Desk Facility
- Expansion of Workshops in all regions

Cost Management

With effective cost control and efficient energy management the company focuses to keep the variable cost down adding to overall profitability.

To reduce Company's exposure and vulnerability, linked with ram material cost, the Company is constantly focusing on consolidation, elevation, and enhanced engagement with the component vendors to bring economies of scale while improving Company's profitability.

Resource Allocation Plan

Significant resources of the Company comprise of, but not limited to, human, financial and technological resources. We hire professional associates and technical experts who continuously strive to ensure that our production and control processes and systems are working efficiently and effectively and are constantly being modernized.

Further, financial resources are managed effectively through optimized credit control and efficient treasury management, focusing on cash flow forecasting.

Our Strategy

AGTL is committed to increase revenue and it streams to optimize shareholders' wealth and offer our best efforts to provide optimal value to all our stakeholders for their engagement with the Company.

Human Capital

The Company's most important asset is its human capital. The Company has in place comprehensive human resource policies and procedures for recruitment, compensation, staff development and management succession.

Manufactured Capital

AGTL plant manufactures New Holland (Fiat) tractors in technical collaboration with CNHI - Case New Holland, the number one manufacturer of agricultural tractors in the world.

AGTL plant is an icon of engineering dynamics operating on high efficiency. With impregnable Quality Control and Quality Assurance practices, quality improvement systems exist at every level. The Company is committed to improve product quality at both incoming and assembly stages.

Financial Capital

The Company currently has a strong financial base with capital structure comprised of Rs.289.8 million share capital representing 57.9 million ordinary shares of Rs.5/- each with market capitalization of over 31 billion.

Current short-term finance of the Company stands at Rs.3.9 billion. However, the Company believes that with the release on sale tax refund from government authorities will help reduce short-term finance.

The Company has also allocated sizeable amount for marketing purposes. The budget is being provided to all department heads to further set their targets of resource allocation in line with the Company's objectives for effective usage of funds so allocated.

Intellectual Capital

Information Management and Information Technology is 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.

Social and relationship capital

AGTL values the stake holders, 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. We invest in a series of initiatives that enhance collaboration and ongoing dialogue with our customers and vendors. We also contribute to the sustainable growth of our communities by offering job for local skilled and unskilled manpower.

Significant Changes in Objectives and Strategies from Previous Period

Although objectives of the Company remained same as compared to previous period but several new strategies were devised during the year 2018 as highlighted above.

Critical Performance Indicators

Following are some of the critical performance indicators against stated objectives of the Company;

- Quality product at the lowest price;
- Efficiency and effectiveness of each production process;
- Creating value for the shareholders;
- Employee retention and satisfaction;
- · Compliance with laws and regulations;
- Consistent corporate achievements and excellence;
- Development of local community

The Company believes that these indicators will continue to be relevant in the future as well.

Liquidity Analysis and Strategies to Overcome Liquidity Problems

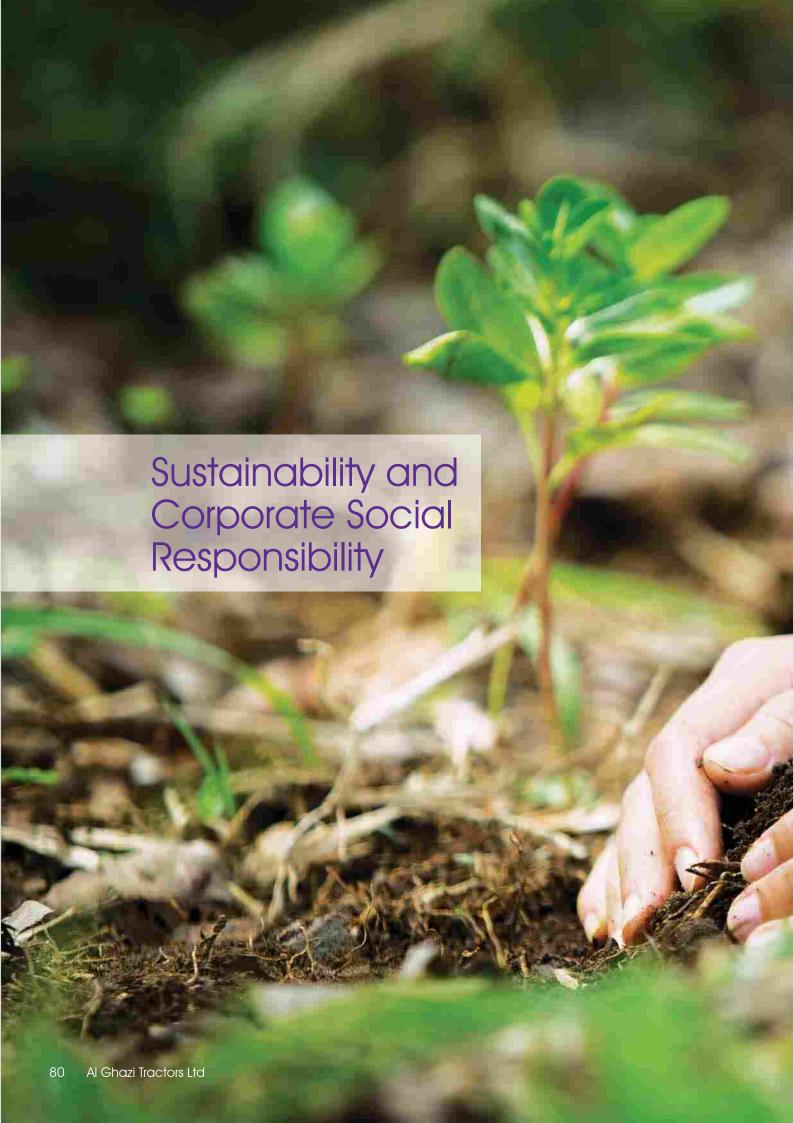
The management of the Company has years of experience in liquidity management. Management always strives to maintain a strong liquidity position to ensure availability of sufficient working capital besides identification and mitigation of cash flow risks.

Revenue receipts from sales are managed through optimized control of customer credit, in addition to securing advance customer orders and cash sales. Regular forecasting of cash flows and aging analysis are also carried out to maintain an optimum working capital cycle.

The aggregate net working capital stood at Rs. 651 million at the close of Dec 31, 2018.

Significant Plans and Decisions

The Company believes in continuous corporate restructuring according to the market norms to achieve its objectives. However, major business expansions and discontinuance of operations were neither performed nor planned.





Highlights of Various Sustainability Aspects of AGTL

AGTL, with its plant located in Dera Ghazi Khan is a perfect example of Sustainability & Corporate Social Responsibility. The plant, the staff town, and the allied hub of activities that gravitate around AGTL have transformed the social fabric of the entire region. What began by pitching our tents in the parch desert contributed to sustained economic development of the entire community and the society at large. Offering ample employment opportunities, a staff town built adjacent to the manufacturing plant full of amenities such as dispensary, fair price shop, sports club etc. The plant with a capacity to produce 30,000 tractors per annum in a single shift is a vibrant business center which has created thousands of jobs by way of transportation activities, workshops, vendor shops and a host of other developments. The Company has directly contributed to human values and the quality of life of the whole region.

REVERSE OSMOSIS PLANT

Reverse Osmosis plant has been recently installed in DGK which would improve the machinery life of different tractor manufacturing processes as well as working efficiency of tractor components. Drinking water points from RO plant have also been provided around the plant premises where filtered drinking water is available for residents of the surroundings.



ENERGY SAVING MEASURES

Considering the energy crisis being faced by the country and in an effort to reducing environmental impact, the Company has installed energy efficient roof tops in the plant, thus reducing the consumption of electricity with savings in energy cost. Further, burners in paint shops and tractor body line have been automated to ensure temperature control. The Company has also converted burners from HSD fuel to LDO fuel. This has resulted in fuel savings, thus reducing environmental impact and improving financial efficiency.

Other energy saving methods used includes replacement of tube lights with energy efficient LED lights and installation of flow meters on burners to regulate fuel consumption.

Conventional air conditioning units have been replaced with energy saving units which use environment friendly gas.

RE-USE AND RE-CYCLING

In addition to the above, different methods are used to reduce waste. The principle is: Reduce, Re-use and Re-cycle.

- Under an agreement with suppliers, components rejected on line are returned. These include defective castings, forgings, sheet metals, wires, metal scraps, paper board cartons, wood, plastic parts, PVC parts, etc. These are all materials which are recycled and reprocessed into new materials. These materials are collected separately from general waste using dedicated places in the factory.
- The assembly process at AGTL is such that no waste is produced through industrial metabolism.
- Well-designed septic tanks have been built in the factory to take care of the water that is used for washing the components and in the paint shops. These pre-treat the waste water before it enters the disposal areas where natural processes are expected to take care of the final treatment. Solids settle to the bottom of the tanks and form a layer of sludge which is removed once it gets filled – in several years. The sludge is auctioned.
- Oils refuse from testing of engines are also sold and recycled for use as furnace oil.

ENVIRONMENTAL PROTECTION MEASURES

AGTL is committed to transforming our operations towards reducing the environmental impact and protection of environment. A modern state of the art Effluent Treatment Plant is functional which treats waste water from the factory for useful utilization in Plantation. All other effluents of smoke, noise, health and safety fully meet National Environmental Quality Standards (NEQS).

PAPERLESS ENVIRONMENT

Recognizing the importance of a paperless environment, efforts are made to maximize the use of digital storage and communication methods. Employees are also encouraged to reduce print jobs and to reuse paper.

PLANTATION

Each year we add to the plantation at the AGTL Plant and staff town in DGK. In 2018, over 1000 plants were planted adding to the 3000+ trees which have been planted over the last many years. AGTL is also participating in the government led Clean and Green Pakistan drive. All employees and dignitaries visiting plant are also encouraged to plant a tree.

FUEL EFFICIENCY

To align our environmental strategy with our products, the Company has improved the design of cylinder head and Fuel Injection Pumps used in its tractors to ensure fuel efficiency and minimize smoke.

HEALTH AND SAFETY

From production of products which can be used 'safely' by the customers, Health and Safety Policy covers an action plan for occupational safety, occupational illness, conforming to labour laws for physical and psychological health of all employees, friendly working hours, provision of comprehensive insurance to all, ambulance service, dispensary service, provision of clean water through filtration plants, recreation facilities at the staff town, firefighting, demarcation of emergency exits and twenty four hours security for the plant and residents of the staff town.

Polio workers also visited the AGTL staff town to provide polio drops to under age children's.

A Dengue awareness programme has been launched. Employees were informed of the preventive measures against dengue virus and malaria fever. Pamphlets and charts have been displayed throughout the plant and staff town. Dengue spray was also arranged through Health Department DGK.



CONTRIBUTION TO NATIONAL EXCHEQUER

AGTL has contributed Rs. 1.35 billion towards the national exchequer on account of government levies and taxes.

LABOUR / MANAGEMENT RELATIONS

The management and labour of AGTL enjoy cordial relations. Weekly meetings are held with Collective Bargaining Agent (CBA) to provide them with the opportunity for re-dress of workers' job related

grievances and to resolve the issues highlighted. AGTL is an equal opportunity employer.

EMPLOYMENT OF SPECIAL PERSONS

AGTL utilizes the services of special persons for its production operations at DGK.

CONSUMER PROTECTION MEASURES

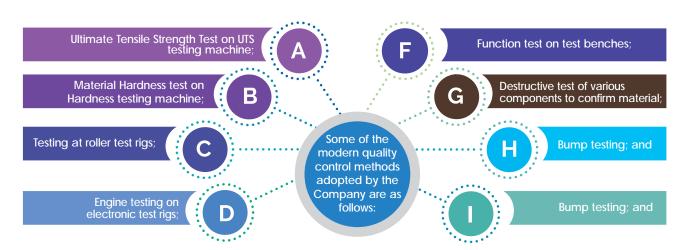
AGTL's uncompromising commitment is to provide world-class tractors at the lowest price, to satisfy customers on consistent basis. The manufacturing plant is an advanced unit which has a capacity to produce 30,000 tractors per annum in a single shift. The plant operates on high efficiency with negligible waste. Our tractors are manufactured from non-hazardous material. We have discarded the use of all lead based paints. All manufacturing materials are procured from reputable suppliers and conform to our quality standards. All tractors are tested before delivery. Customer rights and privacy is important to AGTL. No complaints were received regarding breach of customer privacy. The Company offers two free after sales service for its tractors. Warranty period is 14 months or 1200 hours, whichever comes first.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Company actively participates in the fight against all forms of corruption, fully complying with principles of fairness, transparency and integrity. To ensure that highest standards are met, anti-corruption statement has been included in the code of ethics signed by all the directors and employees. A whistle blowing policy is also in palace to detect and deter misconduct. The Company also has a well documented harassment policy.

QUALITY ASSURANCE

With disciplined focus on all quality management systems, AGTL is committed to remain at par with best international practices, quality standards, performance requirements, and product specifications of CNHI. Quality is monitored at every level of production.



The Company has invested for improvement of quality of AGTL's products through construction of quality lab while training of mechanics, setting up of call center for efficient customer support and new modern paint shop are also part of the project.

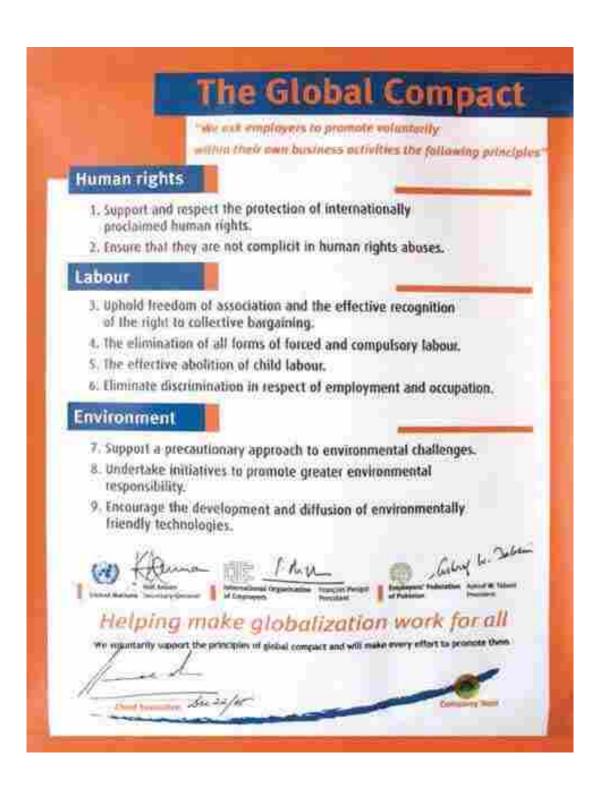
Certifications for Best Practices



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 2021.



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.

Highlights of Corporate Social Responsibility

Corporate Social Responsibility (CSR) Framework establishes strategic and consistent approach for our investments. We focus on fostering environmental value as well as improving the living standards and quality of life of the communities we work with. In line with the Mission of creating mutually beneficial relationships between the Company, stakeholders and the community, the Company has structured its CSR framework to achieve this objective, which covers the following aspects:

- Sound corporate activities
- Respect for human beings
- Responsibility to society as a corporate citizen Transparent operating activities
- Provision of valuable goods and services for society
- Protection of environment



NATIONAL CAUSE DONATIONS

As a service to the community, a tractor has been donated to District Government Dera Ghazi Khan for beautification and up-keep of parks and horticulture activities.

INVESTMENT IN EDUCATION

- As part of CSR and with a view to interacting with educational institutions, AGTL has appointed graduates of TEVTA for its assembly operations in the plant. AGTL and TEVTA are working on a programme to not only induct more graduates but also utilize the joint facilities of TEVTA and AGTL plant for customized training on operational activities.
- Merit scholarships are offered to students of the University of Agriculture, Faisalabad and its campus in Dera Ghazi Khan. Scholarships are also offered to the Government Technical Training Institute and Government College of Technology in Dear Ghazi Khan for development of local talent.
- Students of different Universities were given an opportunity to visit the plant and to obtain an insight of tractor manufacturing industry.

DEVELOPMENT OF LOCAL TALENT

As a responsible corporate citizen, AGTL is committed to development and supporting the local community and local talent in what is otherwise a less developed area of DGK.

- The Company has a programme for induction of young diploma graduates from the Government College of Technology. Special programmes are launched for customized learning and development.
- The Company is proactive in providing internships to students of various institutions of the country as well as from other countries not only at the manufacturing plant in Dera Ghazi Khan but at all other locations.

COMMUNITY INVESTMENT

- Tractor festivals, free service programmes are held throughout the year to improve efficiency of resource utilization.
- We educate the farmers and his future generations on techniques of Farm Management with marketing programmes which have been specially designed to minimize overhead cost and to increase returns. Such programmes are held with intermittence throughout the country at the grass root level.

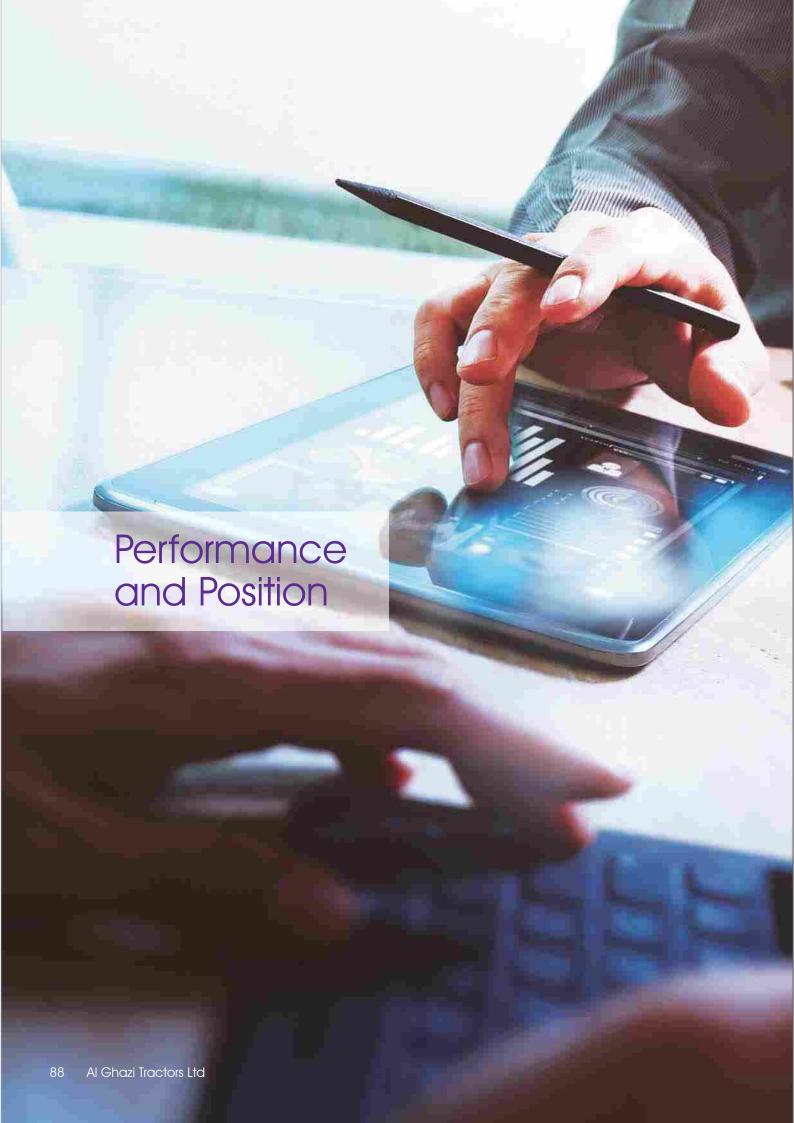


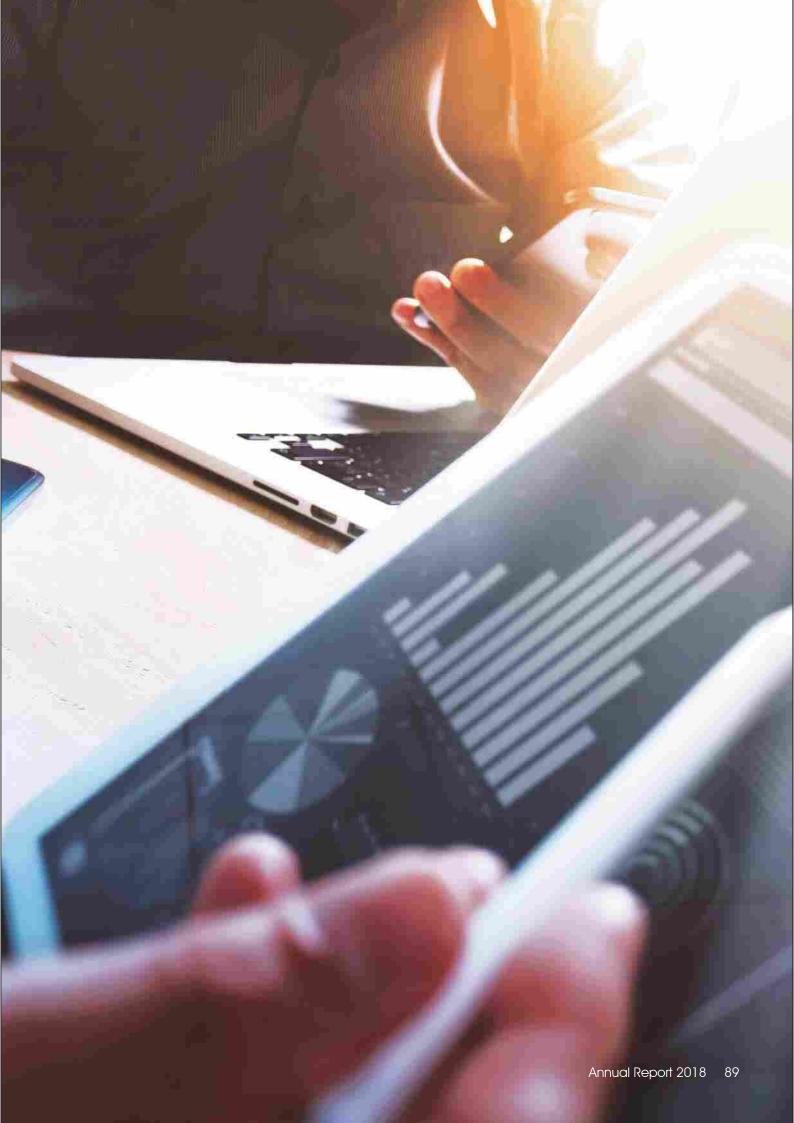


RURAL DEVELOPMENT PROGRAMME

Al-Ghazi Tractors has developed a whole scale industry that provides employment and employment generating activities, provides welfare services, marketing infrastructure and the impact of these activities has had a huge impact on transformation of the rural scene in the area. The benefits of the activities and developments at Al-Ghazi have trickled down to the rural masses. Al-Ghazi has directly facilitated the process of siphoning surplus labour from agriculture to the manufacture sector and with its allied activities, Al-Ghazi provides gainful employment opportunities to the locals in fields as diverse as welding to painting to finance and to information technology. Besides lasting rural development pattern, Al-Ghazi has concentrated on Human development with training and scholarships and development of infrastructure. Al-Ghazi has contributed to building a self-reliant society with a scientific bent through a system that trains our manpower for specific requirements in technology, engineering, administration, management and marketing etc.

What was once a bucolic area is now an Industrial hub, that has prevented the march of the desert with its investments in horticulture, and which with its expanding industrial throughput has contributed to employment at the doorstep of the area thus decelerating migration to urban centres.





Key Operating and Financial Data

	2018	2017	2016	2015	2014	2013
			(Rupee	s in '000)		
Sales	23,933	24,423	16,206	13,385	12,416	14,071
Production	24,823	24,091	16,005	13,584	13,014	14,055
Profitability						
Revenue	19,372,522				8,780,685	9,262,626
Gross profit	4,665,484	5,259,738	3,348,741		2,268,143	2,069,369
Investment income	29,033	108,055	125,039	424,444	435,143	378,450
Profit before taxation	3,734,835	4,585,013	2,877,525		2,251,937	2,023,294
Income tax expense	1,282,321	1,461,893	950,641	799,763	677,193	651,804
Profit for the year	2,452,514	3,123,120	1,926,884	1,592,283	1,574,744	1,371,490
Earnings before investment income,						
tax and depreciation (EBITDA)	3,775,863	4,536,000	2810598	2,013,749	1,859,004	1,683,845
Manpower Cost - Direct	375,240	336,868	266,484	224,434	183,387	204,828
Manpower Cost - Indirect	303,572	236,217	217,209	263,981	219,621	196,481
Total Manpower Cost	678,812	573,085	483,693	488,415	403,008	401,309
Financial position						
Fixed assets	828,804	714,732	649,897	612,208	466,751	404,433
Long-term investments	_	_	_	-	42,800	44,800
Other non-current assets	4,696	4,660	5,818	2,913	2,131	9,333
	833,500	719,392	655,715	615,121	511,682	458,566
	333,333	7.7,072	000,7.10	0.0,.2.	0,002	.007000
Current assets	5,951,957	5,161,939	3,988,601	5,789,546	9,477,010	9,367,867
Current liabilities	5,299,961	3,670,255	1,202,327	549,079	1,349,292	1,537,894
Net working capital	651,996	1,491,684	2,786,274	5,240,467	8,127,718	7,829,973
Less: Non-current liabilities	116,099	85,260	82,520	67,008	87,905	69,580
Capital employed	1,369,397	2,125,816	3,359,469	5,788,580	8,551,495	8,218,959
	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	2,120,010	0,007,107		2,001,110	3,2.3,7.5,
Represented by:						
Share capital	289,821	289,821	289,821	289,821	289,821	214,682
Reserves	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unappropriated profit	1,079,576	835,995	2,069,648	4,498,759	7,261,674	7,004,277
shapprophared prem	1,369,397	2,125,816	3,359,469	5,788,580		8,218,959
	.,,,,,,,,	27.2070.0	3,007,107		0,00.,.,0	
CASH FLOWS						
Operating activities	(1,155,682)	3.827 376	3,239,509	619 833	1,078,632	1,175,686
Investing activities	(1,100,002)		986,817	3,702,394	(342,666)	522,032
Financing activities	,		(4,339,794)		(1,219,754)	(1,071,853)
Thirdholling delivines	(0,710,121)	(0,000,022)	(4,007,774)	(→,∪∠1,∪70)	(1,217,704)	(1,071,000)

Analysis of Financial and Non-Financial Performance

AGTL believes in achievement of business objectives through both financial and non-financial factors. From the financial indicators like Sales revenue, net profit, gearing and 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, majority of the targets set by the Company were achieved except for few indicators like units sold, gross profit % etc. in which deviations were observed mainly due to drastic rupee devaluation, increase in raw material prices, locally as well as imported, uncertain political scenario and overall economic slowdown in automotive industry observed especially in the second half of the year.

Financial Indicators

Actual Results

Year 2018 had been a challenging year, the Company experienced improved sales volumes in the first half of the year while depressed sales volumes experienced in second half. Despite challenging market situation, the Company was able to increase its revenue and market share. Though an increase in revenue was noted but the cost impact associated with the devaluation of rupee curtailed to translate such increase into corresponding profits. The Company was able to achieve after tax profit of Rs.2.4 billion.

Summarized operating performance of the Company for the current year as compared to last year is as

follows:

	(Rupees in '000)		
Revenue	19,372,522	18,871,448	
Gross profit	4,665,484	5,259,738	
Profit before taxation	3,734,835	4,585,013	
Income tax expense	1,282,321	1,461,893	
Profit for the year	2,452,514	3,123,120	

Production and sales volumes for the year 2017 and 2018 are as follows:

	OFIIG		
	2018	2017	
Sales	23,933	24,423	
Production	24,823	24,091	

Budget vs Actuals:

The Company has developed a system of budgeting which enables the preparation of a challenging yet achievable budget. The Company also performs forecasting at each quarter end to reflect the current market situation while projecting the rest of the period.

2018

Units

2017

Achievement of the Company against budgeted revenue is as under:

Revenue Rs. In thousand
Budget 21,537,134
Actual 19,372,522

The Company has nearly achieved its budgeted revenue target. However, margins remained under pressure due to the reasons as enumerated above. That said, the Company is actively involved in exploring new markets and has adopted several aggressive marketing strategies to market its tractors.

Methods and Assumptions in Compiling Indicators

The Company has identified indicators that effectively reflect the Company's performance and profitability. The Company analyses its 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 actions 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 system based and dashboard reports to compute various KPI's.

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 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 project results in better environment for the employees.
Training and Education	Continuous training of employees and workers. Monitoring training need analysis with special focus on safety at work
Relationship Capital Supplier relationship Customer relationship	Timely payment to vendors to enhance vendor confidence Providing exquisite after sales services and support services to enhance customer loyalty

Analysis of Financial Ratios

	2018	2017	2016	2015	2014	2013
			(Rupees	s in '000)		
Profitability Ratios						
Gross profit ratio	24.08%	27.87%	27.68%	25.94%	25.83%	22.34%
Pre-tax profit ratio	19.28%	24.30%	23.78%	24.82%	25.65%	21.84%
Net profit to Sales	12.66%	16.55%	15.93%	16.52%	17.93%	14.81%
EBITDA margin to sales	19.49%	24.04%	23.23%	20.90%	21.17%	18.18%
Operating Leverage ratio Return on asset	-6.31 36.14%	1.10 53.10%	1.55 41.49%	0.85 24.86%	-2.00 15.77%	0.80 13.96%
Return on Equity / Capital employed	179.09%	146.91%	57.36%	27.51%	18.41%	16.69%
Liquidity Ratios						
Current Ratio	1.12	1.41	3.32	10.54	7.02	6.09
Quick Ratio	0.46	0.78	2.13	6.61	5.40	4.98
Cash to current liabilities	0.06	0.37	1.10	4.24	2.91	1.50
Activity / Turnover Ratios						
Inventory turnover ratio	5.05	7.37	4.89	3.30	3.38	4.45
Receivables turnover ratio Creditors turnover ratio	565 22	129 22	79 18	464 11	98 6	34 7
Fixed assets turnover ratio	23.37	26.40	18.62	15.74	18.81	22.90
Total assets turnover ratio	2.86	3.21	2.61	1.50	0.88	0.94
Operating Cycle						
No. of days in inventory	72	50	75	112	109	83
No. of days in receivables	1	3	5	1	4	11
No. of days in payables	17	17	20	34	58	49
Operating Cycle	56	36	59	78	54	44
Capital Structure Ratios						
Financial leverage ratio	0.44			—— N/A —		
Weighted average cost of debt Debt to equityt ratio (As per book value)	3.10% 2.90			N/A N/A		
Debt to equityt ratio (As per book value)	0.12			N/A		
Interest cover ratio	30.74			N/A -		
Investment / Market ratios						
Pre-Tax Earning per share						
(Basic and diluted) - Rs	64.43	79.10	49.64	41.27	38.85	47.12
Post -Tax Earning per share	40.07	50.00	00.04	07.47	07.17	0.7.0.4
(Basic and diluted) - Rs	42.31 12.90	53.88	33.24 17.15	27.47	27.17	31.94
Price earnings ratio Dividend yield ratio	7.14%	11.41 14.24%	13.16%	15.03 20.58%	13.51 6.81%	6.65 11.77%
Dividend ratio	14.00	7.02	7.60	4.86	14.68	8.50
Dividend payout ratio	92.17%	162.40%	225.61%	309.43%	92.02%	83.74%
Dividend cover	1.08	0.62	0.44	0.32	1.09	1.19
Dividend per share						
- Cash	39.00	87.50	62.50	85.00	25.00	25.00
- Bonus Dividend payout - Rs ' 000	2,260,604	5,071,868	- 4,347,315	- 4,926,957	0.35	- 1,073,410
Cash dividend - %	780%	1750%	1500%	1700%	500%	500%
Bonus Dividend - Rs' 000	70070	170070	-	-	-	75,139
Market value per share - Rs						,
- Closing	546.00	614.55	570.00	413.00	367.02	212.43
- High	775.31	784.04	718.89	564.00	464.24	246.70
- LOW	490.04	525.00	378.78	295.00	195.00	193.89
Market capitalisation - Rs Million Breakup value per share - Rs	31,648 23.62	35,622 36.67	33,039 57.96	23,940 99.86	21,275 147.53	9,121 191.42
picarap value pel silule - 173	20.02	30.07	07.70	77.00	147.00	171.44

Comments on Ratios

Profitability Ratios

The Company's sound business performance is depicted through favorable profitability ratios over the years. The performance of the Company enhanced in FY 2016. FY 2017 witnessed giant leap forward with respect to profitability of the Company. In the year 2017, Company made historic achievements in profitability and posted ever highest profits and better profitability ratios.

In the year 2018, the Company profitability decreased due to decrease in gross margins in line with challenging socio-economic conditions, increased imported raw material prices and foreign currency exchange rates.

Liquidity and Turnover Ratios

By devising strong cash and working capital management policies over the years, liquidity of the company is still in good position despite the utilization of short term borrowing facility from bank.

Although a decline is observed as compared to last year, still the current and quick ratios of the Company shows stable position of the liquidity as the Company still has Rs.1.12 assets for each Re.1 liability.

Market Ratios

Market ratios remained stable during the year 2018. Slight decrease in share price as well as market ratios was noted when compared with last year.

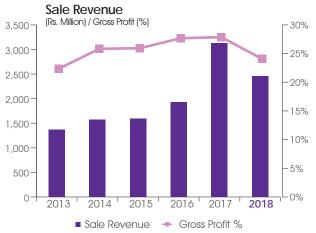
Market value of the share showed a CAGR of 21.04% from 2013 to 2018. Also, market capitalization increased from Rs.9.1 billion in 2013 to Rs.31.6 billion in 2018. AGTL has continuously maintained a dividend yield beyond the market norms in order to compensate its shareholders handsomely.

Capital Structure Ratios

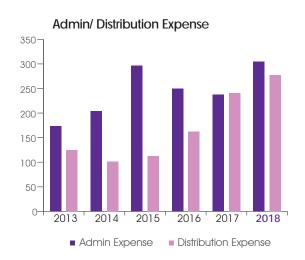
The Company continuously monitors its capital structure and aims to keep it at its optimum level. The Company remained debt free throughout its operation since the beginning, however, accelerated dividend payments during last three years and long outstanding sales tax due from government resulted in utilization of Overdraft facility from banks in 2018.

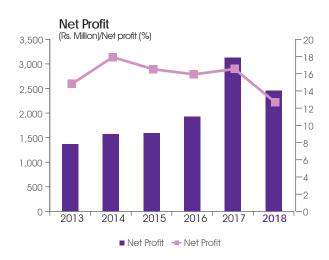
Promising interest cover ratio and debt to equity ratio is representative of company's strong profitability and financial capability.

Graphical Analysis

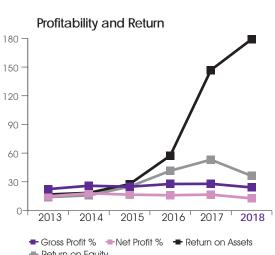


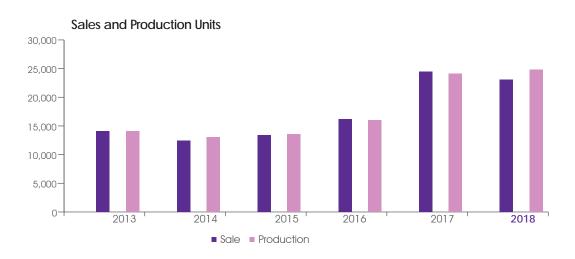


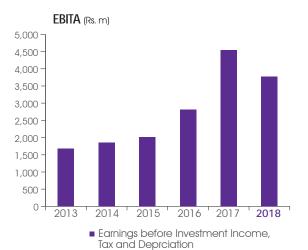


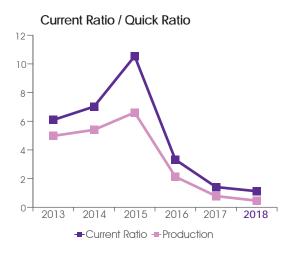


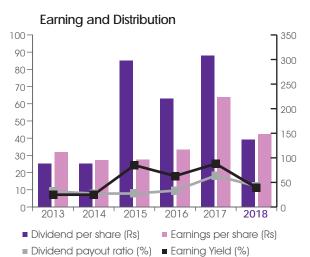


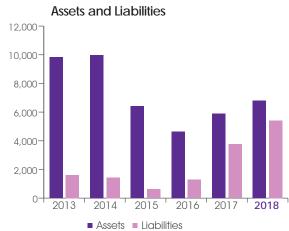




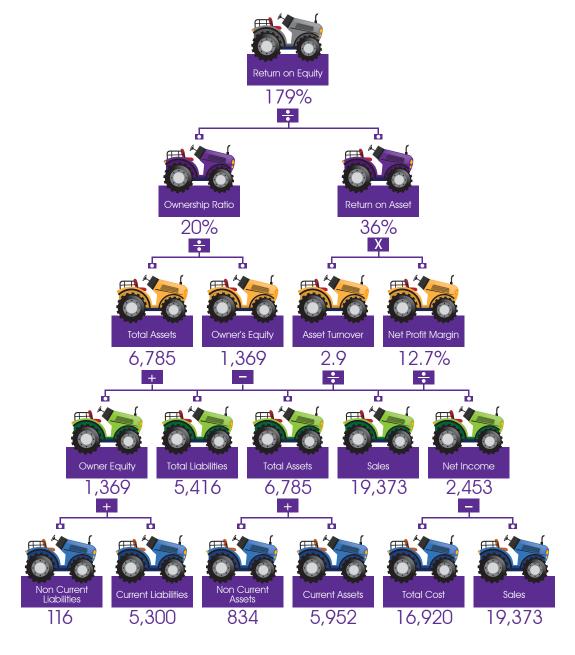








Dupont Analysis



Dupont Analysis

Return on Equity increased from 147% in 2017 to 179% in 2018 i.e. an increase of 32% was noted. Decrease in owner's equity by Rs.757 million and increase in total assets by Rs.904 million contributed to this increase, partially set off by decrease in Return on assets by 17% as compared to last year.

Total assets increase mainly attributable to increase in inventory and refund due from Government while utilization of reserves for payment of dividends resulted in decrease of equity.

Asset turnover and Net profit margin both decreased as compared to last year mainly due to disproportionate increase in sales as compared to increase in total assets while net income also decreased as compared to last year resulting in decrease in return on assets by 17% when compared with last year.

Six Years Horizontal Analysis

Page		2018	2017	2016	2015	2014	2013
Refunction Ref				(Rupees	s in '000)		
Refunction Ref	RALANCE SHEET						
Long-term investments			l				
Long-term loans and deposits		828,804	714,732	649,897	612,208		
Tracele receivables 3,507,588 2,321,164 1,427,617 2,149,374 2,196,311 1,708,898 1,708,698 1,2023 279,759 27,759 13,796 166,306 1,2023 279,759 2,7759 13,796 166,306 1,708,698 1,708,698 1,708,698 1,708,698 1,708,79	•	4 (0)	4.770	-	-		
Trade receivables 56,606 12,023 279,759 27,759 13,796 166,308 Loan and advances 132,337 201,688 94,042 62,048 78,795 73,393 Trade deposits and short-term prepayments 43,305 11,871 6,119 6,821 32,219 1,450 Inferest accrued 1 947 4,807 6,111 33,986 3,525 Cother receivables 12,964 11,972 40,847 38,411 6,149 11,457 Taxation - payments less provision 108,040 40,075 - 70,828 - 30,669 Refunds due from the Covernment 1,797,206 1,221,688 819,138 1,017,953 1,281,074 1,709,416 Other financial assets 6,785,457 5,881,331 1,364,301 6,404,667 9,986,922 9,826,433 Current liabilities 5,299,961 3,670,255 1,202,327 549,079 1,349,292 1,537,894 Non-current liabilities 116,099 85,260 82,520 67,008 87,905	Long-term loans and deposits	4,696	4,660	5,818	2,913	2,131	9,333
Loan and advances 132,337 201,688 94,042 62,048 78,796 73,393 Tacde deposits and short-term prepormers 43,305 11,871 6,119 6,821 32,219 1,460 1,	Inventories	3,507,588	2,321,164	1,427,617	2,149,374	2,196,311	1,708,898
Tracke deposits and short-term prepayments 43,305 11,871 6,119 6,821 32,219 1,450 1,45	Trade receivables	56,606	12,023	279,759	27,759	13,796	166,306
Displayments 143,305 11,871 6,119 6,821 32,219 1,450 Interiest accrued 1 947 4,307 61,114 33,986 3,525 Taxaction - payments less provision 108,040 40,075 - 70,628 - 30,669 Refunds due from the Government 1,797,206 1,221,688 819,138 1,017,953 1,281,074 1,709,416 Other financial assets - 25,000 1,909,770 3,354,256 Cash and bank balances 293,910 1,340,511 1,316,770 2,330,238 3,924,709 2,308,497 Total assets 6,785,457 5,881,331 4,644,316 6,404,667 9,988,692 9,826,433	Loan and advances	132,337	201,688	94,042	62,048	78,796	73,393
Interest accrued 1 947 4,307 61,114 33,986 3,525 Other receivables 12,964 11,1972 40,849 38,411 6,149 11,457 Taxation - payments less provision 108,040 40,075 - 70,828 - 30,669 Refunds due from the Government 1,797,200 1,221,688 819,138 1,017,953 1,281,074 1,709,416 Other financial assets - - - 25,000 1,909,970 3,354,256 Cash and bank balances 293,910 1,340,511 1,316,770 2,330,238 3,924,70 2,308,497 Total assets 6,785,457 5,881,331 4,644,316 6,404,667 7,988,692 9,826,433 Currient liabilities 5,299,961 3,670,255 1,202,327 549,079 1,349,292 1,537,898 Total liabilities 5,416,060 3,755,515 1,284,847 616,087 1,437,177 1,607,444 Capital employed 1,369,397 2,125,816 3,359,469 5,788,580	Trade deposits and short-term						
Other receivables 12,964 11,972 40,849 38,411 6,149 11,457 Taxation - payments less provision 108,040 40,075 - 70,828 - 30,669 Refunds due from the Government 1,797,206 1,221,688 819,138 1,017,953 1,281,074 1,709,416 Other financial assets - - - 25,000 1,909,970 3,354,256 Cash and bank balances 293,910 1,340,511 1,316,770 2,330,238 3,924,709 2,308,497 Total lassets 5,299,961 3,670,255 1,202,327 549,079 1,349,292 1,537,894 Non-current liabilities 116,099 85,260 82,520 67,008 87,905 69,580 Total liabilities 1,369,397 2,125,816 3,359,469 5,788,580 8,551,495 8,218,959 Share capital 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821		43,305					
Taxatlon - payments less provision 108,040 40,075 - 70,828 - 30,669 Refunds due from the Government 1,797,206 1,221,688 819,138 1,017,953 12,1074 1,709,416 Other financial assets 293,910 1,340,511 1,316,770 2,330,238 3,924,709 2,308,497 Total assets 6,785,457 5,881,331 4,644,316 6,404,667 9,988,692 9,826,433 Current liabilities 5,299,961 3,670,255 1,202,327 549,079 1,349,292 1,537,894 Non-current liabilities 116,099 85,260 82,520 67,008 87,905 69,580 Total liabilities 1,369,397 2,125,816 3,359,469 5,788,580 8,551,495 8,218,959 Share capital 289,821	Interest accrued	1					
Refunds due from the Government Other financial assets 1,797,206 1,221,688 819,138 1,017,953 1,281,074 1,709,416 Cash and bank balances 293,910 1,340,511 1,316,770 2,330,238 3,924,709 2,308,497 Total assets 6,785,457 5,881,331 4,644,316 6,404,667 9,986,692 9,826,433 Current liabilities 13,607,025 1,202,327 549,079 1,349,292 1,537,894 Non-current liabilities 116,099 85,260 82,520 67,008 87,905 69,580 Total labilities 5,416,060 3,755,515 1,284,847 616,087 1,437,197 1,607,474 Capital employed 1,369,397 2,125,816 3,359,469 5,786,580 8,551,495 8,218,959 Share capital 289,821 289,821 289,821 289,821 289,821 289,821 289,821 214,682 Reserves 1,079,576 1,835,995 3,069,448 5,498,759 8,261,674 8,004,277 Capital employed 1,369,397 2			11,972	40,849		6,149	
Other financial assets - - - 25,000 1,909,970 3,354,256 Cash and bank balances 293,910 1,340,511 1,316,770 2,330,238 3,924,709 2,308,497 Total assets 6,785,457 5,881,331 4,644,316 6,404,667 9,988,692 9,826,433 Current liabilities 5,299,961 3,670,255 1,202,327 549,079 1,349,292 1,537,894 Non-current liabilities 116,099 85,260 82,520 67,008 87,905 69,580 Total liabilities 1,369,397 2,125,816 3,359,469 5,788,580 8,51,497 1,607,474 Capital employed 1,369,397 2,125,816 3,359,469 5,788,580 8,551,495 8,218,959 Share capital employed 1,369,397 2,125,816 3,359,469 5,788,580 8,561,495 8,218,959 PROFIT AND LOSS ACCOUNT 2 1,372,522 18,871,448 1209,8821 289,821 289,821 289,825 9,262,626 Cost of sales 14,707,038 13,61				-			
Cash and bank balances 293,910 1,340,511 1,316,770 2,330,238 3,924,709 2,308,497 Total assets 6,785,457 5,881,331 4,644,316 6,404,667 9,988,692 9,826,433 Current liabilities 5,299,961 3,670,255 1,202,327 549,079 1,349,292 1,537,894 Non-current liabilities 116,099 85,260 82,520 67,008 87,905 69,580 Total liabilities 5,416,060 3,755,515 1,284,847 616,087 1,437,197 1,607,474 Capital employed 1,369,397 2,125,816 3,359,469 5,788,580 8,551,495 8,218,959 Share capital employed 288,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 29,821 214,682 Reserves 1,079,576 1,835,995 3,069,488 5,497,759 8,218,959 8,218,959 PROFIT AND LOSS ACCOUNT Revenue 19,372,522 18,871,448 1209828		1,797,206	1,221,688	819,138			
Total assets 6,785,457 5,881,331 4,644,316 6,404,667 9,988,692 9,826,433 Current liabilities 5,299,961 3,670,255 1,202,327 549,079 1,349,292 1,537,894 Non-current liabilities 116,099 85,260 82,520 67,008 87,905 69,580 Total liabilities 5,416,060 3,755,515 1,284,847 616,087 1,437,197 1,607,474 Capital employed 1,369,397 2,125,816 3,359,469 5,788,580 8,551,495 8,218,959 Share capital 289,821 289,82		-	-	-			
Current liabilities 5,299,961 3,670,255 1,202,327 549,079 1,349,292 1,537,894 Non-current liabilities 116,099 85,260 82,520 67,008 87,905 69,580 Total liabilities 5,416,060 3,755,515 1,284,847 616,087 1,437,197 1,607,474 Capital employed 1,369,397 2,125,816 3,359,469 5,788,580 8,551,495 8,218,959 Share capital 289,821							
Non-current liabilities 116,099 85,260 82,520 67,008 87,905 69,580 10 10 10 10 10 10 10	Total assets	6,785,457	5,881,331	4,644,316	6,404,667	9,988,692	9,826,433
Non-current liabilities 116,099 85,260 82,520 67,008 87,905 69,580 10 10 10 10 10 10 10	Current liabilities	5,299,961	3,670,255	1,202,327	549,079	1,349,292	1,537,894
Capital employed 5,416,060 3,755,515 1,284,847 616,087 1,437,197 1,607,474 Share capital employed 1,369,397 2,125,816 3,359,469 5,788,580 8,551,495 8,218,959 Share capital Reserves 1,079,576 1,835,995 3,069,648 5,498,759 8,201,674 8,004,277 Capital employed 1,369,397 2,125,816 3,359,469 5,788,580 8,551,495 8,218,959 PROFIT AND LOSS ACCOUNT 19,372,522 18,871,448 12098828 9,636,109 8,780,685 9,262,626 Cost of sales 14,707,038 13,611,710 8,750,087 7,136,631 6,512,542 7,193,257 Gross profit 4,665,484 5,259,738 3,348,741 2,499,478 2,268,143 2,069,369 Distribution expenses 276,950 240,830 162,088 111,907 101,463 125,208 Administrative expenses 305,425 237,798 250,336 297,194 203,668 172,773 4,083,109 4,781,111 2,936,317	Non-current liabilities						
Share capital 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 214,682 Reserves 1,079,576 1,385,995 3,069,648 5,498,759 8,261,674 8,004,277 Capital employed 1,369,397 2,125,816 3,359,469 5,788,580 8,551,495 8,218,959 PROFIT AND LOSS ACCOUNT Revenue 19,372,522 18,871,448 12098828 9,636,109 8,780,685 9,262,626 Cost of sales 14,707,038 13,611,710 8,750,087 7,136,631 6,512,542 7,193,257 Gross profit 4,665,484 5,259,738 3,348,741 2,499,478 2,268,143 2,069,369 Distribution expenses 276,950 240,830 162,088 111,907 101,463 125,208 Administrative expenses 305,425 237,798 250,336 297,194 203,668 172,773 Other income 61,902 144,076 153,929	Total liabilities						
Share capital 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 289,821 214,682 Reserves 1,079,576 1,385,995 3,069,648 5,498,759 8,261,674 8,004,277 Capital employed 1,369,397 2,125,816 3,359,469 5,788,580 8,551,495 8,218,959 PROFIT AND LOSS ACCOUNT Revenue 19,372,522 18,871,448 12098828 9,636,109 8,780,685 9,262,626 Cost of sales 14,707,038 13,611,710 8,750,087 7,136,631 6,512,542 7,193,257 Gross profit 4,665,484 5,259,738 3,348,741 2,499,478 2,268,143 2,069,369 Distribution expenses 276,950 240,830 162,088 111,907 101,463 125,208 Administrative expenses 305,425 237,798 250,336 297,194 203,668 172,773 Other income 61,902 144,076 153,929							
Reserves	Capital employed	1,369,397	2,125,816	3,359,469	5,788,580	8,551,495	8,218,959
PROFIT AND LOSS ACCOUNT 19,372,522 18,871,448 12098828 9,636,109 8,780,685 9,262,626 Cost of sales 14,707,038 13,611,710 8,750,087 7,136,631 6,512,542 7,193,257 Gross profit 4,665,484 5,259,738 3,348,741 2,499,478 2,268,143 2,069,369 Distribution expenses 276,950 240,830 162,088 111,907 101,463 125,208 Administrative expenses 305,425 237,798 250,336 297,194 203,668 172,773 4,083,109 4,781,110 2,936,317 2,090,377 1,963,012 1,771,388 Other income 61,902 144,076 153,929 480,052 457,194 402,283 Other operating expenses 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 396 P	Share capital	289,821	289,821	289,821	289,821	289,821	214,682
PROFIT AND LOSS ACCOUNT Revenue 19,372,522 18,871,448 12098828 9,636,109 8,780,685 9,262,626 Cost of sales 14,707,038 13,611,710 8,750,087 7,136,631 6,512,542 7,193,257 Gross profit 4,665,484 5,259,738 3,348,741 2,499,478 2,268,143 2,069,369 Distribution expenses 276,950 240,830 162,088 111,907 101,463 125,208 Administrative expenses 305,425 237,798 250,336 297,194 203,668 172,773 4,083,109 4,781,110 2,936,317 2,090,377 1,963,012 1,771,388 Other income 61,902 144,076 153,929 480,052 457,194 402,283 Other operating expenses 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 <td>Reserves</td> <td>1,079,576</td> <td>1,835,995</td> <td>3,069,648</td> <td>5,498,759</td> <td>8,261,674</td> <td>8,004,277</td>	Reserves	1,079,576	1,835,995	3,069,648	5,498,759	8,261,674	8,004,277
Revenue 19,372,522 18,871,448 12098828 9,636,109 8,780,685 9,262,626 Cost of sales 14,707,038 13,611,710 8,750,087 7,136,631 6,512,542 7,193,257 Gross profit 4,665,484 5,259,738 3,348,741 2,499,478 2,268,143 2,069,369 Distribution expenses 276,950 240,830 162,088 111,907 101,463 125,208 Administrative expenses 305,425 237,798 250,336 297,194 203,668 172,773 4,083,109 4,781,110 2,936,317 2,090,377 1,963,012 1,771,388 Other income 61,902 144,076 153,929 480,052 457,194 402,283 Other operating expenses 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 396 Profit before tax	Capital employed	1,369,397	2,125,816	3,359,469	5,788,580	8,551,495	8,218,959
Revenue 19,372,522 18,871,448 12098828 9,636,109 8,780,685 9,262,626 Cost of sales 14,707,038 13,611,710 8,750,087 7,136,631 6,512,542 7,193,257 Gross profit 4,665,484 5,259,738 3,348,741 2,499,478 2,268,143 2,069,369 Distribution expenses 276,950 240,830 162,088 111,907 101,463 125,208 Administrative expenses 305,425 237,798 250,336 297,194 203,668 172,773 4,083,109 4,781,110 2,936,317 2,090,377 1,963,012 1,771,388 Other income 61,902 144,076 153,929 480,052 457,194 402,283 Other operating expenses 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 396 Profit before tax	DDOELT AND LOSS ACCOUNT						
Cost of sales 14,707,038 13,611,710 8,750,087 7,136,631 6,512,542 7,193,257 Gross profit 4,665,484 5,259,738 3,348,741 2,499,478 2,268,143 2,069,369 Distribution expenses 276,950 240,830 162,088 111,907 101,463 125,208 Administrative expenses 305,425 237,798 250,336 297,194 203,668 172,773 4,083,109 4,781,110 2,936,317 2,090,377 1,963,012 1,771,388 Other income 61,902 144,076 153,929 480,052 457,194 402,283 Other operating expenses 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 396 Profit before taxation 3,734,835 4,585,013 2,877,525 2,392,046 2,251,937 2,023,294 Inc		19 372 522	18 871 448	12098828	9 636 109	8 780 685	9 262 626
Gross profit 4,665,484 5,259,738 3,348,741 2,499,478 2,268,143 2,069,369 Distribution expenses 276,950 240,830 162,088 111,907 101,463 125,208 Administrative expenses 305,425 237,798 250,336 297,194 203,668 172,773 4,083,109 4,781,110 2,936,317 2,090,377 1,963,012 1,771,388 Other income 61,902 144,076 153,929 480,052 457,194 402,283 Other operating expenses 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 396 Profit before taxation 3,734,835 4,585,013 2,877,525 2,392,046 2,251,937 2,023,294 Income tax expense 1,282,321 1,461,893 950,641 799,763 677,193 651,804							
Distribution expenses Administrative expenses 276,950 240,830 162,088 111,907 101,463 125,208 305,425 237,798 250,336 297,194 203,668 172,773 4,083,109 4,781,110 2,936,317 2,090,377 1,963,012 1,771,388 Other income 61,902 144,076 153,929 480,052 457,194 402,283 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 396 Profit before taxation 3,734,835 4,585,013 2,877,525 2,392,046 2,251,937 2,023,294 Income tax expense 1,282,321 1,461,893 950,641 799,763 677,193 651,804							
Administrative expenses 305,425 237,798 250,336 297,194 203,668 172,773 4,083,109 4,781,110 2,936,317 2,090,377 1,963,012 1,771,388 Other income 61,902 144,076 153,929 480,052 457,194 402,283 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 396 Profit before taxation 3,734,835 4,585,013 2,877,525 2,392,046 2,251,937 2,023,294 Income tax expense 1,282,321 1,461,893 950,641 799,763 677,193 651,804	•						
4,083,109 4,781,110 2,936,317 2,090,377 1,963,012 1,771,388 Other income 61,902 144,076 153,929 480,052 457,194 402,283 Other operating expenses 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 396 Profit before taxation 3,734,835 4,585,013 2,877,525 2,392,046 2,251,937 2,023,294 Income tax expense 1,282,321 1,461,893 950,641 799,763 677,193 651,804	Distribution expenses	276,950	240,830	162,088	111,907	101,463	125,208
Other income 61,902 144,076 153,929 480,052 457,194 402,283 Other operating expenses 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 396 Profit before taxation 3,734,835 4,585,013 2,877,525 2,392,046 2,251,937 2,023,294 Income tax expense 1,282,321 1,461,893 950,641 799,763 677,193 651,804	Administrative expenses	305,425	237,798	250,336	297,194	203,668	172,773
Other operating expenses 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 396 Profit before taxation 3,734,835 4,585,013 2,877,525 2,392,046 2,251,937 2,023,294 Income tax expense 1,282,321 1,461,893 950,641 799,763 677,193 651,804		4,083,109	4,781,110	2,936,317	2,090,377	1,963,012	1,771,388
Other operating expenses 284,608 339,244 211,703 177,283 166,900 149,981 3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost 125,568 929 1,018 1,100 1,369 396 Profit before taxation 3,734,835 4,585,013 2,877,525 2,392,046 2,251,937 2,023,294 Income tax expense 1,282,321 1,461,893 950,641 799,763 677,193 651,804	Other income	61 902	144 076	153 929	480 052	457 19 <i>4</i>	402 283
3,860,403 4,585,942 2,878,543 2,393,146 2,253,306 2,023,690 Finance cost Profit before taxation 125,568 929 1,018 1,100 1,369 396 976 Profit before taxation 3,734,835 4,585,013 2,877,525 2,392,046 2,251,937 2,023,294 100 Income tax expense 1,282,321 1,461,893 950,641 799,763 677,193 651,804							
Profit before taxation 3,734,835 4,585,013 2,877,525 2,392,046 2,251,937 2,023,294 Income tax expense 1,282,321 1,461,893 950,641 799,763 677,193 651,804	2 Sporaig Skporiboo						
Profit before taxation 3,734,835 4,585,013 2,877,525 2,392,046 2,251,937 2,023,294 Income tax expense 1,282,321 1,461,893 950,641 799,763 677,193 651,804	-						
Income tax expense 1,282,321 1,461,893 950,641 799,763 677,193 651,804							
	Profit before taxation	3,734,835	4,585,013	2,877,525	2,392,046	2,251,937	2,023,294
	Income tax expense	1,282,321	1,461,893	950,641	799,763	677,193	651,804

Six Years Horizontal Analysis

	2018	2017	2016	2015	2014	2013
		(Increase / (de	crease) from pre	ceeding year in	Rupees in '000)	
BALANCE SHEET						
Fixed assets	114,072	64,835	37,689	145,457	62,318	30,952
Long-term investments	-	-	-	(42,800)	(2,000)	(11,000)
Long-term loans and deposits	36	(1,158)	2,905	782	(7,202)	(11,895)
Inventories	1,186,424	893,547	(721,757)	(46,937)	487,413	144,628
Trade receivables	44,583	(267,736)	252,000	13,963	(152,510)	(220, 252)
Loan and advances	(69,351)	107,646	31,994	(16,748)	5,403	(2,501)
Trade deposits and short-term						
prepayments	31,434	5,752	(702)	(25,398)	30,769	104
Interest accrued	(946)	(3,360)	(56,807)	27,128	30,461	(188,787)
Other receivables	992	(28,877)	2,438	32,262	(5,308)	(2,277)
Taxation - payments less provision	67,965	40,075	(70,828)	70,828	(30,669)	(82,759)
Refunds due from the Government	575,518	402,550	(198,815)	(263,121)	(428,342)	71,547
Other financial assets	(1.044.401)	- 02 741	(25,000)	(1,884,970)	` ,	2,102,527
Cash and bank balances	(1,046,601)	23,741	(1,013,468)	(1,594,471)		(1,474,135) 356,152
Total assets	904,126	1,237,015	(1,760,351)	(3,584,025)	162,259	300,102
Current liabilities	1,629,706	2,467,928	653,248	(800,213)	(188,602)	63,311
Non-current liabilities	30,839	2,740	15,512	(20,897)	18,325	195
Total liabilities	1,660,545	2,470,668	668,760	(821,110)	(170,277)	63,506
Total liabilities	1,000,040	2,470,000	000,700	(021,110)	(170,277)	00,000
Capital employed	(756,419)	(1,233,653)	(2,429,111)	(2,762,915)	332,536	292,646
Share capital	-	_	-	-	75,139	-
Reserves	(756,419)	(1 233 653)	(2,429,111)	(2.762.015)	0.5.3.0.3	000 / //
Canital employed		(1,200,000)	(-,, ,)	(2,762,915)	257,397	292,646
Capital employed	(756,419)	(1,233,653)	(2,429,111)	(2,762,915)	257,397 332,536	292,646
PROFIT AND LOSS ACCOUNT	(756,419)	1				
		1				
PROFIT AND LOSS ACCOUNT	501,074	(1,233,653)	(2,429,111)	(2,762,915)	332,536	292,646
PROFIT AND LOSS ACCOUNT Revenue	501,074 1,095,328	(1,233,653) 6,772,620	2,462,719	(2,762,915)	332,536	292,646 (5,516,938)
PROFIT AND LOSS ACCOUNT Revenue Cost of sales	501,074 1,095,328	(1,233,653) 6,772,620 4,861,623	2,462,719 1,613,456	(2,762,915) 855,424 624,089	332,536 (481,941) (680,715)	292,646 (5,516,938) (4,795,080)
PROFIT AND LOSS ACCOUNT Revenue Cost of sales Gross profit	501,074 1,095,328 (594,254)	(1,233,653) 6,772,620 4,861,623 1,910,997	2,462,719 1,613,456 849,263	855,424 624,089 231,335	332,536 (481,941) (680,715) 198,774	292,646 (5,516,938) (4,795,080) (721,858)
PROFIT AND LOSS ACCOUNT Revenue Cost of sales Gross profit Distribution expenses	501,074 1,095,328 (594,254) 36,120	(1,233,653) 6,772,620 4,861,623 1,910,997 78,742	2,462,719 1,613,456 849,263 50,181	855,424 624,089 231,335	332,536 (481,941) (680,715) 198,774 (23,745)	292,646 (5,516,938) (4,795,080) (721,858) 26,973
PROFIT AND LOSS ACCOUNT Revenue Cost of sales Gross profit Distribution expenses	501,074 1,095,328 (594,254) 36,120 67,627	(1,233,653) 6,772,620 4,861,623 1,910,997 78,742 (12,538)	2,462,719 1,613,456 849,263 50,181 (46,858)	855,424 624,089 231,335 10,444 93,526	332,536 (481,941) (680,715) 198,774 (23,745) 30,895	292,646 (5,516,938) (4,795,080) (721,858) 26,973 29,539
PROFIT AND LOSS ACCOUNT Revenue Cost of sales Gross profit Distribution expenses Administrative expenses	501,074 1,095,328 (594,254) 36,120 67,627 (698,001)	(1,233,653) 6,772,620 4,861,623 1,910,997 78,742 (12,538) 1,844,793	2,462,719 1,613,456 849,263 50,181 (46,858) 845,940	855,424 624,089 231,335 10,444 93,526 127,365	332,536 (481,941) (680,715) 198,774 (23,745) 30,895 191,624	292,646 (5,516,938) (4,795,080) (721,858) 26,973 29,539 (778,370)
PROFIT AND LOSS ACCOUNT Revenue Cost of sales Gross profit Distribution expenses Administrative expenses Other income	501,074 1,095,328 (594,254) 36,120 67,627 (698,001)	(1,233,653) 6,772,620 4,861,623 1,910,997 78,742 (12,538) 1,844,793 (9,853) 127,541	2,462,719 1,613,456 849,263 50,181 (46,858) 845,940 (326,123)	855,424 624,089 231,335 10,444 93,526 127,365 22,858	332,536 (481,941) (680,715) 198,774 (23,745) 30,895 191,624 54,911	292,646 (5,516,938) (4,795,080) (721,858) 26,973 29,539 (778,370) (135,459)
PROFIT AND LOSS ACCOUNT Revenue Cost of sales Gross profit Distribution expenses Administrative expenses Other income	501,074 1,095,328 (594,254) 36,120 67,627 (698,001) (82,174) (54,636)	(1,233,653) 6,772,620 4,861,623 1,910,997 78,742 (12,538) 1,844,793 (9,853) 127,541	2,462,719 1,613,456 849,263 50,181 (46,858) 845,940 (326,123) 34,420	(2,762,915) 855,424 624,089 231,335 10,444 93,526 127,365 22,858 10,383	332,536 (481,941) (680,715) 198,774 (23,745) 30,895 191,624 54,911 16,919	292,646 (5,516,938) (4,795,080) (721,858) 26,973 29,539 (778,370) (135,459) (62,999)
PROFIT AND LOSS ACCOUNT Revenue Cost of sales Gross profit Distribution expenses Administrative expenses Other income Other operating expenses	501,074 1,095,328 (594,254) 36,120 67,627 (698,001) (82,174) (54,636) (725,539)	(1,233,653) 6,772,620 4,861,623 1,910,997 78,742 (12,538) 1,844,793 (9,853) 127,541 1,707,399 (89)	2,462,719 1,613,456 849,263 50,181 (46,858) 845,940 (326,123) 34,420 485,397	855,424 624,089 231,335 10,444 93,526 127,365 22,858 10,383 139,840	332,536 (481,941) (680,715) 198,774 (23,745) 30,895 191,624 54,911 16,919 229,616	292,646 (5,516,938) (4,795,080) (721,858) 26,973 29,539 (778,370) (135,459) (62,999) (850,830)
PROFIT AND LOSS ACCOUNT Revenue Cost of sales Gross profit Distribution expenses Administrative expenses Other income Other operating expenses	501,074 1,095,328 (594,254) 36,120 67,627 (698,001) (82,174) (54,636) (725,539)	(1,233,653) 6,772,620 4,861,623 1,910,997 78,742 (12,538) 1,844,793 (9,853) 127,541 1,707,399 (89)	2,462,719 1,613,456 849,263 50,181 (46,858) 845,940 (326,123) 34,420 485,397	(2,762,915) 855,424 624,089 231,335 10,444 93,526 127,365 22,858 10,383 139,840 (269)	332,536 (481,941) (680,715) 198,774 (23,745) 30,895 191,624 54,911 16,919 229,616 973	292,646 (5,516,938) (4,795,080) (721,858) 26,973 29,539 (778,370) (135,459) (62,999) (850,830) (1,329)

Six Years Vertical Analysis

	2018	2018	2017	2017	2016	2016
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
BALANCE SHEET						
Fixed assets	828,804	60.52%	714,732	33.62%	649,897	19.35%
Long-term investments	-	-	-	-	-	-
Long-term loans and deposits	4,696	0.34%	4,660	0.03%	5,818	0.03%
Inventories	3,507,588	256.14%	2,321,164	109.19%	1,427,617	42.50%
Trade receivables	56,606	4.13%	12,023	0.57%	279,759	8.33%
Loan and advances	132,337	9.66%	201,688	9.49%	94,042	2.80%
Trade deposits and short-term prepaymen	nts 43,305	3.16%	11,871	0.56%	6,119	0.18%
Interest accrued	1	0.00%	947	0.04%	4,307	0.13%
Other receivables	12,964	0.95%	11,972	0.56%	40,849	1.22%
Taxation - payments less provision	108,040	7.89%	40,075	1.89%	-	0.00%
Refunds due from the Government	1,797,206	131.24%	1,221,688	57.47%	819,138	24.38%
Other financial assets	-	0.00%	-	0.00%	-	0.00%
Cash and bank balances	293,910	21.46%	1,340,511	63.06%	1,316,770	39.20%
Total assets	6,785,457	495.51%	5,881,331	276.66%	4,644,316	138.25%
Current liabilities	5,299,961	387.03%	3,670,255	172.65%	1,202,327	35.79%
Non-current liabilities	116,099	8.48%	85,260	4.01%	82,520	2.46%
Total liabilities	5,416,060	395.51%	3,755,515	176.66%	1,284,847	38.25%
Capital employed	1,369,397	100.00%	2,125,816	100 00%	3,359,469	100.00%
Capital employed	1,007,077	100,0076	2,120,010	100.00 /6	0,007,407	100.00 /6
Share capital	289,821	21.16%	289,821	13.63%	289,821	8.63%
Reserves	1,079,576	78.84%	1,835,995		3,069,648	91.37%
Capital employed	1,369,397	100.00%	2,125,816		3,359,469	100.00%
PROFIT AND LOSS ACCOUNT						
Revenue	19,372,522		18,871,448		12,098,828	100.00%
Cost of sales	14,707,038		13,611,710		8,750,087	72.32%
Gross profit	4,665,484	24.08%	5,259,738	27.87%	3,348,741	27.68%
Distribution expenses	276,950	1.43%	240,830	1.28%	162,088	1.34%
Administrative expenses	305,425	1.58%	237,798	1.26%		2.07%
Administrative expenses	4,083,109	21.08%	4,781,110		2,936,317	24.27%
	.,,.,.,	21.0070	.,, ,	20.0 . / 0	2,700,017	, ,,
Other income	61,902	0.32%	144,076	0.76%	153,929	1.27%
Other operating expenses	284,608	1.47%	339,244	1.80%	211,703	1.75%
	3,860,403	19.93%	4,585,942	24.30%	2,878,543	23.79%
5	105.546	0.456	222	0.000	1.030	0.030/
Finance cost	125,568	0.65%	929	0.00%		0.01%
Profit before taxation	3,734,835	19.28%	4,585,013	24.30%	2,877,525	23.78%
Income tax expense	1,282,321	6.62%	1,461,893	7.75%	950,641	7.86%
Profit for the year	2,452,514	12.66%	3,123,120		1,926,884	15.93%
	2,102,014	12.0070	3/120/120	10,0070	.,,20,004	1017070

Six Years Vertical Analysis

	2015	2015	2014	2014	2013	2013
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
BALANCE SHEET						
Fixed assets	612,208	10.58%	466,751	5.46%	404,433	4.92%
Long-term investments	-	-	42,800	0.50%	44,800	0.55%
Long-term loans and deposits	2,913	0.03%	2,131	0.03%	9,333	0.11%
Inventories	2,149,374	37.13%	2,196,311	25.68%	1,708,898	20.79%
Trade receivables	27,759	0.48%	13,796	0.16%	166,306	2.02%
Loan and advances Trade deposits and short-term	62,048	1.07%	78,796	0.92%	73,393	0.89%
prepayments	6,821	0.12%	32,219	0.38%	1,450	0.02%
Interest accrued	61,114	1.06%	33,986	0.40%	3,525	0.04%
Other receivables	38,411	0.66%	6,149	0.07%	11,457	0.14%
Taxation - payments less provision	70,828	1.22%	-	0.00%	30,669	0.37%
Refunds due from the Government	1,017,953	17.59%	1,281,074		1,709,416	20.80%
Other financial assets	25,000	0.43%	1,909,970		3,354,256	40.81%
Cash and bank balances	2,330,238	40.26%	3,924,709		2,308,497	28.09%
Total assets	6,404,667	110.64%	9,988,692	116.81%	9,826,433	119.56%
Current liabilities	549,079	9.49%	1,349,292	15 78%	1,537,894	18.71%
Non-current liabilities	67,008	1.16%	87,905	1.03%	69,580	0.85%
Total liabilities	616,087	10.64%	1,437,197	16.81%		19.56%
Capital employed	5,788,580	100.00%	8,551,495	100.00%	8,218,959	100.00%
Share capital	289,821	5.01%	289,821	3.39%	214,682	2.61%
Reserves	5,498,759	94.99%	8,261,674	96.61%	8,004,277	97.39%
Capital employed	5,788,580	100.00%	8,551,495	100.00%	8,218,959	100.00%
PROFIT AND LOSS ACCOUNT						
Revenue	9,636,109	100.00%	8,780,685	100.00%	9,262,626	100.00%
Cost of sales	7,136,631	74.06%	6,512,542	74.17%	7,193,257	77.66%
Gross profit	2,499,478	25.94%	2,268,143	25.83%	2,069,369	22.34%
Distribution expenses	111,907	1.16%	101,463	1.16%	125,208	1.35%
Administrative expenses	297,194	3.08%	203,668	2.32%	172,773	1.87%
	2,090,377	21.69%	1,963,012	22.36%	1,771,388	19.12%
Other income	480,052	4.98%	457,194	5.21%	402,283	4.34%
Other operating expenses	177,283	1.84%	166,900	1.90%		1.62%
	2,393,146	24.84%	2,253,306	25.66%	2,023,690	21.85%
Finance cost	1,100	0.01%	1,369	0.02%	396	0.00%
Profit before taxation	2,392,046	24.82%	2,251,937		2,023,294	21.84%
Income tay evenes	799,763	7.72%	677,193	7.71%	451 <u>804</u>	7.04%
Income tax expense Profit for the year	1,592,283	16.52%	1,574,744		651,804 1,371,490	14.81%
FIGHTION THE YEAR	1,072,200	10.02 /0	1,0/4,/44	17.70%	1,0/1,470	14.01/0

Comments on Horizontal & Vertical Analysis

Statement of Profit or Loss

Sales Revenue

Significant increase in Sales Revenue of CAGR 13.9% was noted from 2013 to 2018 mainly due to sale of increased volume of 23,933 units as compared to 14,071 units in 2013. Increase in Sales Revenue is a result of differentiated marketing strategies, improved farmer's economic health, recognition of Company's quality initiatives and Company's strategy of engaging with its customers.

Gross Profit

Lean management and rigorous cost discipline assisted in achieving an implausible Gross Profit over the years with a CAGR of 12.66% from 2013 to 2018.

Although a plausible growth in Gross profit is observed during the year, a slight pressure in GP was noted during the year as the GP% of the Company showed a decline of 3.79% as compared to last year mainly due to rise of component price resulting from rupee devaluation. GP% of the company stands at 24.08% as compared to 27.87% last year.

Overheads

The Company strongly believes in cost saving initiatives and effective controls over expenditures to curtail its expenses. Compound annual growth of overheads, from 2013 to 2018, exhibited an increase of 11.82%, which is attributable to various marketing initiatives taken to enhance sales.

Finance Cost

Finance cost increase significantly during the year as a result of short term borrowing facility from bank.

Other Income

Other income mainly represents income from investments. A declining trend in other income is mainly due to payment of extra ordinary dividends from the year 2015 onwards. This ultimately resulted in reduced investments in the financial market.

Profitability

A consistent growth in company's profitability was observed from 2013 to 2018. Net Profit CAGR from 2013 to 2018 amounted to 10.17%. The profit after tax stood at Rs.2.54 billion as compared to Rs.3.1 billion in 2017 i.e. a decrease of 21% was noted as compared to last year as a result of decrease in gross margin and increased finance cost during the year.

Statement of Financial Position

Equity and Reserves

Equity and reserves have decreased over the years, though the company continue to make notable profits thus increasing equity, the decrease is mainly attributable to extra ordinary dividend payouts to shareholders.

Fixed Assets

Fixed assets of the Company grew over past six years from Rs.404 million in 2013 to Rs.828 million in 2018. The increase is mainly attributable to capitalization of new Head office building in 2015 and various machinery and equipment used in production at Plant.

Stock in trade

The Company makes all efforts to maintain raw material and components inventory at safety stock levels to minimize production disruptions due to supply chain issues of auto sector. Higher inventory as at December 2018 is due to increase in forecasted sale of tractors in 2019.

Refunds due from the Government

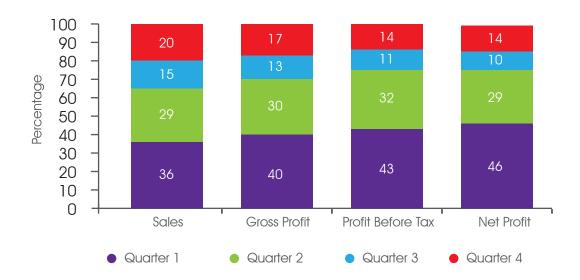
This represents sales tax refunds arising due to difference in the rate of input tax @ 17% and the output tax @ 5%. Significant amount of sales tax refund remained outstanding from the Government at year end 2018. Refund claims totaled Rs. 1.79 billion which represents a significant increase of 47% as compared to last year.

Cash and bank balances

High dividend payouts from year 2015 onwards have resulted in availization of short term finances from bank during the year to cater the working capital requirement. Cash in bank amounted to Rs.293 million while short term borrowing from bank amounted to Rs.3.9 billion thus a negative net cash balance of Rs.3.6 billion existed at the year end.

Quarterly Analysis

	1st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Annual
Sales	6,957,891	5,656,081	2,907,140	3,851,410	19,372,522
Gross profit	1,886,081	1,404,941	595,165	779,297	4,665,484
Other Income	15,023	20,026	13,825	13,028	61,902
Profit before tax	1,617,893	1,177,584	407,394	531,964	3,734,835
Profit after tax	1,136,097	718,325	255,188	342,904	2,452,514



Comments on Quarterly Analysis

Quarter 1

The momentum of growth in sales continued during the first quarter 2018 with sales of 8,827 tractors compared with 6,455 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 the Company's strategy of engaging with its customers.

The Company managed to earn Gross Profit of Rs. 1,886 million compared to Rs. 1,496 million of same period last year mainly on the back of additional sales volume.

With resilient best management practices and good governance which are central to AGTL's approach to business, the company earned a record high post-tax profit of Rs. 1,136 million, an increase of over Rs. 216 million as compared to the same period last year. This translates into record high first quarter EPS of Rs. 19.60 per share.

Quarter 2

On account of Company's quality initiatives and by engaging customers through different marketing strategies including extensive road shows helped AGTL to continue the positive momentum during the second quarter as well. 6,951 tractors were sold during the period as compared to 5,907 tractors sold in the corresponding period last year.

During the quarter, Gross margins remained under pressure due to Rupee devaluation and cost inflation as a result of steep rise of metal prices in the international market. The Company managed to earn a Gross Profit of Rs. 1,405 million during the quarter as compared to Rs. 1,281 million in same period last year on the back of additional sales volume of 18%. However, NP % witnessed a decrease mainly on account of super tax.

Quarter 3

In the backdrop of off-season, worsening water crisis affecting farmers' economic health and post-election scenario where clarity was awaited regarding government policies, the third quarter ended September 30, 2018 was a challenging quarter with sales of 3,602 tractors as against 5,672 tractors sold in third quarter of 2017.

Further, rupee devaluation and frequent increase in metal prices caused extra ordinary impulsion from vendors for increase in prices of components. The increase in component prices given to vendors coupled with lower sales volume resulted in depressed gross margin.

Quarter 4

The drop in sales continued during the last quarter as the company managed to sell 4,553 tractors in the last quarter as compare to 6,389 tractor in same period last year.

Despite several challenges resulting from significant rupee devaluation, rising interest rates and considerable increase in component prices, the Company was able to achieve a gross profit of Rs. 779 million as compared to Rs. 1,319 million in the same period last year.

The Company ended the year with accumulated sale of 23,933 tractors as compared to 24,423 tractors sold in the year 2017. The Company's revenue increased by 3% to Rs.19.4 billion mainly on account of increase in tractor prices in line with increasing cost and market conditions.

Direct Cash Flow Statement

	2018	2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	17,487,323	20,961,541
Cash paid to suppliers / service providers and employees	(16,400,260)	(14,845,090)
Workers Funds	(360,626)	(252,031)
Income tax paid	(1,355,584)	(1,542,563)
Sales tax refund / (payment)	(575,518)	(402,550)
Finance Cost paid	(54,754)	-
Retirement benefits	36,138	(2,134)
Loans, deposits and other operating income - net	67,599	(89,797)
Net cash (used) / generated from operating activities	(1,155,682)	3,827,376
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(184,195)	(129,451)
Proceeds from disposal of fixed assets	2,968	17,078
Encashment of term deposits - net	-	10,000
Reurn on bank deposits	29,979	111,415
(Increase) / decrease in long-term loans	244	1,145
Net cash (used) / generated from investing activities	(151,004)	10,187
CASHFLOW FROM FINANCING ACTIVITIES		
Dividend paid	(3,713,121)	(3,803,822)
Net (decrease) / increase in cash and cash equivalents	(5,019,807)	33,741
1101 (door-date) / increase in dath and dath equivalents	(0,017,007)	
Cash and cash equivalents at the beginning of the year	1,340,511	1,306,770
Cash and cash equivalents at the end of the year	(3,679,296)	1,340,511

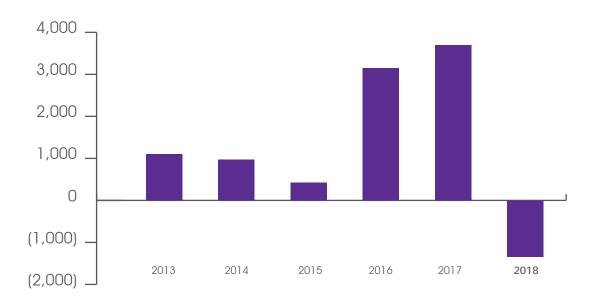
Free Cash Flows

Profit before taxation
Adjustment of non cash items
working capital changes
Net cash generated from operating activities
Capital expenditure
Free Cash flows

2018	2017	2016	2015	2014	2013		
(Rupees in '000)							
3,734,835	4,585,013	2,877,525	2,392,046	2,251,937	2,023,294		
175,568	(47,148)	(33,327)	(339,357)	(388,505)	(343,829)		
(5,066,085	(710,489)	395,311	(1,432,856)	(784,800)	(503,779)		
(1,155,682	3,827,376	3,239,509	619,833	1,078,632	1,175,686		
(184,195) (129,451)	(95,875)	(191,609)	(104,872)	(71,518)		
(1,339,877	3,697,925	3,143,634	428,224	973,760	1,104,168		

Comments:

Significant decrease in free cash flows is mainly due to decrease in customer advances, increase in inventory and sale tax refund withheld by government authorities.



Statement of Value Addition

Wealth Generated

Sales

Other income

Distribution of Wealth

Cost of sales & overheads (excluding remuneration)

To employees as remuneration

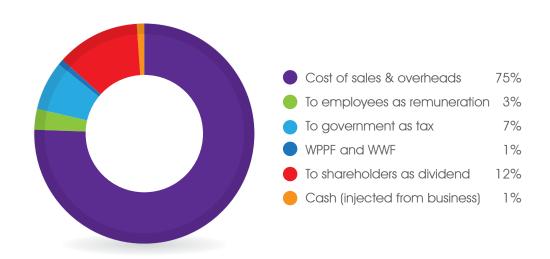
To government as tax

WPPF and WWF

To shareholders as dividend

Cash (injected from) / Retained within the business

2018		2017	
(Rupees in '000)	%	(Rupees in '000)	%
-			
19,372,522	100%	18,871,448	99%
61,902	0.3%	144,076	1%
19,434,424	100%	19,015,524	100%
14,666,108	75%	13,459,140	70.78%
678,812	3%	573,085	3%
1,282,321	7%	1,461,893	8%
284,608	1%	339,244	2%
2,260,604	12%	5,071,868	27%
261,971	1%	(1,889,706)	-10%
19,434,424	100%	19,015,524	100%



Economic Value Added

Net Operating Profit after Tax

Cost of Capital

Economic Value Added

Total Assets

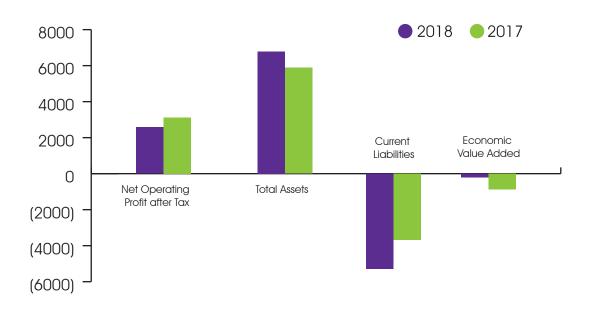
Current Liabilities

Invested Capital

WACC

Cost of Capital

2018	2017			
(Rupees in '000)				
2,578,082	3,124,049			
(206,999)	(876,428)			
2,371,083	2,247,621			
6,785,457	5,881,331			
(5,299,961)	(3,670,255)			
1,485,496	2,211,076			
13.93%	39.64%			
206,999	876,428			



Comments on Economic Value Added

Economic value addition is better than last year as the Company has reduced WACC in current year as compared to 2017. WACC reduced mainly on account of short term financing obtained from banks for accelerated dividend payments.

Summary of Statement of Cash Flows-Last Six Years

Net cash (used in) / generated from operating activities

Net cash generated from / (used in) investing activities

Net cash generated from / (used in) financing activities

Net (decrease) / increase in cash and cash equivalents

Cash and cash equivalents as at the beginning of the year

Cash and cash equivalents as at the end of the year

2018	2017	2016	2015	2014	2013		
(Rupees in '000)							
(1,155,682)	3,827,376	3,239,509	619,833	1,078,632	1,175,686		
(151,004)	10,187	986,817	3,702,394	(342,666)	522,032		
(3,713,121)	(3,803,822)	(4,339,794)	(4,321,698)	(1,219,754)	(1,071,853)		
(5,019,807)	33,741	(113,468)	529	(483,788)	625,865		
1,340,511	1,306,770	1,420,238	1,419,709	1,903,497	1277632		
(3,679,296)	1,340,511	1,306,770	1,420,238	1,419,709	1,903,497		



Comments on Cash Flow

The Company monitors its cash inflows and outflows on a daily basis. Cash management and investment strategies are then planned to maximize returns. Operating cash flows witnessed high growth in 2017 as, the Company has highest ever profitability. In 2018 operating cash flows fell slightly on negative side mainly on account of decreased profit before tax, increased investment in stock in anticipation of expected sale in coming year.

Net cash used in investing activities depicts cash utilization on account of fixed capital expenditure. Moreover, in current year fixed capital expenditures mainly represented CAPEX relating to RO Plant & IND. Waste Treatment Plant and other machinery and tools, Further the trend also depicts reduction in return on investment over the period mainly on account of reduce investment.

Cash outflow from financing activities represents dividend payments which has increased over the years. A total of Rs.3.7 billion was paid as dividend during the year 2018 as compared to Rs.3.8 billion in 2017.

During the year 2018, Company obtained notable value of runnning finance facility for smooth business operations.

Share Price Sensitivity Analysis

Company's Share price is interlinked with the Company's financial performance and has positive correlation with the factors influencing the Company's performance.

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

GOVERNMENT DECISIONS

Government decisions on crop prices, taxes, subsidized tractor schemes etc. are important drivers of the Company's share prices. Decisions favorable to the Company have led to increase in share price, whilst decisions to the contrary have negatively impacted share price.

PLANT OPERATIONS

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

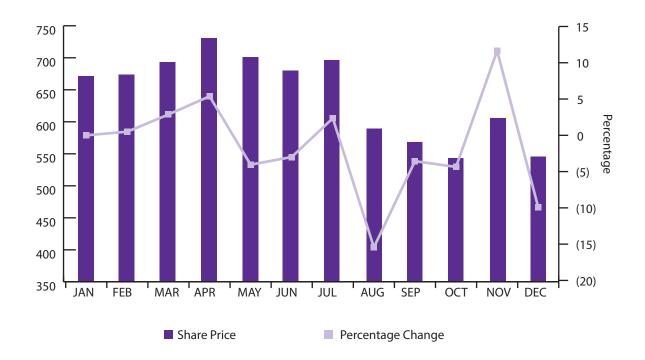
Being a manufacturing concern, material cost comprises of a significant portion of variable cost. Any increase in material costs impacts the gross profit and results in reduced profits. This may adversely affect the share price.

LAW AND ORDER

Political uncertainty makes business 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 some of the raw materials are imported by the Company. Continuous depreciation of Pak Rupee have adversely affected the financial performance of the Company.



Segmental Review of Business

MARKET SEGMENT/SHARE

Agriculture sector is regarded as lifeline of Pakistan's economy as it accounts for an important part of the country's GDP and employs bulk of the total work force.

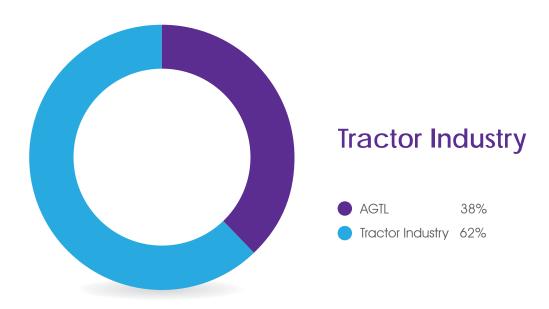
This sector has in general recorded a growth as against the previous year. Overall the tractor industry witnessed a decrease in the calendar year 2018 as compared to the comparable period.

According to published numbers, 63,060 tractors were sold during the current period as against 66,369 last year. AGTL is the second largest player in the tractor industry in Pakistan. Despite extremely challenging market situation during the second half of the year, AGTL managed to enhance its market share to 38% as against 37% last year.

OPERATING SEGMENTS

The Company remained principally engaged in the manufacture and/or sale of agricultural tractors, implements and spare parts. The Company launched its improved version of Dabung model during the year in order to strengthen Company's presence in high HP segment. Also, the Company has imported first of its kind New Holland Brand Combine Harvesters, Balers, and 95 HP tractors into Pakistan on exploratory basis.

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



Major Capital Projects

The Company has been growing steadily over the years. Sustainable growth requires various tools and complimenting support projects to maintain stability and to endure progress. Taking a long term view, the Company has undertaken various projects like construction of Quality Assurance Lab, Component Storage sheds and other facilitation projects to name a few with major focus remaining on product development, quality enhancement and staff wellbeing.

Quality Assurance Lab

The importance of inspection of incoming parts and outgoing finished goods in any manufacturing concern cannot be under estimated. The product acceptability remains to be a direct function of the quality of incoming parts. In modern times with rising customer demands, it is imperative that the product be free from faults and fully meets customer expectations.

Following the Company's commitment of quality tractors for the customers, the Company decided to build a new state of the art Quality Assurance Lab fully

equipped with specialized equipment and manned with competent lab technicians.



Construction of the Quality lab building is in its final stages including the procurement of requisitioned equipment. The project is expected to be fully operational during second half 2019.

Component Storage Shed

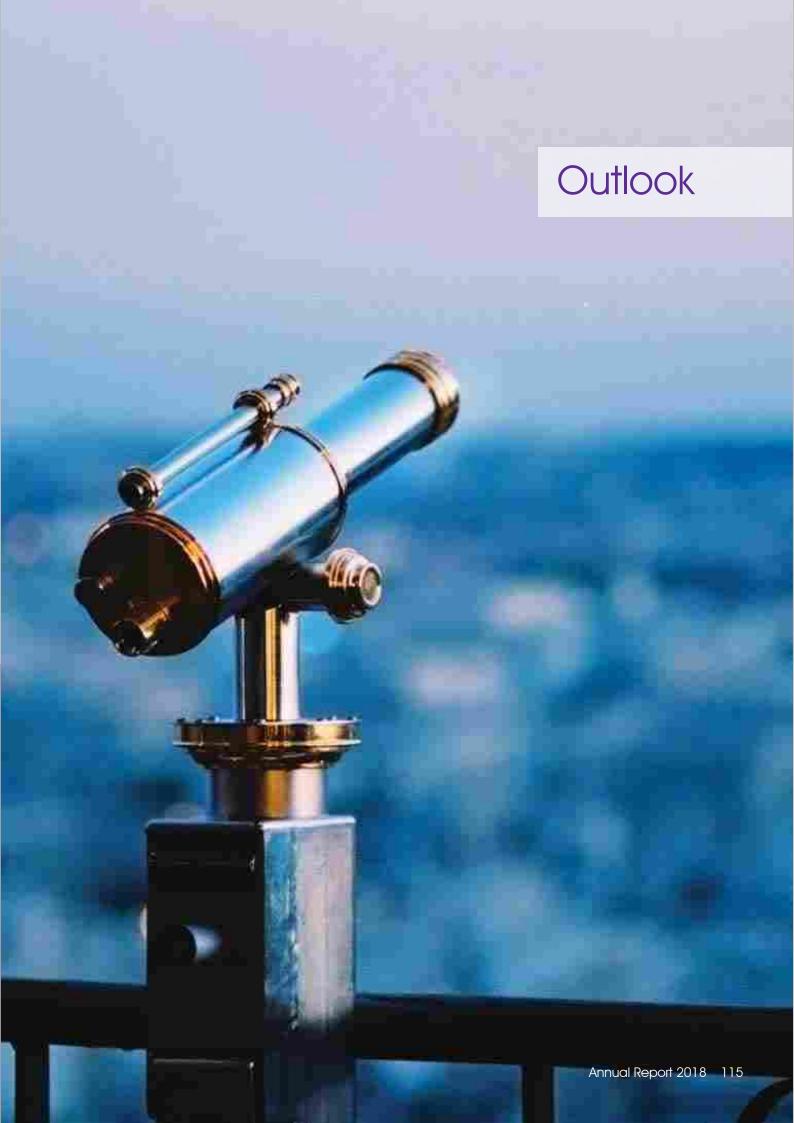
The Company has been constructing Component Storage Sheds for preservation of raw material and finished components from unfavorable weather conditions. This project is also in line with the Company's commitment to provide quality product to its customers.



Benefits to the Company and Shareholder

Projects being undertaken by the Company will ensure full compliance to quality assurance standards and simultaneously work as a catalyst towards customer contentment and positive change in perception.

The projects will also add value to the Company's processes and operations while contributing towards effectiveness and efficiency of tractor's production.



Forward Looking Statement

The Company continues to focus on quality production and envisages to embark on the journey of introducing a full range of products while continuously up -grading existing models in order to remain competitive in the challenging business environment.

AGTL's contribution towards the rural development in Dera Ghazi Khan are well documented. AGTL recognizes its role towards corporate social responsibility and plans its efforts for environmental protection and restoration. A water affluent plant has been constructed at Plant which would convert the industrial waste water to be appropriate for planting.

The company is committed to energy conservation, environmental protection measures, occupational safety and health of its employees. With this mindset, AGTL is determined towards provision of comprehensive and wider covered insurance policies to employees, water filtration RO plant, better recreation and clinical services for the families living in staff town.

In line with the mission statement and keeping in view the economic environment affecting the Company as highlighted above, the Company remains focused on delivery of quality products - the most enduring competitive edge. Sound business plans are outlined, brainstormed and developed to coordinate strategies for overall success of the Company.

AGTL is driven by optimism and belief on its ever agile workforce. Being cost effective, having hands on management style along with the high standards of workmanship makes AGTL a perfect example for growth and development.

Trends and Uncertainties

The economic outlook is still on the low side with market showing little signs of improvement. Uncertainties surrounding silence from new government on subsidies & commodity support prices and overall water shortage in agricultural industry remains to be critical issues.

Significant devaluation of Pakistani Rupee, expected increase in interest rate, and the volatility of the international economy resulted in adversely affecting commodity prices. This remained a cause of concern and an area of business risk for the Company.

Steps taken to address uncertainties

Effective management through mitigating strategies has been done in response to main risks and uncertainties facing the Company. For instance: In addressing business risk the Company's strategies, plans and oversight takes into account relevant factors; Risk of increase in price of raw materials is kept in check by price revision committee of the Company; Exchange rate risk has been reduced as the Company's product has around 92% local components; Risk of inability to source raw material is managed by constantly monitoring the supply base to ensure uninterrupted procurement.

Financial Projections

Keeping in view the foregoing, the Company is positive about future prospects and expects to perform well in the ensuing years.

Sources of Information and Assumptions Used for Forecasts

The company prepares annual budgets and forecasts to manage business more effectively. The forecasting is done keeping in view the historical data and figures. Marketing team is fully involved in preparing any sales data. Number of customers, any fluctuations due to seasonal impacts and potential customers with expected sales are accounted for while calculating any budgeted sales for following year.

On the human resource side, based on the last year's Training Need Analysis (TNA) and performance appraisal of the Company personnel, adequate technical trainings were conducted for the identified employees. The same process is followed on yearly basis. The Company will be conducting these trainings and continue to support its employees in enhancing their professional capabilities in future also which would equip the employees with required technical and management skills in the years to come.

Company Performance against Last Year's Projections

Company sales and production levels remained broadly in line with the targets. The fluctuations in foreign exchange rates and raw material prices resulted in increase in costs, which were mostly passed on or curtailed, whereas other operating costs remained mostly at projected levels.

Status of Projects

The Company has successfully completed the RO plant project in 2018. A number of new projects have been initiated considering the strategic goals of the Company. The projects includes construction of Quality Assurance Lab, store shed and procurement & installation of dynamometers.

External Environment

1. Political

The political scenario is expected to be uncertain with the awaited agriculture policy by new Government.

2. Economical

The fiscal deficit of the country, political instability and natural calamities may adversely impact the performance of the Company.

3. Social

The customers of tractors industry comprise mainly of farmers with different age groups.

4. Technological

New technologies are continuously evolving in the agricultural industry and the Company is committed to adopt any new technology that can positively affect the Company's performance.

5. Legal

The Company's operations are subject to regulation and future changes in regulation that may adversely affect results, particularly in the areas of corporate law, direct and indirect taxes, competition law and environmental law. The responsibility of compliance with applicable laws and regulations lies with the departmental heads and the Company Secretary.

Awards for the Year 2018.



Best Corporate Report **Award**

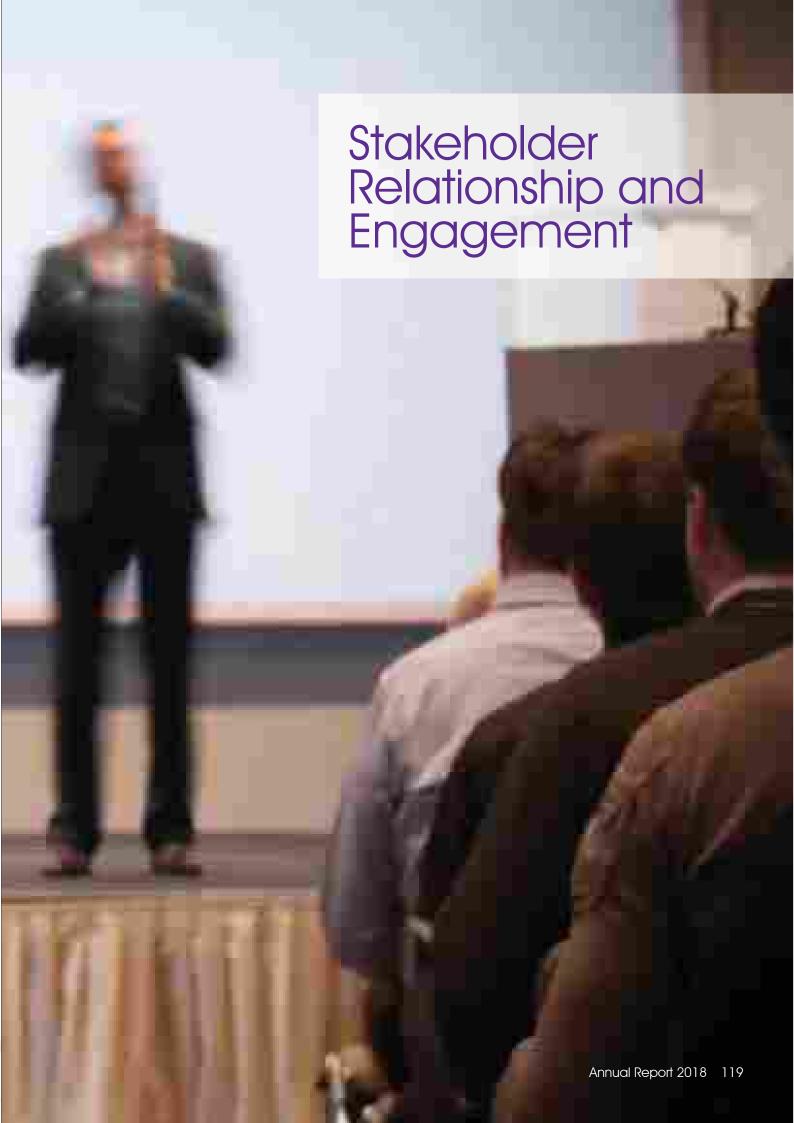
Al Ghazi Tractors Ltd. was awarded 3rd position for "Best Corporate Report Award 2017" in the Engineering & Auto Sector.

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).



Corporate Excellence **Award**

Al Ghazi Tractors Ltd. received the coveted award of the Best Managed Company from the Management Association of Pakistan.



Stakeholders' Engagement

Per Board, AGTL is committed to conduct and enhance its relationship with all classes of stakeholders acting in good faith, with loyalty, fairness, transparency and with 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 non-exclusionary broad 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 to understand their expectations, needs and concerns.

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

Stakeholder	Stakeholder's expectation	
Government	Compliance with laws and regulations	
and	Collaboration and access to information	
regulatory bodies	Technical support on specific industry related issues	
	Clarity of organization and protection in periods of uncertainty	
F	Clear and transparent reward system	
Employees	Training and professional development	
	Stimulating and safe work environment	
	Information on Company's strategy and results	
Employees' families / Community Development	Indirect participation in corporate life	
Dealers and service	Complete and rapidly accessible product information	
network	Business profitability	
	Quality and reliability of products / parts	
	Competitive prices	
	Extension of financial and non-financial assistance	
Existing and prospective	Quality, reliability and safety of products	
customers	Competitive prices	
	Speed and efficiency of after sales services	
Suppliers	Continuity of supply	
	Fulfillment of contractual obligation	
Shareholders	Access to information	
	Transparent and responsible management	
	Value creation (return on investment, sustainability of business)	
Analysts / Institutional investors	Availability of relevant information	
Banks /	Continuity of business and operations	
financial institutions	Good financial management	
Media	Fulfilment of obligations of arrangement	

	Tools and interaction Channel	Effect on AGTL's performance and value
	Periodic and adhoc reporting	The Company remains focused to have sufficient level of compliance with laws and regulations.
	Daily dialogue Employee lunches / dinners	Human resources play a key role for organisation's success.
	Discussions regarding appraisals and development path	
	Inhouse communication	
	Easy access to top managementAdherence to labour laws	
	Staff town with family and bachelor accommodation	Adequate activities of the Company assist in maintaining positive
	Transport facility	 image of the Company at the levels of local community and employees.
	Vaccination / health awareness campaigns	
	Participation in sports day events	
	Health care plans, Community hall	
	Daily contacts and periodic meetings with the network	Dealers act as business partners. Satisfactory after sales services helps in sustainable customer satisfaction.
	 Individuals responsible for monitoring the network and ensuring fulfillment of contractual standards 	
	 Programs to support dealers including training, conferences and other incentives. 	
	Tractor festivals	
	After Sale Service programme	
	Market research	Loyalty of customers to our products is key in achieving success
	Three-way communication through dealership, service centres and mechanical workshops	and good financial performance.
	Daily relationship through Supply Chain Department	Our effective management of suppliers facilitates in achieving production objectives.
	Shareholders meetings	Support of shareholders serve as a foundation to achieve the
	Annual / Quarterly reports	Company's objectives and vision.
	Price sensitive communications and information	
	Daily dialog (email, telephones)	
	 Investor relations section of the Company's website: www.alghazitractors.com 	
	Communications to PSX Investor relation section of AGTL's website, containing relevant information about the Company"	Availability of adequate information about the Company helps in maintaining positive image of the Company with analysts and institutional investors.
	Providing of information as per requirements of banks	Attractive rates and terms of overdrafts and other arrangements.
	Frequent meetings and interaction" Promotional activities are carried as per Marketing requirements	Necessary awareness about the Company and its products is imparted.

Notice of 36th Annual General Meeting

Notice is hereby given that the 36th Annual General Meeting of Al-Ghazi Tractors Limited will be held on Thursday, 25 April 2019 at 14:00 hrs. at Beach Luxury Hotel, Karachi to transact the following business:

ORDINARY BUSINESS

- 1. To receive, consider and adopt the Audited Financial Statements, the Chairman's Review Report, the Directors' Report and the Auditors' Report for the year ended 31 December 2018.
- 2. To declare the final cash dividend, the directors have recommended a dividend of 180% i.e. Rs. 9 per share in addition to interim dividend already paid @ 600% making a total dividend of 780% i.e. Rs. 39 per share.
- 3. To appoint Auditors for the term ending at the conclusion of next annual general meeting and to fix their remuneration. The retiring Auditors M/s. A. F. Ferguson & Co. being eligible, have offered themselves for reappointment.

By Order of the Board

Muhammad Babar Khan

Company Secretary Karachi, April 4, 2019

NOTES:

- 1. The share transfer books of the Company will remain closed from 19 April 2019 to 25 April 2019 (both days inclusive). Transfers received at our Share Registrar Office, M/s FAMCO Associates (Pvt.) Ltd. 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 18 April 2019 will be treated in time for the purpose of entitlement of dividend to the transferees and to attend and vote at the meeting.
- 2. A member entitled to attend and vote may appoint a proxy to attend and vote on his/her behalf. No person shall act as a proxy (except for a corporation) unless he/she is entitled to be present and vote in his/her own right. 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.
- 3. CDC share holders or their proxies are requested to bring with them their Computerized National Identity Card or Passport along with the participants ID number and their Account Number at the time of attending the Annual General Meeting in order to facilitate their identification. For CDC shareholders, the representatives of corporate bodies should bring 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.
- 4. Members (non-CDC) are requested to promptly communicate to the Share Registrar of the Company any change in their addresses. CDC shareholders should submit any change in their addresses to the CDC.
- 5. Members who have not yet submitted copy of their Computerized National Identity Cards or NTN (in case of corporate entities), and in case of a foreigner, copy of Passport, are requested to send the same to the Share Registrar of the Company at the earliest. It may kindly be noted that in case of non-receipt of the copy of valid CNIC, passport or NTN, the Company would be constrained to withhold dispatch of dividend warrants. Members whose shares are deposited in any sub-account or investor account with CDC should submit their CNICs or NTNs, as the case may be, to CDC.

- 6. In accordance with Section 242 of the Companies Act, 2017 and SRO No.1145(I)/2017 dated 6 November 2017, a listed company is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In compliance with the said law, in order to receive your dividends directly in your bank account, you are required to provide (if not already provided) the information mentioned on the related Electronic Credit Mandate Form placed on the Company's website and send the same to your brokers / CDC if the shares are held in electronic form or to the Company's Shares Registrar if the shares are held in physical form.
- 7. Per the Income Tax Ordinance, 2001 different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the company. These tax rates are as under:
 - For 'filers' of income tax returns: 15%
 - For 'non-filers' of income tax returns: 20%

In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder. In this regard, shareholders are requested to provide shareholding proportions along-with CNIC Nos. of Principal shareholder and Joint shareholder(s) in respect of shares held by them (only if not already provided) in writing as follows by 18 April 2019 to the Company's share registrar. If no notification is received, each joint holder shall be assumed to have an equal number of shares.

Folio / CDS	Total Shares	Principal Shareholder		Joint Shareholder	
Account No.		Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

To enable the company to make tax deduction on the amount of cash dividend, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL, otherwise tax on their dividend will be deducted @ 20% instead @ 15%. Corporate shareholders are requested to send a copy of their NTN to the share registrar or their participant in case of CDC accounts.

- 8. SECP through its SRO 470(1)/2016, dated 31 May 2016, had allowed companies to circulate Annual Audited Accounts to its members through CD/DVD/USB at their registered addresses. In view of this, the Company has sent its 2018 annual report to its shareholders in form of CD. Any member requiring printed copy of 2018 annual report may send a request using the related standard request form placed on the Company's website.
- 9. 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.
- 10. The financial statements of the Company for the year ended 31 December 2018 along with reports have been placed on the website of the Company.

Investor Relations

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 profile, annual and quarterly reports, major announcements and information on free float shares.

Further, video presentation of CEO is also placed on company's website detailing financial position and performance of the company, projects accomplished during the year and planned for next year including as overview of future prospects of the company.

SHAREHOLDING INFORMATION

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

There are 2,602 shareholders which are listed as follows:

Al-Futtaim Industries Company	28,992,705 shares	=	50.02%
CNH Industrial N.V.	25,022,379 shares	=	43.17%
Directors	1,050 shares	=	0.002%
Companies and corporations	662,686 shares	_	1 1 /10/_
Companies and corporations	002,000 010100		1.14/0
Individual and others	3,285,381 shares		

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 Rs. 1.3 billion. 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

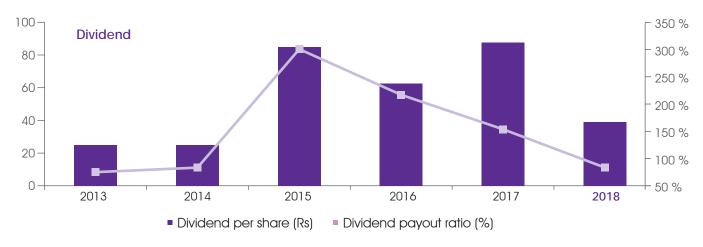
The Annual General Meeting of the Company will be held at Beach Luxury Hotel, Karachi on April 25, 2019 at 14:00 hrs.

DIVIDEND PAYMENTS DURING THE YEAR

Final dividend for the year 2017 was paid on May 10, 2018 @Rs.25 per share i.e.500%.

1st Interim dividend for the year 2018 was paid on September 09, 2018 @Rs.30 per share i.e. 600%

The 2018 final dividend will be paid by stipulated time to shareholders registered in the books of the Company at the close of business on April 19, 2019. The Board of Directors have recommended final dividend of Rs. 9.00 per share. Thus making a total cash dividend of 780% i.e. Rs. 39 per share for the year 2018



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

INVESTOR RELATION'S CALENDAR

2018 Annual Financial Results	February 11, 2019
2018 Annual General Meeting	April 25, 2019
Book closure dates for 2018 Final Dividend	April 19, 2019 to April 25, 2019
Payment of Final Dividend	within 15 working days from April 25, 2019
2019 1st Quarterly Results	April 25, 2019
2019 2nd Quarterly Results	August 22, 2019
2019 3rd Quarterly Results	October 24, 2019
2019 Annual Financial Results	February 13, 2020

Dates are subject to change.

Pattern of Shareholding

As at December 31, 2018

No. of	Share	eholding	Charas Hold
Shareholders	From	То	Shares Held
989	1	100	42,551
724	101	500	200,252
380	501	1000	299,370
381	1001	5000	820,289
67	5001	10000	496,629
20	10001	15000	267,548
11	15001	20000	184,785
7	20001	25000	155,818
4	25001	30000	107,350
3	30001	35000	98,149
4	40000	45000	166,215
2	50001	55000	101,924
2	55001	60000	115,000
1	65001	70000	68,290
1	90000	95000	90,000
1	100001	105000	100,785
1	135001	140000	137,300
1	165001	170000	166,362
1	330001	335000	330,500
1	25020001	25025000	25,022,379
1	28990001	28995000	28,992,705
2,602			57,964,201

Categories of Shareholders

Sr. No.	Categories of Share holders	Number of Shareholders	Shares Held	Percentage
1	Individuals	576	347,525	0.60%
2	Financial Institutions	3	3,149	0.01%
3	Associated Companies	2	54,015,084	93.19%
4	Others	7	21,012	0.04%
5	Central Depository Company (b)	2,014	3,577,431	6.17%
		2,602	57,964,201	100.00%

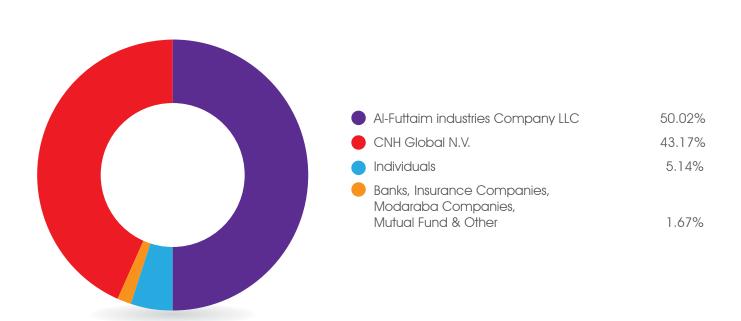
(b) Categories of Account holders and Sub-Account holders as per Central Depository Company of Pakistan as at December 31, 2018

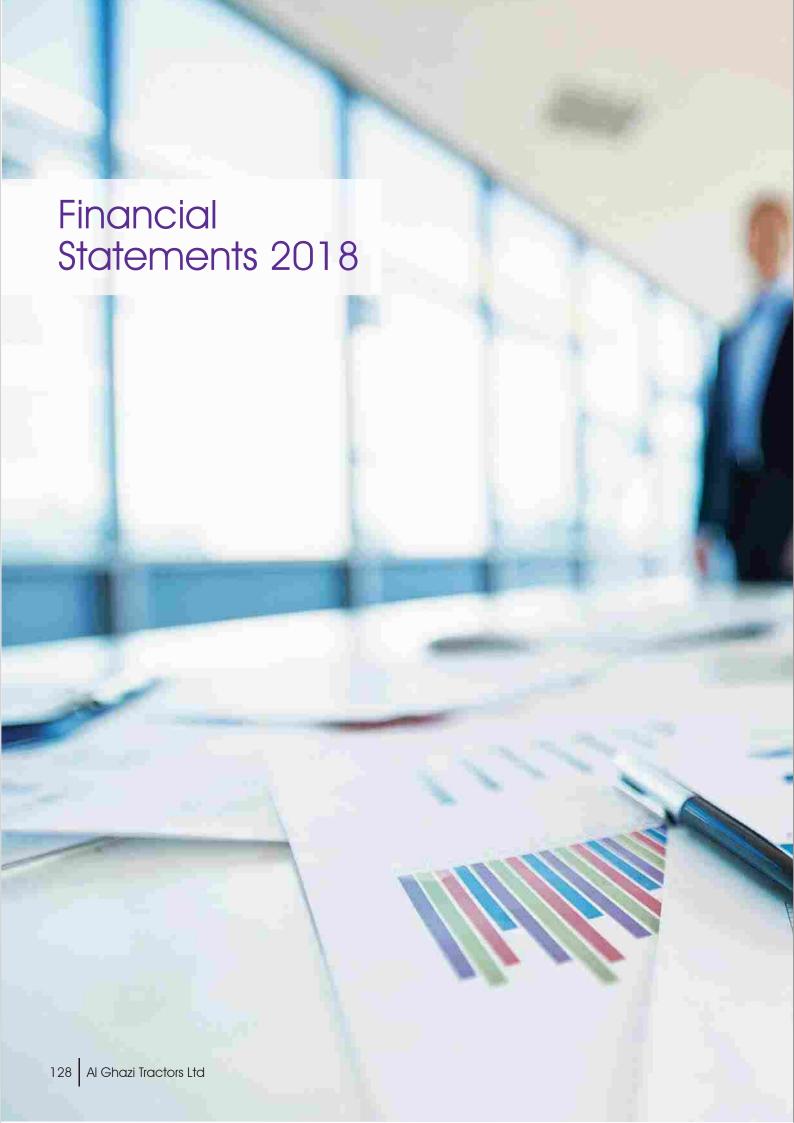
Sr. No	Categories of Share holders	Number of Shareholders	Shares Held	Percentage
1	Individuals	1957	2,630,459	4.54%
2	Investment Companies	2	25,000	0.04%
3	Insurance Companies	7	260,762	0.45%
4	Joint Stock Companies	27	47,910	0.08%
5	Financial Institutions	2	345,100	0.60%
6	Modaraba Companies	2	1,175	0.00%
7	Mutual Fund	7	65,750	0.11%
8	Others	10	201,275	0.35%
		2014	3,577,431	6.17%

Shareholding Information

As at December 31, 2018

	Number of Shareholders	Shares Held
Directors, CEO and their spouses and minor children: Mr. Muhammad Ali Qaiyum - Independent Director	1	1,050
Associated companies: AI-Futtaim Industries Company LLC CNH Industrial N.V.	1 1	28,992,705 25,022,379
Banks, Development Financial Institution, Non Banking Financial Institution	5	334,999
Insurance Companies	7	260,762
Modaraba Companies	2	1,175
Mutual Fund: CDC - Trustee First Capital Mutual Fund	7	65,750
Others	46	308,447
Individuals Local	2532	2,976,934
Shareholders holding 5% or more voting interest: Al-Futtaim Industries Company LLC CNH Industrial N.V.	1 1	28,992,705 25,022,379











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, 2018, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows 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 changes in equity and the statement of cash flows 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, 2018 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.



& 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



A·F·FERGUSON&CO.

Following are the Key Audit Matters:

S. No. Key Audit Matters

How the matter was addressed in our audit

(i) Companies Act, 2017

(Refer note 3.1.3 to the annexed financial statements)

The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these annexed financial statements.

As part of this transition to the requirements, • the management performed a gap analysis to identify differences between the previous and current fourth schedules and as a result certain amendments relating to presentation and disclosures have been made in the Company's annexed financial statements.

In view of the various additional disclosures in the annexed financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered this as a key audit matter.

and reviewed understood requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following:

- considered the management's process to identify the additional disclosures required in the Company's annexed financial statements.
- obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence.
- verified, on test basis, the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.

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 reports 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 the 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 judgement 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.

Chartered Accountants Karachi

Date: March 29, 2019

Statement of Financial Position

As at December 31, 2018

	Note	2018	2017
ASSETS		(Rupee	s in '000)
NON-CURRENT ASSETS Fixed Assets Long-term loans Long-term deposits	4	828,804 891 3,805 833,500	714,732 1,135 3,525 719,392
CURRENT ASSETS Inventories Trade receivables Loans and advances Trade deposits and short-term prepayments Interest accrued Other receivables Taxation - payments less provision Refunds due from the Government Other financial assets Cash and bank balances	5 6 7 8 9 10 11 12 13	3,507,588 56,606 132,337 43,305 1 12,964 108,040 1,797,206 - 293,910 5,951,957	2,321,164 12,023 201,688 11,871 947 11,972 40,075 1,221,688 - 1,340,511 5,161,939
TOTAL ASSETS		6,785,457	5,881,331
SHARE CAPITAL AND RESERVES			
Share capital Reserves	14 15	289,821 1,079,576 1,369,397	289,821 1,835,995 2,125,816
NON-CURRENT LIABILITIES Deferred staff benefits - compensated absences Employee benefit obligations Deferred tax liability CURRENT LIABILITIES	31 16	64,057 21,602 30,440 116,099	39,514 10,007 35,739 85,260
Trade and other payables Unclaimed Dividend Short term financing	17 18	1,247,226 79,529 3,973,206	3,065,636 604,619 -
TOTAL LIABILITIES		5,416,060	3,755,515
COMMITMENTS	19		
TOTAL EQUITY AND LIABILITIES		6,785,457	5,881,331

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

Chief Executive

) Director

Statement of Profit or Loss For the Year Ended December 31, 2018

	Note	2018 2017 (Rupees in '000)	
Revenue	20	19,372,522	18,871,448
Cost of sales	21	(14,707,038)	(13,611,710)
Gross profit		4,665,484	5,259,738
Distribution expenses	22	(276,950)	(240,830)
Administrative expenses	23	(305,425)	(237,798)
		4,083,109	4,781,110
Other income	24	61,902	144,076
Other operating expenses	25	(284,608)	(339,244)
		3,860,403	4,585,942
Finance costs	26	(125,568)	(929)
Profit before taxation		3,734,835	4,585,013
Income tax expense	27	(1,282,321)	(1,461,893)
Profit for the year		2,452,514	3,123,120
Earnings per share (Rupees)	28	42.31	53.88

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

Chief Executive

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended December 31, 2018

Note	2018	2017
	(Rupees in '000)	
Profit for the year	2,452,514	3,123,120
Other comprehensive loss:		
Items that will not be subsequently reclassified in profit or loss		
Remeasurements of post employment benefit obligations	(20,902)	(9,457)
Impact of deferred tax	(20,902)	(9,457)
Total comprehensive income for the year	2,431,612	3,113,663

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

Chief Executive

Statement of Cash Flows

For the Year Ended December 31, 2018

N	lote	2018 2017 (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	251,579	5,394,806
Income tax paid		(1,355,584)	(1,542,563)
Finance cost paid		(52,208)	(194)
(Increase) / decrease in long-term deposits		(280)	13
Employee benefit obligations paid		(23,732)	(22,260)
Increase / (decrease) in deferred staff			
benefits - compensated absences		24,543	(2,426)
Net cash (outflow) / inflow from operating activities		(1,155,682)	3,827,376
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets		(184,195)	(129,451)
Proceeds from disposal of fixed assets		2,968	17,078
Encashment of term deposits - net		-	10,000
Return on bank deposits received		29,979	111,415
Decrease in long-term loans		244	1,145
Net cash (outflow) / inflow from investing activities		(151,004)	10,187
CASH FLOW FROM FINANCING ACTIVITY			
Dividend paid		(3,713,121)	(3,803,822)
Net (decrease) / increase in cash and cash equivalents		(5,019,807)	33,741
Cash and cash equivalents at beginning of the year		1,340,511	1,306,770
Cash and cash equivalents at end of the year	30	(3,679,296)	1,340,511

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

Chief Executive

Statement of Changes in Equity For the Year Ended December 31, 2018

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	Total
D. I	000 007		s in '000)	0.050.4/0
Balance as at January 1, 2017	289,821	1,000,000	2,069,648	3,359,469
Final dividend @ Rs. 12.5 per share for the year ended December 31, 2016	-	-	(724,553)	(724,553)
First interim dividend @ Rs. 12.5 per share for the year ended December 31, 2017	-	-	(724,553)	(724,553)
Second interim dividend @ Rs. 25 per share for the year ended December 31, 2017	-	-	(1,449,105)	(1,449,105)
Third interim dividend @ Rs. 25 per share for the year ended December 31, 2017	-	-	(1,449,105)	(1,449,105)
Total comprehensive income for the year ended December 31, 2017				
Profit for the year ended December 31, 2017	-	-	3,123,120	3,123,120
Other comprehensive loss for the year ended December 31, 2017	-	-	(9,457)	(9,457)
	-	-	3,113,663	3,113,663
Balance as at January 1, 2018	289,821	1,000,000	835,995	2,125,816
Transfer of general reserve to unappropriated profit	-	(1,000,000)	1,000,000	-
Final dividend @ Rs. 25 per share for the year ended December 31, 2017	-	-	(1,449,105)	(1,449,105)
First interim dividend @ Rs. 30 per share for the year ended December 31, 2018	-	-	(1,738,926)	(1,738,926)
Total comprehensive income for the year ended December 31, 2018				
Profit for the year ended December 31, 2018	-	-	2,452,514	2,452,514
Other comprehensive loss for the year ended December 31, 2018	-	-	(20,902)	(20,902)
	-	-	2,431,612	2,431,612
Balance as at December 31, 2018	289,821	-	1,079,576	1,369,397

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

Chief Executive

Notes to and Forming Part of The Financial Statements

For the Year Ended December 31, 2018

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.

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

- 1.2 The geographical locations and adresses 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
 - The assembling plant of the Company is situated at Sakhi Sarwar Road, P.O. Box 38, Dera Ghazi Khan
 - The marketing centres of the Company are situated at:
 - 10km Sheikhpura Road, Lahore
 - Plot No. 20, Industrial Estate, Near Mill No, 4, Multan
 - Plaza No. 4, 2nd Floor, Sector A, Jinnah Boulevard (East), DHA Phase II, Islamabad
 - Abad Lakha, Shikarpur Road, Sukkur

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS IN THE CURRENT REPORTING YEAR

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting year:

- a) Obtained running finance facilities refer note 18
- b) During the year, sales tax refund accumulated excessively due to non-payment against duly issued Refund Payment Orders by Federal Board of Revenue (FBR).

3. 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.

3.1 Basis of preparation

3.1.1 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; 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

3.1.2 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 historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no critical judgements made by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements.

3.1.3 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The fourth schedule to the Companies Act 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after January 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The management is in the process of assessing the impact of changes laid down by these standards on its statutory financial statements.

3.2 Overall valuation policy

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

3.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation / amortisation except freehold land and capital work-in-progress which are stated at cost.

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.

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.

3.4 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.

3.5 Loans, deposits and other debts

These are initially measured at cost which is the fair value of the consideration given and are subsequently measured at amortised cost.

3.6 Taxation

Current

Provision for current tax is based on the taxable income at the current rates of taxation after taking into account tax credits available, if any, in accordance with the prevailing income tax laws.

Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between tax bases 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 taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

3.7 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.

3.8 Trade receivables

Trade receivables are valued at invoice value, being the fair value and subsequently measured at amortised cost. Provision is made against receivables considered doubtful of recovery.

3.9 Investments

Investments of the Company are classified into the following categories:

(i) Held to maturity

These are investments with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity. These are stated at amortised cost.

(ii) Investments at fair value through profit or loss

These are investments designated at fair value through profit or loss at inception. Investments in this category are classified as current assets if they are expected to be realised within twelve months of the date of statement of financial position.

Investments at fair value through profit or loss' are recognised at fair value and changes in fair value are taken to statement of profit or loss.

3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at 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 accounts and PLS savings accounts.

3.11 Staff retirement benefits

(i) Defined benefit plan

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, 2018 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.

(ii) Defined contribution plan

The Company also 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.

3.12 Financial instruments

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

Any gains and losses on derecognition of financial assets and liabilities are taken to statement of profit or loss currently.

3.13 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.

3.14 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.

3.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

3.16 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.

3.17 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Return on deposits and investments is recognised on accrual basis.

Dividend income on investments is recognised when the Company's right to receive dividend is established.

3.18 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.

3.19 Dividend distribution

Dividend distribution to shareholders is recognised as liability in the financial statements in the period in which the dividend is declared / approved.

4.	Fixed Assets	Note	2018	2017
			(Rupee	s in '000)
	Property, plant and equipment			
	Operating assets	4.1	707,293	639,742
	Capital work-in-progress	4.2	117,799	73,100
			825,092	712,842
	Intangible assets	4.3	3,712	1,890
			828,804	714,732

Operating assets 4.1

	La	ind	Build	ding	St	- "	000			Factory	
	Freehold	Lease hold	on freehold land	on lease hold land		Furniture and fixtures		Computer hardware	Vehicles	equipment and tools	Total
Net carrying value basis					(Ru	upees in '01	00)				
Year ended December 31, 2018											
Opening net book value Additions Disposals	4,334	75,067 -	185,418 38,825	163,774 504	119,972 35,253	10,457 3,586	13,972 6,621	7,651 3,151	53,339 42,229	5,758 5,731	639,742 135,898
Cost Accumulated depreciation	-	-	-	-	370 (370)	413 (411)	193 (160)	390 (364)	18,263 (18,263)	-	19,629 (19,568)
Depreciation charge	-	(825)	(7,274)	(4,468)	(22,285)	2 (2,035)	33 (2,201)	26 (4,498)	(23,060)	(1,642)	61 (68,286)
Closing net book value	4,334	74,242	216,969	159,810	132,940	12,006	18,359	6,278	72,508	9,847	707,293
Gross carrying value basis At December 31, 2018 Cost Accumulated depreciation	4,334	81,599 (7,357)	300,964 (83,995)	178,899 (19,089)	381,834 (248,894)	19,279 (7,273)	28,689 (10,330)	25,878 (19,600)	128,988 (56,480)	,	1,174,727 (467,434)
Net book value	4,334	74,242	216,969	159,810	132,940	12,006	18,359	6,278	72,508	9,847	707,293
Net carrying value basis Year ended December 31, 2017											
Opening net book value Additions	4,334	75,891 -	158,533 33,219	168,234	133,506 7,135	9,787 2,559	10,673 5,539	4,474 6,305	37,220 38,950	7,186 35	609,838 93,742
Disposals Cost Accumulated depreciation	-	-	-	-	51 (51)	785 (662)	719 (159)	1,494 (1,472)	23,738 (18,869)	-	26,787 (21,213)
Depreciation charge	-	(824)	(6,334)	(4,460)	(20,669)	123 (1,766)	560 (1,680)	(3,106)	4,869 (17,962)	(1,463)	5,574 (58,264)
Closing net book value	4,334	75,067	185,418	163,774	119,972	10,457	13,972	7,651	53,339	5,758	639,742
Gross carrying value basis At December 31, 2017 Cost	4,334	81,599	262,139	178,395	346,951	16,106	22,263	23,117	105,022	18,531	1,058,458
Accumulated depreciation	-	(6,532)	(76,721)	(14,621)	(226,979)	(5,649)	(8,291)	(15,466)	(51,683)	(12,773)	(418,716)
Net book value	4,334	75,067	185,418	163,774	119,972	10,457	13,972	7,651	53,339	5,758	639,742

4.1.1 Details of fixed assets disposed off during the year:

	Cost	Accumulated depreciation	Net book value	Sale proceeds
		(Rupees	in '000)	
Aggregate of assets disposed of having book value less than Rs. 500,000 each:				
Vehicles	18,263	18,263	-	2,731
Plant and machinery	370	370	-	-
Computer hardware	390	364	26	35
Office equipment	193	160	33	95
Furniture and fixtures	413	411	2	107
	19,629	19,568	61	2,968

4.1.2 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
10km 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

4.2 CAPITAL WORK-IN-PROGRESS

		20	18			20	17	
	Balance as at January 1, 2018	Additions during the year	Transfers- note	Balance as at December 31, 2018	Balance as at January 1, 2017	Additions during the year	Transfers- note	Balance as at December 31, 2017
				(Rupees	in '000)			
Civil works	22,705	45,278	(428)	67,555	32,605	23,993	(33,893)	22,705
Plant and machinery	29,462	11,000	(35,272)	5,190	295	29,167	-	29,462
Advances to suppliers	20,932	45,054	(20,932)	45,054	5,731	20,932	(5,731)	20,932
Total	73,099	101,332	(56,632)	117,799	38,631	74,092	(39,624)	73,099

4.3	INTANGIBLE ASSETS	Note	2018	2017
			(Rupee	s in '000)
	Net carrying value basis Opening net book value Additions		1,889 3,596	1,428 1,239
	Amortisation		(1,773)	(778)
	Closing net book value		3,712	1,889
	Gross carrying value basis Cost Accumulated amortisation		13,213 (9,501)	9,617 (7,728)
	7.00di Halared di Heriballeri		(7,001)	(77720)
	Net book value		3,712	1,889
	Remaining useful life in years		1.6	1.7
5	INVENTORIES			
	Raw materials and components – including in transit Rs. 484.13 million			
	(2017: Rs. 118.5 million)	5.1	2,538,161	2,012,275
	Work-in-process	5.2	108,584	102,209
	Stores and spares		30,660	37,219
	"Finished goods – tractors, generators and implements"		822,097	161,338
	Trading stock – spare parts and implements		8,086	8,123
			3,507,588	2,321,164
	Less: Provision for damaged items		-	
			3,507,588	2,321,164

- 5.1 The amount includes raw materials of Rs. 0.46 million (2017: Rs. 0.46 million) held by third parties.
- 5.2 The amount includes work-in-process of Rs. 0.07 million (2017: Rs. 2.59 million) held by third parties.

6	TRADE RECEIVABLES - considered good		2017
U	TRADE REGEIVABLES - Considered good	(Rupee	s in '000)
	Secured	-	476
	Unsecured	56,606	11,547
		56,606	12,023
6.1	The age analysis of trade receivables is as follows:		
	1 to 6 months	337	2,046
	6 to 12 months	124	2,899
	More than 1 year	989	7,078
		1,450	12,023

7. LOANS AND ADVANCES – considered good Note 2018 (Rupees in '000) Loans to employees Advances to suppliers for goods and services 7.1 3,406 4,093 128,931 197,595 132,337 201,688

7.1 This represents 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.

8. TRADE DEPOSITS AND SHORT-TERM

	PREPAYMENTS	ote	2018	2017
	Prepayments		(Rupees 6,205	6,551
	Other deposits		37,100	5,320
			43,305	11,871
9.	INTEREST ACCRUED			
	Mark-up accrued on bank deposits		1	947
10.	OTHER RECEIVABLES			
	I I	0.1	9,385	8,760
	Others 10	0.2	3,579 12,964	3,212 11,972
10.1	Workers' Profits Participation Fund	=	•	
	At beginning of the year		8,760	2,942
	Allocation for the year		(200,589)	(246,213)
			(191,829)	(243,271)
	Less: Amount paid during the year		201,214	252,031
		_	9,385	8,760

- 10.2 Others includes receivable from related party, CNH Industrial N.V. (formerly CNH Global N.V.), amounting to Rs. 3.4 million (2017: Nil) against reimburesement of clearing, forwarding and transportation charges. The said receivable is outstanding for less than 30 days.
- 10.2.1 The maxium aggregate due from the related party at the end of any month during the year was Rs. 3.4 million.

11. REFUNDS DUE FROM THE GOVERNMENT	Note	2018	2017
11. REFUNDS DUE FROM THE GOVERNMENT		(Rupee	s in '000)
Sales tax Special excise duty	11.1	1,648,704 148,502 1,797,206	1,073,186 148,502 1,221,688

11.1 In 2015, Deputy Commissioner of Inland Revenue had issued recovery notice to the Company for Rs. 161.8 million on account of sales tax refunds taken by the Company during the year 2006. The Company had obtained a stay order from the High Court of Sindh against the undue demand and the legal consultant is of the view that the petition will be decided in favour of the Company.

12. OTHER FINANCIAL ASSETS

	Note	2018	2017
Investment		(Rupees	s in '000)
Held to maturity - Certificate of Investment Less: Provision for impairment	12.1	52,800 (52,800) -	52,800 (52,800)

12.1 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.

Last year, 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.

During the year, 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 which was due by November 2018.

As at December 31, 2018, the Company is not in receipt of any amount from SPLC and are in consultation with their Legal Counsel for further action.

Note

13.1

13. CASH AND BANK BALANCES

With banks on

- Current accounts
- PLS savings and deposit accounts

Cash in hand

Demand drafts in hand

2017
s in '000)
826,982
441,621
281
71,627
1,340,511

13.1 At December 31, 2018, the mark-up rates on PLS savings and deposit accounts range from 2.4% to 8% per annum (2017: 2.4% to 6.1% per annum).

14. SHARE CAPITAL

14.1 Authorised share capital

120,000,000 ordinary shares of Rs. 5 each (2017: 120,000,000 ordinary shares of Rs. 5 each)

2018	2017
(Rupee	s in '000)
600,000	600,000

14.2 Issued, subscribed and paid-up capital

Ordinary shares of Rs. 5 each

2018	2017	
(Rupee	s in '000)	
4,500,000	4,500,000	Shares allotted for consideration paid in cash
53,464,201	53,464,201	Shares allotted as bonus shares
57,964,201	57,964,201	

2018	2017
(Rupee	s in '000)
22,500	22,500
267,321 289,821	267,321 289,821

As at December 31, 2018, Al-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 (2017: 28,992,705) and 43%, i.e., 25,022,379 (2017: 25,022,379) shares of Rs. 5 each respectively.

15. RESERVES

	Note	2018	2017
		(Rupee:	s in '000)
Revenue reserve - General Unappropriated profit		1,079,576 1,079,576	1,000,000 835,995 1,835,995
DEFERRED TAX LIABILITY			
Credit / (debit) balance arising on account of - accelerated tax depreciation allowances - deferred staff benefits - compensated absences - provision for impairment on investment		63,160 (17,936) (14,784) 30,440	63,433 (11,854) (15,840) 35,739
TRADE AND OTHER PAYABLES			
Creditors Accrued liabilities Accrued markup Customers' and dealers' advances - unsecured Deposits Taxes deducted at source Workers' Welfare Fund "Royalty payable to CNH Industrial N.V associated company" Others	17.1	454,621 440,791 70,894 31,504 67,934 20,347 76,563 59,242 25,330	239,171 492,873 80 1,872,120 65,480 21,890 151,706 194,864 27,452 3,065,636
	Unappropriated profit DEFERRED TAX LIABILITY Credit / (debit) balance arising on account of - accelerated tax depreciation allowances - deferred staff benefits - compensated absences - provision for impairment on investment TRADE AND OTHER PAYABLES Creditors Accrued liabilities Accrued markup Customers' and dealers' advances - unsecured Deposits Taxes deducted at source Workers' Welfare Fund "Royalty payable to CNH Industrial N.V associated company"	Revenue reserve - General Unappropriated profit DEFERRED TAX LIABILITY Credit / (debit) balance arising on account of - accelerated tax depreciation allowances - deferred staff benefits - compensated absences - provision for impairment on investment TRADE AND OTHER PAYABLES Creditors 17.1 Accrued liabilities Accrued markup Customers' and dealers' advances - unsecured Deposits 17.2 Taxes deducted at source Workers' Welfare Fund "Royalty payable to CNH Industrial N.V associated company"	Revenue reserve - General -

- 17.1 The creditors include payable to a related party, CNH Industrial N.V. (formerly CNH Global N.V.), amounting to Rs. 56.43 million against purchases made during the year.
- 17.2 This represents amount received from customers / dealers of the Company as a security deposit with reference to the contracts. As per the requirements of section 217 of the Companies Act, 2017, these deposits are not utilizable for the purpose of business and are kept in separate bank account.
- 18. "SHORT TERM FINANCING under mark up / profit arrangement"

The facility for running finance / running musharikah available from banks amounted to Rs. 4 billion (2017: 1 billion). Rates of mark-up / profit ranges from one month KIBOR plus 0.20% (2017: three months KIBOR plus 0.20%) to one month KIBOR plus 0.5% (2017: three months KIBOR plus 0.50%) per annum.

The facilities for opening letters of credit and guarantees as at December 31, 2018 amounted to Rs. 2.7 billion (2017: Rs. 2.75 billion) of which unutilised balance at year end amounted to Rs. 2.3 billion (2017: Rs 1.76 billion).

The above arrangements are secured by way of pari-passu charge against hypothecation of Company's present and future current assets.

19. COMMITMENTS

Commitments for capital expenditure outstanding as at December 31, 2018 amounted to Rs. 217.82 million (2017: Rs. 78.70 million).

20. REVENUE

		2018			2017	
	Tractors	Trading goods and others	Total	Tractors	Trading goods and others	Total
			(Rupee	s in '000)		
Local sales Export sales	20,349,319 41,085 20,390,404	198,597 - 198,597	20,547,916 41,085 20,589,001	20,057,511 54,661 20,112,172		20,177,287 54,661 20,231,948
Less: Commission Sales Tax	(308,640) (889,392) (1,198,032)	(1,625) (16,822) (18,447)	(1,216,479)	(306,372) (1,040,526) (1,346,898)	(1,542) (12,060) (13,602)	(307,914) (1,052,586) (1,360,500)
	19,192,372	180,150	19,372,522	18,765,274	106,174	18,871,448

20.1. 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. COST OF GOODS SOLD

Manufactured goods	2018	2017	
Manadarea goods	(Rupees	in '000)	
Raw materials and components consumed	14,224,898	12,604,325	
Salaries, wages and benefits	364,293	327,745	
Charge for defined benefit plan	5,996	5,189	
Charge for defined contribution plan	4,951	3,934	
Stores and supplies	201,246	171,041	
Royalty and technical fee	158,225	154,832	
Insurance	2,643	2,060	
Depreciation	28,796	24,085	
Fuel, power and electricity	51,036	48,395	
Inwards freight and transportation	7,155	7,940	
Repairs and maintenance	72,422	48,790	
Travelling, vehicle running and entertainment	7,282	5,966	
Rent, rates and taxes	1,100	1,090	
Communication	849	617	
Printing and stationery	3,447	2,043	
Others	8,556	2,744	
Opening stock of work-in-process	102,209	51,118	
Closing stock of work-in-process	(108,584)	(102,209)	
Cost of goods manufactured	15,136,520	13,359,705	
Opening stock of finished goods	161,338	330,738	
Closing stock of finished goods	(822,097)	(161,338)	
	14,475,761	13,529,105	
Trading goods			
Opening stock	8,123	3,685	
Purchases	231,240	87,043	
	239,363	90,728	
Closing stock	(8,086)	(8,123)	
	231,277	82,605	
	14,707,038	13,611,710	

221. DISTRIBUTION EXPENSES 2018 Communication Calaries, wages and benefits Charge for defined benefit plan 1,910 1,833 Charge for defined contribution plan 1,829 1,561 Insurance 80 118 Depreciation / amortisation 10,062 7,615 Fuel, power and electricity 8,054 7,808 Travelling, vehicle running and entertainment 11,849 11,588 Repairs and maintenance 2,775 2,293 Rent, rates and taxes 2,196 1,261 Communication 1,896 1,298			
Salaries, wages and benefits Charge for defined benefit plan Charge for defined contribution plan Insurance Insuranc	22. DISTRIBUTION EXPENSES	2018	2017
Charge for defined benefit plan 1,910 1,833 Charge for defined contribution plan 1,829 1,561 Insurance 80 118 Depreciation / amortisation 10,062 7,615 Fuel, power and electricity 8,054 7,808 Travelling, vehicle running and entertainment 11,849 11,588 Repairs and maintenance 2,775 2,293 Rent, rates and taxes 2,196 1,261		(Rupee	s in '000)
Charge for defined benefit plan 1,910 1,833 Charge for defined contribution plan 1,829 1,561 Insurance 80 118 Depreciation / amortisation 10,062 7,615 Fuel, power and electricity 8,054 7,808 Travelling, vehicle running and entertainment 11,849 11,588 Repairs and maintenance 2,775 2,293 Rent, rates and taxes 2,196 1,261	Salaries wages and benefits	68 /113	59 0/13
Charge for defined contribution plan 1,829 1,561 Insurance 80 118 Depreciation / amortisation 10,062 7,615 Fuel, power and electricity 8,054 7,808 Travelling, vehicle running and entertainment 11,849 11,588 Repairs and maintenance 2,775 2,293 Rent, rates and taxes 2,196 1,261			
Insurance 80 118 Depreciation / amortisation 10,062 7,615 Fuel, power and electricity 8,054 7,808 Travelling, vehicle running and entertainment 11,849 11,588 Repairs and maintenance 2,775 2,293 Rent, rates and taxes 2,196 1,261	·		
Depreciation / amortisation10,0627,615Fuel, power and electricity8,0547,808Travelling, vehicle running and entertainment11,84911,588Repairs and maintenance2,7752,293Rent, rates and taxes2,1961,261			
Fuel, power and electricity 8,054 7,808 Travelling, vehicle running and entertainment 11,849 11,588 Repairs and maintenance 2,775 2,293 Rent, rates and taxes 2,196 1,261			
Travelling, vehicle running and entertainment 11,849 11,588 Repairs and maintenance 2,775 2,293 Rent, rates and taxes 2,196 1,261			
Repairs and maintenance 2,775 2,293 Rent, rates and taxes 2,196 1,261	•		
Rent, rates and taxes 2,196 1,261			
COLLITION 1,090 1,290			
Advertisement and promotion 52,682 53,996			
Adventisement and promotion 32,002 33,990 After sales expense 30,562 24,650	·		
	•		
· · · · · · · · · · · · · · · · · · ·	Omers		
<u>276,950</u> <u>240,830</u>		270,930	240,030
23. ADMINISTRATIVE EXPENSES	23. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits 218,797 162,672	Salaries, wages and benefits	218,797	162,672
Charge for defined benefit plan 6,519 6,073			
Charge for defined contribution plan 6,104 5,035			
Insurance 426 510			510
Depreciation 31,203 27,342	Depreciation	31,203	27,342
Travelling, vehicle running and entertainment 9,679 7,317	Travelling, vehicle running and entertainment	9,679	7,317
Repairs and maintenance 1,988 3,557	Repairs and maintenance	1,988	3,557
Rent, rates and taxes 1,767 890	Rent, rates and taxes	1,767	890
Communication 7,892 7,928	Communication	7,892	7,928
Auditors' remuneration 23.1 2,834 2,647	Auditors' remuneration 23.1	2,834	2,647
Advertising 1,514 1,193		1,514	1,193
Legal and professional charges 7,370 5,740	Legal and professional charges	7,370	5,740
Printing and stationery 5,476 5,380		5,476	5,380
Donation 23.2 312 242	Donation 23.2	312	242
Others 3,544 1,272	Others	3,544	1,272
305,425 237,798		305,425	237,798
23.1 Auditors' remuneration	23.1 Auditors' remuneration		
Audit fee 1,600 1,400	Audit fee	1,600	1,400
Fee for limited review of half yearly financial			
statements 400 400		400	400
Certification for compliance with Code of			
Corporate Governance, certifications for	·		
government and other agencies and other services 490 530	·	490	530
Out of pocket expenses 344 317			
2,834 2,647			

23.2 None of the Directors or their spouses had any interest in the donee.

24.	OTHER INCOME	2018	2017
		(Rupees	in '000)
	Income from financial assets Return on PLS savings and deposit accounts Income from other assets	29,033	108,055
	Scrap sales	28,061	23,497
	Profit on disposal of fixed assets	2,907	11,504
	Discount received	-	242
	Others	1,901	778 36,021
		32,869 61,902	144,076
25.	OTHER OPERATING EXPENSES	01,702	=======================================
	Workers' Profits Participation Fund	200,589	246,213
	Workers' Welfare Fund	84,019	93,031
		284,608	339,244
26.	FINANCE COSTS		
	Bank charges and commission	2,546	655
	Mark up on running finance	123,022	274
		125,568	929
27.	INCOME TAX EXPENSE		
	Current		
	- for the year	1,155,425	1,367,993
	- prior year	132,194	89,026
	Deferred	(5,298)	4,874
		1,282,321	1,461,893
27.1	Relationship between tax expense and accounting profit:		
	Accounting profit before tax	3,734,835	4,585,013
	Tax at applicable rate of 29% (2017: 30%) Effect of final tax on exports	1,083,102 (2,093)	1,375,504 (3,727)
	Tax credit	(3,496)	(714)
	Prior year tax	132,194	89,026
	Super Tax	74,765	-
	Others	(2,151) 1,282,321	1,804
		1,202,021	1,401,073

27.2 In the view of management, sufficient tax provision has been made in Company's financial statements. Comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2017	2016	2015
		(Rupees in '000)	
Tax assessed as per most recent tax assessement Provision in account for income tax	1,500,187 1,500,187	978,289 974,970	808,706 812,415

The assessed value for tax years 2017 and 2015 represents return value.

28. EARNINGS PER SHARE

"Profit after taxation attributable to ordinary shareholders"

Weighted average number of shares in issue during the year (in thousand)

Earnings per share (Rupees)

2018	2017
(Rupees	s in '000)
2,452,514	3,123,120
57,964	57,964
42.31	53.88

2018 2017 (Rupees in '000)

28.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2018 and 2017 which would have any effect on the earnings per share if the option to convert exercised.

29. CASH GENERATED FROM OPERATIONS

Profit before income tax
Add / (less): Adjustment for non-cash charges
and other items
Depreciation and amortisation
Retirement benefits charge
Gain on disposal of fixed assets
Return on bank deposits
Mark up on running finance

Effect on cash flow due to working capital changes

Decrease / (increase) in current assets Inventories

Trade receivables

Loans and advances

Trade deposits and short-term prepayments

Other receivables

Refunds due from the Government

(Decrease) / increase in current liabilities Trade and other payables

30. CASH AND CASH EQUIVALENTS

Cash in hand

At banks in

- Current accounts
- PLS savings accounts

Demand drafts in hand Short term financing - note 18

(555)
3,734,835	4,585,013
70,061 14,425 (2,907) (29,033) 123,022 3,910,403	59,042 13,095 (11,504) (108,055) 274 4,537,865
(1,186,424) (44,583) 69,351 (31,434) (992) (575,518) (1,769,600) (1,889,224) (3,658,824) 251,579	(893,547) 267,736 (107,646) (5,752) 28,877 (402,550) (1,112,882) 1,969,823 856,941 5,394,806
324	281
87,323 175,421 262,744	826,982 441,621
30,842	1,268,603 71,627

(3,973,206) (3,679,296)

1,340,511

31. EMPLOYEE BENEFIT OBLIGATIONS

- 31.1 As stated in note 2.12 (i) 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, 2018.
- 31.2 Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Plan, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.
- 31.3 The latest actuarial valuation of the Plan as at December 31, 2018 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

31.4 Statement of financial position reconciliation as at December 31

31.7	statement of infahetal position reconciliation as at becember of		
		2018	2017
		(Rupees	s in '000)
	Present value of defined benefit obligation Fair value of plan assets	180,396 (158,794)	149,317 (139,310)
31.5	Movement in present value of defined benefit obligation	21,602	10,007
31.3	Movement in present value of defined benefit obligation		
	Obligation as at January 1 Current service cost	149,317 14,848	134,996 13,209
	Interest expense Remeasurement on obligation	11,592 15,719	10,323 2,694
	Benefits paid	(11,080)	(11,905)
	Obligation as at December 31	180,396	149,317
31.6	Movement in the fair value of plan assets		
	Fair value as at January 1	139,310	125,281
	Interest income	12,015	10,437
	Remeasurement on plan assets	(5,183)	(6,763)
	Employer contributions Benefits paid	23,732 (11,080)	22,260 (11,905)
	beliellis pala	(11,000)	(11,700)
	Fair value as at December 31	158,794	139,310
31.7	Expense recognised in statement of profit or loss		
	Current service cost	14,848	13,209
	Interest expense - net	(423)	(114)
		14,425	13,095
31.8	Remeasurement recognised in other comprehensive income		
	Experience losses	(15,719)	(2,694)
	"Remeasurement of fair value of plan assets"	(5,183)	(6,763)
	Remeasurements	(20,902)	(9,457)

31.9 Net recognised liability

Balance as at January 1
Expense for the year
Employer contributions
"Remeasurement recognised in other
comprehensive income"

Balance as at December 31

2018	2017
(Rupees	s in '000)
10,007 14,425 (23,732)	9,715 13,095 (22,260)
20,902	9,457
21,602	10,007

31.10 Composition of plan assets:

Term deposits Others (include bank balance)

2018		201	7
(Rupees in '000)	%	(Rupees in '00	00) %
80,000	50.82	70,000	50.12
77,426	49.18	69,672	49.88
157,426	100.00	139,672	100.00

31.11 Actuarial assumptions

- Management staff

Expected rate of increase in salaries

Short-term - 1 year
Long-term - more than 1 year
Non-management staff
Short-term - 1 year
Long-term - more than 1 year

Discount factor used

2010	2017
13.25% 13.25%	8.25% 8.25%
13.25% 13.25%	8.25% 8.25%

13.25%

2019 2017

8.25%

- 31.12 Pre-Retirement mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down one year.
- 31.13 The Company ensures asset / liability matching by investing in short-term deposits and does not use derivatives to manage its risk.
- 31.14 The expected return on plan assets has been determined by considering the expected returns available on the assets underlying the current investment policy.
- 31.15 Sensitivity analysis for actuarial assumptions

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

		Impacton defined	benefit obligation
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees	in '000)
Discount rate at December 31 Future salary increases	1% 1%	(165,579) 190,212	189,521 (164,777)

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.

31.16 Historical information

- 31.17 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.
- 31.18 As per actuarial advice, the Company is expected to contribute Rs.19.4 million towards gratuity fund in 2019 (2018: Rs. 13.7 million).
- 31.19 The weighted average duration of non-management employees is 32.35 years and of management employees is 8.88 years.
- 31.20 Expected maturity analysis of undiscounted retirement benefit plan.

	Less than a year	Between 1 2 years	Between 2 5 years	Between 5 10 years	Over 10 years	Total
Retirement benefit plan	26,280	18,132	68,686	104,238	570,078	787,414

31.21 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

32. RELATED PARTY TRANSACTIONS

32.1 The following transactions were carried out with related parties during the year:

Rela	ationship	Nature of transactions	Rupees in the	ousand
i.	Holding company	Dividend paid	1,435,139	1,957,008
ii.	Other related parties	Dividend paid Royalty paid Purchases of goods Contribution to Al-Ghazi Tractors Limited Staff Provident Fund Contribution to Al-Ghazi Tractors Limited Employees' Gratuity Fund	1,701,522 264,815 117,296 12,884 23,732	1,079,090 - - 10,530 22,260
iii.	Key management personnel	Salaries and other employee benefits Retirement benefits	151,656 11,232	140,770 10,894

The outstanding balances of related parties as at December 31, 2018 are included in trade and other payables and other receivables respectively.

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

S. No.	Company name	Basis of relationship	Aggregate % of sharholding
	Al-Futtaim Industries Company (LLC) CNH Industrial N.v. (formerly CNH Global N.v.)	Parent Associate	50.02% 43.17%

- 32.2.1 Al-Futtaim Industries Company (LLC) is a Company incorporated in Dubai having registered address at P.O. Box 152, Dubai, UAE. The names of Principal Officers / Authorized Agents are Abdullah Hamad Al Futtaim and Omar Abdulla Al Futtaim. As per their local requirement, Al-Futtaim Industries Company LLC is not required to have separate audited financial statements. Al-Futtaim Private Company LLC's financial statements for the year ended December 31, 2017 were prepared on going concern basis, the Al-Futtaim Private Company LLC's auditors have expressed an unmodified opinion.
- 32.2.2 CNH Industrial N.V. (formerly CNH Global N.V.) is a Company incorporated in the Netherlands having registered address at 25 James's Street, London, SW1A, United Kingdom. The Chief Executive Officer of CNH International N.V. is Richard J. Tobin. As per the latest available financial statements which are prepared on going concern basis, the CNH International N.V.'s auditors have expressed an unmodified opinion.

33. 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		Dire	ctor	Executives	
	2018	2017	2018	2017	2018	2017
			(Rupees	in '000)		
Managerialremuneration	39,366	33,000	14,188	11,576	27,739	22,170
Bonus	15,048	11,880	2,551	1,158	5,671	4,139
Houserent	13,216	13,200	2,844	2,084	10,310	7,084
Utilities	4,465	6,600	632	463	2,291	1,574
Retirement benefits	5,418	5,200	1,184	992	4,631	3,035
Leave passage	7,364	1,247	1,484	533	4,486	1,085
Other expenses				48		_
	84,877	71,127	22,883	16,854	55,128	39,087
Numberof persons	1	1	1	1	9	6

^{*} Comparitive figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017

The Chief Executive, Director and Executives are also provided with Company maintained cars and are entitled to medical benefits and club subscription in accordance with their entitlements.

Aggregate amount charged to statement of profit or loss for the year in respect of fee to one independent director was Rs. 1.5 million (2017: Rs. 1.25 million).

34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	Interes	t / mark-up b	earing	Non	interest bea	ring	
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
(i) FINANCIAL ASSETS							
Loans and receivables							
Loans and advances	-	-	-	3,406	891	4,297	4,297
Deposits	-	-	-	-	3,805	3,805	3,805
Trade receivables	-	-	-	56,606	-	56,606	56,606
Interest accrued	-	-	-	1	-	1	1
Other receivables	-	-	-	3,579	-	3,579	3,579
Cash and bank balances	175,421	-	175,421	118,489	-	118,489	293,910
2018	175,421	-	175,421	182,081	4,696	186,777	362,198
2017	441,621	-	441,621	921,965	4,660	926,625	1,368,246

FINANCIAL LIABILITIES

	Interest / mark-up bearing			Non			
At amortised cost	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
Al al Hollisea Cosi							
Trade and other payables	-	-	-	1,118,812	-	1,118,812	1,118,812
Unclaimed Dividend	-	-	-	79,529	-	79,529	79,529
2018		_	_	1,198,341	_	1,198,341	1 198 341
2017		_	_	1,624,539	_	1,624,539	1,624,539
				.,== 1,007		.,021,007	.,

Off balance sheet items

Financial commitments:

"Contracts for capital expenditure" "Letters of credit and guarantee"	217,820 396,136
2018 2017	613,956

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

(ii) 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. 0.36 billion (2017: Rs. 1.37 billion) the financial assets exposed to the credit risk amount to Rs. 0.30 billion (2017: Rs. 1.30 billion) which mainly comprise of balances with banks.

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

The Company's products are mainly sold against cash or demand drafts issued by Zarai Taraqiati Bank Limited (ZTBL) and certain other commercial banks. Hence, the Company believes that it is not exposed to credit risk against tractor sales. As of December 31, 2018, there is no impaired balance and the carrying amount of trade receivables relates to independent customers for whom there is no recent history of default.

Loans to employees are not exposed to any material credit risk and are secured against the retirement benefits of the respective employees.

Other receivables are not exposed to any significant credit risk.

Deposits have been placed mainly with government institutions, hence exposed to no significant credit risk.

The management does not expect any losses from non-performance by these counterparts.

(iii) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and balances with banks. As at December 31, 2018 there is no maturity mismatch between financial assets and liabilities that expose the Company to liquidity risk.

(iv) Market risk

a) Foreign exchange risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. At December 31, 2018 trade and other payables exposed to foreign currency risk amount to Rs.540.56 million (2017: Rs. 188.85 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. 21.62 million (2017: Rs. 7.55 million), mainly as a result of foreign exchange losses / gains on settlement of US Dollar denominated trade payables.

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. As at December 31, 2018, the Company's interest bearing financial assets amounted to Rs. 0.18 billion (2017: Rs. 0.44 billion) and 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. 1.75 million (2017: Rs. 4.42 million).

(v) Fair values of the financial instruments

The carrying values of all the financial instruments reflected in the financial statements approximate to their fair values.

35. 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.

36. PLANT CAPACITY AND PRODUCTION

Plant capacity (single shift) - units

Actual production - units

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

2018	2017
30,000	30,000
24,823	24,091

37. NUMBER OF EMPLOYEES

37.1 Number of employees including contractual employees at 31 December

*This includes 259 (2017: 266) number of factory employees

37.2 Average number of employees including contractual employees during the year

**This includes 263 (2017: 261) number of factory employees

*431	*431
**431	**425

38. CORRESPONDING FIGURES

Due to revision in Fourth Schedule to Companies Act, 2017, following required changes have been made:

- Unclaimed dividend which was previously classified under trade and other payables has been separately disclosed as unclaimed dividend and unpaid dividend on the face of the statement of financial position.
- Stores and spares which was separately classified on the face of the unconsolidated statement of financial position has been presented under inventories.
- Accrued mark-up which was previously classified separately on the face of unconsolidated statement of financial position has now been classified under trade and other payables.

39. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on 11th February, 2019 have proposed a final cash dividend of Rs. 9.00 per share amounting to Rs. 521.7 million (2017: Rs. 25 per share amounting to Rs. 1,449.1 million) 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 11th February, 2019 by the Board of Directors.

Chief Executive

Director

Chief Financial Officer







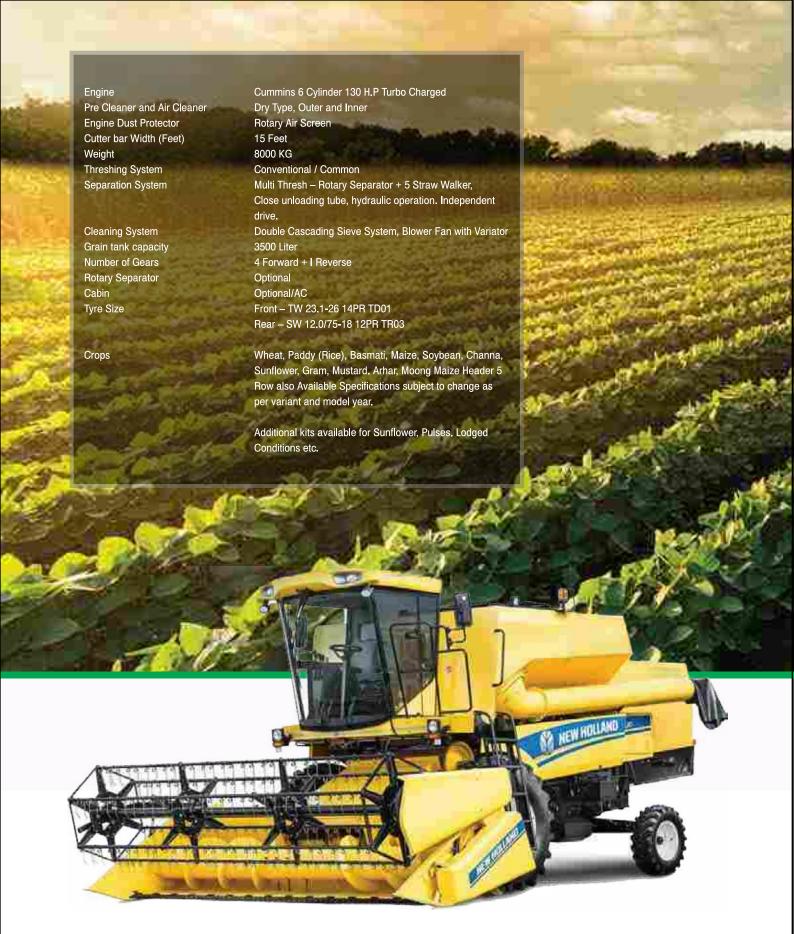












VESTER NH TC 5.30



NEW HOLLAND BC 5060

INVESTOR FEEDBACK FORM

(If Applicable)

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 Off. Korangi Road, Ko				
Comment / Query		:		
Name		:		
Permanent Mailing Address		:		
Contact Numbers	(Tel)	:		
	(Fax)	:		
Email		:		
Name of Company (If Applicable)		:		
Designation (If Applicable)		:		
Company Address		:		

AL - GHAZI TRACTORS LIMITED FORM OF PROXY

I / WE	
of	
a member(s) of Al-Ghazi Tractors Limited and holding	
ordinary shares, as per Register Folio	
hereby appoint	
of	
or falling him	
of	
to vote for me/us and on my/our behalf at the Annual Gene	ral Meeting of the
Company to be held on April 25, 2019 at 14:00 hrs. and at thereof.	any adjournment
As witness my/our hand thisday of2019.	
	Five Rupee Revenue Stamp
	Signature of Member(s)

Important:

- 1. A member entitled to attend a General Meeting 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 h is a ttorney 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.

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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الغازی ٹریکٹرزلمیٹٹر پرائسی فارم

میں ۱ ہم ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
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بحثیت ممبر(ز)الغازی ٹریکٹرزلمیٹڈاور فقِ ملکیت رکھتے ہوئے۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
عمومی شیئر زجس کا اندراج رجسر د فولیونمبر
ا پنی جانب سے نامز د کرتا ہول ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
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اور ان کے ناجانے پرمسمی / مسمات ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
۔۔۔۔۔۔۔۔۔وبطور پراکسی مقرر کرتا / کرتے ہیں تا کہ وہ میری اہماری جگہاور میری
ہماری طرف سے کمپنی کے سالانہ عام اجلاس بتاری ٰ 25 اپریل <u>201</u> 9ء بوقت دن 2:00 بجے منعقد ہور ہاہے ،اس
میں بااس کے سی ملتو می شدہ اجلاس میں شرکت کر ہےاور ووٹ ڈالے۔
بطور میرے اہمارے گواہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

-/5روپے مالیت کے ریو نیو اسٹیمپ پر دستخط کریں ممبر (ممبرز)کے دستخط

نوط:

- ا۔ اجلاس میں شرکت کرنے اور ووٹ دینے کا استحقاق رکھنے والا کوئی بھی ممبراجلاس میں اپنی جگہ شرکت کرنے اور ووٹ دینے کیلئے تحریری طور پر پراکسی کا تقر رکرسکتا ہے۔
- ۲۔ پراکسی کی دستاویز برممبریااس کااٹارنی جسے تحریری طور پراس کی اجازت دی گئی ہود ستخط کریں گے اگرممبر کوئی کارپوریشن ہے تو اس کی مشتر کہ مہر (اگر کوئی ہو)اس دستاویز پر ثبت کی جائے گی۔
- س۔ کارآ مدہونے کیلئے بیضروری ہے کہ بیر پراکسی کمپنی کے رجسٹر ڈ آفس میں اجلاس کیلئے مقررہ وفت سے کم از کم 48 گھنٹے قبل ہر طرح سے کممل صورت میں جمع کرادیئے جائیں۔

درست رقم کا ٹکٹ چسپاں کریں

کمپنی سیکریٹری الغازی ٹریکٹر زلمیٹڈ، ٹریکٹر ہاؤس،B-102، 16 ایسٹ اسٹر بیٹ،ڈی ایچ اے فیز 1، کورنگی روڈ، کراچی۔

Fold Here Fold Here

8-F, Near Hotel Faran, Nursery Block 6, P.E.C.H.S. Shahra-e-Faisal Karachi.	
Dear Sirs,	
ELECTRONIC CREDIT MANDATE FORM	M (MANDATORY)
I hereby communicate to receive my future	e dividends directly in my bank account as detailed below:
Name of share-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	:
	by me are correct and to the best of my knowledge; I shall keep the ny changes in the said particulars in future.

Date:

Notes and Instructions:

Shareholder Signature

FAMCO ASSOCIATES (PVT) LTD.

- 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 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 s hares in physical form must s ubmit this form separately for each Company/ Modaraba where they hold their shares/Modaraba Certificates quoting their folio number.
- 4. CDC s hareholders are requested to s ubmit their Dividend Mandate directly to their broker (participant)/CDC Investor Accounts Services. It is not required to file separate form for each Company.







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GLOSSARY

TERM	DEFINITION
AGM	Annual General Meeting
AGTL	Al-Ghazi Tractors Limited
CAGR	Cumulative Annual Growth Rate
СВА	Collective Bargaining Agent
CCG	Code of Corporate Governance
CDC	Central Depository Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNH	Case New Holland
CSR	Corporate Social Responsibility
DGK	Dera Ghazi Khan
EBIT	Earnings before Interest and Taxation
EBITDA	Earnings before Interest, Taxation, Depreciation and Amortization
EPS	Earnings per Share
ERP	Enterprise Resource Planning
FBR	Federal Board of Revenue
GDP	Gross Domestic Product
GP	Gross Profit
Нр	Horsepower
HR	Human Resources
HSD	High Speed Diesel
ICAEW	Institute of Chartered Accountants of England and Wales
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
IT	Information Technology
KSE	Karachi Stock Exchange
LDO	Light Diesel Oil
MIS	Management Information System
NP	Net Profit
PDI	Pre Delivery Inspection
PICG	Pakistan Institute of Corporate Governance
SECP	Securities and Exchange Commission of Pakistan
TEVTA	Technical Education and Vocational Training Authority
UTS	Ultimate Tensile Strength
WPPF	Workers' Profit Participation Fund
WWF	Workers Welfare Fund
ZTBL	Zarai Taraqiati Bank Limited







