



AL-GHAZI TRACTORS LTD



Third Quarter Ended September 30, 2021
(Unaudited)

TRANSFORMING FOR GROWTH

TRANSFORMING FOR GROWTH

To position the company for sustained success and growth for the foreseeable future and to better align the company with its business strategy and vision, AGTL management is focused on transforming its business personnel, processes, and technology, to help the company, compete more effectively, become more efficient, maximize company's potential and to create additional value of our shareholders



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Company Information

BOARD OF DIRECTORS

Mr. Bernd Erich Schwendtke
Chairman, Non-Executive Director

Mr. Raheel Asghar
CEO & Executive Director

Mr. Malik Ehtisham Ikram
CFO & Executive Director

Mr. Ramesh Narasimhan
Non-Executive Director

Ms. Farah Qureshi
Independent Director

Mr. Shahid Shahbaz Toor
Independent Director

Mr. Andrea Trabacchin
Non-Executive Director

Mr. Vincent Delassagne
Non-Executive Director

Mr. Matthieu Sejourné
Non-Executive Director

AUDIT COMMITTEE

Ms. Farah Qureshi
Chairman, Independent Director

Mr. Bernd Erich Schwendtke
Member, Non-Executive Director

Mr. Ramesh Narasimhan
Member, Non-Executive Director

Mr. Andrea Trabacchin
Member, Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Bernd Erich Schwendtke
Chairman, Non-Executive Director

Mr. Malik Ehtisham Ikram
Member, Executive Director & CFO

Mr. Raheel Asghar
Member, Executive Director & CEO

Mr. Andrea Trabacchin
Member, Non-Executive Director

Ms. Farah Qureshi
Member, Independent Director

TECHNICAL COMMITTEE

Mr. Shahid Shahbaz Toor
Chairman, Independent Director

Mr. Matthieu Sejourné
Member, Non-Executive Director

Mr. Vincent Delassagne
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram
Member, Executive Director & CFO

Mr. Raheel Asghar
Member, Executive Director & CEO

COMPANY SECRETARY (Acting)

Mr. Rashid Mohiuddin

CHIEF INTERNAL AUDITOR

Ismail Zahid Selod

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants Karachi

TAX ADVISORS

EY Ford Rhodes
Chartered Accountants Karachi

Tola Associates
Chartered Accountants Karachi

LEGAL ADVISORS

Orr, Dignam & Co. Karachi

BANKERS

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

SHARE REGISTRAR

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

REGISTERED AND HEAD OFFICE

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

PLANT

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

MARKETING CENTRES

Dera Ghazi Khan
Lahore
Multan
Islamabad
Sukkur

Directors' Review

The Directors are pleased to present the condensed interim financial information of the Company for the period ended 30 September 2021.

Financial Review

The Company managed to achieve the sale of 13,759 tractors in the quarter ended September 30, 2021 as compared to 9,419 tractors sold during corresponding quarter of last financial year. The Company earned a higher turnover when compared to same period of last year as the market starts making recovery from challenging conditions compounded with economic slowdown caused by COVID-19.

The Company earned an operating revenue of Rs.15,221 million during the first nine months of the current financial year which is 66% higher than Rs.9,183 million earned during the same period last year, whereas, the cost of sales rose by 62% to Rs.11,639 million from Rs.7,204 million of previous corresponding period. As a result, gross profit for the period of nine months ended on 30 September 2021 has come to Rs.3,582 million which reflects an increase of 81% from the gross profit of Rs.1,978 million accrued during the same period of the last financial year.

The distribution and administrative expenses for the period under review respectively amounted to Rs.104 million and Rs.260 million, showing the fall of 41% and 3% respectively when compared to same period in financial year 2020.

The post-tax profit for the nine months' period ended 30 September 2021 is Rs.2,215 million which is an increase of 149% when compared to Rs.889 million for the same period last year. The earnings per share for the said period is Rs.38.21 which was Rs.15.34 for the same period last year.

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

Future outlook

The Board expects the growth momentum to continue during the remainder of the current financial year and beyond despite the prevailing downfall in the value of local currency. With the agri-specific policies of the government, the Company is geared to enhance its share in stronger market.

Board of Directors

Subsequent to issue of the Company's Half-Yearly Report and prior to the approval of financial statements for the period under review, the Board approved the appointment of Mr. Ramesh Narasimhan in place of Mr. Sakib Eltaff, as the non-executive director of the Company.

Acknowledgement

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

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

On behalf of the Board of Directors



Raheel Asghar

Chief Executive Officer



Malik Ehtisham Ikram

CFO & Executive Director

Karachi: November 18, 2021

Condensed Interim Statement of Financial Position

As at Sept 30 ,2021 (Unaudited)

	Note	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	4	1,077,160	1,066,974
Deferred tax asset		102,337	111,756
Long-term loans		1,689	781
Long-term deposits		9,407	4,160
Employee benefit prepayments		35,038	36,197
		1,225,631	1,219,868
CURRENT ASSETS			
Inventories		1,730,540	2,004,517
Trade receivables		1,209	-
Loans and advances		178,525	86,561
Trade deposits and short-term prepayments		265,516	24,925
Interest accrued		-	197
Other receivables		6,459	8,225
Taxation - payments less provision		-	157,786
Refunds due from the Government		2,433,354	1,450,847
Other financial assets		-	-
Cash and bank balances		1,824,563	230,518
		6,440,166	3,963,576
TOTAL ASSETS		7,665,797	5,183,444
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Reserves		2,973,184	1,998,301
		3,263,005	2,288,122
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		59,447	46,083
CURRENT LIABILITIES			
Trade and other payables		3,157,404	1,188,227
Taxation - payments less provision		99,185	-
Unclaimed Dividend		73,673	72,376
Unpaid Dividend		1,013,083	-
Short term financing		-	1,588,636
TOTAL LIABILITIES		4,402,792	2,895,322
COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		7,665,797	5,183,444

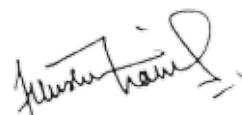
The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

Condensed Interim Statement of Profit or Loss

For the Third Quarter Ended Sept 30 ,2021(Unaudited)

Note	Quarter ended		Nine months ended		
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	
	(Rupees in '000)		(Rupees in '000)		
Revenue from contracts with customers	6	5,565,779	3,474,575	15,220,693	9,183,044
Cost of sales	7	(4,193,105)	(2,612,760)	(11,639,095)	(7,204,521)
Gross profit		1,372,674	861,815	3,581,598	1,978,523
Distribution expenses		(33,843)	(54,863)	(103,701)	(176,261)
Administrative expenses		(100,163)	(76,676)	(259,631)	(268,703)
		1,238,668	730,276	3,218,266	1,533,559
Other income		31,215	32,887	99,245	45,004
Other operating expenses		(93,787)	(89,868)	(181,064)	(179,908)
		1,176,096	673,295	3,136,447	1,398,655
Finance costs		(350)	(13,841)	(8,363)	(130,232)
Profit before income tax		1,175,746	659,454	3,128,084	1,268,423
Income tax expense					
Current		(330,358)	(183,628)	(903,926)	(378,352)
Deferred		(10,754)	(22,360)	(9,420)	(1,054)
		(341,112)	(205,988)	(913,346)	(379,406)
Profit after income tax		834,634	453,466	2,214,738	889,017
Basic and diluted earnings per share		14.40	7.82	38.21	15.34

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

Condensed Interim Statement of Cash Flows

For the Third Quarter Ended Sept 30 ,2021 (Unaudited)

	Note	September 30, 2021	September 30, 2020
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	8	4,067,726	4,522,167
Income tax paid		(646,957)	(83,795)
Mark-up paid		(22,654)	(221,428)
Increase/(Decrease) in deferred staff benefits		13,364	(25,368)
Increase/(Decrease) in employee benefit obligations		1,159	(38,674)
(Increase)/Decrease in long-term deposits		(5,247)	(385)
(Increase)/Decrease in long-term loans		(908)	1,400
Net cash generated from operating activities		3,406,483	4,153,917
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets		(72,865)	(17,240)
Proceeds from disposal of fixed assets		1,932	15,049
Interest received		72,605	34,220
Net cash used in investing activities		1,672	32,029
CASH FLOW FROM FINANCING ACTIVITY			
Dividend paid		(225,474)	(3,597)
Net increase / (decrease) in cash and cash equivalents		3,182,681	4,182,349
Cash and cash equivalents at the beginning of period		(1,358,118)	(3,439,803)
Cash and cash equivalents at the end of period		1,824,563	742,546

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

Condensed Interim Statement of Changes in Equity

For the Third Quarter Ended Sept 30 ,2021(Unaudited)

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at January 1, 2021	289,821	1,049,000	949,301	2,288,122
Transfer from General reserve to Unappropriated profit	-	(1,049,000)	1,049,000	-
Profit after tax for the nine months ended Sept 30, 2021	-	-	2,214,738	2,214,738
Other comprehensive income for the nine months ended Sept 30, 2021	-	-	-	-
			2,214,738	2,214,738
Transactions with the owners recorded directly in equity	-	-	-	-
Final dividend @ Rs. 21.39 per share for the year ended December 31, 2020	-	-	(1,239,854)	(1,239,854)
Balance as at Sept 30, 2021	<u>289,821</u>	<u>-</u>	<u>2,973,184</u>	<u>3,263,005</u>
Balance as at January 1, 2020	289,821	-	613,896	903,717
Transfer of unappropriated profit to general reserve	-	1,049,000	(1,049,000)	-
Profit after tax for the nine months ended Sept 30, 2020	-	-	889,017	889,017
Other comprehensive income for the nine months ended Sept 30, 2020	-	-	-	-
			889,017	889,017
Balance as at Sept 30, 2020	<u>289,821</u>	<u>1,049,000</u>	<u>453,913</u>	<u>1,792,734</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

Notes to and Forming Part of the Condensed Interim Financial Statements

For the Third Quarter Ended September 30, 2021 (Unaudited)

1 THE COMPANY AND ITS OPERATIONS

"The Company was incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) as a public limited company in June 1983 and is quoted on the Pakistan Stock Exchange. The 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, implements and spare parts.

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

These condensed interim financial statements are presented in Pak Rupee which is the Company's functional and presentation currency."

2 BASIS OF PREPARATION

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

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

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

These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and therefore should be read in conjunction with the annual audited financial statements for the year ended December 31, 2020.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the company for the year ended December 31, 2020.

Notes to and Forming Part of the Condensed Interim Financial Statements

For the Third Quarter Ended September 30, 2021 (Unaudited)

4 FIXED ASSETS

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

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in '000)			
Building	5,305	3,135	-	-
Electrical equipment	2,023	1606	0	142
Plant and machinery	3,000	5,510	-	895
Furnitures and fixtures	2,341	1,627	60	715
Computer hardware	1,474	6,171	-	19
Vehicles	56,249	3,905	0	12,677
Factory equipments and tools	771	373	-	197
Additions to capital work in progress	20,514	27,824	19,333	33,474
Intangibles	520	577	-	-
	92,198	50,729	19,393	48,119

5 COMMITMENTS

Commitments for capital expenditure outstanding as at Sept 30, 2021 amounted to Rs. 114.68 million (2020: Rs. 152.54 million)

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

	September 30, 2021	September 30, 2020
	(Rupees in '000)	
Tractors	15,816,857	9,777,178
Trading goods and others	136,637	63,677
	15,953,494	9,840,855
Less: Commission and discounts	(227,505)	(183,040)
Sales Tax	(505,296)	(474,771)
	15,220,693	9,183,044

7 COST OF SALES

Cost of goods manufactured	11,164,931	7,148,667
Opening stock of finished goods	537,857	658,793
Closing stock of finished goods	(154,167)	(647,834)
Cost of manufactured goods sold	11,548,621	7,159,626
Cost of trading goods and others sold	90,474	44,895
	11,639,095	7,204,521

Notes to and Forming Part of the Condensed Interim Financial Statements

For the Third Quarter Ended September 30, 2021 (Unaudited)

8 CASH GENERATED FROM OPERATIONS

	September 30, 2021	September 30, 2020
	(Rupees in '000)	
Profit before taxation	3,128,084	1,268,423
Add/(Less) : Adjustment for non cash charges and other items		
Depreciation and amortisation	62,619	62,336
Gain on disposal of fixed assets	(1,872)	(404)
Profit on PLS savings and deposit accounts	(72,408)	(35,351)
Mark up on running finance	7,629	128,978
	3,124,052	1,423,982
Effect on Cash Flow due to Working Capital changes		
(Increase) / Decrease in current assets		
Inventories	273,977	888,454
Trade receivables	(1,209)	9,252
Loans and advances	(91,964)	(47,696)
Trade deposits and short-term prepayments	(240,591)	(57,705)
Other receivables	1,766	29,192
Refunds due from the Government	(982,507)	(392,850)
	(1,040,528)	428,647
Increase in current liabilities		
Trade and other payables	1,984,202	2,669,538
Cash generated from operations	4,067,726	4,522,167

9 RELATED PARTY TRANSACTIONS

Significant transactions including royalty and dividend payments during the period amounted to Rs 88.16 million (2020: Rs.39.64 million).

10 DIVIDEND

The Board of Directors in its meeting held on November 18, 2021 declared an interim cash dividend of Rs. Nil per share (2020: Rs. Nil per share) amounting to Rs. Nil (2020: Rs.Nil).

11 DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements were authorised for issue on November 18, 2021 by the Board of Directors.



Chief Executive



Director



Chief Financial Officer

REGISTERED AND HEAD OFFICE

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

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

Email: agtl@alghazitractors.com | Website: www.alghazitractors.com



QUALITY MANAGEMENT-BRAND STRENGTH

AL-GHAZI TRACTORS LTD