

**Third Quarter Report**  
for the period ended September 30, 2024 (Un-Audited)



Embracing traditions,  
**driving change**



Al-Ghazi Tractors Limited



As we embark on the next phase of our journey, we remain steadfast in our commitment to delivering superior value to our stakeholders while upholding the highest standards of corporate governance, ethics, and social responsibility. With a clear strategic vision, a resilient business model, and a passionate team driving us forward, we are well-positioned to capitalize on emerging opportunities and overcome future challenges

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# Contents

**02**

Company Information

**07**

Condensed Interim Statement  
of Financial Position

**09**

Condensed Interim Statement  
of Changes in Equity

**04**

Director's Report

**08**

Condensed Interim Statement  
of Profit or Loss

**10**

Condensed Interim Statement  
of Cash Flows

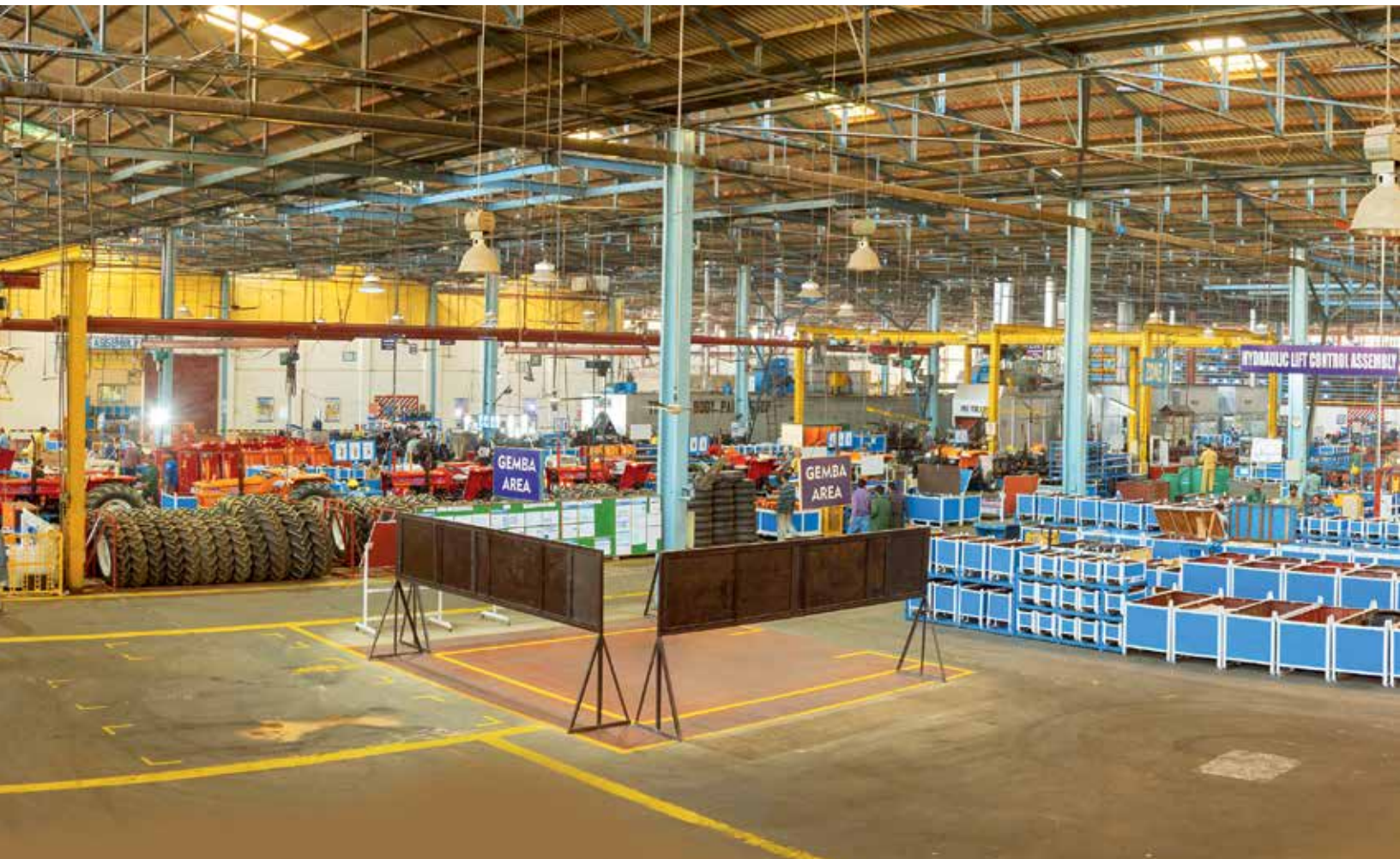
**11**

Notes to the Condensed Interim  
Financial Information





# Company Information



## Board of Directors

### Mr. Robert Ian McAllister

Chairman, Non-Executive Director

### Mr. Dmitrii Bogatyrev

Non-Executive Director

### Mr. Malik Ehtisham Ikram

Non-Executive Director

### Mr. Marco Votta

Non-Executive Director

### Mr. Matthieu Séjourné

Non-Executive Director

### Mr. Vincent De Lassagne

Non-Executive Director

### Mr. Shahid Shahbaz Toor

Independent Director

### Mr. Mirza Malik

Independent Director

### Ms. Samiha Zahid

Independent Director

## Chief Executive Officer

### Mr. Sakib Eltaff

## Audit Committee

Mr. Malik Mirza

Mr. Marco Votta

Mr. Malik Ehtisham Ikram

## Human Resource & Remuneration Committee

Ms. Samiha Zahid

Mr. Marco Votta

Mr. Malik Ehtisham Ikram

Mr. Sakib Eltaff

## Technical Committee

Mr. Shahid Shahbaz Toor

Mr. Robert Ian McAllister

Mr. Matthieu Séjourné

Mr. Vincent De Lassagne

Mr. Malik Ehtisham Ikram

Mr. Marco Votta

Mr. Dmitrii Bogatyrev

## Chief Financial Officer

Mr. Javed Iqbal

## Company Secretary

Mr. Mansoor Khan





#### Chief Internal Auditor

Mr. Muneeb Ahmed Khan

#### Auditors

**A.F. Ferguson & Co.**  
Chartered Accountants

#### Tax Advisors

**EY Ford Rhodes**  
Chartered Accountants

**Tola Associates**  
Chartered Accountants

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

#### Legal Advisors

**Orr, Dignam & Co.**  
Advocates  
Engagement Partner: Mr. Shahzaib Siddiqui

#### Share Registrar

**FAMCO Share Registration Services (Pvt) Limited**

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

#### Registered Office

**Tractor House**  
102-B, 16<sup>th</sup> East Street, DHA Phase I,  
off Korangi Road, Karachi.  
Tel: (92 21) 35318901-5  
Fax: (92 21) 35660882  
Email: agtl@alghazitractors.com  
Website: www.alghazitractors.com

#### Corporate Office

**Askari Corporate Tower**  
9th Floor, 75/76 D-1, Main Boulevard,  
Gulberg – III, Lahore

#### 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' Report



The Directors are pleased to present the condensed interim review of Al-Ghazi Tractors Limited ("the Company") for the nine months ended September 30, 2024.

## **Economic Environment**

Pakistan's economy showed a positive upturn during the first quarter of fiscal year 2024, with most economic indicators improving. This upward trend was driven by prudent measures taken by the government, which are expected to continue in the coming months. Inflation declined to 9.6% in August 2024, marking the first time in 34 months that it had dropped below double digits. This downward trend continued in September with the inflation rate reducing to 6.9% year-on-year, the lowest level in 44 months. In line with the easing inflation, the State Bank of Pakistan (SBP) reduced the policy rate by 200 basis points to 17.5% enhancing business confidence. Furthermore, the IMF provided a lifeline to Pakistan's economy by approving a 37-month extended

arrangement under the extended fund facility of US\$7 billion, with an immediate disbursement of US\$1 billion. Despite the positive economic activity during the period under review, the government's imposition of a reduced sales tax of 10% on tractors disrupted the tractor industry, posing significant challenges for a sector that had been exempt from this tax until June 2024.

## **Financial Review**

The company produced 9,620 units of tractors and achieved sales of 9,619 units in the nine months period as compared to corresponding nine months period of last year where 10,503 units were produced, and 12,011 units were sold. This decline is attributable to the lower buying power of farmers compared to the previous year.





During the nine-month period ending September 30, 2024, the Company reported net revenue of Rs. 23,836 million, representing a decline of 8.78% compared to Rs. 26,130 million for the same period in the previous year. The cost of sales for this period totaled Rs. 18,135 million, a decrease of 16.57% from Rs. 21,737 million incurred in the same period last year. The gross profit for the nine-month period increased to Rs. 5,701 million, an increase of Rs. 1,316 million compared to the corresponding period ending September 30, 2023. This represents a growth of 29.76% which is driven by the Company's initiative to enhance its gross margin through material cost savings and various cost optimization measures implemented during the nine-month period.

Distribution and administrative expenses totaled Rs. 382 million and Rs. 1,163 million, respectively, for the nine months ended September 30, 2024, compared to Rs. 322 million and Rs. 749 million for the same period last year. The profit before tax for the current period was Rs. 3,904 million, reflecting an increase of 18.22% compared to Rs. 3,302 million during the corresponding period last year.

The after-tax profit for the reporting period was Rs. 2,369 million, marking a 32.85% increase from Rs. 1,783 million as compared to same period last year. Earnings per share for the nine-month period that concluded on September 30, 2024, amounted to Rs. 40.87, compared to Rs. 30.76 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**

Pakistan's economy is projected to recover gradually, supported by a favorable external environment, a stable exchange rate, and declining inflationary pressures. An accommodative monetary policy is expected to bolster investor confidence, fostering a stable and growth-oriented economic outlook.

However, the recent implementation of the new reduced sales tax regime, coupled with enhanced documentation requirements, has compelled tractor manufacturers to navigate a complex sales refund process,

## Directors' Report

further burdening their cash flow. Furthermore, ongoing geopolitical tensions, particularly in the Middle East, pose risk of supply chain disruptions.

Despite these challenges, the Company continues to focus on its customers, enhancing its product quality and is well positioned to address potential risks effectively. The Board remains confident about the future prospects and maintains a positive outlook.

### Change in Board of Directors

Subsequent to issue of the Company's half yearly report for the period ended 30th June 2024, Ms. Samiha Zahid was appointed as independent director to fill the casual vacancy in place of Ms. Farah Qureshi (late).

### Launch of a new 85 HP tractor (the NH850)

The Company launched its new 85 horsepower tractor (the NH850) in the first week of October 2024. The NH850 represents a significant milestone in our journey as AGTL continues to develop products that meet the changing needs of the agricultural sector of Pakistan.

### Acknowledgement

The Board would like to place on record its gratitude to all stakeholders, especially its customers, as well as the dealers, vendors and suppliers, for their continued commitment and support to the Company. The Board would also like to appreciate the contribution of all staff members of the Company for navigating through this challenging environment with resilience, focusing on the needs of our customers in line with our long-term objectives.

On behalf of the Board of Directors:



**Robert Ian McAllister**  
Chairman of the Board



**Sakib Eltaff**  
Chief Executive Officer

October 25, 2024



# Condensed Interim Statement of Financial Position

As at September 30, 2024 (Un-Audited)

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,789,356	1,607,672
Intangible assets		622,314	495
Deferred tax asset		169,024	129,972
Long-term loans		3,695	3,459
Long-term deposits		13,864	13,460
Employee benefit prepayments		42,266	32,039
		2,640,519	1,787,097
<b>CURRENT ASSETS</b>			
Inventories		8,041,968	6,084,499
Trade receivables		1,870,915	-
Loans and advances		3,086,758	95,715
Trade deposits and short-term prepayments		43,955	324,848
Interest accrued		-	3,371
Other receivables		51,268	201
Sales Tax Net		1,252,196	-
Refunds due from Government		4,436,924	4,210,453
Cash and bank balances		373,538	1,723,449
		19,157,522	12,442,536
<b>TOTAL ASSETS</b>		21,798,041	14,229,633
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		289,821	289,821
Unappropriated profit		7,859,326	5,490,404
		8,149,147	5,780,225
<b>NON-CURRENT LIABILITIES</b>			
Deferred staff benefits - compensated absences		100,757	103,154
Lease liability		39,319	46,418
		140,076	149,572
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,537,258	3,812,570
Customers' and dealers' advances		450,417	131,452
Taxation - provision less payments		404,600	213,815
Unclaimed dividend		62,048	65,498
Unpaid dividend		2,416,858	2,416,858
Current portion of lease liability		12,841	10,990
Short-term financing		4,624,796	1,648,653
		13,508,818	8,299,836
<b>TOTAL LIABILITIES</b>		13,648,894	8,449,408
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		21,798,041	14,229,633

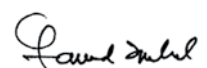
The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



Director



Chief Executive Officer



Chief Financial Officer

# Condensed Interim Statement of Profit or Loss

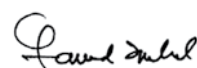
For the third quarter ended September 30, 2024 (Un-Audited)

	Note	Quarter ended		Nine months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
(Rupees in thousand)					
Revenue from contract with customers	7	6,295,040	11,378,827	23,835,560	26,130,209
Cost of sales	8	(4,533,759)	(9,317,027)	(18,134,702)	(21,736,898)
<b>Gross profit</b>		1,761,281	2,061,800	5,700,858	4,393,311
Distribution expenses		(184,664)	(143,080)	(382,148)	(321,551)
Administrative expenses		(427,693)	(330,118)	(1,162,521)	(749,435)
		1,148,924	1,588,602	4,156,189	3,322,325
Other income		46,970	62,096	271,370	388,984
Other operating expenses		(21,396)	(122,303)	(257,417)	(294,638)
		1,174,498	1,528,395	4,170,142	3,416,671
Finance costs		(107,833)	110,353	(266,249)	(114,319)
<b>Profit before income tax</b>		1,066,665	1,638,748	3,903,893	3,302,352
Income tax expense		(433,216)	(657,966)	(1,534,971)	(1,519,244)
Profit after taxation		633,449	980,782	2,368,922	1,783,108
<b>Basic and diluted earnings per share - Rupees</b>	9	10.93	16.92	40.87	30.76

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

  
Director

  
Chief Executive Officer

  
Chief Financial Officer



# Condensed Interim Statement of Changes in Equity

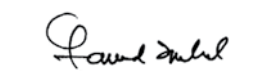
For the third quarter ended September 30, 2024 (Un-Audited)

	Share capital	Revenue reserves		Total
		General reserve	Unappropriated profit	
(Rupees in thousand)				
<b>Balance as at January 1, 2024</b>	289,821	-	5,490,404	5,780,225
Profit after tax for the Nine month ended September 30, 2024	-	-	2,368,922	2,368,922
Other comprehensive income for the Nine month ended Sept 30, 2024	-	-	2,368,922	2,368,922
	-	-	4,737,844	4,737,844
<b>Balance as at September 30, 2024</b>	289,821	-	10,228,248	10,518,069
Balance as at January 1, 2023	289,821	-	2,842,264	3,132,085
Profit after tax for the Nine month ended September 30, 2023	-	-	1,783,108	1,783,108
Other comprehensive income for the Nine month ended Sept 30, 2023	-	-	-	-
	-	-	1,783,108	1,783,108
Balance as at September 30, 2023	289,821	-	4,625,372	4,915,193

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

  
Director

  
Chief Executive Officer

  
Chief Financial Officer

# Condensed Interim Statement of Cash Flows

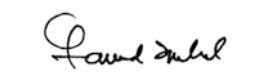
For the third quarter ended September 30, 2024 (Un-Audited)

	Note	September 30, 2024	September 30, 2023
		(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	10	(1,796,079)	9,994,419
Income tax paid		(1,383,238)	(1,273,324)
Finance cost paid		(157,565)	(185,655)
(Increase) / decrease in long-term deposits		(404)	4,346
(Decrease) / increase in deferred staff benefits - compensated absences		(2,397)	4,422
Employee benefit obligations paid		(38,215)	-
(Increase) / decrease in long-term loans		(236)	1,239
<b>Net cash (outflow) / inflow from from operating activities</b>		<b>(3,378,134)</b>	<b>8,545,447</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(351,547)	(365,080)
Additions to intangible assets		(668,326)	330
Proceeds from disposal of property, plant and equipment		9,929	98,651
Return on bank deposit received		68,593	323,103
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(941,351)</b>	<b>57,004</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(3,450)	(8,254)
Short term borrowings obtained / (paid)		2,976,143	-
Lease rentals paid		(3,119)	(13,948)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>2,969,574</b>	<b>(22,202)</b>
		2,028,223	34,802
<b>Net (decrease) / Increase in cash and cash equivalents</b>		<b>(1,349,911)</b>	<b>8,580,249</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>1,723,449</b>	<b>(2,981,382)</b>
<b>Cash and cash equivalents at end of the period</b>		<b>373,538</b>	<b>5,598,867</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

  
Director

  
Chief Executive Officer

  
Chief Financial Officer



# Notes to and Forming Part of the Condensed Interim Financial Statements

For the third quarter ended September 30, 2024 (Un-Audited)

## 1. THE COMPANY AND ITS OPERATIONS

**1.1** The Company was incorporated in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) as a public limited company in June, 1983 and is quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacture and sale of agricultural tractors, implements and spare parts.

The Company is a subsidiary of Al-Futtaim Industries Company LLC, U.A.E and its ultimate parent is Al-Futtaim Holding Limited, U.A.E.

These condensed interim financial statements are presented in Pak Rupee which is the Company's functional and presentation currency and all amounts have been rounded off to nearest thousands unless otherwise indicated.

**1.2** The geographical locations and addresses of the Company's business units, including plant are as under:

- The registered office of the Company is situated at Tractor House, 102-B, 16th East Street, DHA Phase I, Off. Korangi Road.
- Corporate office situated at Askari Corporate Tower, Plot No. 75D, 76D LDA Scheme Gulberg III, District Lahore.
- The assembling plant of the Company is situated at Sakhi Sarwar Road, P.O. Box 38, Dera Ghazi Khan.
- The marketing centres of the Company are situated at:
  - J6CV - 58, Sheikhpura Road, Lahore
  - Plot No. 20, Industrial Estate, Near Mill No. 4, Multan
  - Plaza No. 4, 2nd Floor, Sector A, Jinnah Boulevard (East), DHA Phase II, Islamabad
  - House No. B-166, Sukkur Society, 100 FT Road, Opposite JS bank, Sukkar.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

Where 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, 2023.

# Notes to and Forming Part of the Condensed Interim Financial Statements

For the third quarter ended September 30, 2024 (Un-Audited)

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

### a) Standards and amendments to approved accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on January 1, 2024. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2025. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

## 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2023.

## 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to annual audited financial statements for the year ended December 31, 2023.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2023.

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
(Rupees in thousand)			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,613,686	1,380,918
Capital work-in-progress	5.2	175,670	226,754
		1,789,356	1,607,672



5.1 Additions to and disposals from property, plant and equipment during the period are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
(Rupees in thousand)				
Building	2,306	616	-	-
Plant and machinery	48,713	1,064	-	-
Furnitures and fixtures	69,022	92,583	-	114
Office equipment	-	14,011	-	-
Computer hardware	220,595	22,702	-	94
Vehicles	108,267	95,954	-	1,394*
Factory equipments and tools	2,893	733	-	-
Intangible assets	621,819	330	-	-
	1,073,615	227,993	-	1,329

\* Includes assets disposed off having Nil net book value

5.2 Additions to capital work in progress Rs. 446.45 million (December 31, 2023: Rs. 553.22 million).

## 6. COMMITMENTS

Commitments for capital expenditure outstanding as at Sept 30, 2024 amounted to Rs. 348 million (2023: Rs. 421 million).

	September 30, 2024	September 30, 2023
(Rupees in thousand)		
<b>7. REVENUE FROM CONTRACT WITH CUSTOMERS</b>		
Tractors	24,111,709	26,445,253
Trading goods and others	202,244	267,520
	24,313,953	26,712,773
Less: Commission and discounts	(456,067)	(524,717)
Sales tax	(22,326)	(57,847)
	23,835,560	26,130,209
<b>8. COST OF SALES</b>		
Cost of goods manufactured	18,858,909	19,369,055
Opening stock of finished goods	945,811	2,413,775
Closing stock of finished goods	(1,776,209)	(202,305)
Cost of manufactured goods sold	18,028,511	21,580,525
Cost of trading goods and others sold	106,191	156,373
	18,134,702	21,736,898

# Notes to and Forming Part of the Condensed Interim Financial Statements

For the third quarter ended September 30, 2024 (Un-Audited)

	September 30, 2024	September 30, 2023
	(Rupees in thousand)	
<b>9. EARNINGS PER SHARE</b>		
Profit after taxation attributable to ordinary shareholders	2,368,922	1,783,108
Weighted average number of shares in issue during the period	57,964	57,964
Basic and diluted earnings per share - Rupees	40.87	30.76

	September 30, 2024	September 30, 2023
	(Rupees in thousand)	
<b>10. CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	3,903,893	3,302,352
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and amortisation	216,370	133,670
Gain on disposal of property, plant and equipment	(9,929)	(11,784)
Return on bank deposits	(65,222)	(345,004)
Interest on lease liability	(2,129)	7,532
Mark up on running finance	265,105	105,094
Provision for slow moving and obsolete inventories	(39,809)	-
Provision for gratuity	27,988	-
	4,296,267	3,191,860
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Inventories	(1,917,660)	657,446
Trade receivables	(1,870,915)	(532,495)
Loans and advances	(2,991,043)	(273,698)
Trade deposits and short-term prepayments	280,893	62,095
Other receivables	(51,067)	2,014
Refunds due from Government	(1,478,667)	2,078
	(8,028,459)	(82,560)
<b>Increase in current liabilities</b>		
Trade and other payables	1,617,148	3,250,121
Customers' and dealers' advances	318,965	3,634,998
	(6,092,346)	6,802,559
Cash generated from operations	(1,796,079)	9,994,419

**11. RELATED PARTY TRANSACTIONS**

Significant transactions including royalty payments during the period amounted to Rs 190 million (2023: Rs.195 million).

**12. SUBSEQUENT EVENT**

The Board of Directors in its meeting held on 25 October 2024 declared an interim cash dividend of Rs. Nil per share (2023: Rs. Nil per share) amounting to Rs. Nil (2023: Rs. Nil).

**13. DATE OF AUTHORISATION FOR ISSUE**

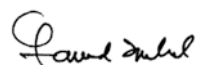
These condensed interim financial statements were authorised for issue on 25 October 2024 by the Board of Directors.



Director



Chief Executive Officer



Chief Financial Officer







[www.alghazitractors.com](http://www.alghazitractors.com)



Al-Futtaim



NEWHOLLAND

## Al-Ghazi Tractors Limited

Tractor House, Plot No.102-B, 16<sup>th</sup> East Street, DHA Phase-1,  
Off. Korangi Road, Karachi, Pakistan.