



**AL-GHAZI
TRACTORS
LTD**



ENVISIONING A TURNAROUND

**First Quarter Ended, March 31, 2023
(Un-audited)**

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

ENVISIONING A TURNAROUND

We all know the world is changing around us constantly. From environment to finance, the way we live to the way we work, societies are evolving at a breakneck speed.

Businesses are no exception, and Al-Ghazi Tractors Limited is also in transition. We too, are evolving, with our team of experts, finding our true north with principles of quality and reliability.

Al-Ghazi Tractors Limited has managed to make a name for itself with hard work, reliability and delivering on the promises we make.

This year's annual report dives deep into some of the issues we tackled, and how we sowed the seeds for lasting policies.

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Company Information

BOARD OF DIRECTORS

Mr. Robert Ian McAllister
Chairman, Non-Executive Director

Mr. Malik Ehtisham Ikram
Non- Executive Director

Mr. Marco Votta
Non-Executive Director

Mr. Matthieu Sejourné
Non-Executive Director

Mr. Vincent Delassagne
Non-Executive Director

Ms. Farah Qureshi
Independent Director

Mr. Shahid Shahbaz Toor
Independent Director

Mr. Javed Iqbal
Acting Chief Executive Officer

AUDIT COMMITTEE

Ms. Farah Qureshi
Chairperson, Independent Director

Mr. Marco Votta
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram
Member, Non-Executive Director

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Farah Qureshi
Chairperson, Independent Director

Mr. Marco Votta
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram
Member, Non-Executive Director

TECHNICAL COMMITTEE

Mr. Shahid Shahbaz Toor
Chairman, Independent Director

Mr. Robert Ian McAllister
Member, Non-Executive Director

Mr. Matthieu Sejourné
Member, Non-Executive Director

Mr. Vincent Delassagne
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram
Member, Non-Executive Director

Mr. Marco Votta
Member, Non-Executive Director

CHIEF FINANCIAL OFFICER

Mr. Javed Iqbal

COMPANY SECRETARY

Mr. Mansoor Khan

CHIEF INTERNAL AUDITOR

Mr. Muneeb Ahmed Khan

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants

TAX ADVISORS

EY Ford Rhodes
Chartered Accountants

Tola Associates
Chartered Accountants

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISORS

Orr, Dignam & Co.
Advocates

SHARE REGISTRAR

FAMCO Associates (Private) Limited
8-F, Adjacent to Hotel Faran
Block 6, P.E.C.H.S., Near Nursery
Shahrah-e-Faisal, Karachi

Tel: (92 21) 34380101-5
Fax: (92 21) 34380106

REGISTERED AND HEAD OFFICE

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

Tel: (92 21) 35318901-5
Fax: (92 21) 35660882
Email: agtl@alghazitractors.com
Website: www.alghazitractors.com

PLANT

Sakhi Sarwar Road,
P.O. Box 38
Dera Ghazi Khan

Tel: (92 64) 2463750, 2463812, 2020750-51

MARKETING CENTRES

Dera Ghazi Khan

Lahore

Multan

Islamabad

Sukkur



DIRECTORS' REVIEW

The Directors are pleased to present the condensed interim financial information of Al-Ghazi Tractors Limited (“**the Company**”) for the period ended 31 March 2023.

Financial Review

The Company recorded the sale of 2,246 tractors in the quarter ended March 31 2023 as compared to 6,512 tractors sold during the corresponding quarter of the last financial year which is a drop of 65.5%. This decline is primarily attributed to the import restrictions on CKDs imposed by the State Bank of Pakistan to manage depleting foreign exchange reserves. Moreover, the slow recovery from the severe floods of 2022 and the unprecedented devaluation of PKR in Q1 2023, caused supply chain challenges due to abrupt material cost escalations and consequently increase in prices of commodities, including our tractors, resulting in weakened purchasing power of our farmers.

The operating profitability is mainly driven by the drop in sales volume compared to the previous corresponding period. The Company earned an operating revenue of Rs 4,174 million during the first three months of the current financial year which is almost 52% lower than the Rs 8,653 million earned during the same period last year, whereas, the cost of sales also declined by 47% to Rs 3,542 million from Rs 6,740 million of the previous corresponding period. As a result, gross profit for the quarter ended on 31 March 2023 has come to Rs 632 million which reflects a decrease of 67% from the gross profit of Rs 1,913 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 85 million and Rs 209 million, showing a marginal decrease of 1% and an increase of 91% respectively when compared to the same period in the financial year 2022. The increase in administrative expenses is mainly due to IT Infrastructure investments incl. SAP implementation & transformational related expenditure being incurred in 2023.

The post-tax profit for the three months period ended 31 March 2023 is Rs 230 million which has declined by 80% as compared to Rs 1,159 million for the same period last year. The earnings per share for the quarter under review is Rs 3.96 which was Rs 19.99 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 the company's website.

Future outlook

The prevailing economic conditions in Pakistan continue to pose significant challenges for all sectors, including the automobile industry. Political instability and dwindling foreign exchange reserves have contributed to this difficult environment. The company anticipates these political and economic headwinds will continue during 2023.

Despite the challenges, the company remains committed to its transformation programme of work designed to improve its supply chain, boost sales and launch improved tractor models while focusing on product quality improvements and operational efficiencies. The company aims to navigate the current economic turbulence and emerge stronger and leaner than before.

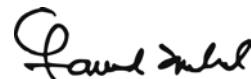
Acknowledgement

The Board would like to place on record 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 appreciate the contribution of all staff members of the Company for performing their tasks with dedication, diligence and commitment in the challenging environment.

On behalf of the Board of Directors,



ROBERT MCALLISTER
Chairman of the Board



JAVED IQBAL
Acting CEO

27 April 2023

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION


AS AT MAR 31, 2023 (UN-AUDITED)

		(Unaudited) Mar 31, 2023	(Audited) December 31, 2022
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
	5		
Fixed assets		1,392,883	1,331,267
Deferred tax asset		105,647	101,819
Long-term loans		2,581	2,666
Long-term deposits		17,870	17,807
Employee benefit prepayments		-	-
		1,518,981	1,453,559
CURRENT ASSETS			
Inventories		6,252,975	5,263,574
Trade receivables		41,941	161,820
Loans and advances		165,819	91,105
Trade deposits and short-term prepayments		1,048,501	372,903
Interest accrued		63,012	1,550
Other receivables		5,038	4,833
Taxation - payments less provision		137,543	-
Refunds due from the Government		4,239,864	4,203,395
Other financial assets		-	-
Cash and bank balances		5,398,796	727,990
		17,353,489	10,827,170
TOTAL ASSETS		18,872,470	12,280,729
SHARE CAPITAL AND RESERVES			
Share capital		289,821	289,821
Unappropriated profit		3,071,969	2,842,264
		3,361,790	3,132,085
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		75,404	73,605
Lease liability		60,042	57,723
Employee benefit obligations		34,333	26,770
		169,779	158,098
CURRENT LIABILITIES			
Trade and other payables		5,054,478	2,651,918
Customers' and dealers' advances		7,791,474	111,157
Taxation - payments less provision		-	18,435
Unclaimed Dividend		70,322	75,351
Unpaid Dividend		2,416,858	2,416,858
Current portion of Lease Liability		7,768	7,455
Short term financing		-	3,709,372
		15,510,680	9,148,644
TOTAL LIABILITIES		15,510,680	9,148,644
COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		18,872,470	12,280,729

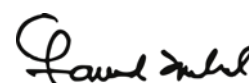
The annexed notes 1 to 12 form an integral part of this condensed interim financial information.



Director



Acting Chief Executive



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

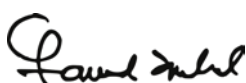
FOR THE FIRST QUARTER ENDED MAR 31, 2023 (UN-AUDITED)

	Note	Mar 31, 2023	MAR 31, 2022
(Rupees in '000)			
Revenue from contracts with customers	7	4,173,540	8,653,053
Cost of sales	8	(3,541,503)	(6,740,410)
Gross profit		632,037	1,912,643
Distribution expenses		(85,418)	(86,011)
Administrative expenses		(208,817)	(109,536)
		337,802	1,717,096
Other income		117,348	42,316
Other operating expenses		(42,804)	(125,993)
		412,346	1,633,419
Finance costs		(67,870)	(904)
Profit before income tax		344,476	1,632,515
Income tax expense		(114,771)	(473,629)
Profit after income tax		229,705	1,158,886
Other comprehensive income		-	-
Total comprehensive income		229,705	1,158,886
Basic and diluted earnings per share		3.96	19.99

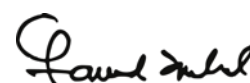
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Director



Acting Chief Executive



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS


FOR THE FIRST QUARTER ENDED MAR 31 ,2023 (UN-AUDITED)

Note	Mar 31, 2023	MAR 31, 2022
(Rupees in '000)		
CASH FLOW FROM OPERATING ACTIVITIES		
9	8,820,681	(606,216)
	(274,577)	(467,976)
	(121,300)	-
	1,799	501
	7,563	(9,012)
	(64)	-
	85	417
	8,434,187	(1,082,286)
CASH FLOW FROM INVESTING ACTIVITIES		
	(103,247)	(41,667)
	26	108
	54,242	17,164
	(48,980)	(24,394)
CASH FLOW FROM FINANCING ACTIVITY		
	(5,029)	(1,114)
	-	-
	8,380,178	(1,107,794)
	(2,981,382)	1,998,122
	5,398,796	890,328

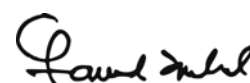
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Director



Acting Chief Executive



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

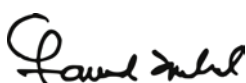
FOR THE FIRST QUARTER ENDED MAR 31, 2023 (UN-AUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at January 1, 2023	289,821	-	2,842,264	3,132,085
Transfer from General reserve to Unappropriated profit	-	-	-	-
Profit after tax for the three months ended Mar 31, 2023	-	-	229,705	229,705
Other comprehensive income for the three months ended Mar 31, 2023	-	-	-	-
			229,705	229,705
Transactions with the owners recorded directly in equity				
Final dividend @ Rs. Nil per share for the year ended December 31, 2022	-	-	-	-
Balance as at March 31, 2023	289,821	-	3,071,969	3,361,790
Balance as at January 1, 2022	289,821	-	3,683,446	3,973,267
Transfer from General reserve to Unappropriated profit	-	-	-	-
Profit after tax for the three months ended March 31, 2022	-	-	1,158,886	1,158,886
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-
	-	-	1,158,886	1,158,886
Balance as at March 31, 2022	289,821	-	4,842,332	5,132,153

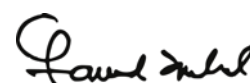
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Director



Acting Chief Executive



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED MAR 31, 2023 (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 registered office of the Company is situated at 'Tractor House, Plot No. 102-B, 16th East Street, Off Korangi Road, Phase I, DHA, 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 and it's ultimate parent is Al-Futtaim Holding Limited, U.A.E.

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

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

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

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 Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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, 2022.

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

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on January 1, 2023. However, these do not have any significant impact on the Company's financial reporting.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED MAR 31, 2023 (UN-AUDITED)

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

There are standards and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2023. However these are considered either not to be relevant or not to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

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, 2022.

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, 2022.

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, 2022.

5 FIXED ASSETS

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

	Additions (at cost)		Disposals / Transfers (at net book value)	
	Mar 31, 2023	MAR 31, 2022	Mar 31, 2023	MAR 31, 2022
	Rupees in '000			
Building	616	6,708	-	-
Electrical equipment	4,788	96	-	-
Plant and machinery	196	7,261	-	-
Furniture and fixtures	2,521	4,100	-	-
Computer hardware	1,660	6,526	17	108
Vehicles	22,426	6,190	-	-
Factory equipments and tools	53	380	-	-
Additions to capital work in progress	70,988	10,280	-	-
Intangibles	-	126	-	-
	103,247	41,667	17	108

6 COMMITMENTS

Commitments for capital expenditure outstanding as at March 31, 2023 amounted to **Rs. 81.3 million** (2022: Rs. 89.5 million)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED MAR 31 ,2023 (UN-AUDITED)

	Mar 31, 2023	MAR 31, 2022
	(Rupees'000)	
7 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Tractors	4,231,419	9,144,393
Trading goods and others	88,227	74,412
	4,319,646	9,218,805
Less: Commission and discounts	(128,548)	(112,128)
Sales Tax	(17,558)	(453,624)
	4,173,540	8,653,053
8 COST OF SALES		
Cost of goods manufactured	2,133,350	6,931,885
Opening stock of finished goods	2,413,775	334,723
Closing stock of finished goods	(1,059,028)	(568,988)
Cost of manufactured goods sold	3,488,097	6,697,620
Cost of trading goods and others sold	53,406	42,790
	3,541,503	6,740,410
9 CASH GENERATED FROM OPERATIONS		
Profit before taxation	344,476	1,632,515
Add/(Less) : Adjustment for non cash charges and other items		
Depreciation and amortisation	41,636	24,588
Gain on disposal of fixed assets	(9)	-
Profit on PLS savings and deposit accounts	(115,704)	(15,768)
Interest on lease liability	2,632	-
Mark up on running finance	64,446	690
	337,477	1,642,025
Effect on Cash Flow due to Working Capital changes		
(Increase) / Decrease in current assets		
Inventories	(989,401)	75,599
Trade receivables	119,879	4,353
Loans and advances	(74,714)	(87,206)
Trade deposits and short-term prepayments	(675,598)	(296,184)
Other receivables	(205)	3,450
Refunds due from the Government	(36,469)	(582,239)
	(1,656,508)	(882,227)
Increase in current liabilities		
Trade and other payables	2,459,395	1,285,703
Customers' and dealers' advances	7,680,317	(2,651,716)
	8,820,681	(606,216)
Cash generated from operations	8,820,681	(606,216)
10 RELATED PARTY TRANSACTIONS		
Significant transactions including royalty during the period amounted to Rs. 30.9 Million (2022: Rs.64.4 Million).		

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED MAR 31 ,2023 (UN-AUDITED)

11 DIVIDEND

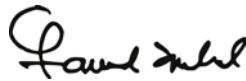
The Board of Directors in its meeting held on April 27, 2023 declared an interim cash dividend of Rs. Nil Per share (2022: Rs. Nil per share).

12 DATE OF AUTHORISATION OF ISSUE

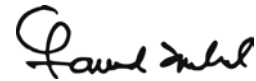
These condensed interim financial statements were authorised for issue on April 27, 2023 by the Board of Directors.



Director



Acting Chief Executive



Chief Financial Officer

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



AL-GHAZI TRACTORS LTD